



## Client Case Study

Berkshire Hathaway Homestate Companies

The Berkshire Hathaway Homestate Companies (BHHC) is a group of six regional insurance carriers. Headquartered in Omaha, Nebraska, BHHC has evolved from a mid-western regional carrier to a multi-state insurance group writing a diverse book of policies from coast to coast.

We spoke with Terry McKelvey, vice president of information technology in the workers' compensation division of BHHC, about the benefits her company has experienced after implementing SIMS Claims from Systema Software.

### The Challenge: Moving to a Modern Claims System

"Previously, we had two claim systems," said Terry McKelvey. "One was an old mainframe application, which we knew was being phased out. The second was a newer web-based system, which had significant performance issues.

The vendor of the second system was unresponsive to our needs. Their general attitude was that's how the system works; deal with it. As a result, our IT staff had to build an extensive network of process, report, and data management workarounds."

"Our organization had not yet embarked on a paperless claims process, so we saw significant potential to reap returns in terms of achieving operational efficiencies," said McKelvey.

### The Solution: SIMS Claims from Systema Software

In May 2007, Berkshire Hathaway Homestate Companies implemented SIMS Claims, the flagship claims system by Systema Software. As a comprehensive property and casualty claims management system, SIMS is designed to maximize efficiency and profitability in day-to-day claims operations. This browser-based solution leverages a .NET platform, Web Services, XML-based business rules, SQL Server relational databases, and common Microsoft tools, such as Word, Excel, and Outlook.

"As a solutions provider, Systema Software was highly responsive in listening to and meeting our needs," said McKelvey. "Systema worked in close partnership with us to define our system requirements and brainstorm solutions. We enjoyed this 'meeting of the minds' approach, discussing how SIMS could support our business objectives."

### The Results

#### Achieving Operational Efficiency

"The implementation of SIMS Claims went remarkably well," said McKelvey. "In the first year, we maximized efficiency within our transactions, such as claims intake and payment processing."

#### Summary of Key Points

**Challenge:** Replace two older claim systems that required extensive workarounds and created inefficiency

**Solution:** SIMS Claims by Systema Software, workers' compensation, licensed for 500 concurrent users

**Results:**

- Operational Efficiency
- Paperless Processing
- Support for Medical Management
- Financial, Data, and User Controls
- Optimize IT Maintenance

“In our second year with SIMS, we focused on paperless processing and document management. We looked at how we could improve our mail operations, as well as letters, forms, and other key processes,” said McKelvey.

“Since the end of 2008, we’ve been in a ‘no new paper’ mode,” McKelvey added. “All incoming mail for our California claims operation utilizes a completely paperless process, and we just finished scanning all historical California claim files into SIMS, so we’re now as paperless as the state allows us to be.”

“We started the implementation of SIMS in California,” said McKelvey. “Later, we expanded it to include existing claim units in the mid-west and southeast. As a result, our IT department expanded from just supporting California claims to supporting claims nationwide.”

“BHHC is now in every state where workers’ compensation coverage is available,” said McKelvey. “We have satellite claims offices in Omaha, Nebraska and Alpharetta, Georgia, but our California claims operation is still the largest. At each step throughout this expansion and integration, SIMS has supported our needs.”

#### Enhancing Medical Management

“In 2010, we entered our third year of using SIMS, and we feel comfortable in terms of the efficiencies we’ve achieved,” said McKelvey. “Our vice president of claims now has new and fresh ideas on how to control claims costs. A lot of his strategies focus on medical management. We’re working to optimize medical bill review, utilization review, and other aspects of managing medical costs.”

“With all these changes, we start with the assumption that information about a claim, case, or incident must originate and end in SIMS, as it’s vital to have all our data consolidated in one place,” said McKelvey.

“We’re also performing data mining on the wealth of transactional data we’ve accumulated,” said McKelvey. “This will enable the claims department to perform better analysis of its medical providers to improve overall medical costs and outcomes.”

“We’re able to use SIMS to achieve a lot of our medical management objectives. We will use configurable components, such as notepads, letters, diaries, and notifications to trigger and track medical referrals, as well as to perform other aspects of medical management, but we also plan to perform some custom development within SIMS to meet our needs,” said McKelvey.

#### Improving Financial, User, & Data Controls

“We now have a better grasp of our data. This is important from a financial, control, and analysis perspective,” said McKelvey. “From the financial perspective, we have all the information and tools we need to know exactly what our exposures are at any given point in time. When the finance department leaves at the end of the day, all accounts are balanced and checks are reconciled, so we know exactly where we stand financially.”

“In terms of controls, the system is robust. SIMS enables us to define user access rights and financial controls and authority limits, which creates separation of duties and regulates who does what in the system,” said McKelvey. “For example, we enable examiners to make payments and set reserves up to a certain amount. If they need to go over this authority level, supervisors are prompted to approve those transactions. When auditors come in, they see we have tightly managed data and financial controls.”

“Another key benefit is we can perform significant data analysis,” said McKelvey. “With SIMS, we’ve developed a data warehouse that sits along side our live transactional database. The data warehouse feeds a lot of the standard, routine reports, but we perform a lot of in-depth analysis through our live transactional database. This has resulted in great returns in terms of performing analysis for our various departments.”

### **Conclusion**

“Overall, we’ve increased the efficiency and productivity of our claims department, particularly with the move to paperless processing. Around these operational improvements, we’ve seen a significant return on investment,” said McKelvey.

“The whole spectrum of SIMS Claims’ capabilities has impressed us,” said McKelvey. “One benefit is our claims professionals and assistants spend their entire day in SIMS. It’s a complete workbench, and it’s pretty intuitive.”

“A vast majority of our company benefits from SIMS’ capabilities, including examiners, assistants, clerical support, nurse case managers, and medical bill review staff,” said McKelvey. “Our actuarial departments heavily use SIMS for inquiry and analysis. We also provide underwriting with loss runs and policy profile reports, which satisfies a lot of their informational needs as well.”

“In terms of the impact on our IT department, we now spend less time struggling with ‘keeping the lights on’ type of maintenance. That has enabled our IT department to focus on performing more value-added work, such as supporting analysis and enhancement of processes,” concluded McKelvey.

---

### **About Systema Software**

Systema Software provides flexible, comprehensive solutions and services to the insurance industry. Its flagship product, SIMS Claims, is an innovative, browser-based property and casualty claims management system. Together, our team of Big 5 consulting veterans, experienced software developers, and project managers deliver an architecturally strong enterprise platform, designed for superior speed, scalability, and performance. For more information, visit us online at [www.systemasoft.com](http://www.systemasoft.com).

---

### **Systema Software**

60 E Sir Francis Drake Blvd, Suite 209  
Larkspur, CA 94939

Phone: (800) 272-9102  
Email: [sales@systemasoft.com](mailto:sales@systemasoft.com)  
Web: [www.systemasoft.com](http://www.systemasoft.com)