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UNDERWRITERS' CORNER

Parameds and Teleunderwriting: Implications for the Future

by Bob Littell

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The "art" of underwriting relies on obtaining accurate information on the applicant and translating that into a realistic assessment of mortality risk. The information consists of that taken by the agent on the application itself, as well as the agent's report, that obtained from the attending physician statements, as well as off an inspection reports, MIB codes, etc., and finally from the lab work and any other tests (e.g., EKG) in addition to any required medical examination performed either by a paramedical technician or by a qualified MD or paramed MD if the amount and/or age warrants.

Since the paramed exam represents the most current snapshot of the individual, it can, combined with the current lab and EKG findings, become the most important part of the case. Also it often may have been years since the client has seen a doctor and the current exam becomes more important than past records. Finally, in cases where the client has some condition where "progression" of the disease or condition is the most critical element, comparisons of old records and exam findings against the current paramed exam, lab finding, and other tests, are critical to the case.

Over the years, I've had great experience with superbly trained and technically proficient parameds willing to go way out of their way to make the process more "client-friendly." On the other hand, I've had a very limited number of "botched" situations in which some part of the technical process e.g., missed vein on blood draw, mixed up leads for the EKG, lost specimen, etc.) didn't go as planned, or in which the process was rushed or somehow otherwise compromised. Some time ago, while taking a paramed exam myself for some additional coverage, the paramed, who was late for the appointment, not knowing who I was, skipped over a whole block of questions and checked the blocks without asking them … maybe I just looked like a very healthy risk. Luckily as I reviewed the form, none of the answers was incorrect.

I understand now, after talking with several paramed companies, that had I reported it, it could have been grounds for immediate dismissal.

In this article, we will examine the practices of parameds, review their hiring, training and quality control practices, and hopefully as a result of some of the points, challenge them to make consistent strides toward even greater levels of professionalism and excellence. And as more persons become involved in automating the underwriting process (i.e., teleinterviewing and teleunderwriting), replacing many of the agent's administrative duties, the paramed's role will become even more critical since this group will more and more become the "sole" source of personal one-on-one medical and life-style information gathering and confirmation, and truly become the "eyes" and "ears" of the underwriter.

Parameds are human too and mistakes can and will happen. In this article, I will attempt to examine what various paramed companies do to hold these down by:

- Hiring the most qualified personnel
- Training their personnel from a technical standpoint, such as drawing blood, doing EKGs, performing pulmonary function tests (i.e., becoming more and more important as a screening device for older age applicants), as well as training in "behavioral and communication skills"
- Taking advantage of new technologies
- Assuring quality control and accountability—who's keeping records, feedback on the paramed's performance, complaints, etc.?

Hiring Qualified Personnel

Due to many state requirements controlling the qualifications and training for doing phlebotomies, as well as a genuine desire among paramed companies to only hire qualified people, virtually all parameds come into the industry with some kind of medical background … typically a minimum of two years in the medical field. The percentage who are more highly trained (i.e., RNs) varies from one paramed company to another with some hiring more than 50% who are RNs.

Companies also seem to vary somewhat in the screening and minimum hiring qualifications they require for the MD paramed examiners who do exams for higher limits.

Training

All the paramed firms with whom I spoke for this article have some kind of "internal certification" and/or "training" programs in addition to whatever certification and training the parameds may have had previously. These programs include general orientation to the insurance business and the application process, consent forms, packaging of the kits, and additional technical training and certification on venipuncture, finger stick, EKGs, saliva testing, and other procedures.

Most, if not all, require supervised observation of real life situations (e.g., actual blood draw, sample tracings from EKG, handwriting samples for legibility, etc.) before releasing parameds to actually begin doing work on actual applicants.

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Several paramed home offices have developed their own training videos or CD-ROM modules on these topics. Others use ones available on a national level. All seem to provide some OSHA training in addition.

