

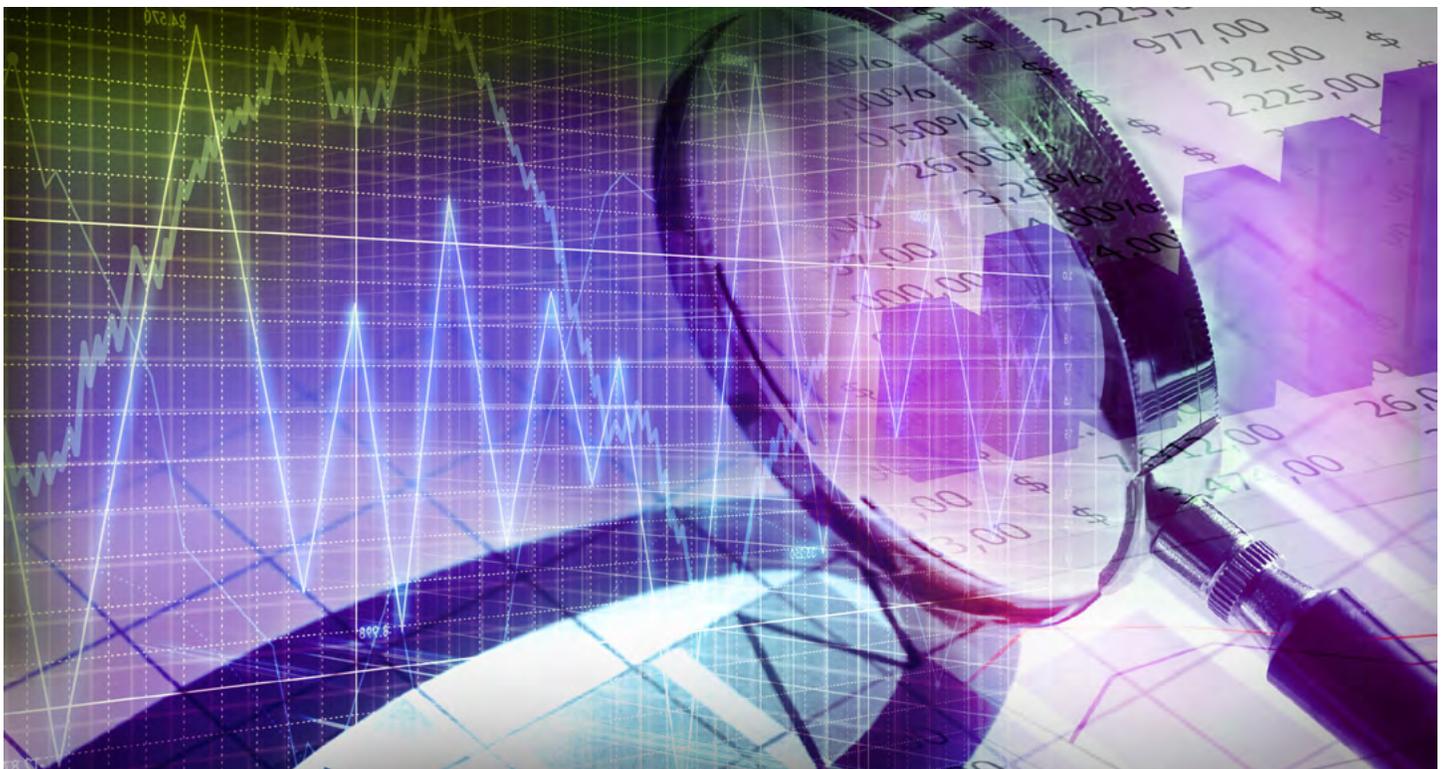
Industry Trends Report

FEATURED IN THIS ISSUE:

Reporting—Insight, Impact and Trends

By **Scott R. Smith**

Director, Professional Services Consulting, Workers' Compensation Solutions





Industry Trends Report

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A Message from the CEO

Reporting's Vital Role

Welcome to the Q4 Edition of the 2015 *Mitchell Casualty Industry Trends Report*. In this issue we focus on the key role that reporting plays in providing you with a better picture of the marketplace, driving an improved claims process and allowing for more informed decision-making across your business. Our bonus article dives deeper into the role of specialty networks and their importance in the industry.

