

Industry Trends Report

► From FNOL to Settlement

Using Data and Analytics to
Improve Third Party Bodily
Injury Outcomes

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Casualty **Edition**

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Industry Trends Report

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A Message from the CEO

What's Hot in the P&C Industry?

Welcome to the Q1 edition of the 2017 Mitchell Casualty Industry Trends Report. As you may remember from our last issue, we shared insights about top trends covered at our annual conference. In this issue, we take a close look at five hot topics in business today, explore the technology and social trends that are fueling them, and share what they may mean for the P&C industry and collision repairers.

In our feature article, From FNOL to Settlement: Using Data and Analytics to Improve Third Party Bodily Injury Outcomes, author Norman Tyrrell explains the importance of making data-driven decisions at every stage of the claims lifecycle to improve outcomes for insurers and claimants. By looking at claims holistically and incorporating a variety of data and analytics, insurance companies may be able to improve customer outcomes, ultimately paving a better path to quickly restoring people's lives.

Also in this issue, Michele Hibbert-Iacobacci explains how payors can stay abreast of changes and keep up with the regulatory environment. In addition, Michele shares the upcoming launch of Mitchell Compliance Connection, a website to enhance delivery of compliance and regulatory information in a fast, accurate and innovative way. On the pharmacy side, Dr. Mitch Freeman shows how technology integration allows data to flow throughout the entire claim to deliver visibility, insights and solutions. This enables insurers to effectively and efficiently manage both the overall claim and the administration of opioids, resulting in better outcomes for all.

Throughout the year, we'll continue to follow the topics and trends that impact your organization, both here on these pages and on the [Mitchell blog](#), and explore what they may mean for the industry. I look forward to sharing more insights with you in future issues and hearing how these topics and trends are impacting your business.



Alex Sun
President and CEO
Mitchell



Alex Sun
President and CEO, Mitchell

View the [Auto Physical Damage Edition](#)





FIVE P&C INDUSTRY HOT TOPICS AND THE TRENDS FUELING THEM

In this quarter's Industry Trends Report, Mitchell takes a close look at five of the hottest topics in the Property & Casualty industry today and the technology and social trends that are fueling them.

Throughout the year, we'll continue to follow these topics and trends, both here on these pages and on the [Mitchell blog](#), and explore what they may mean for both the Property & Casualty industry and for collision repairers.

TECHNOLOGY TRANSFORMATION

Does virtual reality have practical applications for the P&C and collision repair industries? While it may be too soon to say what the overall impact will be, we are seeing interesting applications that go beyond entertainment. Virtual reality is being used to train doctors, create architectural models, and test the safety of new car models in a virtual setting before manufacturing them.

It's easier to see the potential benefits of augmented reality. It could, for instance, be used to guide complex repairs in high-risk environments, possibly minimizing injuries. In addition, as automotive repairs become more complex, technology like this could be used to ensure repairs are done correctly so that vehicles are safe to return to the road.

Meanwhile, the Internet of Things is experiencing explosive growth. Markets and Markets predicts a

compound annual growth rate of **33 percent through 2021**—an increase in market value of more than \$500 billion. Connected home devices can enhance safety, security and energy efficiency, but do they present a cybersecurity risk? And will people need insurance for that? Wearables can help prevent on-the-job injuries and facilitate a return to health, but there is still much to be worked out in terms of privacy and data ownership. And connected cars are delivering real-time information about the status of a vehicle as well as driving new insurance models like usage-based insurance.

We'd be remiss if we didn't mention autonomous vehicles. We're closely following both advancement and adoption of the technology across the world. In fact, a **trial is getting underway** here in our hometown of San Diego, and we can't help but wonder what Glenn Mitchell would think!



OPERATIONAL EXCELLENCE

COGNITIVE COMPUTING TECHNOLOGY LIKE WATSON IS BEING USED TO MAKE SENSE OF BIG DATA—AND HAVING A BIG IMPACT ACROSS VERTICALS, INCLUDING THE INSURANCE INDUSTRY.

It's been four short years since IBM's Watson famously beat Ken Jennings at Jeopardy, and in that time, it's been commercialized and put to practical use fighting cancer, **building legal cases** and preventing cybercrime. Cognitive computing technology like Watson is being used to make sense of big data—and having a big impact across verticals, including the insurance industry.

Closer to home, advanced analytics and visualized data, when applied at key points throughout the claims lifecycle, are helping insurers make more informed decisions around claims. This could potentially save time, reduce costs and lead to better outcomes, both for their businesses and for their customers.

Behind the scenes, insurers are moving both legacy systems and back-office operations to **cloud infrastructure**. DevOps is another IT-centric trend. More of a cultural movement than

a methodology, **DevOps** encourages communications and collaboration between development and operations and uses automation to deliver quality software quickly.

Trends that are not new but remain as relevant as ever—insurers continue to seek ways to use technology to streamline workflows, automate simple, repetitive tasks, reduce administrative costs and navigate an incredibly dynamic regulatory environment.

And last, but by no means least, blockchain, the distributed ledger technology behind the digital currency Bitcoin, is finally coming into its own. Deloitte named it a **key trend for 2017**, saying, "Blockchain may improve data storage and protection, and enable more efficient policy execution via smart contracts." IBM, for its part, is building an **entire ecosystem** around it.



THE EVOLUTION OF WORK

Henry Ford wasn't the first person to institute the five-day workweek, but he certainly popularized the model when he implemented it in his factories in 1916. A hundred years or so later, manufacturers are starting to turn from assembly lines to automation. The impact of automation is yet to be seen: a **McKinsey study** suggests that while 45 percent of the 2,000 work activities they looked at could be automated with currently available technologies, less than five percent of occupations can be entirely automated. In addition, they caution that those changes could take years.

Automation isn't the only trend at play. Fueled by technology, the gig economy, the share economy and on-demand workforce, in all their various permutations, continue to grow. **Intuit predicts** that more than 40 percent of the workforce will be comprised of contingent workers by 2020.

Adding to the complexity, the insurance workforce is in flux.

70,000 insurance professionals are expected to retire this year. One way to combat that loss of institutional knowledge and experience is to embed access to relevant information right there within the claims workflows. And while this may help incoming millennial talent get up to speed, insurers will need to implement new programs to attract and retain them—especially since **65 percent** of them do not have a positive take on the industry.

Another thing to think about: members of the enterprise, who as consumers have on-demand access to just about everything in their personal lives, will demand the same of their business applications.



70,000

insurance professionals are expected to retire in 2017*

*EY 2017 Property-Casualty Insurance Outlook

CUSTOMER EXPERIENCE

MOBILE
APP
USE

20%

DECLINE
BY 2020*

*Gartner's Top 10 Strategic Predictions for 2017 and Beyond

In their **2017 U.S. Property & Casualty Insurance Outlook**, EY provides a strategic roadmap for driving profitable growth. Number one among their four priorities is a focus on customer-driven innovation.

Today, the average consumer owns **3.64 connected devices**. We all recognize that this ubiquity of digital devices has changed the way consumers choose to interact. Now, the nature of digital interactions themselves is changing. The use of voice-first browsing devices like Google Home and Amazon Echo is on the rise: **Gartner predicts** that by 2020, 30 percent of web browsing will be done without a screen at all.

Further, **Gartner predicts** that by 2020 there will be a 20 percent decline in mobile app use. Instead, more consumers are turning to chatbots that don't require an app interface. Chatbots use artificial intelligence and natural language processing to automate simple tasks and interactions, often between company and customer. In many cases, the experience is so authentic, that the customer might not realize a chatbot is on the other end.

Will human interactions become a thing of the past? Or perhaps we'll see a premium placed on them? One thing is certain—listening to customers is more important than ever, as is nurturing a culture of innovation that enables a rapid and effective response to customers' ever-evolving wants and needs, both in the way they communicate and for products and services.

CORPORATE CULTURE AS BUSINESS STRATEGY

What the unprecedented pace of technology transformation suggests is that companies of all types, including those in the P&C insurance ecosystem, must innovate to respond to changing consumer wants and needs. Companies with a culture of innovation may have a competitive advantage in this regard.

According to a [PWC report](#), engaged employees put in 57 percent more effort on the job and are 87 percent less likely to resign than disengaged employees, so an engaged workforce can have an important impact on a company's overall success. But how do companies create an engaged workforce? As [MG Kristian](#), Senior Vice President of Human Resources at Mitchell advises, "It takes a conscious commitment from leadership across the company and deliberate action to drive culture into all aspects of the business."

Engaging millennials is becoming more important than ever. They are expected to make up [46 percent of the U.S. workforce](#) by 2020, and according to a [Deloitte study](#), tying corporate social responsibility to their own values and volunteerism is an important component of the engagement equation.

From an IT standpoint, CIOs and CTOs are also under pressure to create a culture of innovation that drives employee engagement. It's a delicate balance that Mitchell CTO Erez Nir sums up nicely: "We are challenged to be technology visionaries, to foster innovation and create an engaged and effective workforce, and we must do all this while also keeping pace with advances in technologies and evolving modern infrastructure that supports company strategy and objectives."

CIOs and CTOs are challenged to be technology visionaries, to foster innovation and create an engaged and effective workforce.

Erez Nir, Executive Vice President and Chief Technology Officer, Mitchell

From FNOL to Settlement

Using Data and Analytics to Improve Third Party Bodily Injury Outcomes

By Norman Tyrrell

Director, Product Management, Mitchell Casualty Solutions Group



Gathering and analyzing the right data at FNOL can help indicate the course of a claim and assist with triage to ensure that carriers are handling the claim efficiently.

Effectively adjudicating third party auto casualty claims can be a complex web of analysis and decision-making that challenges even the most experienced adjusters. Each of the many decisions made during the lifecycle of a third party claim can potentially affect the outcome—for better or for worse. To avoid claims spiraling out of control, sky-high medical costs, lengthy claim open times and drawn-out negotiations with claimant attorneys, it is important that every person handling the claim make data-driven decisions every step of the way to improve outcomes for the insurer and the claimant.

The ideal arrangement is for an adjuster to work out of an expert workspace that complements the claims management system by providing smarter

guidance and simplified integration. This adjuster workspace connects and surfaces all of the key data points throughout the claim, including First Notice of Loss (FNOL), provider, medical review, physical damage and settlement data. At the same time, it is also essential that this experience provide guided insights to the adjuster at key decision points and simply not overwhelm them with information.

Consider Data from the Full Claims Lifecycle

Within their workspace, an adjuster should have access to an evolving picture of the claim as it develops comprised of key data from FNOL, vehicle damage estimates, details on treating providers, and medical billing and treatment analysis. By viewing

the claim holistically and seeing how all of the data points fit together, an adjuster is more prepared to make the best decisions.