It was interesting to note that more than one paramed facility has pulled out of doing—and therefore training technicians—in the area of pulmonary function tests and have chosen to "outsource" this function. That's noteworthy in that a number of underwriters and medical experts share the view that a "well-done" PFT is one of the best predictors of older age mortality. Some of the problems include the cost of the equipment, the additional training required, and the greater difficulty in doing an accurate test and getting the client to perform the test as directed.

With the increasing need for better predictability in this area, it wouldn't surprise me if one or more of the paramed companies and/or labs devise better methods and training for conducting this test resulting in more accurate data for what surely is to become one of the fastest growing segments in our marketplace.

Taking Maximum Advantage of New Technologies

I have become an outspoken advocate of getting the agent out of most phases of the pure administrative part of the underwriting process. This is not because it makes perfect sense, but because it makes more sense than the current system. Match the skill sets of most successful life insurance agents up against those of a good administrative type—a well-organized, highly accurate information gatherer—and you won't find much correlation. In some cases, the more detail-oriented they tend to be, the poorer they are at *selling*.

With this as a "given," I then see the role of the "teleinterviewer" and the "paramed" becoming even more critical in the process. In those situations in which a "teleinterviewer" has previously completed the Part II over the phone and the paramed is charged with simply having the person review his or her answers to the medical questions on the Part II, and sign … attesting to their accuracy … the most talented parameds will note occasions in which the applicant seems very uncomfortable as he reviews their answers to certain questions, but signs anyway. Will parameds be adequately trained to observe and be on the lookout for these instances, and help the insured make sure he or she is not misrepresenting him or herself on the application, possibly creating a contestable claim situation somewhere down the line?

There are two schools of thought here. One school is that when the teleinterviewer is asking the questions in the privacy of the client's own home, the applicant will be more open and honest since he's dealing with an unknown person over the phone. And on the opposing side, there are those who believe people might be more prone to stretch the truth or withhold some information when talking to a total stranger over the phone versus giving it to someone whom they see face to face.

Another area which at least must be considered is that often insureds will be answering the paramed's questions over the phone while fixing dinner, watching TV, changing diapers, etc., and may inadvertently give wrong or incomplete answers due to the inattentiveness and distraction aspects.

Whichever may be the case, the role of the paramed in stressing the importance of carefully reviewing the answers recorded over the phone by the teleinterviewer, and emphasizing that the answers to these questions make up an important part of the contract, will never be more critical than under these newer teleinterviewing automated systems.

I also think that teleinterviews will in some cases become great training for larger case underwriters because they will have spent much "live" interview time on the phone with real prospects instead of only interpreting information from a hard file.

The underwriting profession of the future is alive and well, and with new distribution channels opening up, the only underwriters truly at risk as the new automated systems take hold are those underwriters who are only comfortable pouring over files and who would totally reject actual contact with applicants, their physicians, agents/brokers and others in the new loop.

Under an "ideal" scenario, teleinterviewers would gather the information, making note of areas on which the person tended to be evasive or nonresponsive; underwriters, with more time freed up from "expert systems" first-review of cases, would feel comfortable calling the client's personal physician (with client's permission) on more significant cases to clarify information in an APS, and parameds would be trained in observation skills to spot situations in which the applicant seems uncertain of his or her answer or shows some genuine anxiety or nervousness as he or she reviews the form the teleinterviewer completed over the phone.

What's the answer in the future? More technology, better people skills and more common sense. And what should the agent's future role be in the underwriting process? Any good field underwriter, during the basic fact-finding part of the prospect interview, is still going to prod to find out … up front … any *significant* medical or family history, potential avocation or occupational hazards, other major lifestyle areas of concern (e.g., smoking, drug use, etc.). How should the agent's valuable input in the process still be retained?

"Match the skill sets of most successful life insurance agents up against those of a good administrative type … and you won't find much correlation."

