

Best Practices to Address the Growing Complexity of Workers' Compensation Claims

Executive Briefing

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***PMA Executive Briefings** explore strategies necessary to effectively manage workers' compensation costs.*

In this Briefing, Ray DiCello, presents the claims perspective, focusing on best practices for a carrier/TPA's Claims organization, including jurisdictional expertise, the structure of claims teams and data analytics.

Managing workers' compensation claims is more complex than ever. Several forces are driving this environment, including a vast array of legal, legislative and compliance demands as well as state-specific regulations and benefits, thus requiring insurance carriers and third-party

claim administrators (TPAs) to have a high degree of jurisdictional expertise. In addition, emerging issues such as an aging workforce, narcotic use and the growing incidence of chronic health conditions among injured workers have made recoveries longer and more complicated—and can make claims more expensive.

Although workers' compensation claims are becoming increasingly complex, a combination of new solutions, expertise, and technologies provides the opportunity for optimum outcomes for even complex, challenging claims.

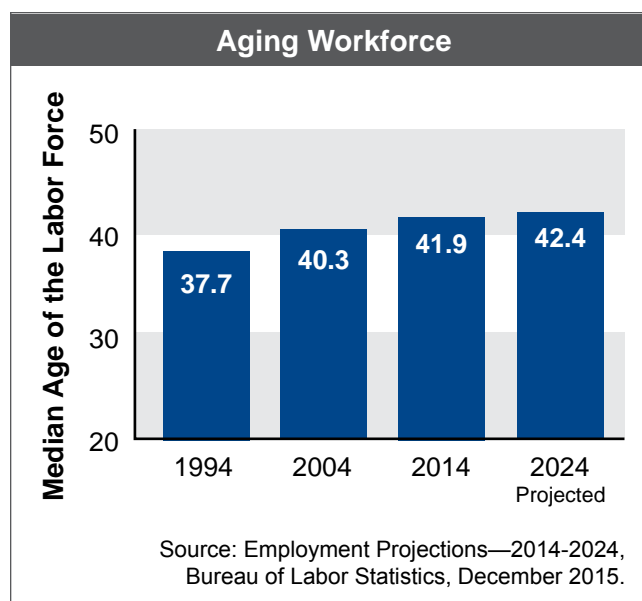
Given the current environment, it is imperative that carriers/TPAs utilize specific workers' compensation claims best practices, including:

- Matching the expertise and skills of claims specialists with specific claim types and complexities, including integration with managed care
- Establishing claims teams with in-depth jurisdictional expertise
- Using data analytics to identify key claims trends, initiate early intervention and build quality assurance
- Adjusting workloads based on complexity and jurisdictional requirements

Matching Specialists with Each Claim

It goes without saying that a claims team should include experienced specialists who understand the complexities of workers' compensation claims and know how to achieve optimum outcomes. Here's where the best claims systems come in—working seamlessly so the right professionals are involved at the right time. There are several components to this process:

- *Proactively matching claims complexity with the right skills set and expertise of claims professionals.* A carrier/TPA needs to have a system to ensure the most experienced claims professionals handle complex, high-exposure losses and claims with unique characteristics.
- *Matching claims teams with jurisdictions and accounts.* It's important that specific jurisdictional expertise is applied to each claim, enabling the claims team to more accurately determine the compensability of the claim, execute the best loss mitigation strategy, and improve overall savings.
- *Continuously monitoring the caseloads of claims adjusters and modifying them accordingly.* This step ensures adjusters



One of the factors contributing to longer recoveries and more complex claims is the aging workforce.

have manageable workloads, which results in higher quality claims handling and responsiveness.

- *Engaging clinical experts early and often in the claims process as part of a fully integrated managed care program.* The managed care team is critical to successfully manage medical costs, including high-exposure claims.

Jurisdictional Expertise

One of the biggest challenges in managing workers' compensation claims is the significant difference among states. These jurisdictional differences involve unique regulations in each state related to state reporting, physician panels and network utilization, with states imposing costly fines when there are reporting errors. For example, utilization review is a tool that can be used by carriers/TPAs to assess the necessity of medical treatment in Pennsylvania and Illinois but not Minnesota.

Each state also has different fee schedules (rates that workers' compensation payers are obligated to pay for each medical procedure) and medical billing codes and rules.

Four Workers' Compensation Claims Best Practices

1 Match claims complexities with expertise and skills of claim specialists

2 Populate claims teams with a high degree of jurisdictional expertise

3 Use data analytics to intervene in claims' trajectory to achieve optimal outcomes

4 Fine-tune workloads of claims staff based on complexity and jurisdiction of claims they are handling

States require extensive data on every claim, and continually make changes to the hundreds of thousands of injury-specific codes, state-specific codes and procedure codes. Failure by a carrier/TPA to keep up to date on these changes and accurately apply fee schedules and rules can diminish savings. Also, carriers/TPAs without the jurisdictional expertise to maximize savings tend to rely more heavily on defense counsel to settle claims, adding unnecessary legal costs.

Data Analytics

Data analytics play an increasingly important role in managing workers' compensation claims today and driving optimal outcomes. Data is captured at nearly every stage of a claim, from the first report of injury to settlement or return to work. This data can be analyzed and then used proactively in several ways.

For example, it enables you to act quickly and proactively to assign the claim to the right adjuster, direct it to a nurse case manager when

necessary and identify when to intervene with the injured worker, pharmacy or physician. It can also inform decisions involving legal counsel and settlements.

Data also is used to identify longer term workers' compensation and injury trends within industries, organizations and worker demographics. This valuable information makes it easier to benchmark results, identify potential high-dollar claims, adjust claims and manage strategies continuously.

Analytics are also the foundation of a quality assurance process, through which claims can be evaluated continuously to address behaviors of injured workers and drive better recovery and return-to-work results.

PMA industry experts tackle critical and timely issues. Coming up next - we'll examine the role of analytics in workers' compensation, with a focus on using analytics to lower your claims frequency and prevent losses.

About the Author



Ray DiCello, Senior Vice President of Claims and Chief Claims Officer, PMA Insurance Group, is responsible for leading PMA Insurance Group's claims operation. His insurance claims career spans twenty-five years in commercial multi-line positions of increasing responsibility, including field management, quality assurance, workers' compensation product management, and management oversight of unbundled claims across the U.S. and Canada. Mr. DiCello is an Executive Scholar, Kellogg School of Management, Northwestern University, and has Bachelor and Master of Arts degree from Shippensburg University.