In our feature article on page 4, *Reporting—Insight, Impact and Trends*, author Scott R. Smith discusses the value of reporting in terms of claims progress, adjustments, and workflow effectiveness. Scott gives you an inside look into our key initiatives to enhance existing reports, giving you the necessary tools to drive better results for your policyholders and organization.

In our bonus article on page 10, *Benefits of Specialty Networks*, Lee Haripko and Colby Richardson define specialty networks and their role in optimizing cost containment outcomes. Lee and Colby share the advantages of these networks and describe the optimal solution for creating a program that ensures on-going improvements in your organization.

Over the last year, we've brought you topics ranging from third party claims to auto accident pharmacy claims to regulatory compliance. We look forward to exploring next year's trends together. Thank you for your continued readership of the *Industry Trends Report*.



Alex Sun
President and CEO
Mitchell



Alex Sun
President and CEO, Mitchell

[Click here to view the Auto Physical Damage Edition](#)



Reporting—Insight, Impact and Trends

By **Scott R. Smith**

Director, Professional Services Consulting, Workers' Compensation Solutions



We've been leveraging the User Experience team to create report prototypes and gather feedback from clients.

The competitive environment of the Property & Casualty (P&C) marketplace is driving insurance carriers to look for opportunities to improve their claims process. Accurate, timely and actionable reporting is the foundation to this improvement. From financial to operational, reports that give managers vital information on

the functions of their department are valuable for providing input towards maintaining and improving performance.

For P&C insurance carriers, reporting helps evaluate the progress of claims, adjustments, workflow effectiveness as well as the impact of provider networks and out

of network negotiations. This information is used for trend analysis and performance metrics, which allows management to better understand what's happening, and then decide what changes need to be made to take advantage of ongoing or upcoming shifts in the marketplace.

Quarterly Feature

At Mitchell, we've been working on an initiative to enhance and update existing reports, along with creating new reports to provide greater insight for our clients. We've been leveraging the User Experience team to create report prototypes and gather feedback from clients. This team has provided a great deal of insight and helped with the creation of new ways to format reports that deliver comprehensive information in an easy to understand format.

There's also been a greater demand for more report visualization so that complex details can be more easily

understood and quickly digested, by both the adjusters and management. An example of this new method of report presentment is Claimant Dashboard, available in both the DecisionPoint® and SmartAdvisor® medical bill review solutions. This reporting feature provides an overview of the medical treatment patterns so that adjusters can easily see types and duration, thereby providing greater insight into the entire claim history. This visual report type enables adjusters to quickly identify patterns and anomalies that may need further research.



[Click here to view the Auto Physical Damage Edition](#)



The Adjustment 360 feature in the DecisionPoint medical bill review solution is another example of how using a graphical representation helps adjusters better understand the adjustments made to medical bills. By providing more details, adjusters and their managers can more fully understand the value of each adjustment type and its impact on their business.

While adjusters and managers certainly benefit from reporting solutions, other parts of the P&C carriers' organization can also benefit. One such department is the Special Investigative Unit (SIU), which is responsible for investigating potential fraud. My Analysis in the SmartAdvisor® bill review solution is a tool that can be used by SIU to discern unusual treatment patterns and billing irregularities.

A key metric in reports usage relates to evaluating the efficiency of an organization. Mitchell clients have expressed an interest in better understanding how their organization is using Mitchell software solutions and analyzing productivity levels. This type of analysis reporting will help them analyze what's working and

identify areas for improvement. P&C carriers then typically work with their account management team and Mitchell Professional Services to make any necessary adjustments to help increase efficiency, whether it's additional training or workflow rules updates.

Giving clients the ability to design reports or access pre-developed reports as needed provides more flexibility for creating on-demand reports and gaining insight whenever it's needed.

Current trend in reporting is the self-service model. Giving clients the ability to design reports or access pre-developed reports as

needed provides more flexibility for creating on-demand reports and gaining insight whenever it's needed. Training will be a key component for the self-service reporting model, as it's essential to understand how to interpret reports along with the technical details on creating and pulling reports.

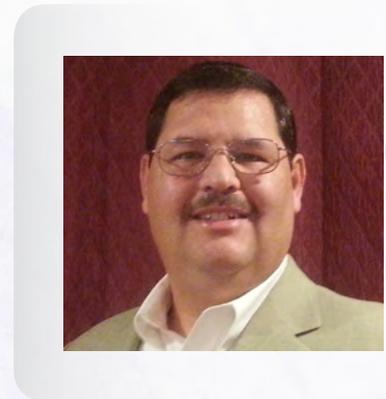
Benchmarking and optimization reports are other valuable tools for P&C carriers. Benchmark reports supply P&C carriers with insight regarding their performance in relation to the industry as a whole, enabling them to evaluate the success of their programs.

