PITON Global

EXECUTIVE WHITE PAPER · WP-25

CLAIMS PROCESSING OUTSOURCING · PHILIPPINES

The cycle-time standard: the executive economics of claims processing outsourcing to the Philippines.

An analysis of why claims touched is a throughput vanity metric, how first-pass resolution and clean cycle time — never activity — decide the true cost of a claims operation once rework, leakage, and appeals are counted, and the vendor-selection discipline that closes claims right the first time.

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JULY 2026
MANILA · ESTABLISHED 2001

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ABOUT THIS SERIES — VOLUME 25

Every claims-processing proposal is priced per claim touched, because touches are easy to count. This volume is about the only outcome that matters to a claimant and a balance sheet alike: the claim resolved correctly, the first time, inside the cycle-time window. The gap between touching a claim and cleanly resolving it is where rework, leakage, and appeals live. The full series lives at piton-global.com.

THE PITON-GLOBAL LEADERSHIP TEAM

About the authors

John Maczynski

Chief Executive Officer

John has bought claims-processing capacity for three decades, and learned that the fast operation that pays claims wrong is the most expensive one on the market — because every wrong resolution comes back as rework, an appeal, or leakage the business never recovers. His standing question ignores the touch count: of the claims you closed, how many were resolved correctly the first time, inside cycle time? Applied at PITON-Global, that question is what clients get on every claims sourcing decision — personally, with no account layer in between.

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Ralf has spent twenty-five years running Philippine claims-processing floors, and he judges a claims team by its first-pass resolution rate and leakage, not its claims-per-day: whether the adjudication gate holds before a claim is paid, and what comes back as rework or appeal after. The claims contract in Section 3 codifies what he learned rebuilding operations that closed claims fast and paid them wrong. He now reads claims providers the way he once ran them — from the rework queue backward.

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ABOUT PITON-GLOBAL

PITON-Global is a buyer-side advisory practice, Manila-based since 2001, that has never operated a delivery floor or taken a placement commission. Its stock-in-trade is knowing the Philippine provider market at the operating level — 1,000+ mapped operations, re-verified continuously, including each claims team's real first-pass-resolution and leakage performance rather than its claims-per-day headline — and converting that knowledge into a shortlist of six to ten genuinely qualified partners per engagement. Buyers from Tripadvisor, Garmin, TSYS, HealthPartners, Yetipay, Workrise, and Norman Disney & Young have run their searches through the practice.

SECTION 01

Executive summary

-60%
Fully-loaded cost per cleanly-resolved claim vs. US onshore

96%+
First-pass resolution on vetted teams, up from 74–84%

-47%
Reduction in average claim cycle time on vetted teams

6.0×
First-year ROI, reconstructed case (Section 6)

A claims-processing operation is bought on the price per claim and paid for on the claims it resolves wrong. The vendor reports fifty thousand claims touched at a fraction of the onshore cost; the business finds the claims paid at the wrong amount, the ones kicked into a rework queue, the appeals from claimants who were denied in error, and the leakage that never comes back. The operation hit its throughput number and the business inherited rework, leakage, and a claimant base that no longer trusts the process. The gap between touching a claim and cleanly resolving it is where the real cost of cheap claims processing hides, because a wrong resolution is not closed — it is deferred, and it comes back larger.

The Philippines is where claims are processed with the most adjudication discipline, because a deep, analytical, rules-trained talent pool can run the gate and the cycle-time control that first-pass resolution demands. Five findings:

1. **Claims touched is the industry's most flattering number.** Any operation can move a claim through a queue. Vetted teams are measured on the outcome: first-pass resolution, clean cycle time, leakage held down. Weak providers quote a low per-claim price the business repays in rework and appeals. Section 2 shows the gap.

2. **The adjudication gate is the product.** A claim resolved correctly comes from applying the rules, the policy, and the documentation check before it is paid or denied — not from moving it fast. Teams that gate every claim resolve it right the first time; teams that gate nothing pay some wrong and deny others wrong, and both come back.

