



By Trevor & Heather Garbers

Carrier Perspectives on the Future of Supplemental Health Claims

The future is here. Somewhat.

The claim process in the Voluntary Benefits industry has become a hot topic over the past few years as buzzwords like claims integration, claims auto-adjudication, intuitive claims and 360 claims have hit the marketplace. To address where the industry is today and where it is going in terms of claims, this will be the first of a three part series on the topic of supplemental health claims.

In our first edition, we have interviewed claim experts at some of the leading carriers in the marketplace to get their perspective: **Kyleen Engelstad (KE), Director, Claims Strategy, Voya Financial**; **Ann Sanchis (AS), Regional Voluntary Benefits Practice Lead, UnitedHealthcare**; and **Matt Hall (MH), VBS, GBDS, Voluntary Specialist Director, MetLife**.

What does the term claims integration mean?

MH - Claims integration today, at a minimum, means the ability to recognize and pay claims across a related set of coverages. For example, a Critical Illness policyholder files a disability claim for maternity. If this policyholder also has Hospital Indemnity, they are likely eligible for admission and confinement benefits. However, this has continued to evolve. We now see carrier passing data back and forth to create a connected experience for identifying and in some cases auto-adjudicating potential claims

AS - In today's supplemental health market, claims integration refers to providing a better claims submission experience to the member. Carriers may provide this by reminding participants to file, all the way to auto-adjudication of claims.

However, true claims integration, in the broadest sense, is key to creating a more seamless, coordinated and personalized health care system. Integrating claims administration for services like accidents, critical illness, disability, dental, vision and more, helps customers in a variety of ways, such as improving the identification and management of chronic conditions; increasing engagement in clinical care programs; and enabling health care providers to better collaborate to flag gaps in care or provide earlier identification of disease for low care utilizers. Therefore, claims integration can provide employers with an opportunity to save by promoting a better overall medical claims experience and supporting improved health outcomes; and it offers employees more value for their premiums.

KE - Claims integration means a lot of different things to different carriers, and there are certainly different layers to it within each carrier. From my perspective, claims integration in Voluntary Benefits broadly means, that there is some level of connection or added simplicity at claims time, between one or more policies that an insured individual is enrolled in, requiring less work on the claimant's part to receive the benefit that they are due for a qualified event under a policy they are enrolled. It certainly needs to keep evolving though, as carriers, we owe it to our insureds to keep doing better. For example, industry research shows nearly 70% of American workers consider supplemental benefits as important as employer-based health insurance and retirement benefits.

However, even though employees value supplemental health benefits, it's not uncommon for individuals to overlook them when it comes time to file a claim. For example, when Voya's research team interviewed employees with current supplemental benefits coverage, only 1 in 10 responded they had ever filed a claim for those benefits.

Why are medical carriers entering the supplemental benefits arena - and what advantages do they have (or should they take advantage of) when it comes to claims administration?

KE - It started with simply seeing there was an opportunity in the supplemental health insurance market. For many years, there were only a handful of carriers with the majority of the market share, and it was a significant revenue generator for those carriers. As the premium increases of health insurance plans started to increase at a higher rate than inflation, more cost shifting started taking place impacting deductibles, copays, out-of-pocket maximums, and networks, this highlighted the significant need for supplemental health insurance solutions to fill gaps for the insured. It just continued to make sense for the medical carriers to enter the marketplace, (along with many other carriers) due to the opportunity. There are different advantages and disadvantages of having supplemental health insurance with a medical carrier, as well as with a non-medical carrier. From my perspective, I believe a case can be made in both directions. It just depends on the primary goals of the client and finding the partner — medical carrier or not — that is the right fit for that client.

AS - Health insurance carriers have long been in an advantageous position to offer supplemental health plans as part of a comprehensive benefits package. Offering accident, critical illness and hospital indemnity insurance helps give employers flexibility to craft their health plans in a cost-effective way, while providing options for lower-premium coverage and additional products to help cover increased financial risk for their employees. By bundling medical and supplemental plans through a single carrier, employers' benefit through a coordinated effort and operational simplicity. This is one reason we have seen more medical carriers enter this market. By having direct access to medical claims data, medical carriers can provide members with a superior claims experience for ancillary and supplemental health benefits, giving them an additional leg up.