Optimization reports provide an additional level of analysis, and are extremely helpful, particularly for provider network programs. P&C carriers can pinpoint adjustments at the state or network level by applying the knowledge gained from the optimization reports.

Given the range and demand for increased analytics and insights, it's clear that reporting is an essential component for P&C carriers to more effectively manage their organizations.

With a wide range of built-in reports and expertise, DecisionPoint and SmartAdvisor clients are able to leverage this valuable information to help drive better results, for both their policyholders as well as their organization.

About the Quarterly Feature Author...



Scott R. Smith

Director, Professional Services
Consulting, Workers'
Compensation Solutions

Scott Smith joined Mitchell International, Inc. in 2008 and currently serves as a Director in Casualty Solutions Product Management, focusing on Technology and Platform Solutions that provide the architecture for Mitchell's casualty products. Prior to his current position, Scott provided workflow consulting services to Mitchell clients using the SmartAdvisor suite of products.

Before joining Mitchell, Scott served as Director of Product Development for Fair Isaac Corporation, overseeing the Rules Engine and Expert System development for the Insurance Solutions division.

Scott has held positions in Development, Product Management and Professional Consulting for the past 25 years and holds an MBA from the California State University, Fullerton.

Medical Price Index (MPI)



Since Q1 2006 the MPI has increased 17.23% while the National CPI for All Services increased 19.38%.

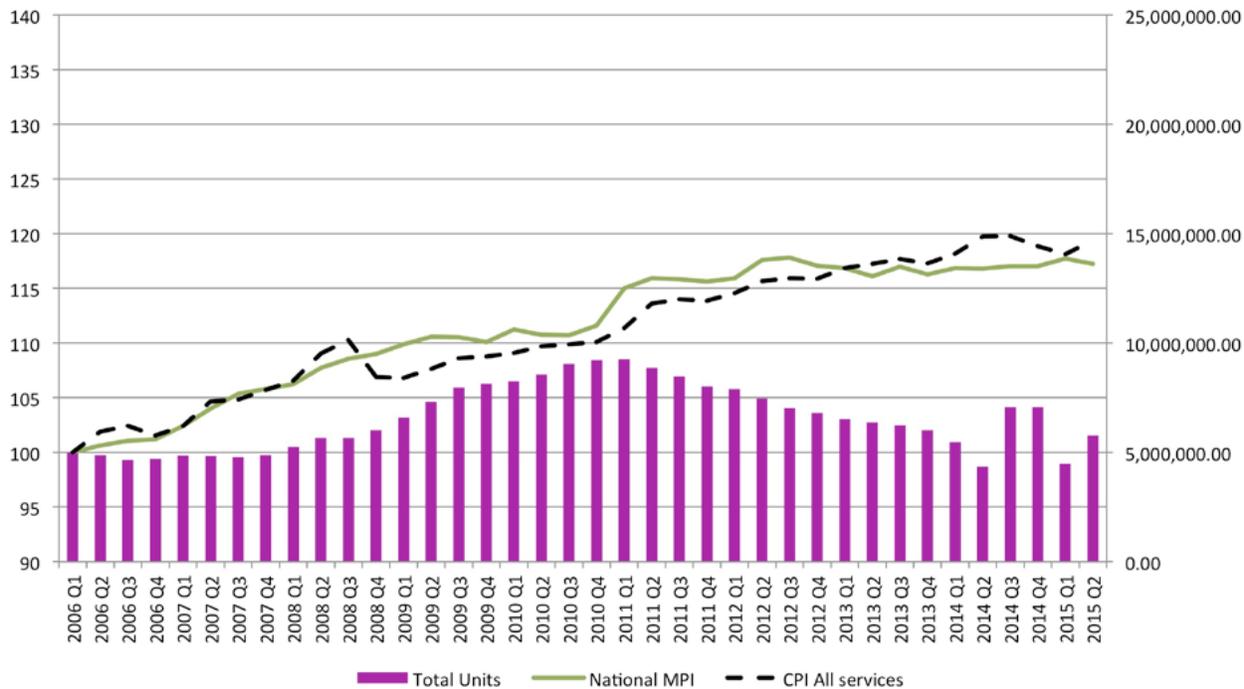
After two quarters of declines in the National CPI for All Services, as reported by the Bureau of Labor Statistics, an increase of 0.95% was seen in Q2 2015. The MPI decreased 0.51% in Q2 2015. Since Q1 2006 the MPI has increased 17.23% while the National CPI for All Services increased 19.38%. (Source: U.S. Bureau of Labor Statistics, adjusted. Consumer Price Index- All Services- All Urban Consumers, Series CUUR0000SA0. Available at <http://data.bls.gov/cgi-bin/surveymost?cu>)

