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# Value Added Information Flow for Healthcare and Property Casualty

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Why IHA Consultants? ...

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**[www.ihaconsultants.com](http://www.ihaconsultants.com)**

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IHA Consultants Inc. Mission: Enhancing Value Added Information Flow for Healthcare and Property Casualty

- IHA Consultant's mission.....
  - Enhance the actuaries ability to complete tasks in compressed time through automation based on parallel processing (high performance computing HPC) using stochastic modeling.
  - Enhance the actuaries ability to develop reproducible estimates that are derived from a combined viewpoint of business rules and actuarial judgment.
  - Enhance risk quantification through estimation of range variability resulting in enhanced accuracy and consistency via stochastic modeling combined with simulation
  - Build an integrated financial decision support system that is used as basis for all financial insurance functions
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## Enhancing Value Added Information Flow: Characteristics of our solutions

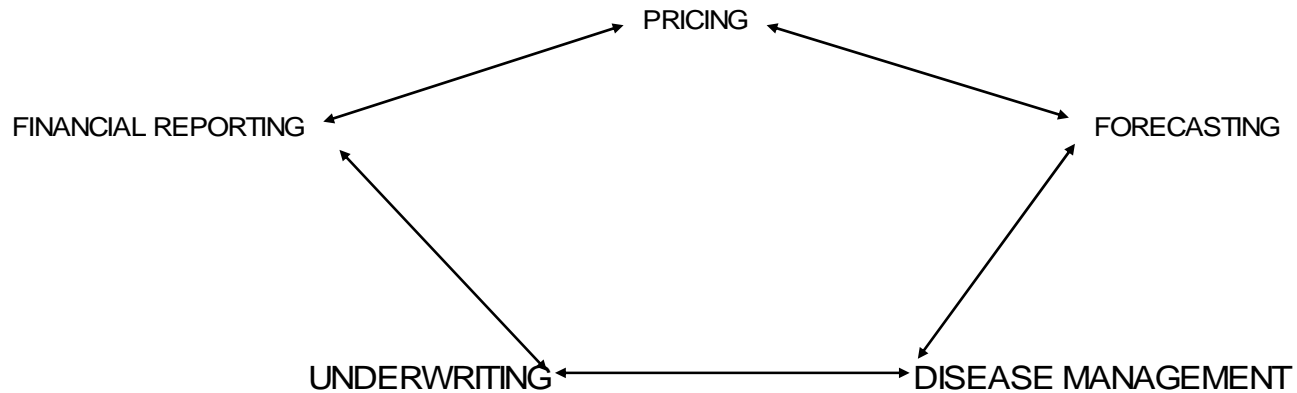
- IHA Consultants mission is to accelerate the speed of actuarial calculations, while significantly enhancing the actuaries goal of accuracy and consistently via advanced toolset, business rules and stochastic simulation
  - Must reduce number of touch points to minimize error
  - Business rule driven with actuarial opinion as last step – enables reproducibility
  - Common modeling framework: supports integration of decision support systems and enables *value-added chain of information* comprised of pricing, financial reporting, forecasting, underwriting , medical trend and disease management.
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## Challenges

- The forecasting, pricing, underwriting and financial reporting processes *are typically not integrated* with respect to systems, personnel, methodologies and sometimes data sources and are *interdependent processes* that provide critical information that must be factored into the predictive financial performance of the firm
  - Time delays in reporting, report accuracy, impacts the firm's ability to reconcile to external facts in a timely manner
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# Today's Information Flow Framework



