2020 WORKERS' COMPENSATION BENCHMARKING STUDY

CLAIMS MANAGEMENT OPERATIONAL STUDY

EXAMINING **ORGANIZATIONAL RESILIENCY, COVID-19 IMPACT** ON CLAIMS OPERATIONS

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Rising Medical Solutions

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Preface

About the Study

The Workers' Compensation Benchmarking Study is a national research program that examines the complex forces impacting claims management in workers' compensation today. The study's mission is to advocate for the advancement of claims management by providing both quantitative and qualitative research that allows organizations to evaluate priorities, hurdles, and strategies amongst their peers. Conceived by Rising Medical Solutions (Rising), the study's impetus evolved from various conversations Rising had with industry executives about the gap in available research focusing on how claims organizations address daily operational challenges.

Today, the ongoing study program is a collaboration of workers' compensation leaders who represent diverse perspectives and share a commitment to providing meaningful information about claims management trends and best opportunities for advancement. Recognizing the need for an unbiased approach, the study is guided by an independent Principal Researcher and an Advisory Council of industry experts whose involvement is critical to maintaining a framework that produces impartial and compelling research.

About the Study Director & Publisher, Rising Medical Solutions

Rising is a national medical cost containment and care management company serving payers of medical claims in the workers' compensation, auto, liability, and group health markets. Rising spearheaded the study idea and leads the logistical, project management, industry outreach, and publication aspects of the effort. For study inquiries, please contact Chief Experience Officer & Study Program Director Rachel Fikes at wcbenchmark@risingms.com.

About the Principal Researcher & Study Report Author, Denise Zoe Algire, MBA, RN, COHN-S/CM, FAAOHN

Denise Zoe Algire is the Director of Risk Initiatives & National Medical Director for Albertsons Companies. She is a nationally recognized expert in workers' compensation, healthcare, and integrated disability management. She is board certified in occupational and environmental health and is a fellow of the American Association of Occupational & Environmental Health Nurses. Bringing more than 20 years of industry experience, her expertise includes claim operations, medical management, enterprise risk management, and healthcare practice management.

Study Advisory Council

Essential to the study program and research is its Advisory Council, comprised of nearly 20 workers' compensation executives who represent national and regional carriers, employers, third party administrators, brokerages, and industry consultancies.

Since 2013, their varied perspectives have guided the study's continued efforts to examine some of the most significant operational challenges facing claims organizations today. From the formation of research strategies to the interpretation of results, the Council has provided critical expertise throughout this endeavor.

Among those distinguished advisors we thank for their time and commitment are:

- **Denise Zoe Algire** | Director of Risk Initiatives & National Medical Director | **Albertsons Companies**

- **Raymond Jacobsen** | Senior Managing Director | **AON**

- **Rich Cangiolosi** | Vice President, Western Region | **Cannon Cochran Management Services, Inc. (CCMSI)**

- **Dr. Tyrone Spears** | Chief, Workers' Compensation Division | **City of Los Angeles**

- **Helen Weber** | Assistant Vice President, Head of Medical Strategy | **The Hanover Insurance Group, Inc.**

- **Dr. Adam Seidner, MD, MPH** | Chief Medical Officer | **The Hartford**

- **Scott Emery** | Senior Director, Claims | **Markel**

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Introduction

With unpredictable disruption predicted at greater frequency in the future, the workers' compensation industry is no exception to finding itself in a highly uncertain business environment, despite our risk models and mitigation efforts.

Past performance will no longer predict future success in workers' compensation. Organizational resiliency will play a vital role.

The Harvard Business Review defines corporate resiliency as "a company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances."[1] Now, in its eighth year, the 2020 Workers' Compensation Benchmarking Study investigates organizational resiliency in two (2) key ways.

To start, the 2020 study was the first time claims leaders had the opportunity to respond *directly* to the perspectives of more than 1,200 frontline claims professionals who participated in the 2019 survey. By identifying how claims leaders are responding to the needs and views of frontline staff, we gain better insight into organizational resiliency in our industry. Specifically, research has found that "understanding and acting on employee feedback from [employee] surveys is directly related to organizational resiliency."[2]

> In this new era of uncertainty and disruption, resiliency is no longer an imperative for the successful recoveries of injured workers, it's an imperative for the success of workers' compensation organizations themselves.

Additionally, in order to examine another attribute of resiliency, the 2020 study identifies *what* high performing organizations are doing that lower performing organizations are not – including their response to the COVID-19 pandemic. Outperforming peers during, *and after*, turbulent times is a central characteristic of the resilient organization. For instance, in researching the 2007/2008 economic recession, a McKinsey & Company study shows resilient organizations outperformed "non-resilients" by 25 percent during the financial crisis, and then went on to outpace them by 150 percent in total shareholder returns over the course of the next decade.[3]

Finally, as in prior studies, the 2020 Report continues a deep exploration of the below four (4) study indices as an ongoing pursuit in quantifying the industry's priorities, progress, and performance.

4 Major Drivers of Claim Outcomes
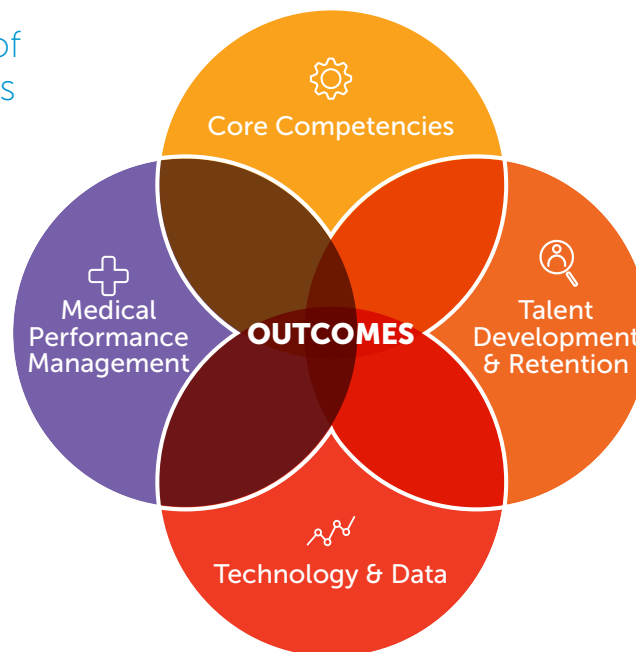
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Executive Summary

The rapid global spread of COVID-19 has quickly eclipsed other threats in both size and scope, creating a defining moment for organizations to leverage dynamic risk management and organizational resiliency. Risk management is often mistakenly thought of as a compliance function. Compliance methods work well for known or predictable risks, and the current crisis is anything but predictable. Resilience requires that organizations execute risk management real-time and make a conscious commitment to anticipate, prevent, respond, and adapt to adverse events.[1] Business success hinges on effective operational risk management across the entire organization ecosystem.

The COVID-19 pandemic profoundly affected workers, businesses, and the economy. The decline in the employment-to-population ratio was significant with labor force participation the lowest since the recession of 1973–1975.[2] The economic factors combined with wide variation in COVID-19 laws and executive orders, including COVID-19 presumption, impacted workers' compensation claims considerably.[3] Claims organizations were impacted operationally by mass shutdowns, forcing organizations to standup remote workforce and data solutions in a matter of days – all while ensuring timely medical care and benefit delivery to injured workers. For strategic planning, it is important organizations recognize COVID-19 will not likely go away, but will become endemic, continuing to circulate in pockets of the global population for years to come.[4] The impact of the virus will diminish as more of the population acquires some immunity. However, public health safety measures executed by most businesses to reduce transmission will continue to some degree – underscoring the need for a dynamic and strategic business response.[5]

The high priority of global risk management, including employee health and safety, is critical to organizational resilience. "Organizational resilience requires preventative control, mindful action, performance optimization and adaptive innovation, along with paradoxical thinking which helps leaders shift beyond 'either/or' towards 'both/and' outcomes."[6] A resilient organization withstands threats and emerges stronger – turning lessons learned from a true crisis into competitive advantage. Leaders who make integrated risk management part of their strategic design are set to become drivers of competitive advantage for their organizations.[7]

> *"Organizational resilience requires preventative control, mindful action, performance optimization and adaptive innovation, along with paradoxical thinking which helps leaders shift beyond 'either/or' towards 'both/and' outcomes."*[6]

Since 2013, the Workers' Compensation Benchmarking Study has surveyed more than 2,100 claims leaders on their top operational priorities, challenges, and opportunities, as well as their strategies for improving claim outcomes. The 2020 study continues to build a convincing profile of successful claims organizations by adding an expanded set of differentiating practices. These operational best practices are identified among **higher performing organizations, defined as those payers with a claims closure ratio of 101 percent or greater** – a common industry benchmark used as an overall indicator of operational performance.