- Charges associated with physical medicine services saw a 0.925% decrease in Q2 2015, the second largest single period decrease in unit cost since Q1 2006. This decrease brings the total units cost change for physical medicine since Q1 2006 to 3.14%.
- The unit cost for Major radiology services continued to trend downward in Q2 2015, decreasing 1.4%. Q2 2015 represents the sixth consecutive quarter that unit cost decreased for major radiology.
- The unit cost for evaluation &

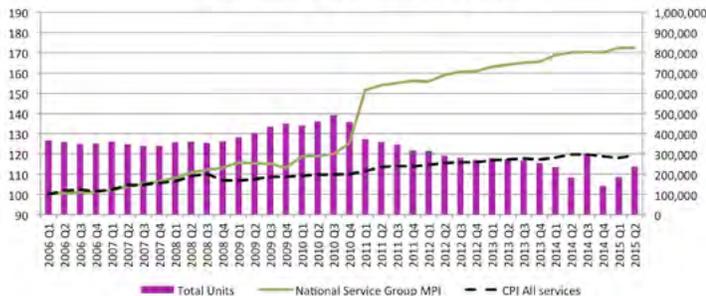
management services decreased 0.07% in Q2 2015. This negligible change has had little impact on the overall trend in unit cost associated with evaluation & management services. Since Q1 2011, evaluation & management services have still experienced a 21% increase in unit charge or 1.16% per quarter.

- The unit charge for professional services in the emergency room increased again bringing its total increase since Q1 2006 to 80%. In Q2 2015 emergency room evaluation & management services increased 5%.

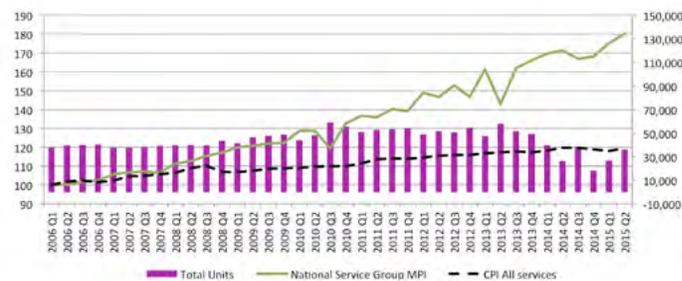
National MPI



Evaluation & Management MPI



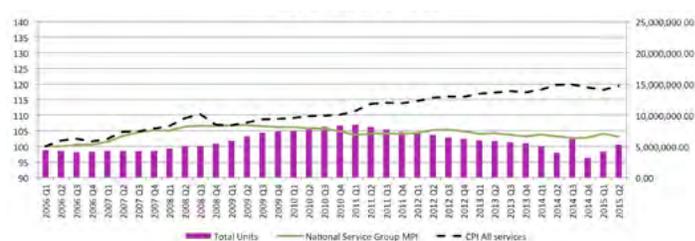
Emergency Room MPI



Major Radiology MPI



Physical Medicine MPI



Benefits of Specialty Networks

By Lee Haripko

Director, Product Management

By Colby Richardson

Sr. Director, Strategic Partners



In order to drive the best outcomes for both P&C carriers and their policyholders, the optimal solution is to use a combination of Provider Networks and Specialty Networks.

Provider Networks are widely utilized in the Property & Casualty (P&C) insurance industry. Many P&C carriers leverage Provider Networks to offer access to care by a wide range of medical professionals to optimize cost containment outcomes. The complexity and sophistication of technology integration for these solutions continues to grow. One specific area of growth and opportunity is a more consistent and calculated use of Specialty Provider Networks.

Defining specialty networks within the P&C space is particularly important, as the definition somewhat differs from the broader definition applied within Group Health. Specifically within the P&C industry, these networks consist of groups of medical providers that are focused on a particular area, ranging from clinical, to service type, to geographic location. Specialty Networks include physical therapy, durable medical

equipment (DME), home health, pain management, radiology, medical implants, skilled nursing—the application also extends to specialty bill review and out-of-network negotiation solutions. It is important to properly manage your portfolio of solutions to ensure optimal outcomes are achieved.