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What impact does claims integration actually have on plan utilization?

MH - The data on claims integration is still fairly immature but all early indications are that claims integration has increased claim payouts across the board. The further automated the process is, the more effective the integration becomes.

KE - This is really a tough question to answer due to the many layers that exist in claims integration today across carriers. Overall, the important thing is that the claims integration employed at each carrier is increasing utilization. The integrations are finding claims that may have otherwise gone unpaid. As a result, it's helping to improve the customer experience and satisfaction. For example, as a result of Voya's integrated claims experience, a Voya client recently had an employee who suffered a serious motorcycle accident that prevented him from working for several months. The employee filed a short-term disability insurance claim, which was approved. However, thanks to auto-pay integration, Voya determined that this individual was also eligible for both accident and hospital indemnity benefits. As a result, the employee received an additional \$13,365 in benefit payments for the covered events he experienced.

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AS - The impact claims integration has on utilization is very specific to the method being used. According to a 2022 Eastbridge study, 16 of 19 carriers offering claims integration reported that utilization volumes had not changed. However, if members are given a simpler and more user-friendly claims submission experience, this can lead to higher utilization of Voluntary Benefits as members no longer feel burdened by a cumbersome claims process. Based on our experience, an integrated claims process can significantly increase member payouts under supplemental benefit plans. For instance, when we compare our integrated employer customers to those without this approach, our integrated clients experience an 85% increase in claims paid under accident plans, a 74% increase in critical illness claim payouts, and a 118% increase in hospital indemnity payments. In up to 80% of claims, integration has enabled member claims that otherwise would have gone unpaid.

What are limitations to claims integration today?

MH - Common limitations may be fees charged by carriers and/or platforms for file passing, authorization of data sharing at the group level, and the distinction of auto-adjudication vs auto-notification of claims.

AS - Privacy concerns are top of mind when creating an integrated claims process. The right steps and precautions must always be taken when dealing with a members private health information. Another limitation is access to data. Carriers that do not have access to medical data are limited to reviewing disability and life claims or other supplemental health claims, which leaves a significant gap in overall eligible claims under the plans. Another limiting factor is the complexity that comes with creating an integrated process, which can require detailed programming of benefits and their related codes. This can be resolved through time and attention spent at the beginning of an integration.

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Where do you anticipate claims integration to be 2-3 years from now?

AS - The requirements for wellness claim submissions have become simpler across most carriers in the market for a couple of years already, so having these claims move to passive payment will be a next step in claims integration for supplemental health. For major plan benefits, the movement toward a more streamlined claims submission process will depend on the carrier's ability to develop their own internal processes and secure access to data along with their appetite for higher loss ratios. Many carriers today are providing claims integration through email notification of membership or an eligible claim, and those that are not will move toward this first step into "claims integration." Organizations that are currently integrating through notification will likely move toward a more streamlined submission process.

KE - Technology will be a huge factor in where we go as an industry to broaden the funnel and build upon the claims integration that exists today. From my perspective, I believe we'll be at a place where some level of "auto-pay" will exist in all of our supplemental health insurance policies. I truly believe that — similar to the last few years in the Voluntary Benefits space — the next 2-3 years will equate to 15 years of advancement in other industries.

MH - Future state of claims integration has to include auto-adjudication of claims wherever possible. Carriers will continue to use the data they have to hand to simplify the claims process or eliminate the need for claim submission altogether.

How can we increase utilization outside of claims integration?

KE - This is easy to define, but hard to implement and achieve. It's engagement. Workplace benefits as a whole are a big spend for employers and employees alike, and it also has a huge impact on each party throughout the year. Yet, a universal issue is that workplace benefits are confusing. The reality is most employees are busy juggling competing priorities and don't have the time to educate themselves on all the benefits. This is where digital tools can help employees make informed decisions. Voya research found that majority of employees (73%) are interested in guidance and support tools that would help them understand how much money to put aside for retirement, emergency savings and health care expenses. As we look to increase engagement, creating powerful and connected experiences is the future in supporting employers as they focus on helping their employees optimize their workplace benefits and savings needs.