The 2020 study examines *what* strategies organizations are implementing to improve claims operations and *how* organizations are leveraging the perspectives of more than 1,200 frontline claims professionals surveyed during the 2019 study and the similarities and/or differences from current and prior survey research with claims leaders. Additionally, the study assesses the impact of the COVID-19 pandemic on claims operations, including how the pandemic is affecting claims management practices and what strategies claims organizations are utilizing to service and support employers, injured workers, and claims staff during these extraordinary times.

The report includes a visual key for readers to quickly identify *what* strategies are identified as *high-performance differentiators*, with varying degrees of distinction amongst peer organizations; creating a roadmap for claims organizations to improve operational efficiencies and hone strategies to emerge stronger and more resilient.

ICON KEY

Level of Differentiation between High Performers & Lower Performers:

- Modest
- Moderate
- Major

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The results reflect the following industry trend highlights, as well as key differentiators of higher performing organizations:

Advancing advocacy-based, employee-centric claims models as a core operational strategy – High Performance Differentiator. The 2020 results reflect a notable improvement in claims leaders' knowledge and execution of advocacy-based claims models from prior study years (see Figure 2). Higher performing claims organizations demonstrate a greater overall awareness and engagement of frontline claims professionals in advocacy-based claims models (see Tables 10 and 11). Additionally, higher performing organizations are more likely to change or enhance claims practices throughout the claim lifecycle as a result of an advocacy-based claims model (see Table 12).

Connecting core competencies with performance measures – High Performance Differentiator. Compensability investigations were ranked by frontline claims professionals in the 2019 study as the number one factor most critical to claim outcomes. Similarly, claims leaders rank compensability investigations as one of the top three capabilities most critical to claim outcomes in prior study research. Compensability investigations are an area many organizations reflect on in terms of advocacy-based claims models and the initial customer experience for injured workers. Claims organizations consider metrics such as speed to decision and speed to benefit delivery as important for claims advocacy, yet few leverage these key metrics.[8] The 2020 study examines *how* organizations measure the performance of compensability investigations. The results reflect higher performing organizations are much more likely to connect core competencies with performance measures and enhance claims practices in this critical area (see Table 13).

Tackling claim outcomes' greatest obstacles – High Performance Differentiator. In the 2019 study, frontline claims professionals identify the lack of return-to-work (RTW) options, litigation, and psychosocial issues and/or other co-morbidities as the top three greatest obstacles to achieving desired claim outcomes, consistent with prior study research of claims leaders. The 2020 study examines *what* initiatives organizations are leveraging to address these obstacles. The results reflect a worker-centric approach as a top strategy for 2020 respondents (see Tables 19 – 21).

Impact of remote work on productivity, morale, and team dynamics demonstrates mixed results. Overall, the 2020 study participants report remote work does not negatively impact productivity or employee morale. However, 31 percent indicate a negative impact on team dynamics, a metric claims leaders should examine further (see Figure 11). Adapting to the new normal requires organizations to adopt an employee experience model. This will require innovative engagement opportunities to create a sense of organizational belonging, which should include trust building and enhanced teamwork in the virtual workspace.[9]

Bonusing frontline claims professionals is a clear competitive advantage – High Performance Differentiator. In the 2019 study, frontline claims professionals identified bonus/profit sharing as one of the most valued benefits that could influence current and/or future employment decisions. The 2020 results show 40 percent of participants offer bonus/profit sharing for frontline claims staff with significant variation by organization type (see Figure 12 and Table 25). Higher performing organizations are much more likely to offer financial incentives, representing a competitive advantage for those that do (see Table 24).

Leveraging a defined career path with growth opportunities for claims professionals – High Performance Differentiator. The workers' compensation sector needs to change the perception of the industry and build awareness of its multidisciplinary opportunities. Developing career paths with opportunities for growth provides claims organizations the ability to strategically promote the profession, as well as provide more long-term talent commitment. Higher performing organizations are more likely to offer a defined career path for claims professionals (see Table 27).

Addressing training needs identified by frontline claims professionals – High Performance Differentiator. In the 2019 study, 42 percent of frontline claims professionals report ongoing training does not meet their needs, with a gap in jurisdictional-specific legal, case law, and medical training to successfully do their job. The 2020 study examines *how* organizations are addressing the additional training needs identified by frontline claims staff. The results show 65 percent leverage legal staff or community resources for legal and case law training and 48 percent use clinical experts to complete training on medical topics. Of concern, 18 percent indicate no additional training is offered, with claims staff responsible for maintaining their own training (see Table 30). The results show higher performing organizations are much more likely to offer the additional needed training identified by frontline claims professionals (see Table 30).

Using analytics to improve claims efficiency – High Performance Differentiator. Many organizations tout the use of analytics. However, success is dependent on execution, or *how* the systems and/or data are leveraged to manage claims. The 2020 survey of claims leaders examines *how* organizations are integrating analytics with claims systems to provide more real-time execution. The data shows, overall, 74 percent are using analytics to improve claims resource efficiency (see Table 31), with frequency and severity prediction being the most prominent use. Given that the 2019 survey results indicate frontline claims professionals spend a considerable amount of time on administrative and compliance activities, leveraging analytics and workflow automation in these key areas will help ensure claims professionals are focused on strategic responsibilities. The results show higher performing organizations are much more likely to leverage analytics to improve claims resource utilization and efficiency, representing a clear competitive advantage (see Table 31).

A new approach to medical performance management is critical to long-term strategy. Since the Workers' Compensation Benchmarking Study launched in 2013, claims leaders have repeatedly ranked medical management as the number one core competency most critical to claim outcomes. The COVID-19 pandemic creates unique medical performance management challenges for claims organizations, including the overall lack of expertise in occupational disease and epidemiology methods, as well as significant uncertainty regarding the long-term impact of COVID-19 claims. Critical to overcoming these challenges requires a more intense focus on medical performance management, including enhanced training/upskilling for claims professionals on occupational disease and epidemiology methods, as well as integrating clinical resources more holistically.

Integrated claims and medical management resources – High Performance Differentiator. Prior study research found claims leaders consistently rank nurse case management, return-to-work services, and nurse/claims triage as the medical management programs most critical to claim outcomes. Additionally, the 2019 results show frontline claims professionals rank nurse case management, return-to-work services, and utilization review as most critical to claim outcomes. The 2020 survey examines how organizations are leveraging these vital medical management resources in conjunction with claims staff, as well as if medical decisions are collaborative between claims and medical resources. The results show that 36 percent, on average, leverage medical management resources throughout the claim lifecycle and 47 percent, on average, use an outdated referral method (see Figure 20). Higher performing organizations are more likely to leverage and integrate key medical management resources as well as share decision-making between claims and medical management resources (see Appendix E-1 and Appendix E-2).

Social determinants of health – why claims organization need to better understand this important metric. Social determinants of health (SDOH) include conditions in the places and environments where people are born, grow, work, learn, live, and mature that affect a wide range of health risks and outcomes. Examples include access to quality food and clean water and a social support network to assist during recovery. SDOH account for substantially more of the variation in health outcomes than medical care.[10] According to the American Hospital Association (AHA), socioeconomic factors are responsible for approximately 40 percent of a patient's health, while 20 percent is attributable to medical care.[11] A new area of research in the study is to examine strategies organizations utilize to equip claims professionals to identify SDOH and leverage resources for injured workers with potential health disparities. The 2020 results show only 25 percent of participants are equipping claims professionals to identify SDOH (see Table 41). Given the undetected impact SDOH have on injured worker outcomes, this remains a significant opportunity for claims organizations.