The advantage of Specialty Networks is multi-faceted. One key benefit of Specialty Networks is simplified access to qualified,

credentialed specialty providers within geographically specific coverage areas. Moreover, the relationships that these networks have with their contracted providers can be advantageous in driving provider-specific workflow activity, ease of scheduling, clinical oversight, and provider relations. The very specific nature of these solutions may also allow for deeper cost reductions. Alongside a strong optimization process, the “stacking” of these solutions in conjunction with other Provider Networks ensures alignment with a given payor’s bill and claim mix.

Payors should carefully evaluate which Specialty Networks to include in their overall cost containment solution. Workflow elements such as ease-of-scheduling, depth of network access, and redundancy should be considered. Over-engineering network combinations can adversely impact the value provided by the overall solution set—operationally and from a workflow perspective.

In order to drive the best outcomes for both P&C carriers and their policyholders, the optimal solution is to use a combination of Provider Networks and Specialty Networks. Each type of network is not intended to displace one another; rather, they should act in concert to maximize benefit to payors and

their respective policyholders.

Working with a technology and network management partner that continuously evaluates and grows strategic partnerships in this space enables new opportunities for P&C carriers. A programmatic approach for Workers’ Compensation and Auto Casualty carriers, which includes provider network management, optimization tools, and a streamlined process for

evaluating the impact of specialty networks to the existing cost containment strategy and overall provider network program provides more structure and increased opportunity assessment for on-going improvement.



Data Insights



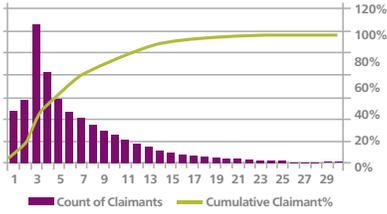
We took a look at the 3rd party bill review data associated with medical specials submitted as part of an auto liability claim in six states: California, Florida, Georgia, Louisiana, New York and Texas. Each claimant included in the analysis had all diagnoses codes captured, identified and used to categorize each claimant into one of four categories based on the worst diagnosis presented on their claim.

The six graphs here depict a histogram representing the number of claimants having the designated number of diagnoses submitted on their claim. While New York had the greatest number of claimants with a single diagnosis code identified the other states all identified three unique diagnosis codes as their most prevalent claimant type. All six states had a majority of claimants having six or fewer diagnosis codes on their claim.

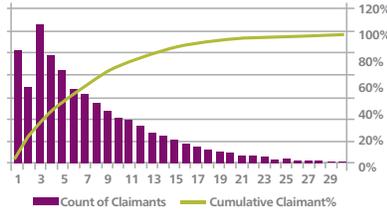
Each unique diagnosis code was reviewed and scored in order to place each claimant into a diagnosis category based on their worst diagnosis. It is interesting to note the dramatic decrease in soft tissue claims in Florida, New York and Texas. Where +60% of California, Georgia and Louisiana claimants had soft tissue injuries as their worst diagnosis experienced, fewer than 53% of Florida, New York and Texas claims were soft tissue in nature.

Once each claimant was categorized the average recommended allowance of medical specials was determined. On average, claimants having nerve/disk injury identified as their worst diagnosis had a recommended allowance twice that of soft tissue claimants while fracture/dislocation injury claimants had a recommended allowance 30% higher than nerve /disk injury claims. Comparing the average recommended allowance of fracture/dislocation injury claims to soft tissue claims reveals fracture /dislocation claims to be approximately 3 times higher in California, Georgia, Louisiana and Texas.