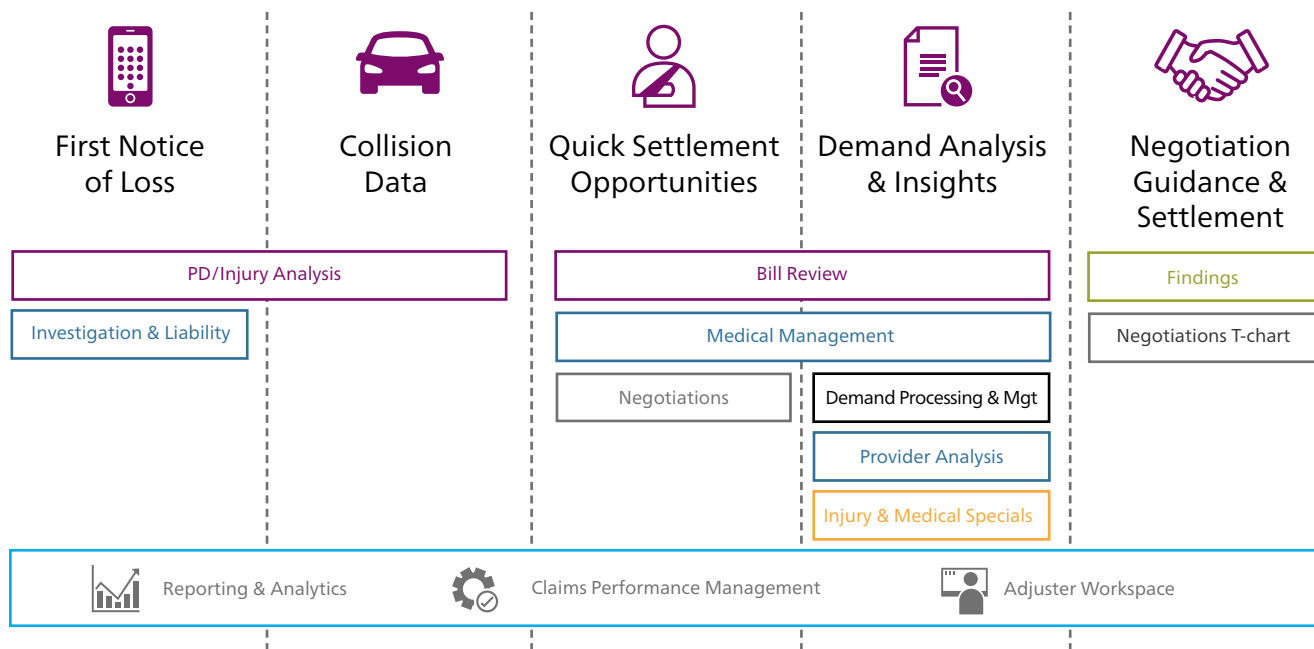
FNOL

Gathering and analyzing the right data at FNOL can help indicate the course of a claim and assist with triage to ensure that carriers are handling the claim efficiently. For example, depending on the likelihood that injuries and associated medical treatments will be reported, carriers can make more intelligent assignment decisions and avoid having to transfer the claim during the process. Early data and analytics can help managers prioritize claims by probable severity, helping improve efficiency and giving adjusters the opportunity to focus on claims where they can make the most impact early on.

Vehicle Damage Data

Adjusters can use physical damage data to help assess the potential severity and relatedness of injuries to the accident potentially helping insurance companies improve outcomes. By having access and an integrated analysis of damage data, adjusters can get a better picture of the overall claim. It can help signal early-on how long it might take to close the claim based on severity or in cases where medical treatments might be unusual based on the specifics of the vehicle damage. In addition, physical damage analysis can be a key piece for adjusters in attorney negotiations on third party claims. By understanding the severity of the accident based on this data, adjusters are able to negotiate treatment costs based on the potential relatedness of the injuries to the accident.

Third Party, End-to-End



Using these solutions at each respective step in the third party claims process can help improve outcomes.

Another area where data may come into play in the future is information coming from smartphones, in-vehicle sensors and telematics systems. As these systems become more widely deployed in vehicles, this information could play a role in FNOL notification and provide additional information on accident dynamics.

Provider Analytics

Understanding the dynamics of the medical providers associated with a claim is another way to help adjusters get a better picture of the full claim as part of an end-to-end third party solution. An in-depth database of provider history across industries can help an adjuster see, for example, if a certain provider treats patients differently depending on claim type, like health,

auto or workers' compensation. Tracking provider history can also help insurance companies fight fraud, waste, and abuse by flagging involvement of potential "bad actors" for further scrutiny and helping realize potential linkages between providers and attorneys.

By having more insight into provider activity and patterns, insurers can also focus in on preventing soft fraud by benchmarking a provider's treatment patterns and charges against their peers to help steer some build-up claims to a better result.

Medical Analysis

Medical data from a claim—especially a claim with attorney representation—can be complicated, but provides necessary insight into the claim. To analyze



medical and billing data properly, adjusters need a few key tools, including nurse review services and a bill review solution. Key data and information from these sources should surface in an adjuster's workspace to help them get a full picture of treatment length, injury relatedness and severity, and identify potential bad treatment patterns. The adjuster should be able to go into their workspace and understand how these data points fit into the big picture of the claim and be able to drill down to the level of detail they need for each piece. This way, the adjuster can enter attorney negotiations with simplified recommendations and guidance on explaining complex issues.

Data-Driven Decisions

By incorporating a variety of data and insightful guidance in their workspace, an adjuster is more prepared to make thoughtful, data-driven, defensible decisions throughout each stage of a third party claim. By recognizing the value of looking at the claim holistically throughout the claims lifecycle and using data and analytics to help every step of the way, insurance companies can start to improve customer outcomes, ultimately paving a better path to quickly restoring people's lives.

About the Quarterly Feature author...



By Norman Tyrrell

Director of Product Management,
Mitchell Casualty Solutions Group

Norman Tyrrell is Director of Product Management for Mitchell's Casualty Solutions Group. In this role Norman directs the product management and strategic planning activities for the company's Auto Casualty Solutions division leading a passionate team of product professionals focused on delivering smart technology, deep industry expertise, and the broadest range of solutions to Mitchell customers. As an experienced product and technology executive, Norman brings to Mitchell more than 20 years' business and product management expertise across a variety of markets and industries. Prior to joining Mitchell, Norman served in multiple capacities at Qualcomm, a leader in mobile communications technology, across product management, technical marketing, and global business development. Norman also has previous leadership roles in marketing and product management within the enterprise software and enterprise communications industries and has broad international experience including spending five years in Japan. Norman holds an MBA from the Thunderbird School of Global Management and an undergraduate degree in Physics from St. John's University.

Readily Accessible Compliance-Based Content

Supporting End Users To Make The Right Decision The First Time

By: Michele Hibbert-Iacobacci, CCSP, OHCC

Vice President, Information Management & Support, Mitchell Casualty Solutions Group



In an effort to continue delivering information in a fast, accurate and innovative way, Mitchell will launch the rollout of Mitchell Compliance Connection to customers by the end of the first quarter.

Property and Casualty insurance carriers have a daunting task when it comes to handling injury claims within the rapidly evolving world of regulatory compliance. As requirements constantly evolve, the number of insurance policies and injury claims an insurer/payor services in each jurisdiction can create an abundance of complex and often-confusing set of rules and regulations to follow.

Moreover, throughout time, both medical bill review and regulatory compliance have become increasingly complex. Long gone are the days of flat-rate pay, percent of charge and other simple reimbursement methods. There are always new regulations introduced for cost containment and management. Introduction of new rules, statutes and regulations occurs on a state-by-state basis without comparison to other

states. Essentially, each state in property and casualty has been referred to as its own country.

And as more guidelines are applied, managing large quantities of information has proven to be very challenging. Additionally, ensuring compliance is prompt, comprehensive, accurate and consistent is becoming more and more difficult as state regulators propose and implement an ever-changing series of requirements around bill evaluation and payment. Within property and casualty, payors not only have to stay well informed of these mandates, but also ensure timely and accurate implementation of process updates to implement required changes in place. Having information and striving for proactive engagement in applying these rules creates a more proficient and streamlined claims operation.

So how can payors stay abreast of the changes and keep up with the regulatory environment?

Through access to a single repository and web-based portal comprising of the most current regulatory rules and jurisdiction-based information.

A web-based portal serves as an organized “single source of truth” comprising all compliance-related information including state regulations, fee schedule administration, bill review rules, state reporting and so on. There are thousands, if not, millions of pieces of information and documents around regulatory changes pertaining to specific states in all lines of businesses and service types. Having a place to find all of this information available at a central location becomes very valuable and comforting to payors.

A single repository should allow readily accessible compliance-based content for the end user.

Availability with the most current content 24/7/365 at an end user’s fingertips is important as it is supporting the claims examiner, nurse, bill reviewer and others to provide real-time, accurate data to help make the right decision the first time.

The content should be easily digestible and easy to understand.

Regulations, statutes and legislation can contain ambiguity and subjectivity in the language and rules that accompany not only bill review guidelines but also a majority of compliance-related content. This can cause confusion or uncertainty for claims payors and others like consumers who depended upon clarity. The information shared needs to translate into easy to read and easy to understand terminology.

Notifications that alert users of important legislative updates and matters.

In the past, many organizations faced the challenge of ensuring content reached customers in the shortest possible amount of time. Automated alerts and integrated social media channels makes sharing content more efficient. Through timely updates, users can gain immediate visibility into the regulatory requirements and environment affecting the property and casualty industry.

About Mitchell Compliance Connection

In an effort to continue delivering information in a fast, accurate and innovative way, Mitchell is excited to announce the development of Mitchell Compliance Connection, a web-based portal that provides Mitchell customers with a comprehensive and central resource for medical bill review information, state administration activity and jurisdictional content. As part of its objective to keep users current on industry activity, the new website will feature visibility to essential on-demand regulatory information, which will be continuously updated.

Through this portal, customers will have up-to-date visibility into the ever-changing regulatory environment that affects our industry. Our regulatory compliance professionals are responsible for maintaining the data bank, which provides useful information to customers so that they can be proactive in assessing any regulatory changes that arise.

Mitchell plans to roll out the launch of Mitchell Compliance Connection to its customers within the first quarter of 2017.

PBMs: Technology Integration Offers Opportunity For Impact

By Mitch Freeman, PharmD

Vice President, Chief Clinical Officer, Mitchell Pharmacy Solutions



On average, more than 650,000 opioid prescriptions are dispensed in the U.S. daily.