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Methodology

The 2020 study focus was guided by facilitated think-tank sessions with the Advisory Council Members and led by the Principal Researcher. The 2020 survey targeted leaders who oversee claim operations. Overall, the Study Report is based on the survey results of **337** respondents, including managers, directors, vice presidents, and executives from every major type of workers' compensation payer organization.

The research was conducted using a confidential, online survey tool. The survey tool structure and questionnaire were developed by the Principal Researcher. The survey questions were organized across the study's four (4) indexes – Prioritizing Core Competencies; Talent Development & Retention; Impact of Technology & Data; and Medical Performance Management as well as Participant Demographics.

The survey included a total of **42** questions: 7 questions for Demographics, 12 for Prioritizing Core Competencies, 11 for Talent Development & Retention, 4 for Technology & Data, and 8 for Medical Performance Management. The survey contained partially categorized and closed-ended questions, including dichotomous, rank order scaling, Likert scale, multiple choice, constant sum, and random order question sets in order to reduce response bias. The survey results are compared to prior study research, not to specific respondents or organizations.

Survey invitations were directed to claims leaders through direct email invitations, as well as various industry channels. All direct email invitations included an opt-out link, allowing recipients to remove themselves from study communications. The results are presented in average responses of the entire group of participants, no individual or organization who participated in the study is identified.

The survey was open for a total of 60 days from August 3 through October 2, 2020. Participants could exit the survey at any point during the questionnaire and were given the option to receive a copy of the Study Report in exchange for completing the survey.

Responses Received

- **372** completed responses

- **35** responses were excluded (participants who did not meet the survey target audience, i.e., vendors/service providers, attorneys, medical providers)

- **413** incomplete responses, where the survey was started but not completed (incomplete responses were excluded from the study results)

- Average response time to complete the survey was **13** minutes

The Principal Researcher completed the data validation and analysis, as well as authored this Study Report.

☑ Survey Participant Demographics

About the Survey Participants

The study targeted workers' compensation leaders who oversee claim operations. The study includes **337** participants, with claims managers representing the largest respondent population followed by director, vice president, and C-suite executives (see Table 1). The survey responses include participation across industry sectors, with insurance companies representing the greatest participation by organizational type, followed by self-insured employers and third party administrators (see Table 2).

Table 1   Survey Question: *Role / Level of Responsibility*
[337 Responses]

Answer	2020 count	2020 %	2017 count	2017 %
Manager	148	44%	277	48%
Director	92	27%	149	26%
Vice President	59	18%	72	13%
C-Level / Executive	38	11%	66	12%
Other	0	-	8	1%

Figure 1   Survey Question: *Role / Level of Responsibility*
[337 Responses]

Responses Segmented by Organization Type   ■ Manager   ■ Director   ■ Vice President   ■ C-Level / Executive

	Manager	Director	Vice President	C-Level / Executive
Insurance Company	44%	22%	26%	8%
Reinsurance or Excess Insurance Company	25%	25%	50%	
Third Party Administrator	59%	31%	6%	4%
Self-Insured Employer	44%	44%	6%	6%
Insured Employer	29%	16%	30%	25%
Risk Pool	13%	40%	7%	40%
State Fund / Mutual Fund	40%	33%	7%	20%
Governmental Entity	50%	35%	11%	4%
Other	100%			

0%   100%

Table 2   Survey Question: *Organization Type*
[337 Responses]

Answer	2020 count	2020 %	2017 count	2017 %
Insurance Company	109	32%	109	19%
Self-Insured Employer	78	23%	169	30%
Third Party Administrator	56	17%	80	14%
Insured Employer	32	10%	94	16%
Governmental Entity	26	8%	55	10%
Risk Pool	15	4%	26	4%
State Fund / Mutual Fund	15	4%	13	2%
Reinsurance or Excess Insurance Company	4	1%	4	1%
Other	2	< 1%	22	4%

ICON KEY

Level of Differentiation between High Performers & Lower Performers:

◉ Modest

◉ Moderate

◉ Major

☀ *RISING*

Participant Demographics – Organizational Size

Participants include a broad representation of small, midsize, and large organizations. Organization size is measured by total annual premium and total annual claims dollars paid. The 2020 results show an increase in midsize and large organization participation compared to the 2017 study (see Table 3).

Table 3 Survey Question: *Organizational Size – Total Annual Premium & Total Annual Claims Dollars Paid*
[337 Responses]

| | **2020** | | | | 2017 | | | |
| | Total Annual Premium | | Total Annual Claims Dollars Paid | | Total Annual Premium | | Total Annual Claims Dollars Paid | |
Answer	count	%	count	%	count	%	count	%
< $25M	68	20%	84	25%	176	31%	213	37%
> $25M to $100M	32	10%	68	20%	51	9%	87	15%
> $100M to $350M	42	12%	43	13%	48	8%	62	11%
> $350M to $750M	23	7%	30	9%	24	4%	29	5%
> $750M	39	12%	42	12%	60	11%	70	12%
Unknown	69	20%	70	21%	103	18%	111	20%
Not Applicable	64	19%	-	-	110	19%	-	-

Table 4 Survey Question: *Organizational Size – Total Annual Claims Dollars Paid*
[337 Responses]

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance/ Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
< $25 Million	3%	50%	16%	45%	59%	47%	–	35%	–
> $25 Million to $100 Million	20%	25%	20%	18%	28%	40%	–	15%	50%
> $100 Million to $350 Million	18%	–	9%	10%	10%	7%	20%	8%	50%
> $350 Million to $750 Million	18%	25%	7%	4%	–	–	20%	–	–
> $750 Million	11%	–	16%	14%	3%	–	33%	15%	–
Unknown	30%	–	32%	9%	–	6%	27%	27%	–

Key Demographic Performance Benchmarks

To garner a deeper understanding of claims operational challenges and offer additional areas for organizations to benchmark performance, the demographics section includes average lost time caseloads and claims closure ratio. Claims closure ratio is referenced throughout the study to differentiate claims practices in *higher performing* organizations. The 2020 study includes a new metric, the percentage of lost time claims that are active indemnity, defined as claims receiving Temporary Total or Temporary Partial indemnity benefits.

Claim Caseloads increase from 2017 levels

The workers' compensation industry often considers caseloads when evaluating program effectiveness and claims professionals' productivity. A more defined measure is *claims throughput* (i.e., the number of claims opened and closed in a defined period).

Caseload alone is not a sufficient measure of performance. Claim outcomes can be affected by many factors such as case complexity and severity, administrative support levels for claims professionals, supervisory oversight/span of control, claims system efficiency, the number of systems claims staff must access to manage claims, years of claims management experience, and the authority delegated to claims professionals. Other considerations include jurisdictional requirements, as well as medical only to indemnity claims ratio and future medical claims to active indemnity claims.

> *"Overloading adjusters might suppress administrative costs, but outcomes suffer when they lack time to think through decisions or refine their data. Good adjusters can be innovative, far exceeding the mere competence of meeting deadlines, heading off runaway claims and understanding regulations."* [1]

Caseloads themselves can also impact claim outcomes. When caseloads are too high, there is a greater potential for leakage. Overextended claims professionals are more likely to take the path of least resistance, leading to higher loss costs. "Overloading adjusters might suppress administrative costs, but outcomes suffer when they lack time to think through decisions or refine their data. Good adjusters can be innovative, far exceeding the mere competence of meeting deadlines, heading off runaway claims and understanding regulations."[1]

Although a specific benchmark for caseloads does not exist, according to several claims leaders interviewed, depending on the jurisdiction, caseloads between 100 to 120 are optimal to achieve desired outcomes.[2] Additionally, 2017 study results indicate organizations with lost time caseloads of 125 or less demonstrate more favorable claim outcomes.[3]

The 2020 results indicate 65 percent of respondents report indemnity caseloads that are 125 or less and 13 percent report caseloads greater than 151 (see Table 5). This reflects an increase in larger caseloads from the 2017 study, with eight (8) percent reporting caseloads greater than 151. Third party administrator, risk pool, state fund/mutual fund and governmental entity participants report higher average indemnity caseloads with 20 to 33 percent reporting caseloads greater than 151 (see Appendix A-5 for results by organizational type). The study results show higher performing organizations have lower overall caseloads (see Table 6).