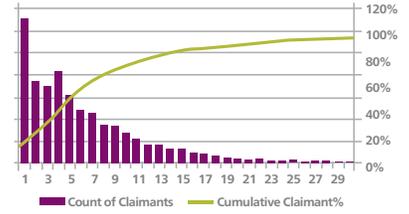
California



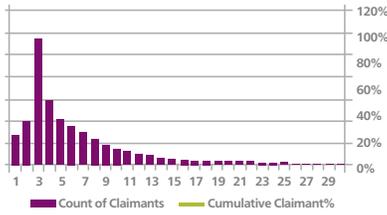
Florida



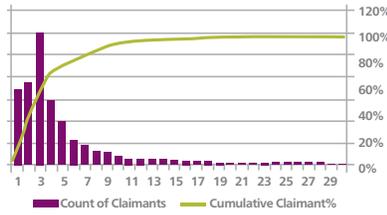
New York



Georgia



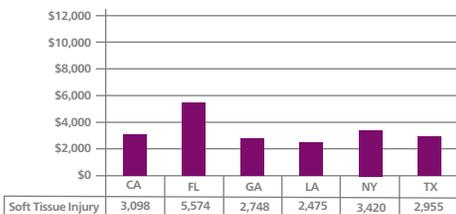
Louisiana



Texas



Soft Tissue Injury—Allowed per Claimant



Nerve/Disk Injury—Allowed per Claimant



Fracture/Dislocation Injury—Allowed per Claimant



The Compliance Corner



Providers will be allowed to use both the old and revised forms from October 1, 2015—December 31, 2015

Compliance in the Property & Casualty Insurance world can be a challenging endeavor, due to the ever-changing regulatory environment. At Mitchell, we recognize these challenges and provide updates and insight throughout the year. Here's a quick recap of some recent changes in the regulatory compliance arena:

New Jersey

On June 30, 2015, the New Jersey Insurance Commissioner signed order A15-106. On or before March 1, 2016 the provisions of stranger pedestrian PIP coverage that are provided in the order must be in place. To access the order in its entirety, please access the link below.

[Order No. A15-106](#)

Connecticut

On July 14th, 2015, the state published Memorandum No 2015-08 regarding the updated WCC Medical Protocols for Treatment of Knee Injuries. The updated protocols are effective August 15, 2015 and can be accessed from the links provided below.

[Memorandum No. 2015-08](#)

[Medical Protocols: Introduction](#)

California

On September 22, 2015, the DWC posted Newsline No. 2015-86 regarding the final regulations that have been posted for moving to ICD-10. The state has indicated that ICD-10 must be used for services rendered and inpatient discharges on or after October 1, 2015, and that ICD-9 codes will not be allowed on or after October 1, 2015. However, the state will allow a “grace period” regarding the use of the forms 5021, PR-2, PR-3, and PR-4. Providers will be allowed to use both the old and revised forms from October 1, 2015—December 31, 2015; however, for services rendered on or after October 1, 2015, the ICD-10 codes must be used regardless of what form is used. After January 1, 2016, only the new forms can be used. To read the Newsline in its entirety, use the link below.

[DIR, DWC Post Final, Approved Regulations Regarding Transition of Regulations and Forms to ICD-10](#)

Tennessee

On June 22, 2015, notification was filed that a public hearing will be held on August 25, 2015 to discuss the proposed changes to adopt

the current edition of the Work Loss Data Institute ODG Guidelines, effective January 1, 2016. The proposed rules can be accessed from the link below.

[Notice of Rulemaking Hearing](#)

Centers for Medicare and Medicaid Services

August 13, 2015

October Quarterly Update for 2015 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule, effective January 1, 2015 (for implementation of fee schedule amounts for codes in effect on January 1, 2015 or October 1, 2015 for all other changes).

[CMS Manual System, Transmittal 3323](#)

August 7, 2015

Quarterly Update to the Medicare Physician Fee Schedule Database (MPFSDB)—October CY 2015 Update, effective

January 1, 2015 unless otherwise specified.

[CMS Manual System, Transmittal 3317](#)



Accuracy in Bodily Injury Settlements: The Devil is in the Details—Part 1

By **Christopher Tidball**

Senior Director, Casualty Solutions Consultant, Mitchell

From *PropertyCasualty360.com*

Publish Date: July 7, 2015



It's been two years since the date of loss and the plaintiff attorney has been remiss at returning your phone calls and responding to letters, and is ignoring your e-mails.

It's been two years since the date of loss and the plaintiff attorney has been remiss at returning your phone calls and responding to letters, and is ignoring your e-mails. Suddenly, a large demand lands on your desk with nearly \$100,000 in medical bills!

How is this possible? There was hardly any damage to the vehicles, but in your state you are aware that the plaintiff can blackboard all of their medicals if the claim is litigated. What is a claims professional to do?

[Read More](#)

Accuracy in Bodily Injury Settlements: The Devil is in the Details—Part 2

By Christopher Tidball

Senior Director, Casualty Solutions Consultant, Mitchell

From PropertyCasualty360.com

Publish Date: July 13, 2015



To effectively determine what is owed, adjusters need to focus on both causation and severity, since some claims can be viewed by some as an opportunity to achieve greater wealth.