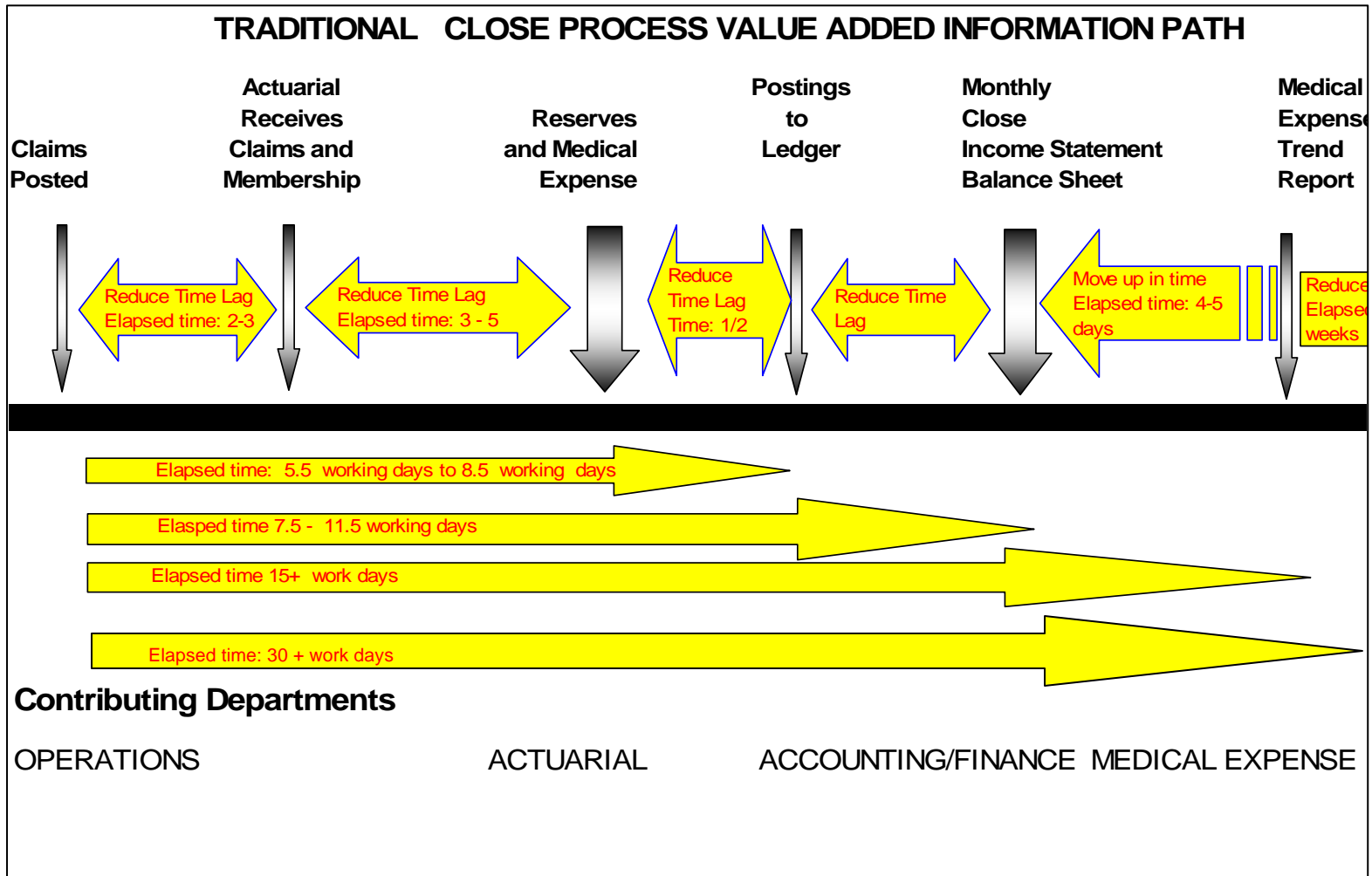
## Key Items

Medical Trend  
 Plan Benefit Factors (BAFs)  
 Completed Claims from reserving process  
 Enrollment  
 Administrative Expense Allocation  
 Risk Charge  
 Renewal Period and Geographic Location  
 Group Renewal Dates, Individual Renewal Dates  
 Persistency group, individual  
 Competitor's Products and Intelligence