Table 5   Survey Question: *What is your organization's average Lost Time caseload (indemnity claims) per Lost Time Claims Examiner?* [337 Responses]

Answer (# of cases)	2020 count	2020 %	2017 count	2017 %
< 80	72	21%	153	27%
80 to 100	60	18%	82	14%
101 to 125	87	26%	109	19%
126 to 150	53	16%	111	20%
151 to 175	13	4%	25	4%
176 to 200	10	3%	10	2%
> 200	21	6%	15	2%
Unknown	21	6%	67	12%

Table 6   Survey Question: *What is your organization's average Lost Time caseload (indemnity claims) per Lost Time Claims Examiner?* [337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer (# of cases)	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
< 80	21%	28%	12%	17%
80 to 100	18%	18%	22%	11%
101 to 125	26%	24%	34%	17%
126 to 150	16%	12%	22%	15%
151 to 175	4%	6%	1%	4%
176 to 200	3%	3%	2%	4%
> 200	6%	6%	5%	11%
Unknown	6%	3%	2%	21%

Active Indemnity Claims Ratio

To provide a more meaningful measure of average lost time caseload per claims professional, the study includes the percentage of indemnity claims that are *active* indemnity claims, defined as claims receiving Temporary Total Disability (TTD) or Temporary Partial Disability (TPD) indemnity benefits (see Table 7). Claims receiving TTD or TPD benefits require greater oversight and management. It is important to consider macro factors impacting claim frequency and severity that could impact claim mix, specifically indemnity ratio. The National Council on Compensation Insurance (NCCI) 2020 State of the Line Guide reports lost time claim frequency has declined year-over-year, with an average frequency decline of 3.8 percent between 2013 and 2018. Preliminary data estimates 2019 lost time claim frequency will be four (4) percent lower than 2018.[4, 5]

COVID-19 related workers' compensation claims grew across the U.S. during the first quarter of 2020, according to the Workers' Compensation Research Institute (WCRI), with a median increase of six (6) percent. Non-COVID-19 claims fell during the same period, with a 30 percent decline in the majority of states.[5] Although overall claims frequency has declined, the ratio of indemnity claims as a percentage of claims increased significantly in 2020. Prior to the pandemic, approximately 20 percent of all workers' compensation claims were indemnity claims. Preliminary data from WCRI and Oliver Wyman studies show the indemnity ratio has increased to between 22 and 30 percent,[6] indicating that pandemic factors are influencing indemnity ratios. Many COVID-19 claims themselves are "indemnity only" given quarantine and isolation requirements do not allow return to work. The Oliver Wyman report also indicates the trend exists even when excluding COVID-19 claims. Without COVID-19 claims, the indemnity ratio has increased to as high as 27 percent. This is likely caused by the significant labor market changes and limited options for return to work during the pandemic.

The study results demonstrate higher performance organizations are managing a larger percentage of active indemnity claims (see Table 8).

Table 7   Survey Question: *What percentage of your Lost Time claims are active indemnity claims (defined as claims receiving Temporary Total or Temporary Partial indemnity benefits)?*
[337 Responses]

Responses Segmented by Average Lost Time Caseload

Answer	Total	< 80	80 to 100	101 to 125	126 to 150	151 to 175	176 to 200	> 200	Unknown
count	337	72	60	87	53	13	10	21	21
< 20%	18%	47%	20%	8%	6%	–	–	10%	10%
20 to 30%	18%	21%	15%	16%	17%	31%	40%	5%	19%
31 to 40%	15%	11%	13%	28%	19%	8%	–	5%	–
41 to 50%	13%	8%	15%	13%	13%	31%	10%	14%	10%
> 50%	22%	10%	22%	25%	28%	23%	30%	43%	19%
Unknown	14%	3%	15%	10%	17%	7%	20%	23%	42%

# of cases

Table 8   Survey Question: *What percentage of your Lost Time claims are active indemnity claims (defined as claims receiving Temporary Total or Temporary Partial indemnity benefits)?*

[337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
< 20%	18%	23%	12%	11%
20 to 30%	18%	21%	16%	11%
31 to 40%	15%	16%	20%	6%
41 to 50%	13%	13%	9%	20%
> 50%	23%	19%	31%	17%
Unknown	14%	8%	12%	35%

Closure Ratio performance improves

Claims closure ratio is a common industry benchmark used as an overall indicator of operational performance. It is defined as the number of claims closed, divided by the number of claims received during a specified timeframe. The goal is to achieve a 100 percent or greater closure ratio (i.e. 1.0). This ensures organizations maintain stable claim inventories. A closing ratio *less than* 100 percent (1.0) means claim inventory is growing, and a ratio *greater than* 100 percent (1.0) means inventory is stable or declining. Claims closure ratio can be impacted by rapid premium growth, acquisitions, jurisdictional mix, and book of business.

In a mature, stable workers' compensation program, claims should be closing at a rate of at least one-to-one. Nationwide, the overall workers' compensation claims frequency is declining.[7] Therefore, closure ratio results should reflect this trend. However, some jurisdictions do not allow future medical care to be settled, which impacts closing ratios and claims severity.

Survey participants were asked to report their overall claims closure ratio for **calendar year 2019**. Study results show that 31 percent of respondents have an average closure ratio of 101 percent or greater, and more than half, 53 percent, report an average closure ratio of less than 100 percent, an improvement from 58 percent reported in 2017 (see Table 9).

Table 9   Survey Question: *Claims Resolution - What is your total overall claims closure ratio for calendar year 2019? Claims closure ratio is defined as the number of claims closed divided by the number of claims received during a calendar year period.*

[337 Responses]

Answer	2020		2017	
	count	%	count	%
Higher Performance ≥ 101% closure ratio	106	31%	137	24%
Lower Performance ≤ 100% closure ratio	177	53%	330	58%
Unknown	54	16%	105	18%

Appendix A Index – Survey Participant Demographics

For more information on the survey participants' demographic data, please refer to the below tables and figures in **Appendix A**.

A-1:   Role / Level of Responsibility

A-2:   Organization Type

A-3:   Organization Size – Total Claims Dollars Paid
            Segmented by Organization Type

A-4:   Organization Size – Total Annual Premium
            Segmented by Organization Type

A-5:   Average Lost Time Claims Caseload
            Segmented by Claims Closure Ratio / Claims Resolution
            Segmented by Organization Type

A-6:   Lost Time Claims that are Active Indemnity Claims
            Segmented by Average Lost Time Caseload
            Segmented by Organization Type

A-7:   Claims Closure Ratio / Claims Resolution
            Segmented by Organization Type

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[7] NCCI 2020 State of the Line Guide. NCCI May 12, 2020. Available:
   https://www.ncci.com/SecureDocuments/SOLGuide2020.html#introduction

Operational Challenge
Prioritizing Core Competencies

Core competencies – driving claims strategic advantage

Core competency is a management principle first described by the Harvard Business Review as "a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace" and therefore are the foundation of an organization's competitiveness.[1] Most organizations measure success by the ability to generate a profit, with favorable earnings before interest, taxes, depreciation, and amortization (EBITDA) or return on equity (ROE). However, a critical component of a claims organization's financial success is the *effectiveness* of claims management execution.

Claims are the single largest expenditure for insurance companies and present the greatest opportunity to reduce workers' compensation program costs for employers and/or the entities that administer claims on behalf of employers. Successfully managing claims execution is one of the most effective tactics to reduce loss costs and drive profitable growth.

