



**WORKERS'
COMPENSATION
CLAIMS TOOLBOX**

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Managing increasing medical costs plus escalating medical usage/ treatments and achieving full and final settlement of Workers' Compensation (WC) claims are some of the most difficult issues faced by the insurance industry today. With the insurance industry facing the challenges of dealing with unprofitable underwriting and a low interest rate environment, encouraging news is hard to find in today's world of Workers' Comp. insurance.

For many years the industry has spent considerable time, resources and money on addressing WC's difficult challenges through much-needed state WC reforms and by implementing global Retrospective (state fee schedules, medical bill reviews, etc.) and global Prospective (PPOs, MPNs, PBMs, etc.) injury claim management efforts.¹ While these approaches to managing WC injury claims are effective, Direct Intervention injury management approaches are claim-specific and take place while the injured worker is undergoing treatment and/or suffering a disability.² Crucial to implementation of Direct Intervention efforts, and to attaining a positive outcome on individual claims, is the Claim Professional, an extremely valuable asset in any claim operation. As long as WC has existed, the system has depended on, and must continue to depend on, the diligence, effectiveness, people skills and expertise of the Claim Professional.

Each WC bodily injury claim involves a person with a unique set of medical, psychological, emotional, and financial circumstances that are difficult to evaluate. Consequently, Claim Professionals with bodily injury claims management sophistication are the optimum claim management tool.³ Proactive, engaged and highly technically skilled Claim Professionals armed with the right tools can have a significant impact on controlling and mitigating WC losses. Such a sophisticated Claim Professional is the key to influencing a claim's outcome by maximizing Direct Intervention injury claims management and effectively overseeing Retrospective and Prospective loss mitigation and cost containment efforts.

WC Claims Toolbox Overview

Given the constant and ever-changing challenges of WC Claims, it's important that Claim Professionals are armed with multiple claims management tools. Here in our WC Claims Unit, we've concentrated on developing tools to efficiently and effectively focus Claim Professionals on maximizing their efforts to positively impact claims outcomes. The focus is to allow the Claim Professional to be better prepared to tackle difficult problems and make decisions. The Toolbox tools provide a process and framework that Claim Professionals can apply on a daily basis.⁴

Known collectively as the WC Toolbox, these Direct Intervention claims management tools were constructed to promote purposeful thought, critical thinking and fact-based, not intuition-based, decision-making. The Toolbox contains strategies and techniques proven to manage and mitigate even the most difficult WC medical and settlement scenarios. The tools were designed to

complement and enhance, not replace, existing claims operations, as well as to provide Claim Dept management with measurable data to track and audit Claim Professionals' activity, and to identify high performers.

WC Claims Toolbox Medical Management Details

The Toolbox Medical Management tools offer enduring, realistic and claimant-specific strategies to control medical treatment and medication usage and costs. Unlike Retrospective (state fee schedules, medical bill reviews, etc.) and Prospective (PPOs, MPNs, PBMs, etc.) medical claims management, the Toolbox Medical Management tools concentrate on returning treatment and recovery accountability back to the Claim Professional, the injured worker and the medical provider(s). The highly technical nature of healthcare restricts patient participation in the decision-making process.⁵ Therefore, Claim Professionals cannot expect injured workers to make suggestions about controlling treatment. Instead, the Claim Professional must work with Medical experts and the treating physician(s) to moderate and control treatment.⁶

One of the Toolbox's main features, the **Medical Management Program (MMP)** tool, unites a critical combination of claim and medical expertise—and it was created by our Claim Professionals working in conjunction with medical experts. The MMP utilizes a unique medical treatment analysis approach to:

- > assess injury causal relationships
- > identify unrelated and/or unauthorized medical treatment