Part one of this two-part series reviewed 12 steps to creating an accurate outcome for bodily injury claims. In addition to those steps, there are four key issues to be considered as part of the settlement process.

The negotiation

Of course the most challenging aspect of any claims resolution is the effective negotiation of a fair and accurate settlement. The goal

of claims professionals should be to pay exactly what is owed; no more, no less. This can be challenging in the often subjective world of personal injury. To effectively determine what is owed, adjusters need to focus on both causation and severity, since some claims can be viewed by some as an opportunity to achieve greater wealth.

[Read More](#)

Impact of Procedure Codes Analysis on Claims Handling Procedures

By Ed Olsen

From *Claims Journal*

Publish Date: July 20, 2015



With thousands of possible medical services available to medical providers, the injury types seen in motor vehicle accident claims lend themselves to a select number of treatments.

Investigation into the top 10 procedure codes, based on total allowed amount, experienced by the auto casualty insurance marketplace provides valuable insight for claims organizations, investigators and legislators. With thousands of possible medical services available to medical providers, the injury types seen in motor vehicle accident claims lend themselves to a select number of

treatments. On a national level the top 10 professional service procedure codes billed in 2014 accounted for 48 percent of the total allowance for professional medical services with the range by state of jurisdiction starting at 33 percent for New York and ending at 69 percent for Oregon.

[Read More](#)

Clinical Labs, States' Readiness: Two of Many ICD-10 Topics Gaining Steam

Guest Speaker: Michele Hibbert-Iacobacci, CMCO, CCSP

VP, Information Management & Support, Mitchell Casualty Solutions

Publication: ICD-10 Monitor

Publish Date: August 11, 2015



This podcast showcases a discussion on the health care industry's readiness for adopting the new ICD-10 codes

[Listen Now](#)

ICD-10: Inside the War Rooms

Contributor: Michele Hibbert-Iacobacci

From Healthcare IT News

Publish Date: October 1, 2015



Up until the end readiness surveys demonstrated an industry not nearly as prepared as perhaps it should be for the compliance deadline.

Within a Washington DC-area consultancy, employees are gathering early in what the agency has demarcated as the war room.

Some hospitals, meanwhile, have established a command center for triage, while a major consultancy is taking the “virtual command center” approach, and a cloud-based EHR vendor is deploying foot soldiers to practices in several states on both U.S. coasts.