Notwithstanding the COVID-19 pandemic, managing workers' compensation claims continues to be a complex discipline. The increasing complexity is a result of several converging factors, including the aging workforce, a higher prevalence of co-morbidities — including mental health conditions — legal and regulatory variations, as well as increasing healthcare complexity. This underscores the importance of focusing resources on what matters most. Core competencies — the collective skills, abilities, and expertise required to manage claims effectively — are the framework *ultimately responsible* for driving performance execution and claim outcomes.

This area of the report explores *what* strategies organizations are implementing to improve claims core competency execution and *how* best practices and outcomes are defined, measured, and executed. The 2020 study also examines *how* organizations are leveraging the perspective of frontline claims professionals from the 2019 study and the similarities and/or differences from current and prior survey research with claims leaders.

Key Considerations

Have core claims practices changed as a result of advocacy-based claims models?

What strategies/claims practices changed based on the 2019 survey of frontline claims professionals?

How has COVID-19 impacted claims operations?

ICON KEY

Level of Differentiation between High Performers & Lower Performers:

⬤ Modest

⬤ Moderate

⬤ Major

Advocacy as a core strategy of claims management

The workers' compensation industry continues to socialize the value of advocacy-based claims models, defined as: *An employee-centric, customer service claims model that focuses on employee engagement during the injury recovery process. Such models remove adversarial obstacles, make access to benefits simple, build trust, and hold the organization accountable to metrics that go beyond cost containment.*

The study initially examined the use of advocacy-based claims models in 2016. To better understand frontline claims professionals' awareness of advocacy models, the 2019 study examined their perspective. The results indicate 72 percent do not know what an advocacy-based claims model is. Given the significant industry focus on claims advocacy, this finding is unexpected. Does it demonstrate a disconnect between theory and practice, or could it be semantics?

The 2020 results reflect a notable improvement in claims leaders' knowledge of advocacy-based claims models from prior study years, with 80 percent reporting awareness, a 30 percent improvement from the 2017 survey of claims leaders (see Figure 2). Additionally, higher performing claims organizations demonstrate a greater overall awareness (see Table 10).

Figure 2   Survey Question: *Do you know what an advocacy-based claims model is?*
[337 Responses]

- **2020** Claims Leaders
- **2019** Frontline Claims Professionals
- **2017** Claims Leaders

Yes — 80% [269], 28% [363], 50% [284]
No — 20% [68], 72% [919], 50% [288]
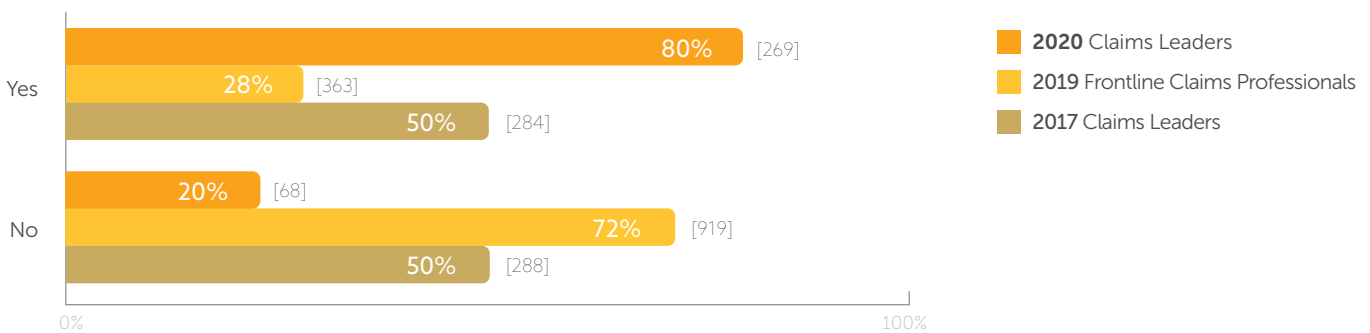
Table 10   Survey Question: *Do you know what an advocacy-based claims model is?*
[337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
Yes	80%	73%	89%	85%
No	20%	27%	11%	15%

Engaging frontline claims professionals in claims advocacy ⬢

The study examines *how* organizations are engaging frontline claims staff to better understand the importance of advocacy. Overall, the results show 66 percent of respondents are taking actions to engage frontline claims staff, with 51 percent focusing on communicating leadership's commitment and 33 percent implementing training focused on advocacy (see Table 11 and Figure 3). Higher performing claims organizations are taking more steps to engage frontline claims professionals in claims advocacy initiatives, including training (see Table 11).

Table 11 Survey Question: *The 2019 survey of frontline claims professionals identified many do not know what an advocacy-based claims model is. What actions has your organization undertaken to engage frontline claims professionals in advocacy-based claims management? Select all that apply.*
[337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (< 100%)	Higher Performance (> 101%)	Unknown
count	337	177	106	54
None/Not Applicable	34%	41%	22%	38%
Communicate/reiterate leadership's commitment to an advocacy-based claims model	51%	47%	62%	47%
Implement training focused on advocacy	33%	29%	44%	28%
Engage frontline claims professionals in the design and/ or implementation of an advocacy-based claims model	23%	22%	27%	17%
Seek frontline claims professionals' feedback on advocacy-based claims model	20%	22%	20%	17%

Note: Participants were able to select more than one answer for this question

Figure 3 Survey Question: *How frequently do frontline claims professionals participate in training focused on advocacy? (Conditional Question for those who indicated they "Implement training focused on advocacy" in Table 11)*
[112 Responses]

Initial training/program implementation	8%	[27]
Annually	6%	[20]
Semi-annually	7%	[25]
Quarterly	8%	[28]
Monthly or more	4%	[12]

0%   50%

Note: Response data is calculated as a percentage of the entire response sample.

Redesigning existing claims practices and processes will only go so far. Implementing the changes can be a significant challenge, particularly considering that legacy claims processes have been ingrained in organizations for years. Therefore, executing claims advocacy will require transformational change. Change of this scale is highly dependent on leadership commitment as well as adjusting metrics and incentives to support the transformation. Enhancing a single communication touchpoint, such as contact letters for injured workers, is tactical; whereas shifting organizational processes and culture is strategic and requires long-term commitment. According to the Harvard Business Review, "customer-centric transformations are not easy, and may take years to perfect. However, the reward is higher customer and employee satisfaction, increased revenue, lower costs, and a true competitive advantage to companies that get it right."[2]

Transformational Change
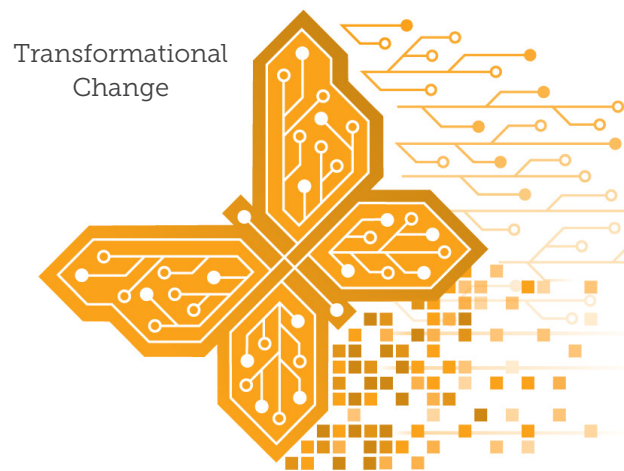
The 2020 study examines *what* changes organizations are implementing as a result of an advocacy-based claims model. Over a fourth, specifically 28 percent, report *not* making any changes to claims practices (see Table 12). Of those organizations that have made changes, the most prevalent type of change involves communication with injured workers, with 64 percent reporting updates to claims practices in this area (see Table 12). Overall, organizations are less likely to make changes to compensability investigations and claims resolution/settlement strategy practices. However, higher performing organizations are more likely to change/enhance claims practices in all areas, including compensability investigations and claims resolution/settlement strategy, as a result of an advocacy-based claims model (see Table 12).

Additionally, the study examines what specific claims practices have changed **most** in each respective area – communications with injured workers; disability/return-to-work (RTW) management; frontline claims professional training; claim resolution/settlement strategy; and compensability investigations (see Figures 4 – 8).