3. **Cycle time and accuracy are the same discipline, not a trade-off.** A claim resolved right the first time never re-enters the queue, so first-pass resolution is what actually drives cycle time down. Vetted teams cut cycle time by resolving correctly, not by rushing — the rush is what creates the rework that lengthens it.

4 **The rework and leakage, not the keystroke, is what costs.** A claim resolved wrong costs the rework, the appeal handling, the leakage paid out in error, and the claimant trust lost — many times the per-claim saving. Teams that hold first-pass resolution drive rework under 4%, and that avoided cost — not the offshore rate alone — is where the case study's return is built.

5 **Contract on the resolved claim, not the touched one.** The contracting failure of claims processing is paying per touch and hoping for resolution. Vetted deals price per cleanly-resolved claim with first-pass floors, cycle-time ceilings, and leakage gates, making a correctly-resolved claim the team's problem, which is where it belongs.

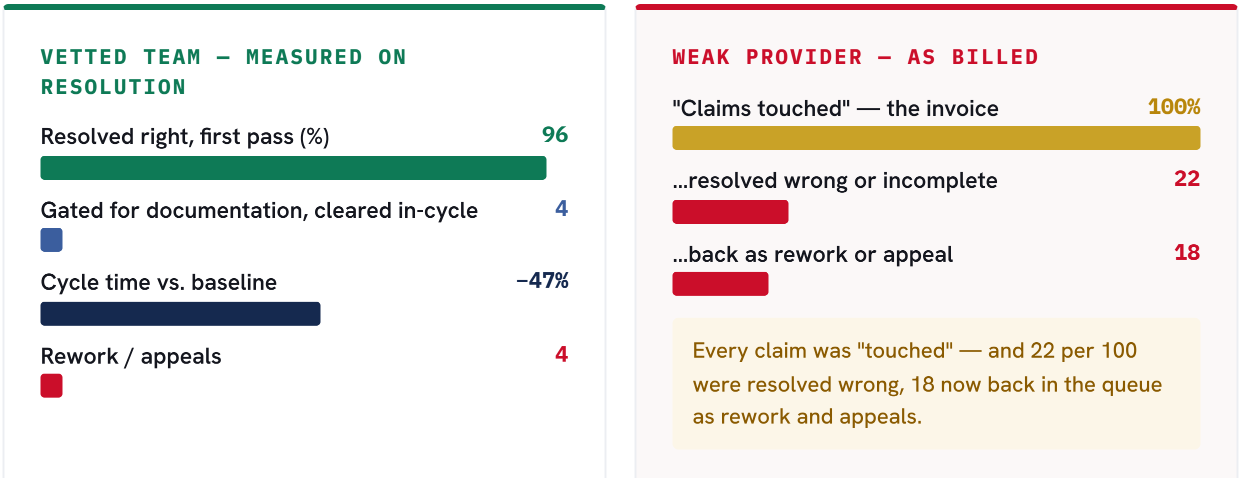
The intended reader is a claims, operations, or finance leader buying claims processing per claim and paying for it in rework, leakage, and appeals. Sections 2–4 separate the teams that resolve claims from the teams that touch them; Sections 5–7, the method and the proof.

SECTION 02

The throughput mirage: claims touched versus claims resolved first time

Figure 1 shows one month of claims two ways: as the touch-count report a weak provider bills, and as the first-pass-resolution reality the business inherits. The claims-touched number is identical in spirit to a chatbot's containment rate — a figure engineered to look like productivity while the rework queue and the leakage quietly grow.

FIG. 1 — ONE MONTH OF CLAIMS: FIRST-PASS-RESOLUTION QUALITY VS. REPORTED TOUCHES



Left: PITON-Global engagement instrumentation, 2025–26, resolution audited. Right: composite of pre-engagement vendor reporting reviewed in diligence.

The economics follow the first-pass-resolution rate, not the touch count. On the left, ninety-six of every hundred claims are resolved right the first time and cycle time falls almost by half because nothing re-enters the queue; on the right, a cheap per-claim price resolves twenty-two per hundred wrong and eighteen come back as rework and appeals, each re-touched, re-worked, and sometimes paid in error. A low per-claim price that generates rework is not a saving; it is a deferred and enlarged cost. The first-pass-resolution audit — resolution rate, cycle time, rework and leakage — is the cheapest due-diligence instrument in this paper.

