



## Travelers Medical Advantage®

### INTEGRATED MEDICAL COST-MANAGEMENT SOLUTIONS

Medical is the largest portion of casualty loss costs. Travelers' investments in industry-leading medical management capabilities and expertise have contributed to workers compensation results that, on average, outperformed the industry average by 11 points, on a calendar year basis over the past five years.<sup>1</sup> Our medical management capabilities can help you lower your total cost of risk.

#### The U.S. – A healthcare nation

Healthcare costs make up a major portion of the expenditures in the U.S. economy. The aging population is driving up long-term medical loss trends.

- More than 10,000 people per day will turn 65 over the next 16 years<sup>2</sup>

The impact of these changes is unknown, but could adversely impact the cost and duration of casualty claims and drive up the cost of risk and insurance.

#### Medical is the single largest casualty loss-cost driver

- 50% of total casualty claims payout (GL, Auto, and WC)
- 63% of WC loss costs today are from medical and are projected to increase to 67% by 2019<sup>3</sup>

#### Travelers is ready

Over the past decade, Travelers has invested heavily in strategies to manage medical and mitigate loss costs for our customers. We continue to build on the investments we've made in anticipation of the challenges and uncertainty associated with the U.S. healthcare environment.

#### Travelers Medical Advantage®

Travelers' responsive local service and industry-leading medical cost management capabilities can help control your future total cost of risk.

**Innovation** – Travelers has a long history of innovation in medical cost management. Our specialized *TravComp*® claim handling model co-locates in-house nurses with Claim professionals in an integrated workers compensation claim handling model.

New innovations, such as the patented *ConciergeCLAIM*® Nurse program, which places a Travelers nurse in a provider's clinic, continue to help us achieve better claim outcomes.

**Talent and expertise** – Over 12,000 Claim professionals strategically located across the country, that are supported by 550+ nurses, 700 risk control consultants, medical directors and a pharmacist, industrial hygienists, a specialized medical fraud team and dozens

of others with specialized expertise to design and execute on our medical management strategies.

**Data and analytics** – Our robust data warehouse containing several million pieces of detailed medical data supports the development of sophisticated predictive modeling tools that provide our claim professionals with deeper insights to help inform smarter claim decisions.

**Prevention** – Our risk control resources help customers develop comprehensive risk mitigation strategies that address employee best practices and issues unique to an aging workforce.

#### Proven Results – Workers Compensation

- Two-thirds of injured employees return to work within 30 days<sup>4</sup>
- Nearly 81% of medical treatment occurs within network<sup>5</sup>
- Travelers Medical Advantage cost-containment strategies can contribute an average savings of 63 cents per medical dollar billed<sup>6</sup>
- Pharmacy management strategies lead to a 47% reduction in pharmacy costs, with 87% pharmacy network penetration<sup>7</sup>
- Pharmacy – 10% of medical spend vs. 14% for the industry<sup>8</sup>

<sup>1</sup> SNL Financial 2011-2015: Workers Compensation Statutory Combined Ratio.

<sup>2</sup> U.S. Dept. of Commerce, Economics and Statistics Administration. U.S. Census Bureau (May 2010) The Next Four Decades – The Older Population in the United States: 2010-2050.

<sup>3</sup> Source: Insurance Information Institute.

<sup>4</sup> 66% RTW within 30 days NAT Accts 3 year average - 12 mo valuations 2014 - 2016.

<sup>5</sup> All Markets 2016 Accident Year.

<sup>6</sup> All markets, three calendar year average, 2014 -2016.

<sup>7</sup> Services paid in 2015, evaluated as of 2016.

<sup>8</sup> NCCI WC Prescription Drug Study Update - August 2011.

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