The results indicate organizations are more likely to focus on communication strategies, including empathy in engagement with injured workers throughout the claim lifecycle (see Figure 4). Notably, 27 percent report active engagement of injured workers in the return-to-work process, a critical component of successful disability management (see Figure 5).

Table 12 Survey Question: *What claims practices have changed in your organization as a result of an advocacy-based claims model? Select all that apply.*
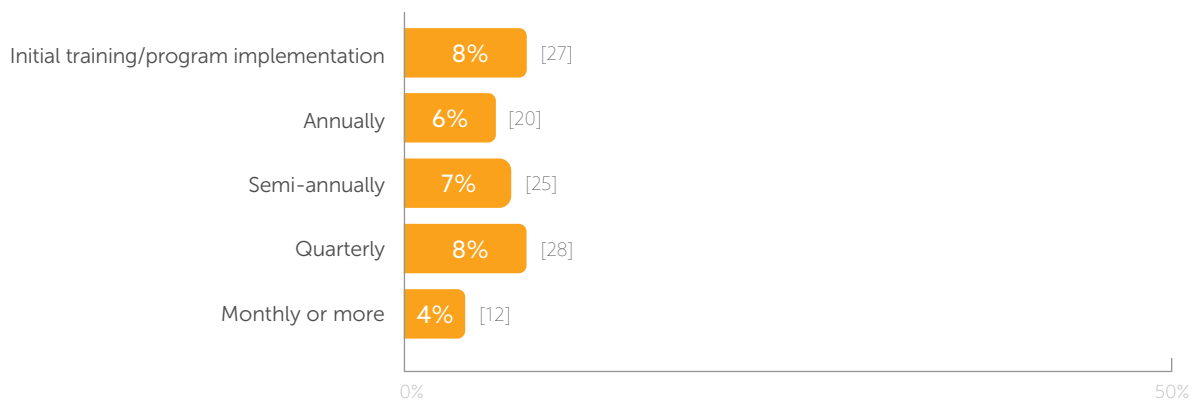[337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
None/Not Applicable	28%	36%	16%	26%
Communication with injured workers	64%	59%	73%	63%
Disability/Return-to-Work (RTW) management	47%	44%	50%	50%
Frontline claims professional training	41%	33%	51%	44%
Claim resolution/ Settlement strategy	39%	34%	47%	41%
Compensability investigations	26%	24%	33%	19%

Note: Participants were able to select more than one answer for this question

Figures 4 – 8 are Conditional Questions, based on the answer(s) participants selected in Table 12.

Figure 4 Survey Question: *How has communication with injured workers changed <u>most</u> as a result of an advocacy-based claims model?* [215 Responses]

Focus on empathy in written and verbal communications	**26%** [89]
Customized communications, based on injured worker preference*	**21%** [72]
Focus on workers' compensation as a benefit delivery system	**13%** [45]
Other	**3%** [9]

Note: Response data is calculated as a percentage of the entire response sample.

* i.e., use of text messaging, email, smart phone app and/or voice-to-voice communication

Figure 5 Survey Question: *How has disability/return-to-work (RTW) management changed <u>most</u> as a result of an advocacy-based claims model?* [158 Responses]

Active engagement of the injured worker in RTW solutions	**27%** [90]
Shorter disability duration/ claims RTW faster	**17%** [56]
Longer disability duration/claims RTW slower	**1%** [4]
Other	**2%** [8]
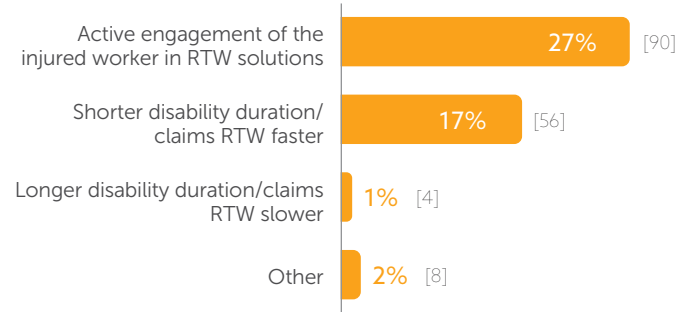
Note: Response data is calculated as a percentage of the entire response sample.

Figure 6 Survey Question: *How has frontline claims professional training changed <u>most</u> as a result of an advocacy-based claims model?* [137 Responses]

Focused training on empathy and/or other soft skills	**18%** [61]
Claims Advocacy is a key component of new hire and ongoing claims training	**12%** [39]
Transformed the image of the claims professional, from "adjuster" to "advocate"	**9%** [29]
Other	**2%** [8]
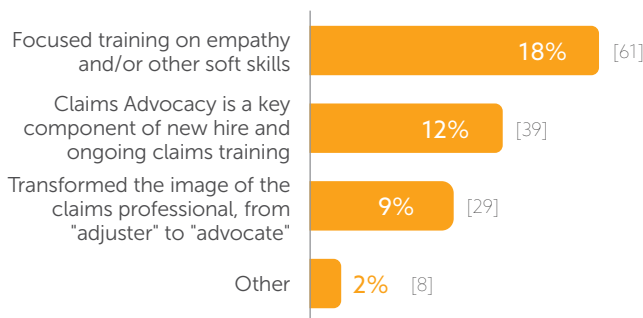
Note: Response data is calculated as a percentage of the entire response sample.

Figure 7 Survey Question: *How has claim resolution/ settlement strategy changed <u>most</u> as a result of an advocacy-based claims model?* [132 Responses]

Proactive communication with the injured worker and/or applicant attorney regarding claim resolution/ settlement strategy	**24%** [82]
Claims close/resolve faster	**14%** [48]
Claims are open longer/delayed resolution	**<1%** [1]
Other	**<1%** [1]
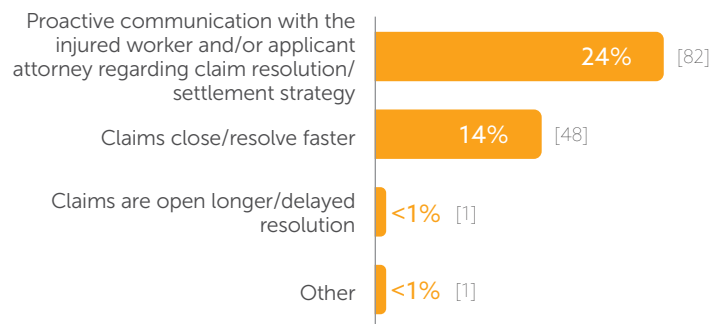
Note: Response data is calculated as a percentage of the entire response sample.

Figure 8 Survey Question: *How have compensability investigations changed <u>most</u> as a result of an advocacy-based claims model?* [88 Responses]

Focus on customer service (injured worker empathy) when completing investigations	**19%** [64]
Completing AOE/COE decisions faster than statutory requirements	**4%** [12]
Frequency of recorded statements	**3%** [9]
Other	**<1%** [3]

Note: Response data is calculated as a percentage of the entire response sample.

RISING
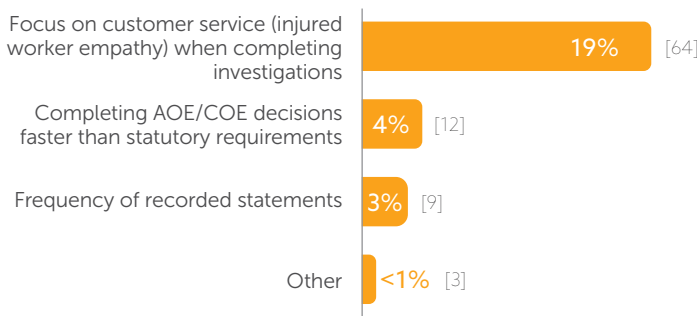
Connecting compensability investigations with performance measures

Compensability investigations, ranked by frontline claims professionals in the 2019 study as the number one factor most critical to claim outcomes, are rooted in traditional claims practices.[3] Within the traditional claims model, claims professionals initially investigate claims to determine if the injured worker is legally entitled to benefits. Most claims are compensable; however, not all are. To be compensable, an injury must arise out of and in the course of employment (AOE/COE). Regulations and case law in each jurisdiction define which conditions and under what circumstances injuries and diseases are occupationally related and therefore compensable under workers' compensation statutes. The COVID-19 pandemic impacted claims organizations significantly in this area, challenging traditional AOE/COE requirements. In a recent study, the Workers' Compensation Research Institute (WCRI) examined the impact of presumption on workers' compensation claims and indicate the laws and executive orders vary significantly. "There was great variation in the percentage of COVID-19 claims among all workers' compensation paid claims across the study states, ranging from one (1) percent in Kansas and South Carolina to 34 percent in New Jersey and 42 percent in Massachusetts in the second quarter of 2020."[4] WCRI reports a number of factors likely contributed to the variation, including severity of COVID-19 outbreaks, presumption laws, and compensability rules.