MH - Outside of claims integration, the most important thing that we can do is insist on strong educational and communication campaigns with customers. As consultants on VB, we need to ensure that potential policyholders understand the role of these benefits in tandem with Medical insurance, where their personal needs lie, and how much they can afford. When employees are empowered with this knowledge they become more mindful consumers of the Group Benefits that are offered to them.

AS - The best way we can do this is through active member education. This includes teaching people about the process that is now available to them, whether that be ease of use or specific details about the claims process itself. Another is by crafting plan designs that include coverage for emerging and/or frequently experienced medical events, such as diabetes, to create greater value for the plans. Finally, when medical plan data is available, providing plan designs that will positively influence member behaviors and engagement in their coverage based on current experience. The goal should be to give the member the tools they need to navigate the health care system and have a smooth experience when seeking care.

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Our industry experts have shared some great insights into the future of supplemental health claims. To help us in the present, we also believe that when it comes to claims integration, we should establish common terminology that the industry can use to correctly identify what type of “integration” is offered by each vendor, and that we start to ask detailed questions on what the impact is to the member experience. Here is our recommended terminology:

Auto-notification

When a Member experiences an event that potentially qualifies for payment, they are automatically notified of a potential claim on their Supp Health plan.

- Reality: Great reminder for Members, but they must opt-in to receive alerts and still file the claim as usual. Can be helpful if the Member reads the notification and takes an action.

Auto-submission

When a Member experiences an event that potentially qualifies for payment, the claim is automatically submitted, and the Member receives a notification.

- Reality: there is great resistance to share medical data, especially with third party vendors.

- Most worksite products are also not covered under HIPAA and the Carriers must bear data responsibilities and account for missing information.

Auto-adjudication

When a Member experiences an event that potentially qualifies for payment, the claim is automatically processed and paid with minimal human intervention from Member or carrier.

- Lifts a large burden off members, gets the funds in the members hands quickly and results in higher utilization. BUT very few carriers have auto-adjudication available and some add a premium load (for all members, not just those on the medical).

In summary, we are in the business of selling a promise to pay (for qualified events) in your time of need and there needs to be greater emphasis placed on the value of that. Cumbersome claims processes and paper claim submission are not our future. True claims integration and App / Mobile based submission of claims is our future. As we evolve as an industry, innovation is not the race to zero when it comes to premium – innovation needs to be improving the value of the plan and the quality of the member experience.



Kyleen Engelstad, has been in the insurance industry for more than 20 years. The majority of her experience has been heavily focused in voluntary benefits. She is currently the Director of Claims Strategy at Voya Financial, joining the Voya team in September 2022. Prior to her time at Voya, she led the Voluntary Benefits Practice for Marsh McLennan Agency's (MMA) Minneapolis office for several years, before moving to San Diego to lead the Voluntary Benefits Practice for MMA's West Region. Before taking on her role at MMA, she also spent time at Unum in their Minneapolis Sales office with a large focus on growing their Voluntary Benefits block.



Matt Hall is Voluntary Specialist Director of the West for MetLife's Regional Market. In this role, Matt is responsible for supporting Account Executives on sales and strategy of MetLife's suite of Voluntary Products. He has been with MetLife since 2020. From 2016 to 2020, he was a Worksite Benefit Specialist for the Alera Group where he supported the build-out of their Voluntary Benefits practice. Matt earned a Bachelor's degree from West Virginia University. He also holds Voluntary Benefits Specialist (VBS) and Group Benefits Disability Specialist (GBDS) designations from the Hartford School of Insurance.



Ann Sanchis is a Regional Practice Leader for Voluntary Benefits at UnitedHealthcare. Ann has 20+ years of experience in the voluntary benefits industry working both on the broker and carrier side. On the brokerage side, Ann consulted on key voluntary benefits initiatives for several Fortune 100 corporations and helped expand the voluntary practice regionally and nationally. In Ann's current role, she develops and supports producer relationships with Voluntary Benefits in the West and Central regions. Ann provides strategic oversight and quoting support for all size employee groups ranging from mid-market through jumbo case opportunities with a strong focus on streamlining internal processes supporting supplemental health.