Medical Management Program (MMP) Direct Intervention Examples

Example #1	Accident Date	Date of Birth	Pre	Post
Employee passed out and hit an oven while falling. Cervical injury with resulting chronic pain syndrome.	6/16/1999	8/28/1942	Taking eight medications including opioid (Oxycontin)—average cost \$22,000 per year	Weaned to three medications—no opioids—average cost \$12,000 per year
Savings Due to Toolbox MMP: \$10,000 Per Year				
Example #2	Accident Date	Date of Birth	Pre	Post
Employee stepped on a board with a protruding nail. Bone infection in right foot with resulting chronic pain, vertigo, headaches and nausea.	4/12/1994	5/22/1968	Taking multiple medications including anti-nausea drug—average cost of \$27,000 per year, which was the discounted PBM price (\$18 per pill). Pre MMP Medicare Set Aside proposal = \$635,432	Worked with claimant to stop using PBM to fill anti-nausea drug—went to local Walmart, average cost \$5,800 per year (\$4 per pill). Post MMP Medicare Set Aside approved by Medicare = \$476,334
Savings Due to Toolbox MMP: \$21,200 Per Year				
Example #3	Accident Date	Date of Birth	Pre	Post
Employee slipped and fell on wet floor. Back injury with resulting chronic pain syndrome and 24 hours/7 days per week Attendant Care.	9/6/1990	9/10/1943	Drugs and Medical = \$153,000 per year 24 hrs/7 days Attendant Care = \$110,000 per year Total Annual Costs = \$263,000	Drugs and Medical = \$33,000 per year 3 hrs/7 days Attendant Care = \$19,000 per year Total Annual Costs = \$52,000
Savings Due to Toolbox MMP: \$211,000 Per Year				

- > uncover subsequent injuries
- > analyze obstacles preventing optimum treatment

The analysis starts with an historical treatment review and cost driver analysis by medical experts. Then, using the analysis findings and

recommendations, the MMP brings in specially trained Nurse Case Managers (NCMs) to act as strategic medical facilitators. These NCMs work with the Claim Professional and assigned NCM to develop and communicate targeted and strategic medical management recommendations to the

medical treatment provider(s). This approach is especially effective on long-term, highly complex cases. The MMP is structured to provide solutions and results, even after opportunities for early intervention have long since passed. Besides the MMP, the Toolbox includes additional Medical Management tools developed to:

- > Identify and assess the level of an injured worker's opioid (narcotic) consumption
- > Document all medical developments and diagnoses via a "timeline"
- > Evaluate Nurse Case Manager effectiveness
- > Provide current prescription drug cost comparison to "best price" purchase options

WC Claims Toolbox Settlement Details

The WC Settlement tools were developed to assist the Claim Professional in achieving successful full and final WC settlements. The tools identify, clarify and provide consideration of all variables critical to success in the Settlement process. The tools also assist the Claim Professional in case organization and are of use to Claim Department management for audit purposes.

The Workers' Compensation Settlement Analysis Workbook tool is designed to:

- > Identify and document all considerations critical to successful full and final WC settlements
- > Be interactive—it's programmed to provide warning messages when crucial conditions have not been satisfied
- > Assess the settlement readiness of any WC claim
- > Develop claim strategy techniques focused on timely and fair settlements
- > Construct on-point, complete, accurate and defensible settlement offers



The Workers' Compensation Settlement Flexlist™ tool is designed to:

- > Identify and track all considerations critical to achieving a successful full and final WC settlement
- > Provide a disciplined and standardized approach to navigating the "path" to successful full and final WC settlements
- > Present claim-specific WC settlement activity and status documentation in one comprehensive location
- > Assist in building consensus amongst the defense settlement "team"
- > Be flexible and adaptable

Summary

Our WC Claim Professionals with the WC Claims Toolbox offer consultative resources and tools focused on providing solution strategies for even the most problematic claims.

To that end, we're always available to discuss your WC Claim Management needs and provide more about our Workers' Compensation Claims Toolbox. ■

Endnotes

- 1 Jones, James R. and Maggio, Junie. Managing Bodily Injury Claims Associate in Claims course book, 2001, p. 1.13.
- 2 Ibid., p. 1.21.
- 3 Ibid., Preface vii.
- 4 Ibid., Preface vii.
- 5 Ibid., Page 1.6.
- 6 Ibid., Page 1.6.

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