## Current Systems

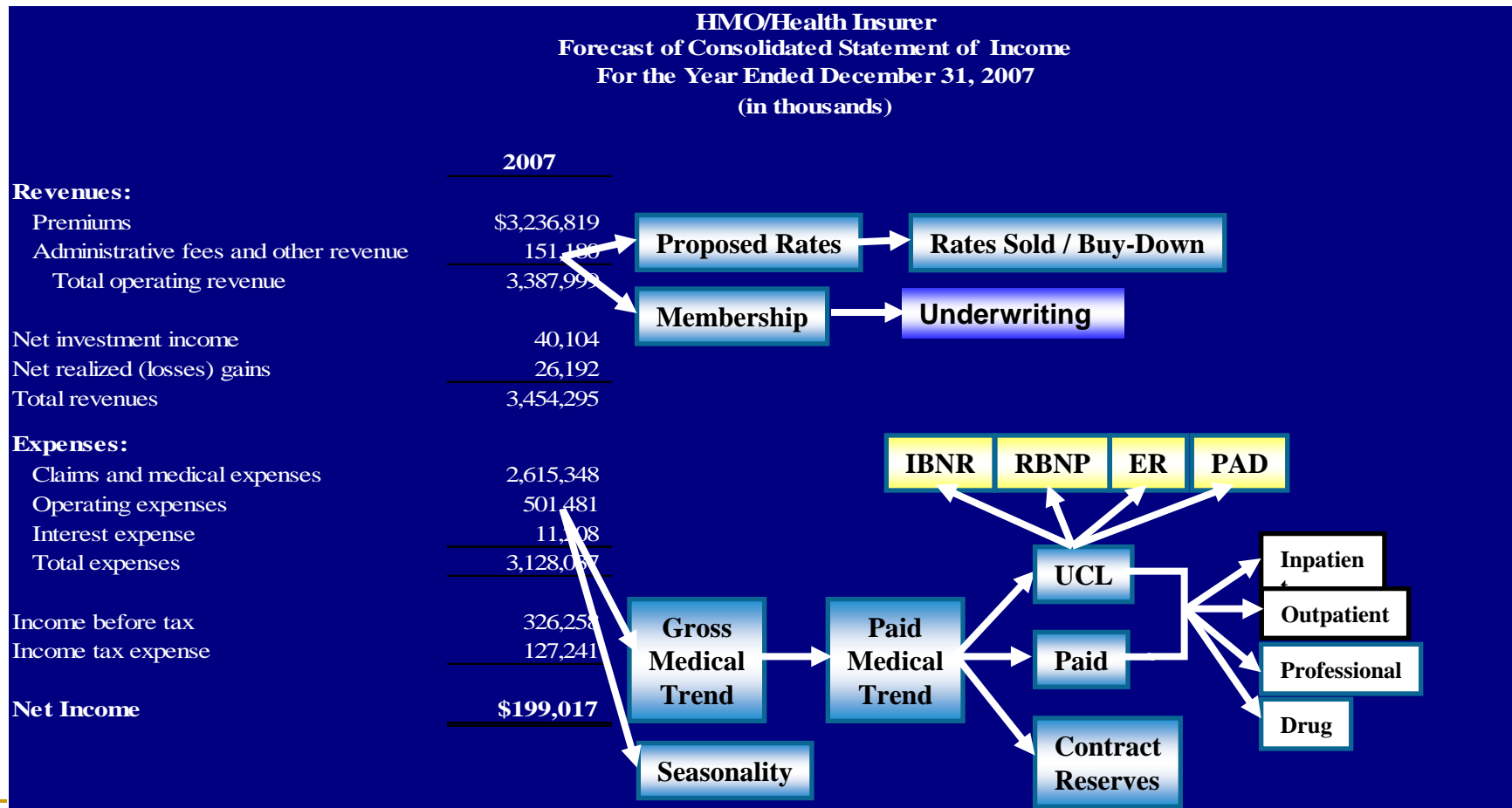
Low integration -separate systems for claims enrollment, and premium  
 Data reconciliation delays analysis  
 Data definitions not always consistent  
 Refreshed monthly (typically)  
 Difficult to associate members to claims and to plan of benefits  
  
