In the increasingly complex and litigious world of workers’ compensation claims, managing costs remains a priority for many companies. Industry experts agree that successful management of these expenses must be comprehensive—from the time of the injury through recovery and eventual return to work.

Throughout the claim resolution process, there are many opportunities to both engage the injured employee and manage costs. Here are six best practices for reducing your workers’ compensation claims.
Cost Management Begins at the Point of Injury to the Worker

Early intervention from the time of the initial injury—to provide guidance and gather facts—is important to managing workers’ compensation claims.

It is estimated that 30 percent of all injured workers require medical guidance instead of medical care. This means that 30 percent can be resolved with self-treatment, and a claim does not have to be filed. It eliminates a costly visit to the emergency room, where expenses can quickly climb to $1,000 or more.

Prompt treatment and proper guidance to direct the patient to the right provider help deliver the best outcome for the employee. If it is a brain injury, the worker needs a brain specialist, not a general practitioner. If it is someone who has complex pain issues, a general practitioner would not be as well equipped to treat the case as a specialist, leading to wasted time and unnecessary medical costs.

An injury is frequently a new experience for many employees, who are looking for guidance. Where that guidance comes from, whether on the employer’s side or the claims-handling side, makes a difference. A recommended best practice is to use a nurse triage process. Nurses will record initial interviews at the site of the accident, a critical time when facts can be clarified and confirmed. A worker is likely to be more forthright in sharing information with a nurse than with a claims professional. A nurse triage also determines whether treatment is even necessary and then guides the patient to the appropriate medical provider.

Early engagement by an employer with an injured employee following an incident also aids in setting the expectations of the process, which can ease certain frustrations and anxious moments that could prompt the employee to contact an attorney.

Initial Documentation of the Facts Should Be Reviewed Regularly Throughout the Lifespan of a Claim

In cases that extend 12 to 18 months, the adjuster and the employer need to continually refer to the original recorded statement or detailed interview. Employers should go back and review what was documented up front, paying particular attention to the direction of the claim from the original statement and procurement of the facts that helps resonate with the rest of the case. It is important to take into account demonstrated risk, examining the increase in exposure as the claimant continues treatment, particularly for conditions not related to the original injury.

Setting a claim on the right trajectory, too, can improve the chances of controlling costs and reaching a mutually desired outcome for both employer and employee. Focus should be on those claims that lead to the highest cost and highest risk. Typically, 6 percent of all claims comprise up to 50 percent of the overall costs. These tend to be complex catastrophic claims, such as brain injuries, spinal column injuries, or amputations. However, managing all claims as soon as an injury is reported is paramount.
Monitor Activity Closely During Recovery

During the recovery process, it is important to maintain frequent contact with the employee and to perform activity checks. Employees should follow the recommendations of the treating physician for optimal recovery and cost containment.

Social media accounts are useful in monitoring employees’ activity during recovery. Employees can be surprisingly candid in describing their daily activities and may include things such as bowling, hunting or softball. While not routinely necessary, targeted surveillance may show activity outside restrictions or even an injured worker.

Controlling Drug Costs Is Key to Managing Spending

Having analytics in place to intervene early when prescription drug overuse is detected can prevent a case from heading into a costly spiral.

It is no exaggeration that there is a national epidemic regarding certain drugs in the US; 99 percent of the hydrocodone supply, the active ingredient in Vicodin, is consumed in the US. About 10 years ago, pharmacy was about 6 percent of overall medical cost in workers’ compensation. Today, statistics show it has soared to nearly 20 percent, of which narcotics comprise approximately 35 percent. If not managed appropriately, it can grow out of control.

Overutilization can occur when patients take drugs to combat other drugs. For example, a worker suffers a minor back injury while on the job. After taking an anti-inflammatory drug, most workers return to their job with no issues. Another worker, however, may start on a lower-strength narcotic and then request a stronger drug from his or her doctor.

In these cases, it is important for the employer to adopt a holistic approach by looking at the psychological part as well as the social aspect of the claim. The better the case can be managed up front can determine how easily costs, as well as clinical outcomes, are managed.

MEDICAL CARE COSTS VERSUS INDEMNITY COSTS

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The Value of a Successful Reentry

An employee’s return to work has a major impact on indemnity payments as well as on the medical portion of a claim.

Employees have a social purpose in returning to their job: They want to get back to their normal routine. Employers should consider whether the employee was engaged socially. Did he or she have a difficult relationship with his or her supervisor? Also, how far does the employee live from work? These and other factors can add up to hurdles to bringing an employee back to work and must be managed because when the employee is back on the job, the medical spend decreases.

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Both the employee and employer benefit when an injured employee is able to return to work. While management may have concerns that the employee will brag to coworkers about his or her settlement, claim settlements should not include requiring an employee to resign. All reasonable accommodations should be made to return an employee to his or her job.

Cost Management Follows the Life of a Claim

Medicare set-asides (MSAs) can be expensive, especially when someone is taking medication. Decreasing just one prescription medication, which is the biggest cost factor in MSAs, can be very significant in reducing the MSA. If an employee is not benefiting from a medication and the settlement discussions are underway, reducing the drugs and extrapolating lifetime costs can be significant. This needs to be demonstrated to Medicare for it to approve a reduction for the prescriptions.

Older claims may be considered for settlement just to resolve them; the longer a claim stays open, the more costly it becomes. Compensable claims should be evaluated early on for settlement opportunities.

Employers have historically taken an adversarial approach to workers’ compensation. Strategically, the best approach is to set expectations and engage the employee.