I think at some point the "Agent's Report" section of the application may need to be expanded to include more specific questions concerning the agent's knowledge of any health, avocation or lifestyle conditions as well as any "catch-all" questions that the good agent will make sure to cover. Worrying about agents who will routinely answer an "open-ended" current insurability questions about his or her prospect in

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the negative, or who will not adequately perform his or her role in these new automated underwriting arrangements being created, will only occur if no "retraining" on their *new* role is done.

Assuring Quality Control and Accountability

All the paramed companies queried have at least some level of quality control in place. Some appear to be more elaborate than others and, in those who put most emphasis on it, there is someone clearly in control who understands the entire process inside and out. From the initial training aspects, ongoing quality assurance is done both at a national level as well as at the local level where spot-checks or parameds are routinely done.

Some companies use a postcard system with *all* paramed exams, encouraging the applicant to complete and return it with feedback on everything from the professionalism of the technician, to promptness to some more technical areas such as competence with the blood draw; were you weighed; was your blood pressure taken; etc.

All of the parameds contacted indicated that at the "local" level, there is a program which is usually done once or twice a year under which clients are randomly called to monitor the work of each technician. If areas of concern are raised, retraining and recertification may be called for and, in some cases, outright termination can occur for serious omissions or poor business practices. Some make these spot-check phone calls both from the national office as well as at the local level.

Areas of Most Common Errors

In conversation with persons in charge or familiar with Quality Control at several paramed Home offices, it is clear that industry-wide, errors tend to consistently fall into several categories:

- Temperature not recorded for the urine specimen
- Quantity of the blood and/or urine specimen not sufficient
- Not recording the date and time of last food eaten or putting a date or time that doesn't make sense in relationship to the date of the exam
- Chain of custody errors such as "tamper-evident seal" broken
- Missing or misplaced bar code used for ID purposes.

The laboratories regularly provide "proficiency reports" which report back to carriers on these categories of errors. The parameds use these to review and grade individual technicians as well as for trend comparison purposes. One lab at least traces back errors to the specific technician. Sometimes, though, it isn't always the paramed who is at fault. One case was mentioned in which there was a significantly higher than normal ratio of incorrect urine temperatures being reported. It turned out that it was really an incorrect calibration at the laboratory which was throwing off a high number of errors rather than paramed error and when subsequently corrected, the ratio went way down.

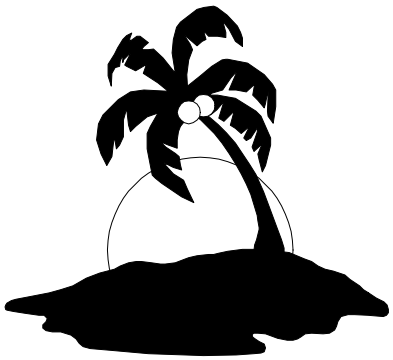
It was also pointed out that there have been some errors where the design and packaging of the lab kit were as much to blame as paramed error and therefore at least leaving some room for discussion for accuracy of the errors where "tamper-evident tape" is broken. Was it the tape or the kit? The labs are constantly looking for better ways to minimize or eliminate this possibility by improving the design of the kits.

After having researched and interviewed persons for this article and looking at the process from a field person's perspective, I have a much greater appreciation for the whole system and believe it to be a most impressive delivery system for our industry. Any system can always be improved and sometimes it can be input from individuals in the field who are on the firing line on a daily basis who might come up with some good suggestions assuming they understood the current process better and the way it is meant to work.

Bob Littell is a contributing editor to On the Risk, *the journal of he Academy of Life Underwriters.*

Term Wars Seminar

September 23, 1998
Orlando, Florida



The Product Development Section is sponsoring a seminar on the current term insurance marketplace and where it might be headed. The seminar will be held September 23 in Orlando, Florida, preceding the Valuation Actuary Symposium.

Topics will include:

- Market segmentation
- How quickly can you issue the business?
- Constructing the puzzle—design and pricing considerations
- A very interesting and timely case study.

The early-bird registration fee for Product Development Section members is $500. An additional $50 will be added for late registrants. Look for the brochure in early July, but mark your calendars now!