Table 13 Survey Question: *In the 2019 survey, frontline claims professionals rank compensability investigations as the most important core competency to claim outcomes. How does your organization measure performance of compensability investigations? Please identify the most important performance metric for compensability investigations.* [337 Responses]
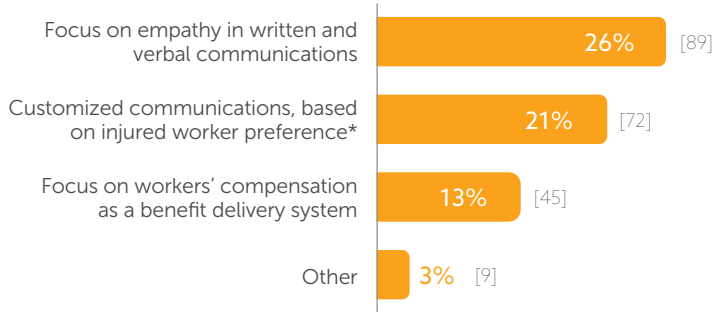
Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (< 100%)	Higher Performance (> 101%)	Unknown
count	337	177	106	54
None/Not Applicable	26%	28%	16%	37%
Percentage of claims with injured worker contact made within 24 hours	32%	29%	42%	22%
Speed to decision, in less time than jurisdictional requirements	25%	20%	30%	32%
Other	5%	7%	4%	2%
Percentage of denied claims, not converted to accepted	5%	6%	5%	–
Percentage of accepted vs. denied claims	4%	5%	2%	7%
Percentage of claims with recorded statements completed	3%	5%	1%	–

Compensability investigations is an area many organizations reflect on in terms of advocacy-based claims models and the initial customer experience for injured workers. However, making changes to claims practices in this critical area is challenging and slow-moving. Prior study research indicates claims organizations consider metrics such as speed to decision and speed to benefit delivery as important for claims advocacy, yet few leverage these key metrics.[5] The 2018 study recommended organizations examine traditional claims practices to reduce frictional delays, including eliminating recorded statements and special investigations unit (SIU) probes unless there is a clear need to establish an AOE/COE inquiry.[6]

The impact of compensability investigations on claim outcomes, if not efficiently and effectively executed, is significant. Given the legal implications of AOE/COE juxtaposed against injured worker experience, organizational changes in this area are critical, yet require thoughtful and careful execution.

The 2020 study results reflect very few respondents, only four (4) percent, report that their AOE/COE inquiries changed as a result of an advocacy-based claims model, and only two (2) percent report a change in recorded statement cadence (see Figure 8).

The study also examines *how* organizations measure the performance of compensability investigations. Overall, the data shows 74 percent include performance metrics in this area, with 32 percent utilizing injured worker contact within 24 hours as the most important measure (see Table 13). Higher performing organizations are more likely to measure performance in this critical area (see Table 13).

Connecting claims outcomes with performance metrics

The workers' compensation industry is undoubtedly focused on claim outcomes and there is no shortage of data in claims operations. However, there is confusion between process and/or activity measures and outcomes. Process measures are the activities or *actions* that must be executed in order to achieve the desired outcome. For example, the 2020 results show the percentage of claims that result in return-to-work (RTW) at or below industry benchmarks is ranked by claims leaders as the best measure of claims management effectiveness. The desired outcome is for injured workers to RTW at or below industry benchmarks. Examples of process/activity measures could include injured worker contact on the day of injury/within 24 hours; RTW ability is assessed on day of claim intake and throughout the claim lifecycle at a specified cadence; employee and their supervisor are engaged in the RTW process; ongoing communication with the injured worker shows care and concern; and medical treatment is expedited/facilitated within 24 hours of request – all of which can impact the desired outcome.

The results reveal that claims leaders are focused on outcomes that support patient/injured worker functional recovery as opposed to purely claims costs (see Table 14). The results are aligned with the 2019 study of frontline claims professionals who rank employee RTW within anticipated benchmarks and employee return to the same or better pre-injury functional capabilities as the top two most important claims outcomes.

Although the current study and prior research support an aligned vision of desired claim outcomes and metrics that define claims effectiveness (i.e., percentage of claims that RTW at or below industry benchmarks; and percentage of claims that return to the same or better pre-injury functional capabilities), less than 75 percent of 2020 respondents *use* these measures (see Table 15). According to the Harvard Business Review, this is a common mistake; organizations measure the wrong thing or there is a disconnect between the metrics used to assess performance and outcomes. As a result, strategic decisions do not support the goals.[7] In a RAND study, stakeholders express workers' compensation systems often focus on compliance requirements that have no resemblance to worker outcomes, in part because compliance is simple to monitor while worker outcomes reflect many factors and are more difficult to monitor.[8]

To operationalize outcome-based measures, organizations should identify the specific processes/activities that help achieve the desired outcome. It is important to link outcomes with the measures claims staff *can* control through the application of best practices and skill. The relationship between process activities and outcomes should be predictive.

Table 14 Survey Question: *Considering the following performance metrics, please identify the top three measures of claims management effectiveness, with 1 being the "most effective" and 3 being "less effective" (Rank 1 through 3)* [337 Responses]

Answer	Overall Rank	Mean
Percentage of claims that Return-to-Work (RTW) at or below industry benchmarks	1	1.78
Total claim costs	2	1.79
Percentage of claims that return to the same or better pre-injury functional capabilities	3	1.87
Average claim costs	4	1.99
Claims resolution ratio	5	2.03
Injured worker satisfaction	6	2.03
Indemnity claims ratio	7	2.06
Average Temporary Total Disability (TTD)/time loss days per claim	8	2.12
Litigation rate	9	2.31
Claims reopening ratio	10	2.52

Note: Participants were presented with all 10 answer options.

Table 15 Survey Question: *Based on your prior response, does your organization utilize the following performance metrics to measure claims management effectiveness? (Conditional Question based on answers selected in Table 14)* [337 Responses]

Sorted by Utilization of Performance Metrics

Answer	Overall Rank	Yes	No
Total claim costs	2	87%	13%
Average claim costs	4	87%	13%
Claims resolution ratio	5	85%	15%
Indemnity claims ratio	7	84%	16%
Average Temporary Total Disability (TTD)/time loss days per claim	8	83%	17%
Litigation rate	9	77%	23%
Claims reopening ratio	10	72%	28%
Percentage of claims that Return-to-Work (RTW) at or below industry benchmarks	1	71%	29%
Injured worker satisfaction	6	63%	37%
Percentage of claims that return to the same or better pre-injury functional capabilities	3	54%	46%

RISING

Streamlining compliance and administrative burden 🎓

In the 2019 study, frontline claims professionals report spending a considerable amount of time on compliance and administrative activities. Specifically, nearly one-third report spending 30 percent or more of their time meeting *external* regulatory requirements, and half report spending 30 percent or more of their time on *internal* administrative tasks. Excessive focus on internal and/or external compliance and administrative tasks to the detriment of other objectives will negatively impact claim outcomes. According to a RAND study, the focus on compliance leads to complexity and distracts from other objectives. "Employers and claims administrators felt that workers' compensation systems sometimes emphasized compliance with workers' compensation regulations to the exclusion of other objectives."[9]