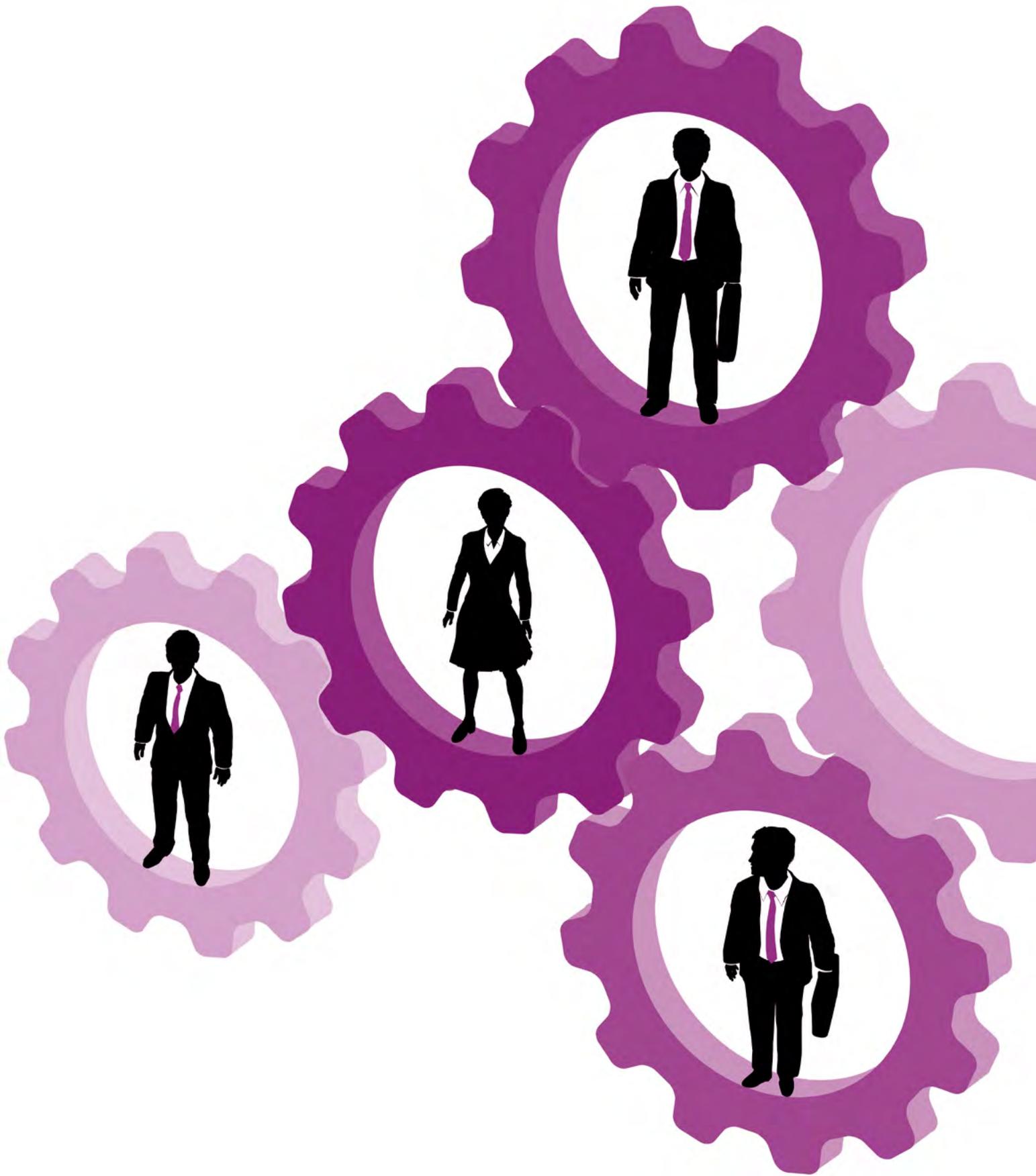
This is not a matter of national safety and security. Rather, the aforementioned are bracing for ICD-10, the new-to-us 20-year old classification system that U.S. healthcare payers and providers must start using as of October 1, 2015.

A fine fuss

ICD-10 has been debated, delayed, and threatened more times than most people would care to

even count. America’s need to upgrade our coding system has also been defended and now it’s actually here—but all the years of prolonged confusion have made something of a mess. And up until the end readiness surveys demonstrated an industry not nearly as prepared as perhaps it should be for the compliance deadline.

[Read More](#)





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Mitchell empowers clients to achieve measurably better outcomes. Providing unparalleled breadth of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, Mitchell is uniquely able to simplify and accelerate the claims management and collision repair processes.

As a leading provider of Property & Casualty claims technology

solutions, Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America. Founded in 1946, Mitchell is headquartered in San Diego, California, and has approximately 2,000 employees. The company is privately owned primarily by KKR, a leading global investment firm.

For more information on Mitchell, visit www.mitchell.com.

Mitchell in the News

PROPERTY CASUALTY 360°

Mitchell International Partners with Veterans2Work to Help Veterans Launch Insurance Careers

Mitchell shares details of Veterans2Work partnership and commitment to hiring returning military veterans.

[Read More](#)

VentureBeat

Salesforce Continues Program to Propel Veterans into the Workforce

Mitchell joins representatives from General Electric, Uber and Starbucks to hire veterans at Dreamforce. [Read More](#)

CLAIMS JOURNAL

Impact of Procedure Code Analysis on Claims Handling Procedures

Edward Olsen looks into the top 10 procedure codes experienced by the auto casualty insurance marketplace. [Read More](#)

ELECTRONIC HEALTH REPORTER

Quick Training References and Refreshers for ICD-10

Michele Hibbert-Iacobacci provides direction for ICD-10-focused readiness material and courses for transition to ICD-10.

[Read More](#)

Healthcare IT News

ICD-10: Inside the war rooms

Michele Hibbert-Iacobacci shares the different ways Mitchell has prepared to assist customers following the ICD-10 transition. [Read More](#)

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Industry Trends Report

The **Industry Trends Report** is a quarterly snapshot of the auto physical damage collision and casualty industries. Just inside—the economy, industry highlights, plus illuminating statistics and measures, and more. Stay informed on ongoing and emerging trends impacting the industry, and you, with the Industry Trends Report!

Questions or comments about the Industry Trends Report may be directed to:

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