


City of Santa Monica
increases claims
capabilities





INTERVIEW WITH

TOM PHILLIPS AND PATRICK FULEIHAN

RESULTING
IN A 35%
SAVINGS

Santa Monica invigorates its workers' compensation program

Santa Monica, a coastal city in the county of Los Angeles, boasts sunny weather and a popular beach destination. While thousands of people travel to enjoy the sand and surf, Tom Phillips, the City's risk manager, and Patrick Fuleihan, their workers' compensation administrator, look at the city from a risk management perspective.

“We have twelve people in our risk management division, and our overall goal is to reduce our total cost of risk in order to maximize city tax dollars,” said Tom Phillips. In the last six years, Phillips led the city’s risk management team to achieve outstanding results in its workers’ compensation program, achieving a 35 percent savings in claims costs, improved service and increased operational efficiency.

Bringing claims In-house with iVOS

“Our clients are city departments. By moving our claims management in-house, we improved service and were able to be more responsive to agency needs. At the same time, we’ve reduced our costs,” said Phillips. “Our previous TPA [third party administrator] had a system that was not equipped with contemporary claims-handling capabilities, and it was not flexible in terms of risk management reports. We were forced to receive hard-copy reports of our loss activity. When we went shopping for a system, we knew we wanted a robust claims and risk management system.”

The City now leverages Aon eSolutions’ iVOS claims management system. With the system’s automation tools, Santa Monica transitioned its claims operation from a manual, paper-based operation to a more streamlined electronic workflow.

“We use iVOS to automate as much of our claims process as possible,” said Fuleihan. “For example, the system offers an advanced diary system to open, transfer and close claims. Many of our standard forms and letters are automated. We can change and manage reserves, make notes for ongoing follow up and upload digital photos. This wide range of functionality is not available in other systems.”

“In addition, since the system is browser-based, we carefully define access and security rights,” said Phillips. “For example, we have defined ‘view-only’ rights for users who are external to our risk management division, like the city attorney’s office and nurse case managers. These users view claims information, but are not allowed to change the data.”

Integrating medical bill review

With the iVOS one-system platform, the City tightly integrated the medical bill review into its claims management process. In the past, a third-party bill review company picked up the City’s paper-based medical bills and manually re-entered the information into its system.

“Now, iVOS Review Service scans our bills directly into the claims system,” said Phillips. “We electronically receive batches of medical bills to authorize for payment. Today, the industry’s average turnaround time to pay a medical bill is 30 days, while our average turnaround time is five days – that’s fast.”

“This efficiency gain was a huge benefit – both to our medical providers and our claims staff,” said Phillips. “With paperless bill review, we reduced administrative demands on our examiners. In addition, we’ve been very happy with the cost savings. Within three years, we saved \$7.2 million in recommended amounts according to fee schedules, and an additional \$100,000 in discounts through the usage review process. In addition, our reconsideration rate remains low.”

Leveraging Six Sigma

The City of Santa Monica also employs claims best practices based on the Six Sigma business model to support the application of consistent policies and procedures and ensure quality results.

“It’s a very rigorous process that enables us to have a thorough and systematic approach to claims investigation, evaluation, recovery, medical management, disability management, and provision of benefits,” said Fuleihan. “These guidelines help to implement best practices and clearly define the information required in each claim. This model ensures communication is clear and information is accurate. We also perform random spot checks to ensure information is complete.”

Managing enterprise risk

“At the macro level, we practice a comprehensive risk management approach,” said Phillips. “We’re able to do this because we leverage



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the power of our data. We use information to identify risks, evaluate trends, perform loss control and develop safety initiatives.”

The ability to create and tailor reports is a powerful feature, allowing the City to arrange data in a variety of ways. As a result, City management leverages iVOS reports to identify problem areas as they emerge.

“The reports help pinpoint areas where we can mitigate risks and lower our risk funding,” said Phillips. “We continually re-evaluate our level of self-insured retention and excess insurance coverage. In the end, the objective is to reduce our total cost of risk.”

“In workers’ compensation, we identified departments that were injury-prone, tracking the type of injury and jobs the employees held,” said Fuleihan. “We also monitored medical and indemnity costs. With this type of root-cause analysis, we targeted key priorities for loss control, which included reducing accidents with safety initiatives,

decreasing the frequency and severity of claims, and improving return-to-work results.”

Striving for success into the future

The combination of new technology and bringing claims management in-house allowed the city to reduce costs, improve service and streamline workflow. By integrating medical bill review, the City benefited from additional workers’ compensation savings.

Finally, its comprehensive risk management and best practice approach ensures a continued commitment to excellence, process improvements and quality customer service.

“In the end, our division strives to be as transparent as possible to all our departments,” said Phillips. “This allows various City agencies to understand how the risk management division works and how we can better serve their needs.” x

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