The opioid crisis has been top of mind for workers' compensation leaders and claims managers for many years. Last year, the Workers' Compensation Research Institute (WCRI) found that the newly implemented policies may be helping to curb usage. In the 25 states evaluated, the study found "noticeable decreases" in the amount of opioids prescribed.

However, prolific prescribing, widespread abuse and the highly addictive nature of these drugs have contributed to rapid increases in opioid overdose deaths from both prescription opioids and its illegal counterpart, heroin. On average, more than 650,000 opioid prescriptions are dispensed in the U.S. daily. In 2015, more than 52,404 people died from drug

overdoses and opioids were involved in 52 percent of those deaths. For context, automobile related deaths were 37,757 in 2015.

From this national perspective, the prescription opioid and heroin epidemic cannot be detached from one another. Four out of five new heroin users report abusing prescription opioids prior to moving on to heroin. The primary reason for the transition to heroin was that heroin is cheaper and easier to obtain than prescription opioids.

As an industry, workers' compensation has responded to the opioid prescription epidemic. State legislation has been passed with states like Utah and Washington leading the way early in the crisis. In addition, independent organizations like the Official

Disability Institute (ODG) published by the Work Loss Data Institute and The American College of Occupational & Environmental Medicine (ACOEM) have released industry specific guidelines for prescribers in the appropriate use of opioids for the treatment of pain specific to workplace injuries.

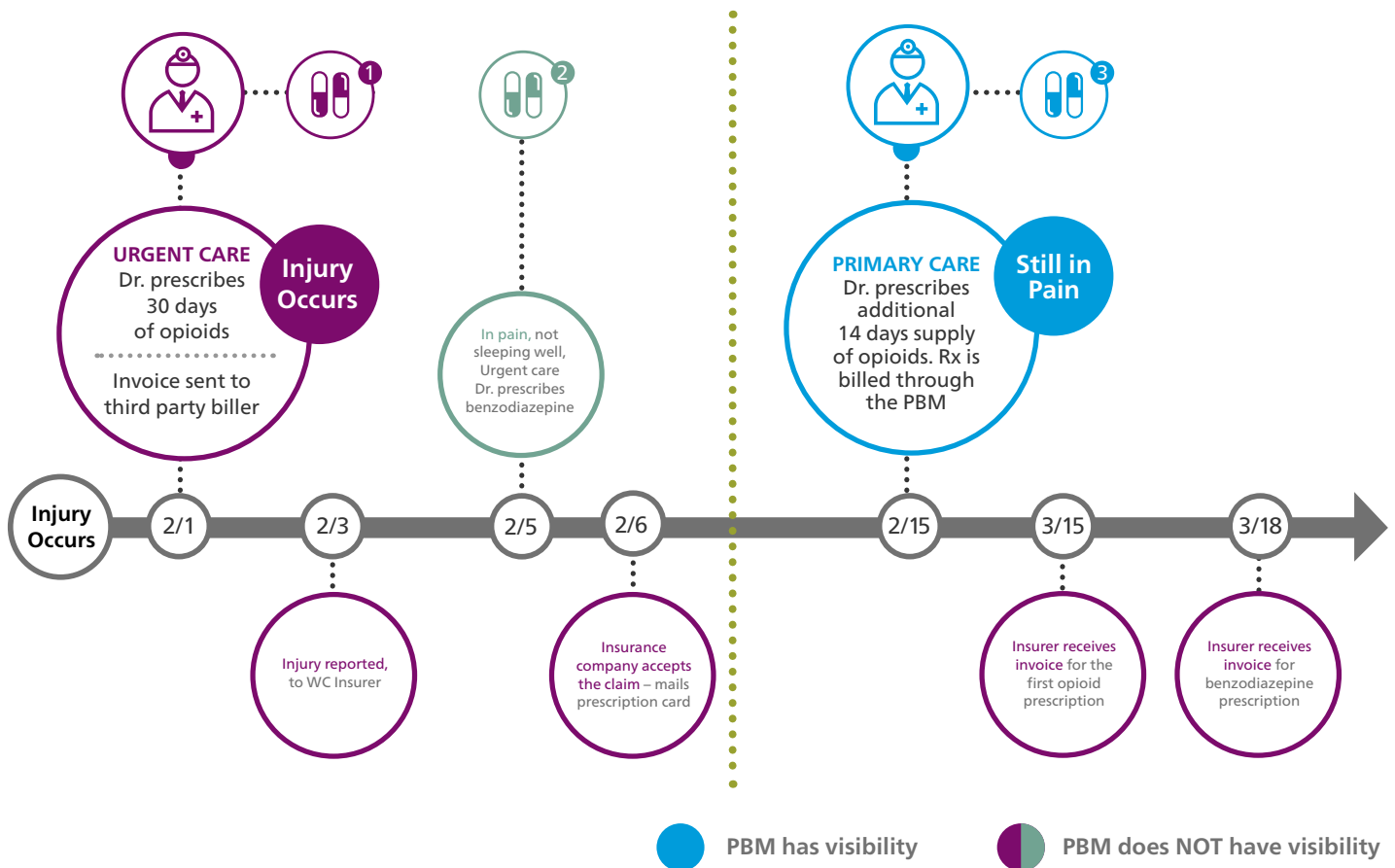
In March of 2016, the Centers for Disease Control (CDC) published the CDC Guideline for Prescribing Opioids for Chronic Pain. The CDC’s stated goal was to improve communication between providers and patients about the risks and benefits of opioid therapy for chronic pain, improve the safety and effectiveness of pain treatment, and reduce the risks associated with long-term opioid therapy, including opioid use disorder and overdose.

Organizational Imperitives

Given the national focus, guidelines and legislation

as well as the general scale of the epidemic—it is imperative that claims organizations continue to have a focus on opioid management. Many payors turn to pharmacy benefit management systems (PBMs) to help monitor drug therapies including opioids. PBMs have the medical knowledge, experience and tools to support claims professionals. They are also partners in driving education and promoting the proper use of prescription medications as part of a comprehensive pain management and recovery plan.

However, the challenge with this partnership is twofold. First, the PBM needs to have the right technology and services as part of their core solution and second, they need to be fully integrated to competently monitor, manage and solve opioid abuse. Let us consider the following scenario to tease out how some of these challenges arise:



Overall, the example raises many red flags including:

- There are two different prescribers of opioids
- The claimant received an excessive days supply of opioids (30 day's worth)
- The combination of opioids and benzodiazepines were prescribed (a deadly combination responsible in 30 percent of overdose deaths)
- The total Morphine Equivalent Dose (MED) for the claimant likely exceeds recommendations due to two overlapping opioid prescriptions (one for 30 days supply and one for 14 days supply)

This illustrates the challenges inherent in a siloed system. The bill review system and PBM system can only manage what it can see.

For example, there is an inherent delay between the time-of-injury and drug intervention by the PBM. Guidelines such as the CDC's recommend close evaluation of opioid prescribing early in the claim. The guidelines also include recommended limits on day supply and total dosage. All three of these best practices cannot be applied or enforced when the PBM does not have visibility into these early prescriptions.

Opioid guidelines also recommend daily dosing limits. Frequently termed Morphine Equivalent Dose (MED), the daily intake of all opioid prescriptions is calculated and thresholds are applied. Again, lacking visibility into these early prescriptions severely limits the accuracy of these calculations, underestimating the claimants MED.

An Integrated Approach

Many workers' compensation organizations have

seen that a siloed approach is not robust enough to address pervasive and large-scale challenges such as opioid abuse. Instead, they have implemented a fully integrated solution that connects PBM, bill review and managed care. The integration of these traditionally "siloed" components of claims management enables each to function in unison and to address the challenges of drug therapy for injured workers.

This approach is better able to identify risks earlier and connects the claim throughout the claimant's recovery. This enables adjuster to identify dangerous opioid-related issues, enables application of guidelines and allows for a proactive approach that promotes better claim outcomes for both the claimant and insurer.

Managing the Claim Early

As we saw in our example, early intervention can make a significant impact. Clinical controls are the ideal way to identify risks before they become problems. In our example, clinical controls could have been more effective if the PBM had visibility into prescriptions being filled prior to the claim being accepted as compensable. The system would have triggered an alert that the overall MED calculation was too high and that an opioid and benzodiazepine should not be taken concurrently.

What about what the PBM cannot see? A traditional, stand-alone PBM can only make recommendations on what it can see. It is relying on the adjuster to term while the problem grows. In an integrated system, bill review data and PBM data is managed from a single platform. This allows for better clinical controls and alerts that help adjuster keep their claimants safe.

Once a risk alert is brought to the attention of an adjuster, they should have the resources to quickly consult with a medical professional through an integrated system.

Effective Claims Management

A single platform also connects these risk alerts to expertise and resources that come from managed care and then back into the system for ongoing monitoring and management.

Once a risk alert is brought to the attention of an adjuster, they should have the resources to quickly consult with a medical professional through an integrated system. If an adjuster has access to a staff of nurses with years of Utilization Review (UR) certified experience, they cannot only identify clinical issues with the claim, but can also successfully intervene either through nurse review, physician review, or through other services to make sure the claim stays on the right path.

Then, most importantly, the data and recommendation are brought back into the platform. For example, a utilization review would have identified from our scenario, Joe's use of opioids and benzodiazepines concurrently as a risk and made a recommendation

to block the drugs. This could be noted and implemented in the system through formulary controls for both the PBM and bill review.

Integrated Solutions For Success

There are many powerful strategies and tools to help claimants with their recovery including preventing and treating opioid addiction. These strategies have been crafted to help optimize the process and provide data that can have a positive impact on the overall claim. However if the strategies and systems themselves are siloed, there are many opportunities for failure. Integration allows data to flow throughout the entire claim to deliver the visibility, insights and solutions that insurers need to effectively and efficiently manage opioid use and the overall claim. Platforms can provide a unified experience that saves lives and results in better outcomes for all.