SECTION 03

The claims contract: the adjudication gate, first-pass resolution, and the clean close

Figure 2 lays out the three clauses of a working claims contract — the machinery a floor read verifies before any per-claim price is believed.

FIG. 2 — THE CLAIMS CONTRACT, AS OPERATED ON VETTED TEAMS

GATE THE ADJUDICATION

Every claim clears a rules, policy, and documentation check before it is paid or denied, with a reviewer on the edge cases — never rushed through to hit a touch target. The claim is decided right before money moves, so a wrong payment or a wrong denial is caught on the screen, not in an appeal.

RESOLVE IT FIRST PASS

The default is to resolve the claim completely on the first handling — chase the missing document, apply the right rule, make the correct decision — so it never re-enters the queue. First-pass resolution is what drives cycle time down; the rework that a rushed touch creates is what drives it up.

CLOSE IT CLEAN

Each claim closes with the decision documented, the leakage checked, and an audit trail that stands up to a claimant appeal or a regulator — with a rework log fed back into the gate. A clean close is one that never has to be re-opened, which is the only close that actually reduces cost.

↓ yields ↓

THE CLEANLY-RESOLVED CLAIM

96%+ FIRST-PASS | −47% CYCLE TIME | <4% REWORK

Claims are resolved right the first time, cycle time falls because nothing loops back, and leakage and appeals drop — so the operation is cheaper per resolved claim and more trusted by claimants at once. That combination is the entire promise of outsourcing claims to people who measure resolution, not touches.

Operating parameters from PITON-Global claims-processing engagements, 2025–26.

In diligence, the contract is tested from the claimant's side: pull a sample of closed claims and re-adjudicate them for correctness; measure the rework and appeal rate; check that cycle time reflects clean resolution, not rushed touches. Perhaps one team in ten survives it cleanly. Steps 3 and 5 of the framework exist to find that one before the contract does — because everything in Table 3 of Section 6 depends on first-pass resolution, not claims touched.

SECTION 04

Cost and performance: cost-per-resolved-

claim economics and benchmarks

TABLE 1 — COST PER CLEANLY-RESOLVED CLAIM: THREE OPERATING MODELS (US$, 2026)		
OPERATING MODEL	COST / RESOLVED	VS. US BASELINE
US onshore in-house claims team	$18.60	baseline
Low-cost offshore claims mill (per-touch)	$11.90	−36%
Vetted Manila team — adjudication-gated, first-pass	**$7.40**	**−60%**

Basis: PITON-Global engagement pricing 2025–26; cleanly-resolved claim = one adjudicated correctly and closed first pass, net of rework; the claims mill looks cheap per touch but rework, appeals and leakage cost far more than the gap; US comparator fully-loaded in-house cost per resolved claim.

TABLE 2 — CLAIMS-PROCESSING BENCHMARKS, VETTED VS. BASELINE (2025–26)			
METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
First-pass resolution rate	96%+	74–84%	The only claims number that compounds
Average cycle time vs. baseline	−47%	baseline	Falls because nothing loops back
Adjudication accuracy (audit)	99%+	90–95%	"Gate the adjudication" — held or not
Rework / appeal rate	<4%	14–24%	The claims-error tax, made visible
Claims leakage (paid in error)	<0.5%	2–5%	Money out the door that never returns

Source: PITON-Global claims-processing engagement data 2025–26; baseline = typical pre-engagement operations billed on claims touched.

The strategic read: the claims mill's −36% per touch is a false economy — rework, appeals, and leakage cost the business far more than the per-touch gap saves, and leakage paid in error never comes back. The vetted Manila team's −60% is real because it is measured where the value is: claims resolved correctly the first time, inside cycle time. Buy on claims touched and you buy the right column of Figure 1; buy on cost-per-resolved-claim and you buy resolution — the same discipline every volume in this series keeps arriving at from a different door.

SECTION 05

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to claims operations

Claims diligence adds one hard requirement to every step: a per-claim price is real only when the first-pass resolution behind it survives a re-adjudication audit. The funnel below is representative of a 30–70-seat claims-processing search.