 Actuarial applications non standardized  
 require substantial judgement and substantial time and effort to develop estimates  
 Monthly reporting requires 5 to 7 work days  
 Trend required 9-15 work days  
 Error propagation is geometric starting with reserve estimates  
 Difficult to see effects of disease management efforts

# Typical Financial Close Process Time Line

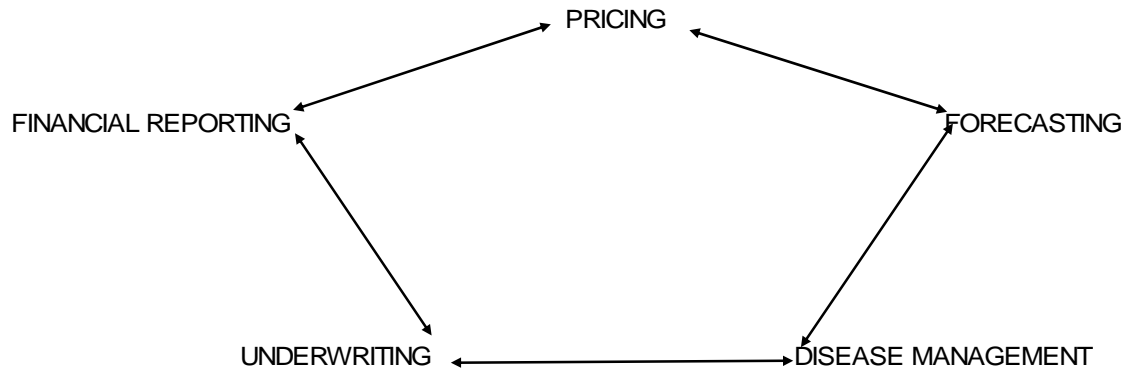


## Forecasting from a Financial Reporting Perspective

Financial reporting is on a retrospective basis. Health insurer/HMO requires better tools to predict future costs, trends, premium and membership for company and competitors.