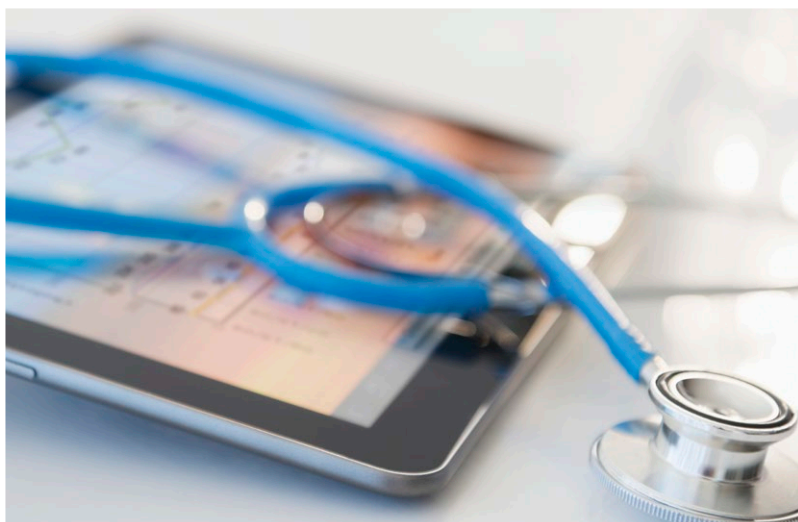


The Compliance Corner

*Subluxation Codes: The New Fashion in Diagnosis Coding
ICD-10-CM Separates Subluxation From Dislocation*

By: Michele Hibbert-Iacobacci, CCSP, OHCC

Vice President, Information Management & Support, Mitchell Casualty Solutions Group



From a clinical perspective, dislocation and subluxation represent very distinct medical situations.

What is a subluxation? Interestingly enough, entering the term “subluxation” into any internet search engine will return dozens of chiropractic websites, ready to define this popular medical term. Most sources define subluxation as a partial or incomplete dislocation of a joint. It is sometimes referred to as the misalignment of a joint. The Center for Medicare Services (CMS) defines subluxation as “a motion segment, in which alignment, movement integrity and/or physiological function of the spine are altered although contact between joint surfaces remains intact.” So what is the big deal and why is this term so important in today’s medical terminology usage? As it relates to the casualty industry, this frequently used medical diagnosis has specific definition and a reserved seat within the ICD-10-CM code set.

Before implementation of ICD-10-CM, during the archaic times of ICD-9-CM (was it really only 16 months ago?!), chiropractic physicians typically reported diagnosis codes from the 739 series of “non-allopathic lesions” which included “segmental and somatic dysfunction.” General Equivalence Mappings (GEMs) were developed to assist in translating ICD-9-CM codes into a crosswalk to ICD-10-CM. Using the GEM translation directs users from the 739 code series of ICD-9-CM to the ICD-10-CM M99: Biomechanical lesions, not elsewhere classified series of codes. When these codes are used in the casualty industry, they are considered traumatopathic in nature. This means that biomechanical lesions or subluxation complexes described by the M99 series are clinical situations that have resulted from healed or healing traumatic injuries.

Providers also reported codes from the ICD-9-CM 830-839 series of dislocation codes that included a non-essential modifier which specified subluxation. Using the GEMS, these codes translate directly to corresponding acute traumatic (not traumatopathic) ICD-10-CM dislocation codes such as S13.101A: Dislocation of unspecified cervical vertebrae, initial encounter. The subluxation non-essential modifier no longer exists for dislocation codes within ICD-10-CM framework and as a result, the GEMS translation points users to corresponding traumatic subluxation codes, such as S13.100A: Subluxation of unspecified cervical vertebrae, initial encounter. The end result is that acute subluxation codes have been separated from their sister dislocation codes.

From a clinical perspective, dislocation and subluxation represent very distinct medical situations. Subluxations refer to the misaligned position of two bones which form a joint, resulting in an alteration of movement integrity and/or physiological function. Subluxations are clinically stable—meaning that this misalignment does not typically require surgical intervention and can be treated conservatively. Chiropractic manipulation may be indicated for subluxations.

On the other hand, a dislocation is a complete separation of two bones which form a joint. It is clinically unstable and may require reduction, either manually or surgically. Because of the unstable nature of dislocations, chiropractic manipulation can be considered a contraindication.

At this point, we remain in the infancy in the usage of ICD-10-CM. While many providers have embraced the new subluxation codes, others continue to report the dislocation codes because of the direct GEMS translation. As we progress, the hope is that more providers will understand that the non-essential modifier specifying subluxation for dislocation codes no longer exists and will also move toward the new subluxation codes.

ⁱ *Taber's Cyclopedic Medical Dictionary 20th Edition, FA Davis Company, Philadelphia, PA*

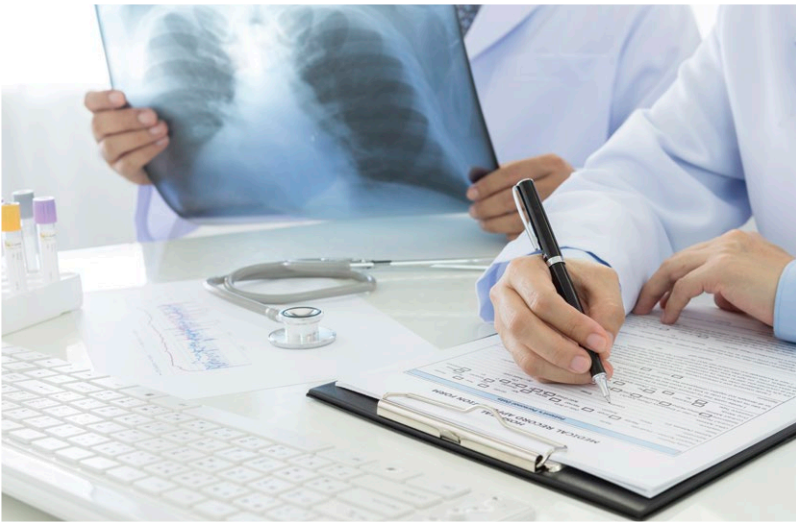
ⁱⁱ *MLN Matters® Number SE1101 Revised September 2011*

ⁱⁱⁱ *WHO Guidelines On Basic Training And Safety In Chiropractic, World Health Organization, Geneva, Switzerland 2005*

Data Insights

By Ed Olsen

Sr. Business Process Consultant, Mitchell Casualty Solutions Group

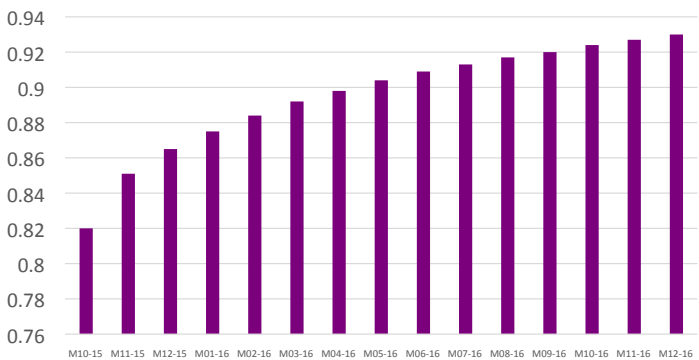


Looking at the most commonly used ICD-10 codes in the auto casualty marketplace, you find that the majority of codes could be categorized as soft tissue in nature.

In October 2015, the use of ICD-10 went into effect. Since the effective date, Mitchell has been monitoring its use at the National and State level.

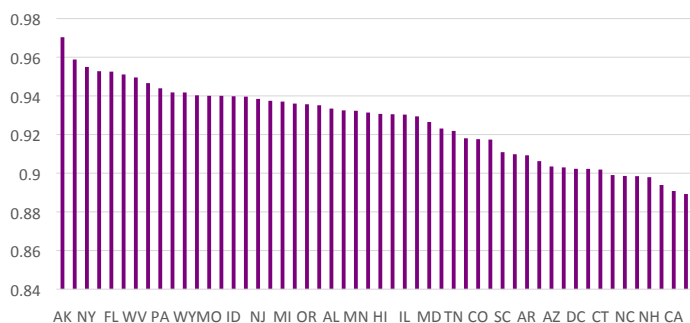
The graph to the right depicts the percent of providers utilizing ICD-10 to codify the injury types associated with the claimants they are treating. When first implemented, approximately 82 percent of providers encountered in the auto casualty marketplace utilized ICD-10. By the end of December 2016, the percentage of providers using ICD-10 had increased to 93 percent.

ICD-10 Adoption Rate



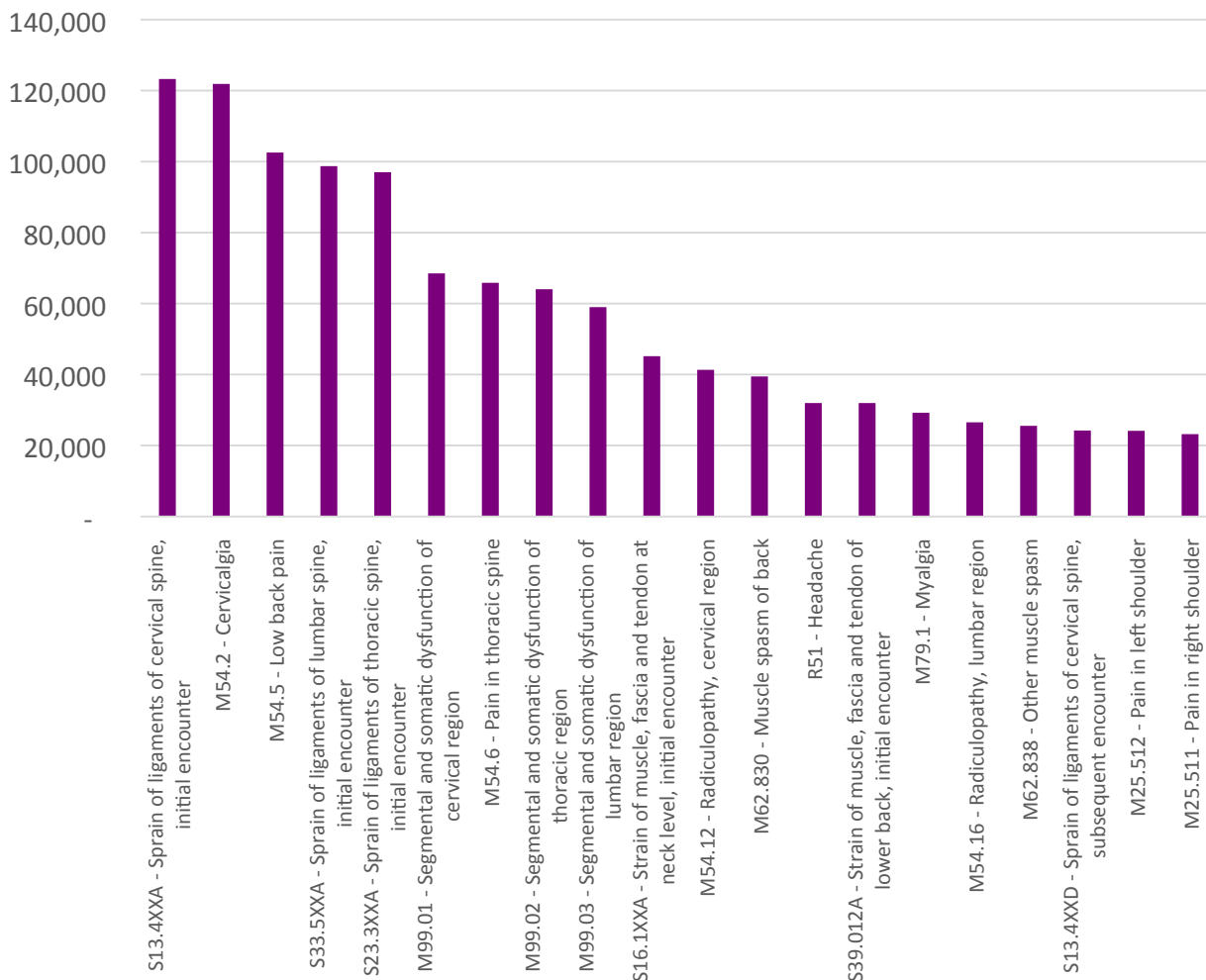
Not all states have seen providers adopt the use of ICD-10 equally. By the end of December 2016, the states with the largest percentage of providers using ICD-10 in the auto casualty market were Alaska (97 percent), North Dakota (95.9 percent), New York (95.5 percent), South Dakota (95.3 percent) and Florida (95.3 percent). The five states with the smallest percentage of providers adopting ICD-10 were Nevada (89.8 percent), New Hampshire (89.8 percent), Virginia (89.4 percent), California (89.1 percent) and Maine (88.9 percent).

