



## Cognizant OptimaMedWise Reduces Claims Leakage and Saves Millions

### Professional clinical services combined with proprietary technology results in 20x ROI for global insurance carrier.

Medical benefits associated with workers' compensation (comp) claims have escalated dramatically, more than tripling since 2003 and outpacing general medical cost inflation, according to recent data from the National Council on Compensation Insurance. For a global insurance carrier, excessive or unnecessary treatment associated with workers' comp claims resulted in medical claims leakage of 7% to 9% annually. Traditional cost containment strategies, such as bill review, utilization review and nurse case management, were already in place but failed to address claims leakage, prompting the carrier to approach Cognizant and other external providers to discuss strategic alternatives. Ultimately, the carrier determined that an evidence-based medical necessity review process would address the rise in workers' comp medical costs while ensuring that injured workers had quick access to appropriate medical care.

#### AT A GLANCE

A global property and casualty insurer wanted to address leakage from workers' comp claims while maintaining quality of care. The company engaged Cognizant to develop a medical necessity review capability that would identify claims for excessive or unnecessary treatment. Cognizant OptimaMedWise™ implemented its technology framework to automate the claims process and provided 100-plus trained registered nurses to review exceptions.

#### Outcomes:

- Identified \$50 million in medically excessive or unnecessary claims within six months of deployment.
- Projected annual savings of ~\$60 million.
- Improved claims leakage by 7% to 9%.
- Identified 40% of claims as compliant and processed automatically.
- Reduced the total cost of ownership, resulting in a 20x return on investment.

Cognizant suggested using Cognizant OptimaMedWise™, a customizable treatment plan engine for automating claim processing coupled with trained clinical services staff to review claims requiring intervention. The insurer quickly recognized that this “medical necessity review as a service” capability would enable the establishment of injury-specific treatment plans, validate clinical activities against those plans, automatically review every claim and route exceptions to trained registered nurses for review.

## Medical necessity reviews fill gap left by traditional cost containment strategies

A long-time client of Cognizant, the carrier set an aggressive four-month timeframe to deploy the solution. Cognizant recruited and trained more than 100 registered nurses on individual state workers’ comp regulatory and client guidelines. Having handled nearly 2.5 million medical necessity claims reviews for other clients, Cognizant’s clinical services team was quickly up to speed, greatly minimizing disruption to the carrier’s claims professionals and medical management team.

To ensure treatment plans would withstand scrutiny from providers and regulators and meet the insurer’s requirements, Cognizant incorporated a database of workers’ comp claims from the Official Disability Guidelines (ODG) and standard treatment guidelines from the American College of Occupational and Environmental Medicine. Combined with Cognizant’s knowledge base of state-specific guidelines, the system contains nearly all standard treatments related to workers’ comp claims.

The system also profiles providers, giving the carrier insight into which providers tend to pursue more aggressive – and expensive – treatment options outside of industry-accepted, evidenced-based clinical guidelines. The carrier can direct care to providers who most often treat within these parameters, further reducing the number of claims rejected. In addition, leadership can leverage analytical data captured by the system as the basis for discussions with state insurance commissioners, using data-driven insights to help shape new regulations designed to reduce excessive or unnecessary treatment.

The full complement of technology and clinical services was fully deployed in the four-month timeframe. In the first six months, Cognizant processed approximately 100,000 claims and 500,000 medical bills, recommending rejection of \$50 million in billed charges (gross charges before re-pricing) for unnecessary or excessive treatment. This translates into a projected \$60 million annual reduction in medical costs – approximately 20 times the carrier’s investment. Integrating medical necessity review into the carrier’s claims process helps facilitate medical care for injured workers, achieve better outcomes, and reduce medical costs without increasing claims allocated loss adjustment expenses.

## Learn More

To learn more about Cognizant OptimaMedWise, please visit <http://www.cognizant.com/optimedwise>.



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### ABOUT COGNIZANT

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process services, dedicated to helping the world’s leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 100 development and delivery centers worldwide and approximately 233,000 employees as of March 31, 2016, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at [www.cognizant.com](http://www.cognizant.com) or follow us on [Twitter: Cognizant](#).



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