# New High Value-Added Forecasting Framework



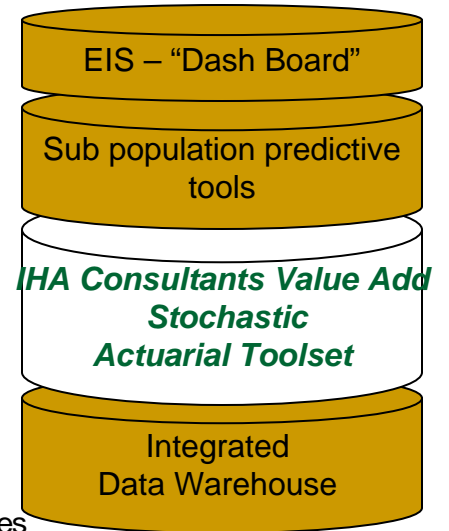
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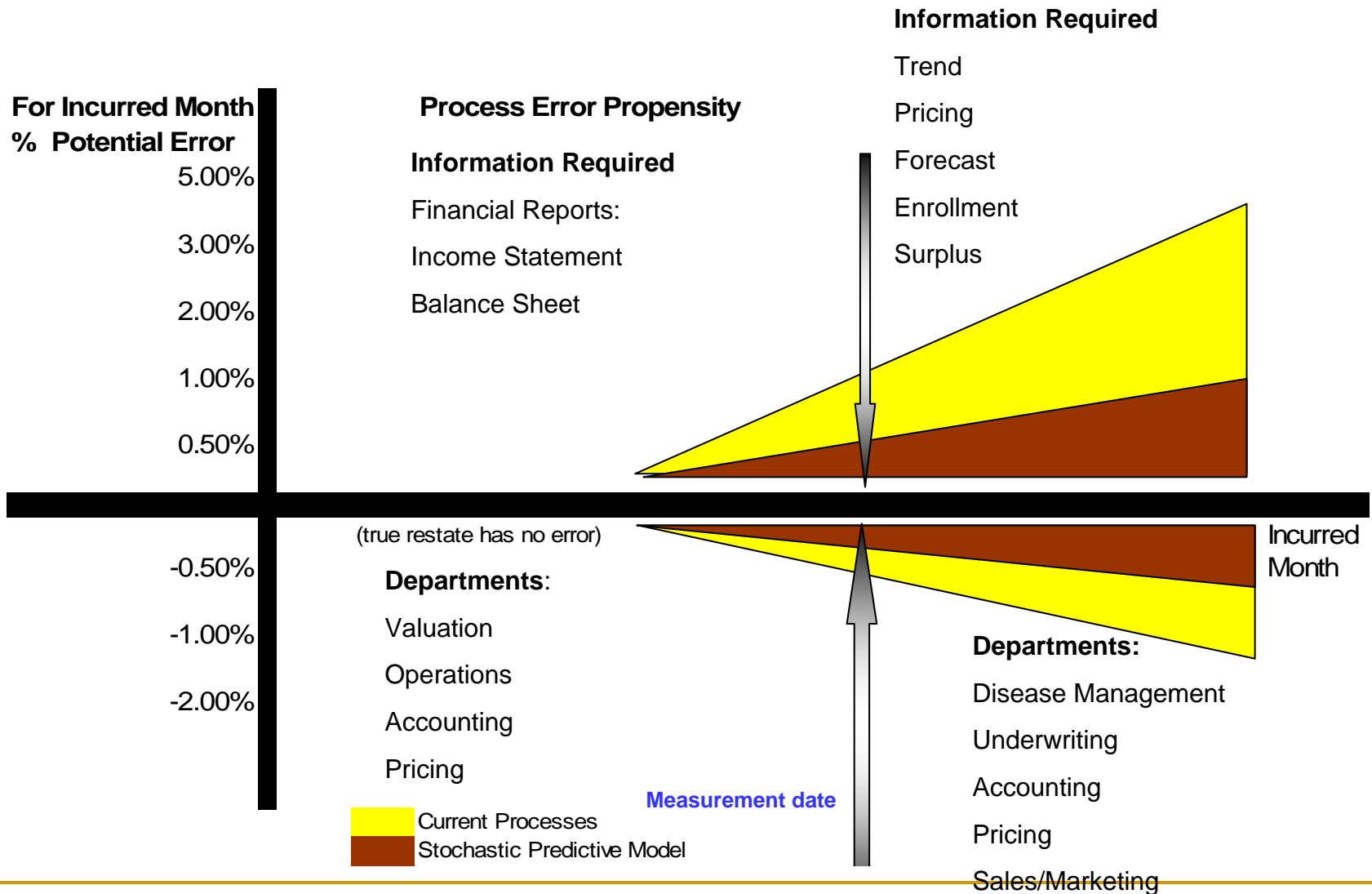
## Current Systems

Low integration -separate systems for claims enrollment, and premium  
  
 Data reconciliation delays analysis  
 Refreshed monthly, Data definitions not always consistent  
 Difficult to associate members to claims and to plan of benefits  
  
 Actuarial work performed independently by function  
  
 Actuarial applications non standardized require substantial judgement, substantial time and effort to develop estimates  
 -Monthly reporting requires 5 to 7 work days  
 -Trend required 9-15 work days  
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## High Value-Added Forecast Framework



# Process Error/Variance Propagation



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Ready to take the next step?

- We invite you to take the next step and learn how IHA Consultant's solutions can help meet your business needs.
  - Please contact IHA Consultants Inc. via phone at (919) 260-3291 or via e-mail: [mark.zanecki@ihaconsultants.com](mailto:mark.zanecki@ihaconsultants.com)
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