SOJ Adoption Rate—December 2016



Looking at the most commonly used ICD-10 codes in the auto casualty marketplace, you find that the majority of codes could be categorized as soft tissue in nature.

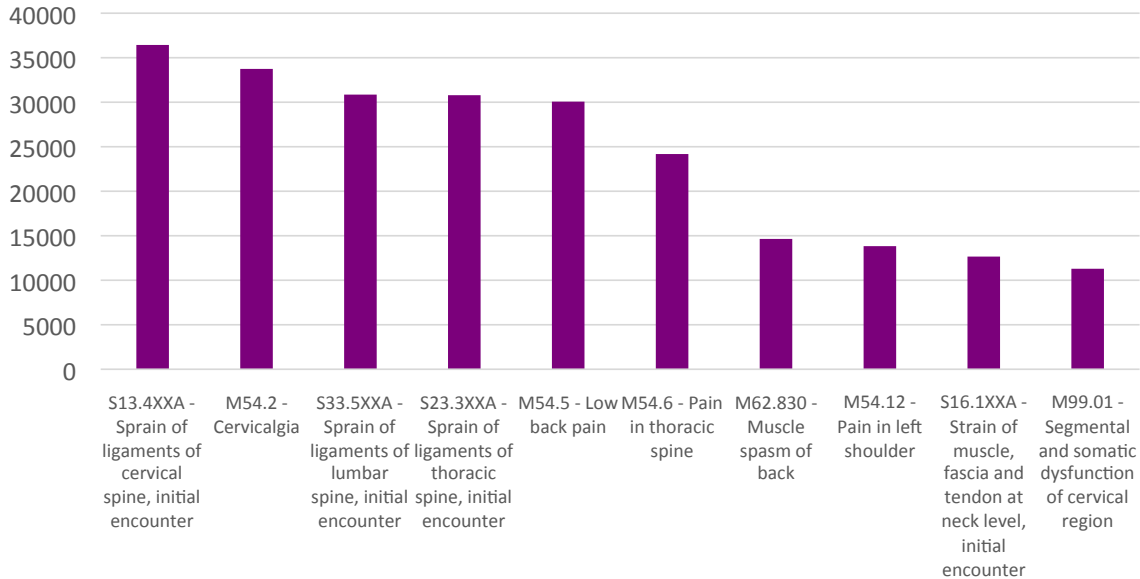
Most Common ICD-10 Diagnoses



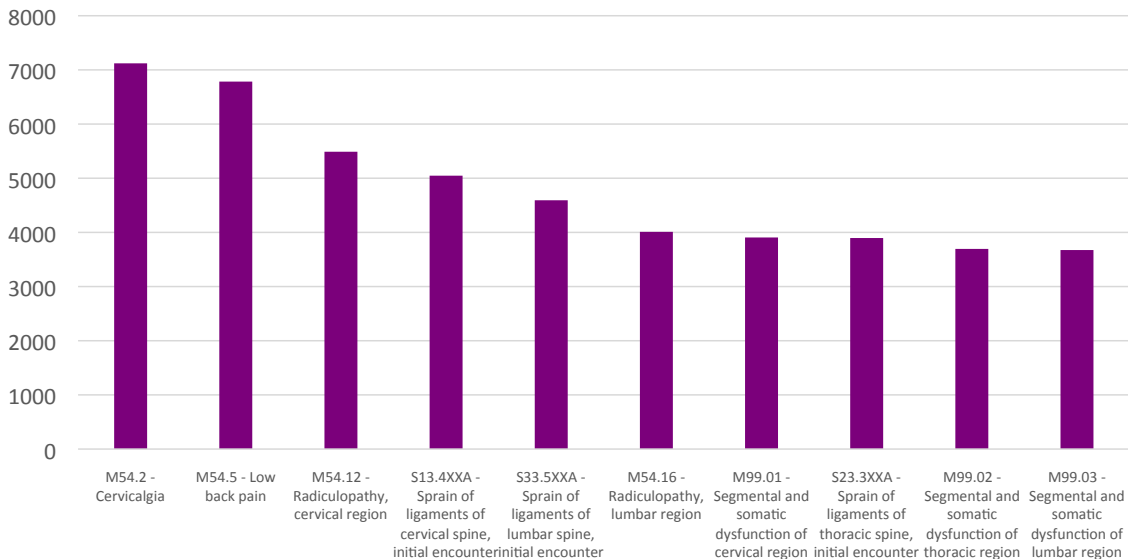
Previously we looked at the top 10 procedure codes by state and concluded that they might serve as a fingerprint for the State. Interestingly, a similar phenomenon can be said about the most frequently encountered ICD-10 codes. While the top 10

diagnosis codes seen in three of the states depicted below (FL, MI, CA) deal primarily with soft tissue injury, two of New Jersey's top 10 codes concern injuries to cervical and lumbar spine nerve roots.

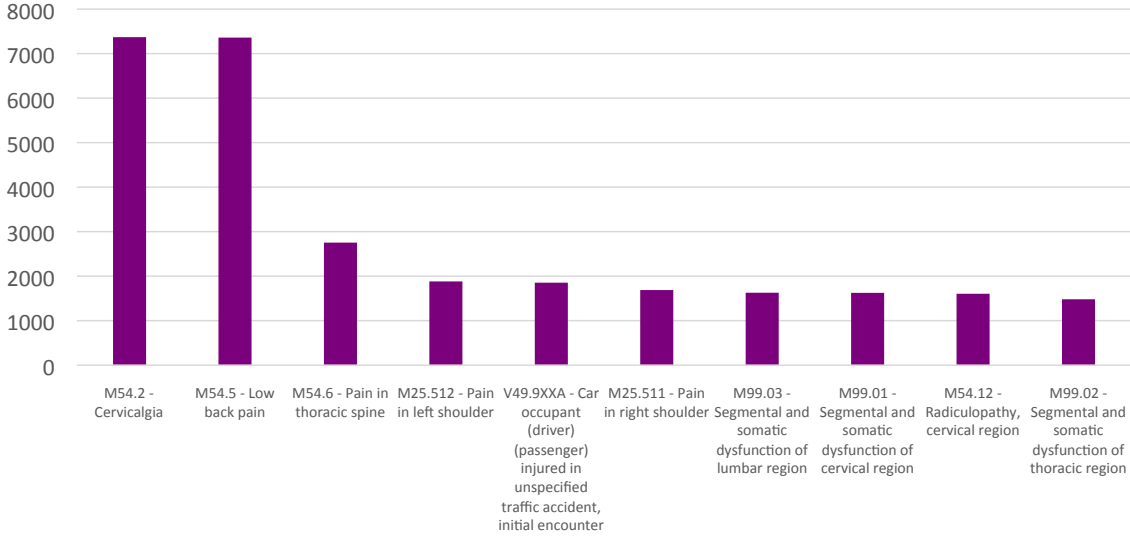
Florida



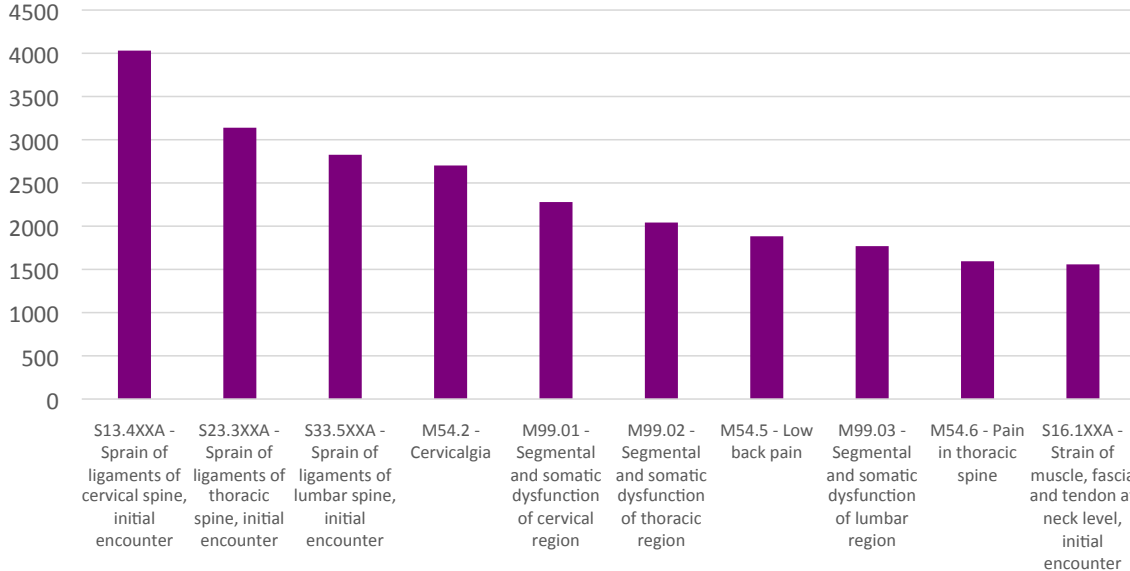
New Jersey



Michigan



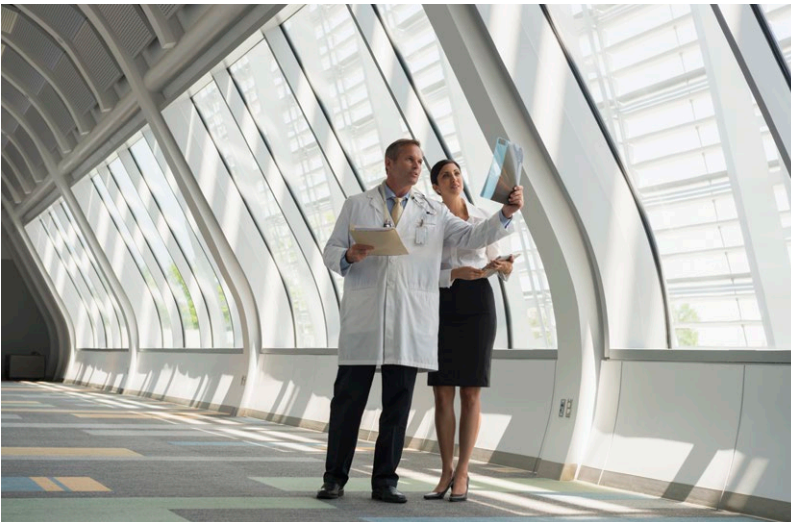
California



Auto Casualty Medical Price Index

By Ed Olsen

Sr. Business Process Consultant, Mitchell Casualty Solutions Group



In Q4 2016, professional services in the emergency room experienced a 16.35 percent increase since Q3 2016.