	FIG. 3 — THE 7-STEP FRAMEWORK AS A CLAIMS-PROCESSING FUNNEL		
	STEP	WHAT IT ELIMINATES IN A CLAIMS SEARCH	FIELD REMAINING
1	**Requirements definition**	Touch-first scoping: fixes the first-pass-resolution floor, the cycle-time ceiling, the leakage gate, and the adjudication-accuracy standard the claims must meet	1,000+
2	**Market mapping**	Claims mills: operations that bill touches and treat rework as the client's problem, and generalist floors with no adjudication or domain-rules depth	~45
3	**Capability screening**	Teams without the machinery: audited first-pass-resolution history, an adjudication gate with reviewer, cycle-time control, and a root-caused rework log	~12
4	**Compliance & security audit**	Weak data governance: claimant-PII and claim-data protection, adjudication audit trail, access controls, regulatory competence, SOC 2 scope covering the claims stack	~9
5	**Operational diligence**	The re-adjudication read: pull closed claims and re-adjudicate for correctness; measure rework and leakage; interview the team on how they gate an edge-case claim	4–6
6	**Competitive RFP & negotiation**	Per-touch pricing: finalists bid per cleanly-resolved claim with first-pass floors, cycle-time ceilings, and leakage gates — all carrying credits for a claim that comes back as rework	2–3
7	**Transition & launch governance**	Cold cutover: the team calibrates the adjudication gate on a sample before it owns the queue, with the first-pass floor certified before steady state, PITON-Global embedded buyer-side	1

Field-remaining counts represent a 30–70-seat claims-processing search, PITON-Global engagements 2024–26.

The standing guarantees hold: **vendor neutrality** — PITON-Global operates no claims floors, adjudicates no claims, and takes no placement economics, so the shortlist reflects audited first-pass-resolution and leakage performance, not inventory; **right-sizing** — teams for whom your volume is a flagship account. Six to ten genuinely qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

Re-basing the operation on first-pass resolution: a 45-seat claims rebuild, reconstructed

Engagement CP-036 is a US third-party administrator — processing roughly 1.1 million claims a year across several lines — that had offshored claims processing to a per-touch vendor. The touch price was excellent; the resolution was not: first-pass resolution sat at 79%, a fifth of claims came back as rework or appeal, and leakage from claims paid in error was material. The COO wanted the arbitrage and claims resolved right the first time. Identifying details are anonymized under NDA.

SELECTION (WEEKS 0–8, RE-ADJUDICATION READS)

Requirements fixed a 96% first-pass-resolution floor, a −45% cycle-time target, and a <0.5% leakage gate, with a mandatory adjudication gate. Mapping produced 44 claimants; the machinery screen — audited first-pass history, adjudication gate, cycle-time control — left 12; the data-and-compliance audit left 9. Re-adjudication reads on each finalist's closed claims shortlisted 5. A Manila team won at a $6.10 blended rate priced per cleanly-resolved claim, with a resolution audit written into the reporting spec.

TRANSITION (MONTHS 2–7, GATE CALIBRATED FIRST)

The team calibrated the adjudication gate on a sample before owning the queue; the first-pass floor was certified in month 2. The rework log fed the gate from day one, and cycle-time control went live immediately. By month 7 first-pass resolution reached 96.4%, average cycle time fell 47%, rework and appeals dropped from 21% to 3.6%, and leakage fell below half a percent. PITON-Global chaired the resolution review board to steady state.

TABLE 3 — CP-036 FIRST-YEAR VALUE BUILD-UP (US$)		
VALUE COMPONENT	YEAR 1	BASIS
Labor arbitrage on the 45-seat claims operation	$1.28M	84.4k productive hrs × ($27.80 – $12.60)
Rework & appeal collapse (21% → 3.6%)	$0.58M	Avoided re-handling, appeal processing, and rework hours
Leakage recovered (paid-in-error 2.8% → <0.5%)	$0.46M	Reduced claims paid in error vs. incumbent-era baseline
Faster cycle time — carrying & SLA-penalty avoidance	$0.13M	Avoided cycle-time SLA penalties and carrying cost, conservative
Gross value created	**$2.45M**	
Less: engagement & transition costs	($0.41M)	Gate calibration, rules documentation, systems integration; advisory fee $0 (provider-paid model)
Net value ÷ cost = first-year ROI	6.0×	$2.45M ÷ $0.41M

Figures rounded; resolution, rework, and leakage effects audit-verified. Method in Methodology & notes.

