

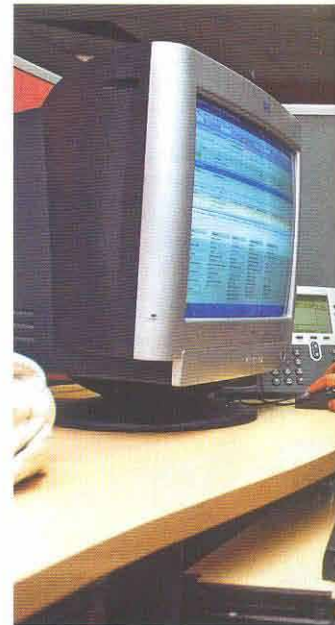
Publication	Outlook Money
Edition	February 2014
Description	Quote by Mr. Anuj Gulati, Religare Health Insurance Limited - Pg 32 & 33

■ HEALTH INSURANCE

by TEENA JAIN KAUSHAL

# INSURERS STAKE CLAIM FOR BETTER SERVICES

Insurance companies are promising better services with in-house claims settlement units. But, will it really benefit you?



**C**laim settlement is the real moment of truth for customers of insurance companies. In times of distress, you expect your insurer to support you financially without throwing up any nasty surprises. Insurance companies have been using professional services of third-party administrators (TPA) to streamline the claims settlement process for better customer experience. But, of late, as part of their cost-cutting initiatives, insurers—both public sector and private companies—are setting up in-house claims settlement teams.

Come April 2014, we are going to see public sector insurance companies offering in-house services. But the move is certainly going to throw up comparisons between the services provided by the TPAs so far and in-house claims handling.

Apart from trimming their imme-

diately outsourcing costs, insurance companies believe the move would also allow them to have better control and, thereby, the means to stop leakages while settling claims.

Claims management is about integrating technology with a layer of customer sensitivity. If either of the two is not addressed adequately everything falls apart. However, a sound operating process between a hospital and an insurer is key—whether the process is outsourced or handled in-house does not make much of a difference. Bottlenecks, either at the TPA's or the insurer's ends, have resulted in delays during claim settlement. However, if processes are not followed to the 't', even without a TPA there might be bottlenecks. For instance, there could be issues where the hospital is not adequately equipped to handle claim requests of different insurance companies quickly. Similarly,

the insured could throw a spanner in the works by misrepresenting facts while filling in the policy declaration form and, thereby, getting into a dispute with the insurer during the claims processes.

Says Antony Jacob, chief executive officer, Apollo Munich Health Insurance: "I feel TPAs should continue to exist because there would always be players who would not want to create their own units. Therefore, I think, TPAs will coexist with companies who want to manage the whole claims process themselves. However, the quality of TPAs will improve because the demand from insurers and corporates, and clients would be much more. The better ones would survive."

**New rules for TPAs.** TPA is an extension of a claims unit. With new guidelines bringing in more clarity between the insurance company and TPAs in terms of tighter service



**With new norms bringing in more clarity about the role of the insurer and that of the TPA, the claims settlement process is expected to get more robust**

level agreements and IT network, the claim settlement process is expected to get more robust.

For instance, to allow faster processing of claims, the Insurance Regulatory and Development Authority (IRDA) mandates a common optical character recognition (OCR) format for claims and pre-authorisation forms, which have been standardised. On handling of claims the guidelines state that a TPA may handle claims admissions and recommend to the insurer for the payment of the claim settlement provided a detailed guideline is prescribed by the insurer to the TPA for claims assessments and admissions in terms of capacity requirements, internal control requirements, claim assessment and admissions procedure requirement under the agreement.

In other words, the responsibility of accepting or rejecting a claim can-

not be with the TPAs after the new norms come into effect.

Says Jacob: "The guidelines will bring in more transparency as the role of the TPA has been clearly identified. Details on the minimum standard clauses of the service level agreement entered between the insurer and the TPA, as well as agreement between the healthcare provider and the insurer/TPA, are also provided under these guidelines. These norms are also expected to reduce the disputes over the interpretation or misinterpretation of the services expected from a TPA."

Says Anuj Gulati, managing director and chief executive officer, Religare Health Insurance Company: "The claim and authorisation forms have been standardised to make the claims process easier and quicker for the customer. The common format is also conducive for faster hospital payouts by the insurer. This will

result in better service rates being offered by healthcare centres. The inclusion of treatment-based coding in the claim form works as a potent input for statistical modelling, which will help in further sharpening need-driven product innovation and establish a competitive pricing structure." Says Nayan Shah, chief executive officer, Paramount Health Services (TPA): "Now TPAs are required to digitalise claims and also allow insurers to have access to the software. The TPA's work will be to process and send claim details. As per the new regulations, claim admissibility will be the function of the insurers. Earlier, TPAs were also making claim decisions. Moreover, now payment will be made directly by insurers through the NEFT (National Electronic Funds Transfer) facility to hospitals."

Although the transition would make the claim process more seamless, there is an initial period of discomfort as the industry is still struggling to implement the changes. Says Shah: "The process has not fully started yet. Public sector companies, barring United India, have not come out with claim guidelines and this has slowed down the process." Says Shivani Sharma, manager-administration and HR, Focus TPA: "The new industry guidelines are favourable for the TPAs as insurance companies will now have to make payments directly to the hospitals. We will send the recommendation based on the details of the case. But so far only United India has implemented the new guidelines."

From claim intimation to claim settlement, the process consists of a sequence of interconnected steps. Lack of strong IT support can be one of the big hurdles in quick processing of claims. With the IRDA asking companies to build their own network, it seems to be a step in the right direction. □

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