The National CPI for All Services, as reported by the Bureau of Labor Statistics in January 2017, is 121.5. That is down 0.15 since Q3 2016 but up 2.06 since Q4 2015. For the same period of time, Q4 2015 to Q4 2016, the National Auto Casualty MPI increased 1.78 percent and sits at 119.72. Since Q1 2006, the MPI has increased 19.72 percent while the National CPI for All Services increased 21.5 percent.

- Charges associated with physical medicine services experienced a 1.5 percent decrease in Q4 2016 from Q3 2016. While the most recent quarter reflects a decrease in unit charge, physical medicine has seen a 1.4 percent charge increase since Q4 2016 and only 4.8 percent since Q1

2006. Recall that the physical medicine MPI is looking strictly at unit charge while holding utilization constant.

- The unit cost for major radiology services decreased 2.84 percent in Q4 2016 from Q3 2016 and as of January 2017, sits at 124.16. Despite this decrease, MPI remains 24.16 percent higher than its Q1 2006 benchmark unit charge.
- The unit cost for evaluation & management services increased 3.36 percent in Q4 2016 when compared with its Q3 2016 result. Over the past year, comparing Q4 2015 results with Q4 2016 results, the unit charge associated

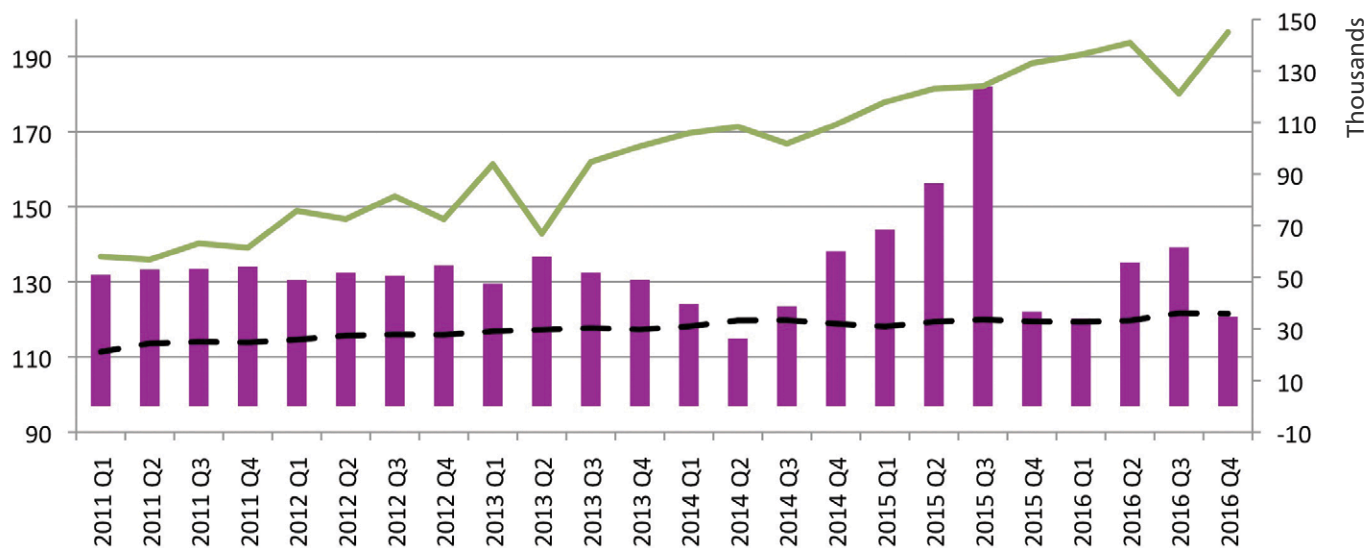
with evaluation and management services has increased 5.38. Since Q1 2006, evaluation and management services have seen unit charge increase 77.81 percent as reflected by the index value 177.81.

- The unit charge for professional services in the emergency room continues to rise at a rate significantly higher than all other service groups and the national CPI for all services. In Q4 2016, professional services in the emergency room experienced a 16.35 percent increase since Q3 2016. Since Q1 2006, this service group has experienced a 96.53 percent increase in the unit charge of professional emergency room evaluation and management services.

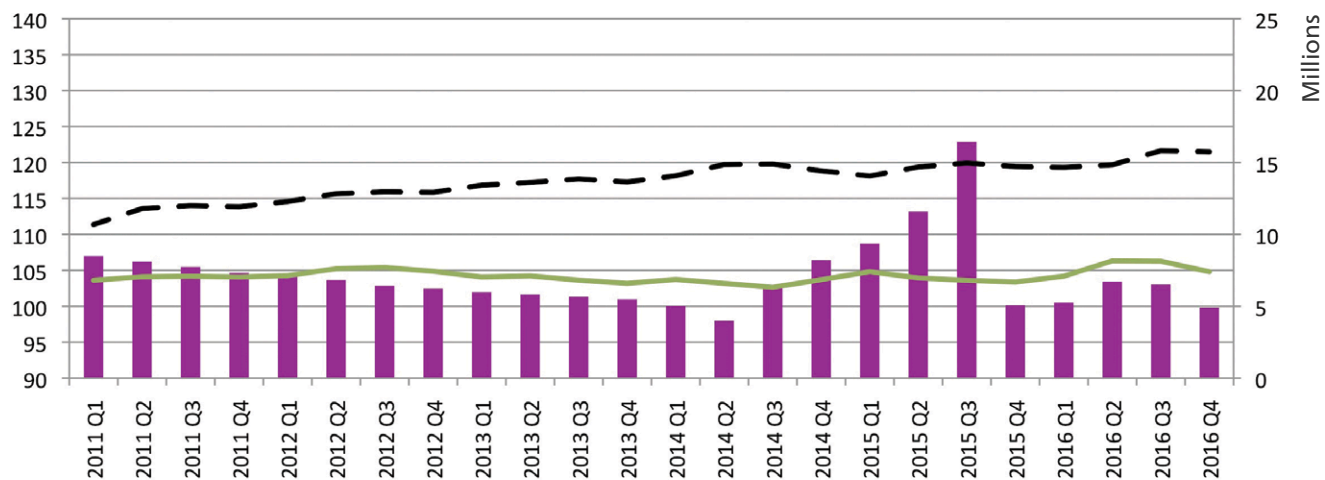
(Source: U.S. Bureau of Labor Statistics, adjusted. Consumer Price Index- All Services- All Urban Consumers, Series CUUR0000SA0. Available at <http://data.bls.gov/cgi-bin/surveymost?cu>)



