Analytics impacts health insurer
Tackling the high cost of overpaid claims

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Client

A large U.S. provider of healthcare, dental, pharmacy, and disability insurance

Business Case

Facing overpaid claims of more than $500 million annually. The client needed a trusted partner to identify and validate.

Scope

> Identify and validate overpaid health insurance claims
> Utilize analysis, profiling and predictive modeling
> 20 person team consisting of expert healthcare decision analysts
> Pilot for outsourced process management
> Full-time transition

Background

Overpaid medical claims represent a nearly $20 billion problem for health insurers annually. One of the major and leading U.S. health insurance providers faced overpaid claims in excess of $500 million.

The insurer recognized it lacked in-house expertise and bandwidth to quickly and effectively manage such a complicated and growing problem.

The client decided to outsource the overpaid claims identification and validation process to a supplier with proven insurance industry domain and analytics expertise.

The company had an existing relationship with EXL. Understanding EXL could leverage sophisticated analytics capabilities, the insurer tapped EXL to mine its portfolio of several million claims to identify and validate payments.

The Solution

EXL began the engagement by staffing analysts who could find claims with higher propensity to be overpaid. EXL mined millions of claims based on several search parameters including procedure codes, type of provider and member eligibility. Claims were profiled to understand distribution by procedure codes, billed amount and other important attributes to identify overpayment opportunities.

Dollar

Direct dollar benefit due to identifying overpaid claims

Cost

Reduced the cost of finding and validating overpaid claims

B2B

Higher satisfaction for B2B customers of the health plan by helping them lower their medical cost

Analytics impacts health insurer

Once EXL analysts isolated clusters of potentially problematic claims, EXL's medical claims processing experts manually reviewed each claim to validate whether the insurer paid the correct amount or too much. This process required EXL associates to deeply understand and evaluate medical claims and contracts.

In 2011, first year off the engagement, EXL exceeded the overpayment identification target. In the second year of the engagement, EXL will apply additional analytics techniques to the client's claims processing to identify significantly higher overpayment opportunities. EXL employs a proprietary analytics methodology that allows EXL to create and validate predictive models more quickly and efficiently.

Business Impact

> Direct dollar benefit to the health insurer by identifying overpaid claims

> Significant savings to identify and validate claims due to EXL's industry leading pricing

> Improve medical costs of the health plan's self insured B2B customers, resulting in improved customer satisfaction.

About EXL

EXL (NASDAQ: EXLS) is a leading business process solutions company that helps companies drive business impact and adapt faster to the changing global marketplace. EXL provides operations management, embedded analytics and technology platforms to organizations in the banking and financial services, healthcare, insurance, utilities, transportation and logistics, and travel industries. With 23,000 people around the world, we work with our clients as strategic partners to execute operations, identify opportunities to gain a competitive edge, and create new channels for growth and savings. Headquartered in New York and operational since 1999, EXL is present in the U.S., U.K., Singapore, Romania, the Philippines, India, Germany, Czech Republic and Bulgaria.

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