Fifty-two percent arbitrage, forty-eight percent from collapsed rework, recovered leakage, and faster cycle time — the series' two-thirds/one-third pattern shaded toward value, earned because the operation was re-based on first-pass resolution rather than touch count. Every line traces to a diligence step: the first-pass floor to Step 1, the per-resolved-claim pricing to Step 6, the adjudication gate to Step 3's contract. The COO's line at the year-one review: "The per-claim price barely moved. What moved is that claims stopped coming back."

SECTION 07

The executive playbook: governance for the first 180 days

A claims transition succeeds when the team is measured and paid on first-pass resolution and clean cycle time — client in command throughout.

DAYS 0–30
Define resolution, contract on it

Set the first-pass-resolution floor, the cycle-time ceiling, and the leakage gate with claims and finance before launch, and document the adjudication rules. Contract per cleanly-resolved claim — never per touch — with floors and gates carrying credits. Stand up the resolution audit as the program's arbiter of truth.

DAYS 30–90
Calibrate the gate, certify first-pass

Calibrate the adjudication gate on a sample before the team owns the live queue; certify the first-pass floor and the leakage gate. Switch on the rework log feeding the gate from day one. Publish the resolution dashboard: first-pass rate, cycle time, adjudication accuracy, rework/appeal rate, leakage.

DAYS 90–180
Own the queue, certify steady state

Hand the live queue to the team only after it holds the first-pass floor and leakage gate. Review the resolution board monthly with the rework log on the table. Certify steady state on two months at floor including a peak-volume period; hand over on documented criteria; keep the quarterly re-adjudication audit standing.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Paying per touch while claims come back as rework · closing claims without an adjudication gate · chasing cycle time by rushing instead of resolving · leakage no one measures · owning the live queue before first-pass resolution is proven. All five are settled at selection and contract.

The claims-processing argument, in one sentence: a touched claim is activity and a cleanly-resolved claim is an outcome, and a vetted Philippine team delivers ~60% per resolved claim with 96%+ first-pass resolution and cycle time cut nearly in half — for buyers who audit the resolution instead of counting touches, and compete the finalists through a fully transparent, fair, comprehensive, and highly competitive RFP. Anyone can touch a claim. We make sure you buy the team that resolves it right.

METHODOLOGY & NOTES

How the numbers were built

Resolution and cycle-time figures (Fig. 1, Table 2) derive from engagement instrumentation in PITON-Global claims-processing engagements, 2025–26. First-pass resolution counts claims closed correctly on first handling; cycle time and leakage are measured against the client's pre-engagement baseline and re-adjudication controls. The weak-provider column is a composite of pre-engagement vendor reporting reviewed in diligence, shown for contrast.

Cost-per-resolved-claim figures (Table 1) are fully loaded — wages, benefits and statutory charges, facilities, technology and claims-platform tooling, management and QA overhead including adjudication reviewers, attrition-driven recruiting — net of rework; US comparators reflect fully-loaded in-house cost on the same basis. A cleanly-resolved claim is one adjudicated correctly and closed first pass.

The case study (CP-036) is anonymized under NDA; volumes and dates are generalized, figures rounded. Resolution, rework, and leakage effects are audit-verified; the cycle-time carrying line is a conservative estimate, not a booked saving. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Market context draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; claims first-pass-resolution and leakage performance re-verified May 2026). Estimates and projections are PITON-Global analysis and should be cited as such. The full series is available at piton-global.com.

Would your provider's per-claim price survive a re-adjudication audit?

Forty-five minutes with John will tell you. Free to buyers, strictly vendor-neutral — a resolution-verified shortlist within two to three business days.

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