Emergency Room MPI

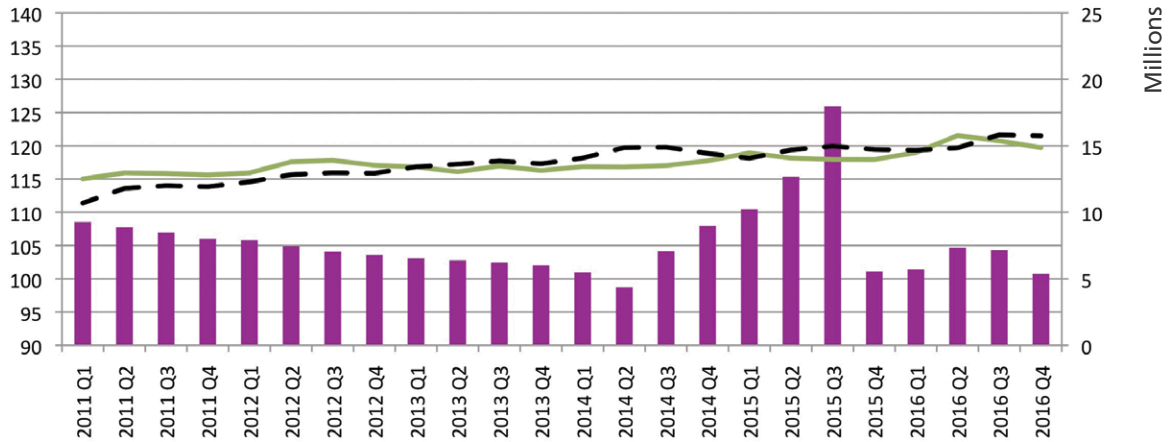


Physical Medicine MPI

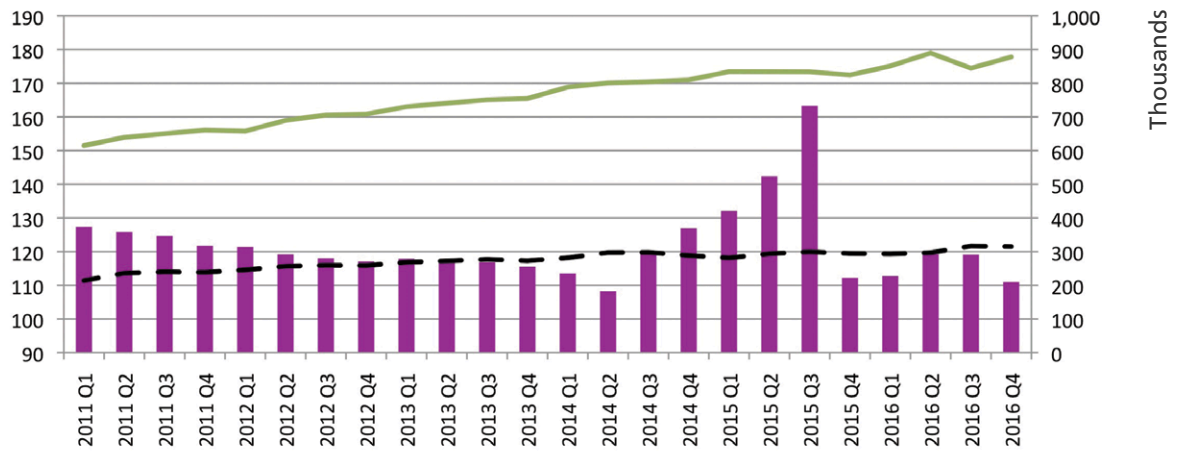


■ Total Units
 — National Service Group MPI
 - - - CPI All services

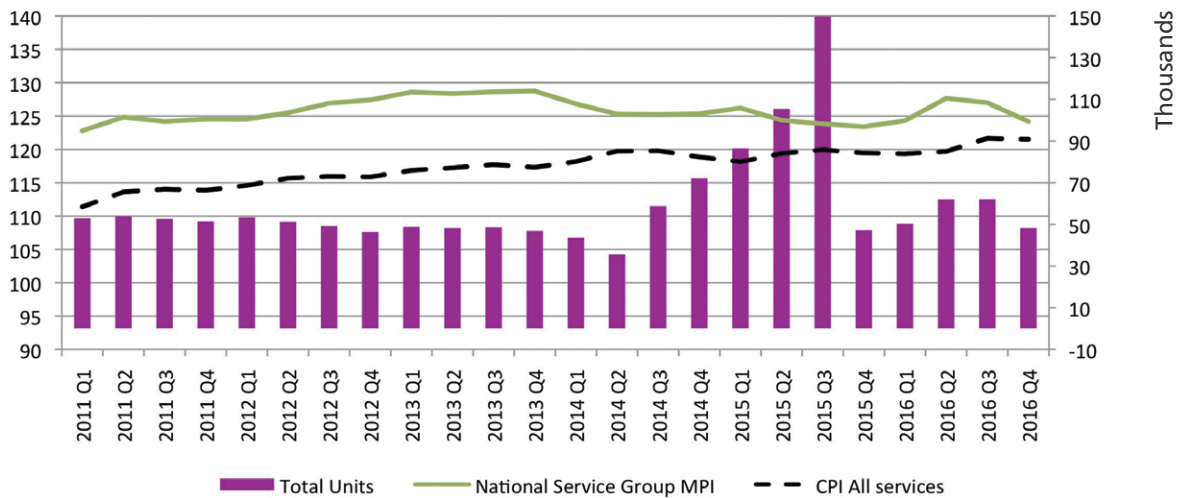
National MPI



Evaluation & Management MPI



Major Radiology MPI

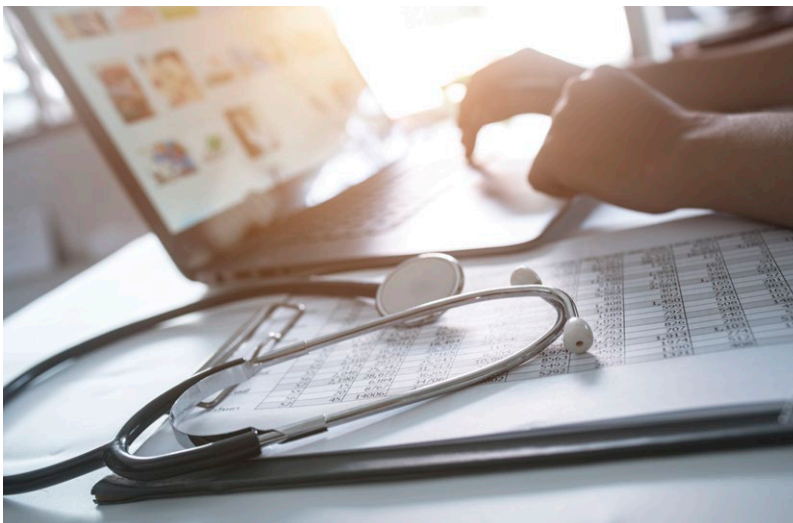


■ Total Units
 — National Service Group MPI
 - - - CPI All services

Workers' Compensation Medical Price Index

By Ed Olsen

Sr. Business Process Consultant, Mitchell Casualty Solutions Group



Charges associated with physical medicine services experienced a 1.37 percent decrease since Q3 2016.

The National CPI for All Services, as reported by the Bureau of Labor Statistics as of January 2017, is 121.5. That is down 0.15 since Q3 2016 but up 2.06 since Q4 2015. For the same period of time, Q4 2015 to Q4 2016, the National Workers' Compensation MPI increased 3.5 percent and as of January 2017, is at 112.55. Since Q1 2006, the MPI has increased 12.55 percent while the National CPI for All Services increased 21.5 percent.

- Charges associated with physical medicine services experienced a 1.37 percent decrease since Q3 2016. This decrease brings the total

unit cost change for physical medicine since Q1 2006 to 5.5 percent, significantly below the National CPI for All Services reported by the Bureau of Labor Statistics. Recall that the physical medicine MPI is looking strictly at unit charge while holding utilization constant.

- While the unit cost for major radiology services experienced by the workers' compensation industry has increased 2.85 percent in Q4 2016 when compared to Q3 2016, it remains virtually unchanged since Q1 2006. This service groups current index value of 101.6 indicates the unit charge has increased 1.6 percent Q1 2006.

- The unit cost for evaluation & management services decreased 13.14 percent in Q4 2016 when compared to Q3 2016 bringing the workers' compensation index to 132.04. Since Q1 2006, evaluation and management unit charge has increased 32.04 percent.

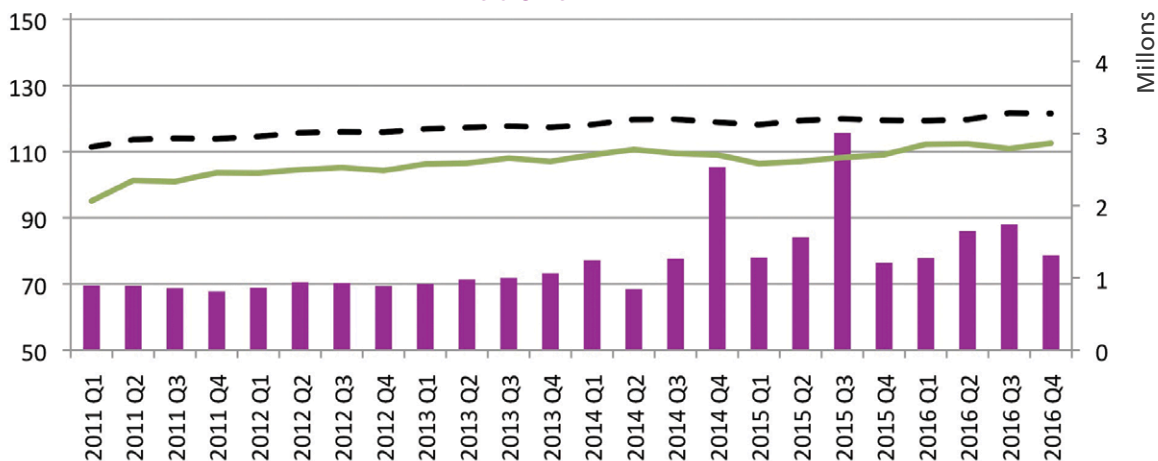
Since Q3 2016, the unit charge of professional services performed in the emergency room setting has decreased 3.9 percent. However, since Q4 2015, there has been an 8.6 percent increase. Since Q1 2006, the unit charge index has increased 61.32 percent bringing the MPI to 161.32.

(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>)

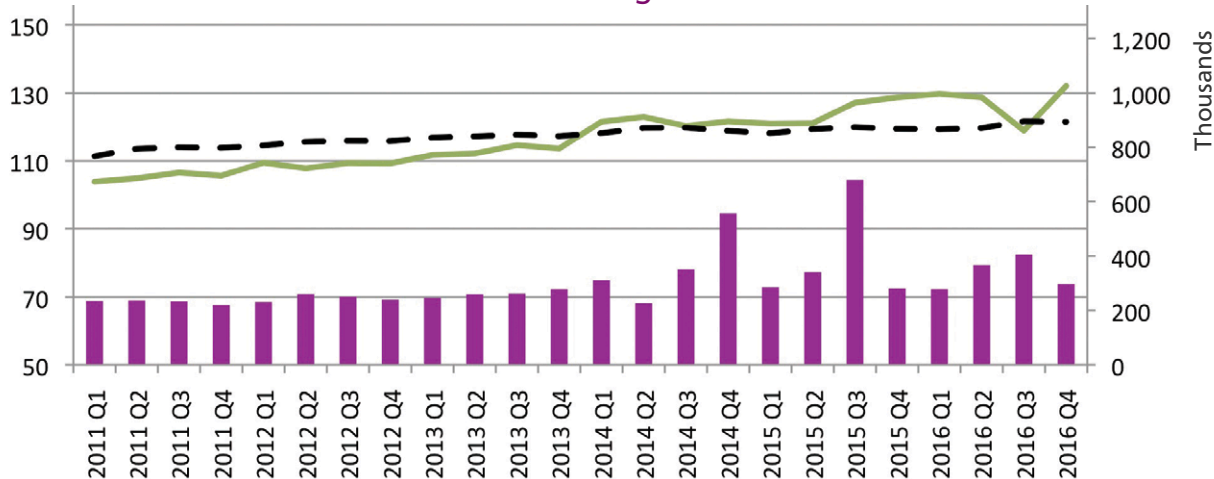
View the [Auto Physical Damage Edition](#)



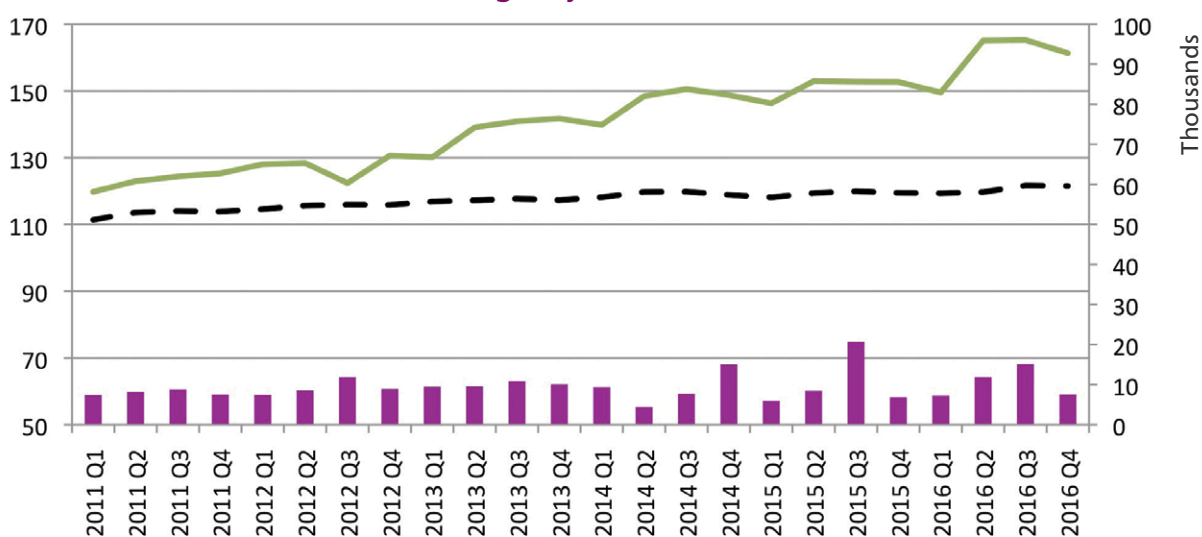
National MPI



Evaluation & Management MPI

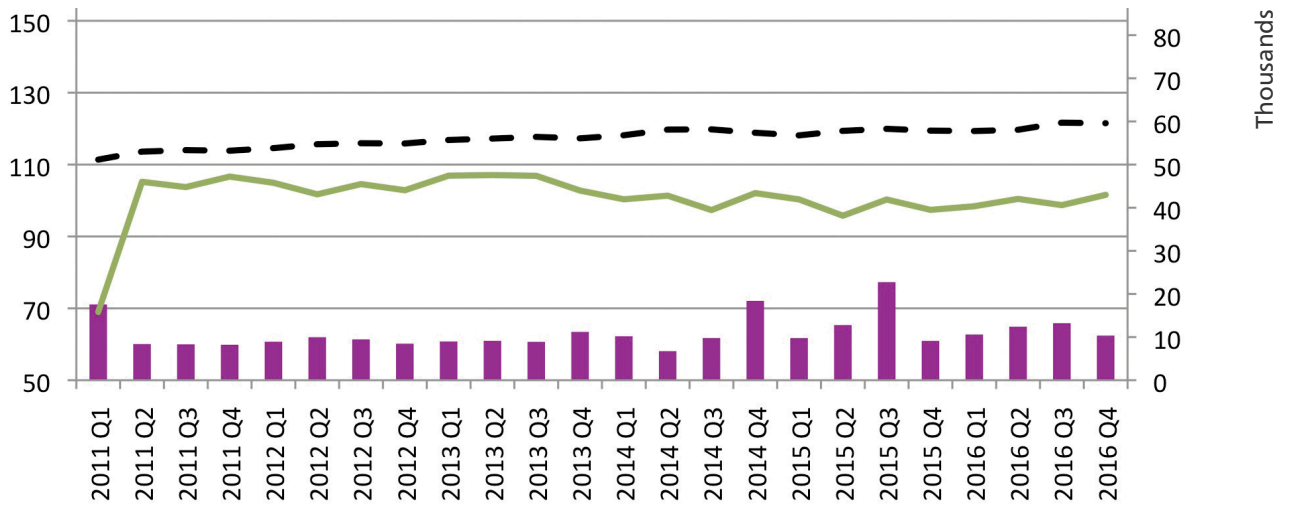


Emergency Room MPI

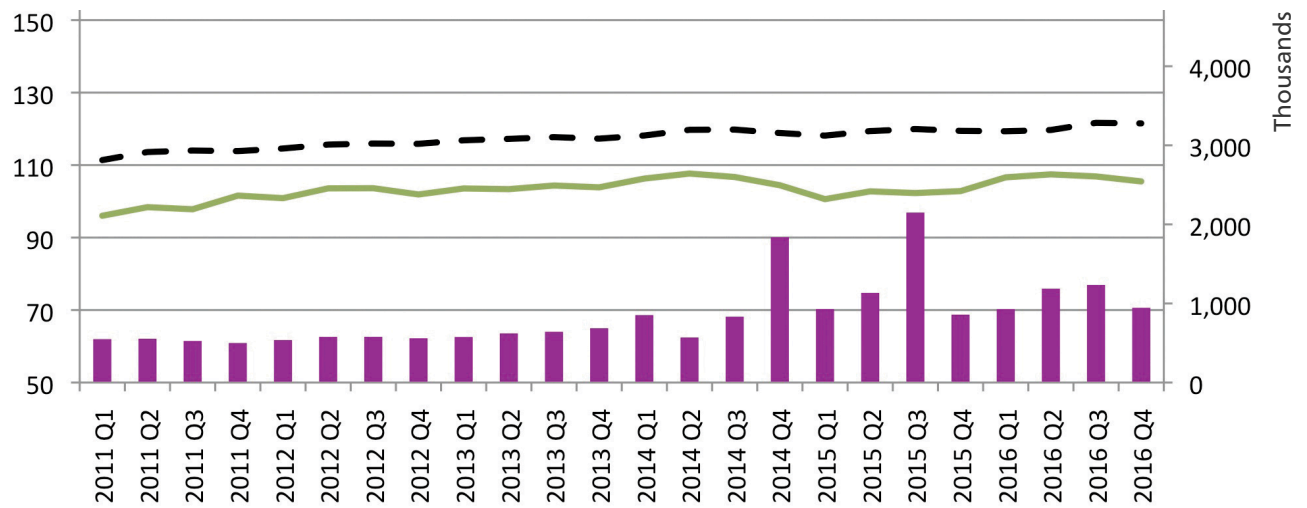


■ Total Units — National MPI - - - CPI All services

Major Radiology MPI



Physical Medicine MPI



■ Total Units
 — National MPI
 - - - CPI All services

Partner Spotlight— Prime Health Services



Prime Health has teamed up with Mitchell on a variety of projects, which have allowed Mitchell clients to achieve repriced, discounted bills ultimately saving both time and overall cost of a claim.

Establishing a strategy that leverages best-in-class services to improve the quality of care in your cost containment programs starts with connecting to resource-rich networks that fit your particular needs and processes. Prime Health Services is an exceptional asset to Mitchell’s portfolio of cost containment solutions and strategic partners. Collaboratively with Prime, we are able to offer one of the largest multi-product networks in the nation offering additional ways to better contain costs to service both the workers’ compensation

and auto markets. Prime has teamed up with Mitchell on a variety of projects, which have allowed Mitchell clients to achieve repriced, discounted bills ultimately saving both time and overall cost of a claim. Prime Health Services is one of Mitchell’s strategic partners that works to bring better value, and the best possible outcomes to our customers, and we look forward to continuing to combine our expertise to greater impact the industry as a whole.

Two Sides of the Insurance Coin

By Ed Olsen, DC, CPCU

Sr. Business Process and Casualty Claims Consultant,
Mitchell Casualty Solutions Group

Published by WC Magazine

Now, a new medical price index (MPI) compares the two markets indices and allows another differentiator—providers are charging differently in the two markets.



The workers' compensation and auto casualty insurance markets have always had many differences between them, for example, using fee schedules in workers' compensation and negotiating with attorneys on third-party auto claims. Now, a new medical price index (MPI) compares the two markets indices and allows another differentiator—providers are charging differently in the two markets.

[Read more in WC Magazine](#)

Thursday Thought Leader: Michele Hibbert

An Interview with Michele Hibbert-Iacobacci, OHCC, CCSP

Vice President, Information Management & Support, Mitchell Casualty Solutions Group

Published by [LegalNetInc.com](https://www.legalnetinc.com)



Michele Hibbert-Iacobacci shared with LegalNet what she has learned along her incredible career journey and what legacy she hopes to leave behind.

During a pre-conference event at the National Workers' Compensation and Disability Conference in New Orleans, Louisiana, Michele Hibbert-Iacobacci shared with LegalNet what she has learned along her incredible career journey and what legacy she hopes to leave behind.

[Read more in LegalNetInc.com](https://www.legalnetinc.com)

How Insurers Can Combat the Rising Cost of Third Party Auto Claims

By Norman Tyrrell

Director, Product Management, Mitchell Casualty Solutions Group

Published by [Claimsjournal.com](https://www.claimsjournal.com)

In a competitive auto casualty market, insurance companies cannot afford to leave these problems unaddressed.



Insurance carriers today are struggling to keep up with the rising cost of third party auto claims. While there are multiple factors driving up costs, three primary problems stand out—complex industry trends, inconsistent evaluation and claims settlements and a new generation of adjusters. In a competitive auto casualty market, insurance companies cannot afford to leave these problems unaddressed.

[Read more in Claimsjournal.com](https://www.claimsjournal.com)



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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 payors 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

The San Diego Union-Tribune

'The Mitchell Way' guides San Diego company for 70 years

Mitchell is recognized as a top workplace by the San Diego Union-Tribune and Alex Sun shares insights about the company culture.

[Read More at The San Diego Union Tribune](#)

ABLADVISOR

Mitchell Announces \$50 Million First Lien Term Loan

Mitchell announces the closing of a \$50 million senior secured first lien term loan to continue investing in technologies that drive better outcomes in the markets we serve.

[Read More at ABL Advisor](#)

ABRN
AUTO BODY REPAIR NETWORK

Mitchell's Annual Property & Casualty Conference Attracts Industry Leaders

The gathering of experts in auto physical damage, auto casualty and workers' compensation insurance claims served as a platform for Mitchell to share insights and listen to their customers on topics ranging from consumer preferences to technology trends affecting the industry.

[Read More at ABRN](#)

WorkCompWire
the trusted source for workers' compensation news

Mitchell Launches Enhanced SmartAdvisor Medical Bill Review Solution

Mitchell announces new features and enhancements to SmartAdvisor® medical bill review software for the workers' compensation casualty market.

[Read More at WorkCompWire](#)

CLAIMS
JOURNAL

Insurers Can Combat the Rising Cost of Third Party Auto Claims

Claims Journal published a contributed article by Norman Tyrrell about the three primary problems that are driving up the cost of third party auto claims.

[Read More at Claims Journal](#)

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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—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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kim.le@mitchell.com