Table 16 Survey Question: *In the 2019 survey, frontline claims professionals report spending a considerable amount of time on compliance and administrative activities. What strategies has your organization implemented to minimize compliance and administrative activities. Select all that apply.* [337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answers	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
None/Not Applicable	23%	24%	18%	28%
Increased automation of administrative activities	44%	44%	45%	47%
Increased automation of compliance activities	40%	36%	46%	42%
Increased administrative support for frontline claims professionals	33%	34%	36%	28%
Decreased caseloads to offset compliance and administrative activities	26%	21%	37%	25%
Implemented a third-party/vendor partner to assist with compliance activities	22%	22%	26%	13%

Note: Participants were able to select more than one answer for this question

Workers' compensation is a state-run system, greatly impacted by regulatory requirements that vary across jurisdictions. This will not likely change. Therefore, a certain time allocation for regulatory compliance activities is anticipated. Organizations should determine which administrative tasks and/or regulatory compliance activities can and should be automated. The time and attention of claims professionals, and other key partners such as clinicians and legal, should be allocated to higher-level tasks and more strategic responsibilities.

The 2020 study assessed *what* strategies organizations have implemented to streamline compliance and administrative tasks. The results show 77 percent have implemented one or more strategies to minimize administrative burden (see Table 16). Third party administrators are more likely to use automation to streamline compliance and administrative activities, risk pools are more likely to increase administrative support (see Table 17).
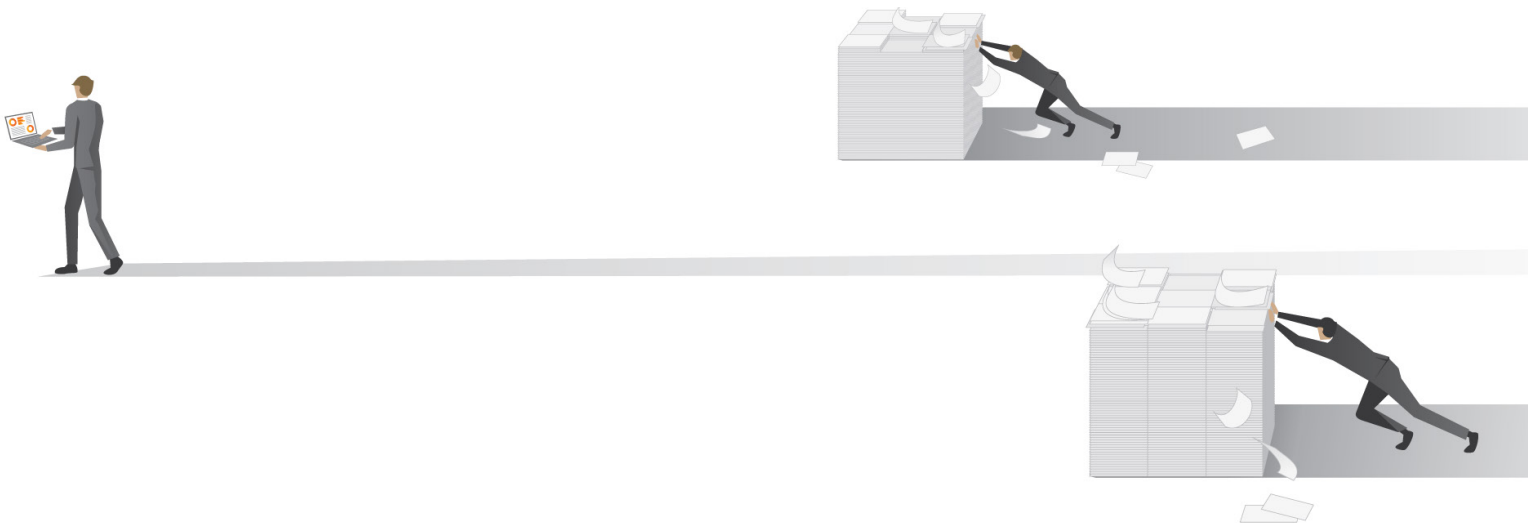
Table 17 Survey Question: *In the 2019 survey, frontline claims professionals report spending a considerable amount of time on compliance and administrative activities. What strategies has your organization implemented to minimize compliance and administrative activities. Select all that apply.* [337 Responses]

Responses Segmented by Organization Type

Answer	Total	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	337	109	4	56	78	32	15	15	26	2
None/Not Applicable	23%	21%	25%	16%	27%	34%	13%	7%	35%	–
Increased automation of administrative activities	44%	50%	50%	57%	36%	31%	60%	33%	31%	50%
Increased automation of compliance activities	40%	39%	75%	57%	31%	25%	53%	53%	35%	–
Increased administrative support for frontline claims professionals	33%	44%	50%	43%	17%	16%	53%	33%	19%	100%
Decreased caseloads to offset compliance and administrative activities	26%	28%	25%	27%	31%	13%	33%	27%	19%	50%
Implemented a third-party/vendor partner to assist with compliance activities	22%	20%	–	32%	26%	22%	13%	7%	12%	–

Note: Participants were able to select more than one answer for this question

Tackling claim outcomes' greatest obstacles

In the 2019 study, frontline claims professionals identify the lack of return-to-work (RTW) options, litigation, and psychosocial issues and/or other co-morbidities as the top three greatest obstacles to achieving desired claim outcomes, consistent with the 2016 survey of claims leaders (see Table 18). The results are consistent with WCRI's "*Predictors of Worker Outcomes*" research, which indicate that workers with co-morbidities have longer disability durations. Additionally, NCCI research findings indicate claims with co-morbidities cost twice as much as like matched claims.[10]

Litigation is a longstanding and substantial risk factor in workers' compensation claims. The cause and effect of litigation are intricately linked to the predictors of successful return to work and ultimate claim costs. Employees are more likely to seek legal representation when there is poor communication or lack of trust with the employer and/or claims administrator.

Table 18 2016 & 2019 Survey Question: *What are your greatest obstacles to achieving desired claim outcomes? Please rank the top three in the order of the greatest impediment, with 1 being the "greatest obstacle" and 3 being the "lower obstacle."*

Answer	2016 Claims Leaders	2019 Frontline Staff	
	Overall Rank	Overall Rank	Composite Score
Lack of RTW option / accommodation	2	1	1404
Litigation / Applicant Attorney involvement	3	2	1221
Psychosocial issues and/or other co-morbidities	1	3	1083
Late injury / claim reporting	5	4	1009
Lack of good employee / employer relationship	4	5	758
Lack of time to proactively communicate with stakeholders	6	6	620
Employee doesn't understand the workers' comp system	8	7	573
Jurisdictional / geographic differences	9	8	449
Access to quality care	10	9	355
Legalese statutory requirements	7	10	220

Note: 2019 participants were presented with the above ten answer options and asked to rank the top three only

The 2020 study examines *what* initiatives organizations are leveraging to address the obstacles identified in the 2016 and 2019 studies (see Table 18). The results reflect a worker-centric approach as top strategies for 2020 respondents:

Strategies for lack of RTW options

Forty-three (43) percent, report engaging injured workers to identify RTW abilities, a critical component of successful disability management and return-to-work; and 56 percent leverage dedicated resources to facilitate RTW with all key stakeholders (see Table 19).

Strategies for litigation issues

Over half, 58 percent, report increased injured worker engagement and communication, including early identification of communication obstacles; and 47 percent report increased focus on speed to claims decisions with faster benefit delivery and medical treatment authorizations (see Table 20).

Strategies for psychosocial and/or co-morbidity issues

The results show 38 percent are increasing frontline claims professional training on co-morbidities such as obesity, diabetes, and hypertension with recommended claim strategies and interventions; and 33 percent are increasing training on psychosocial issues — a frequently misunderstood driver of poor claim outcomes (see Table 21). Of concern, 33 percent report *no* initiatives to address psychosocial and/or co-morbidity issues. Given the significant financial and human impact of psychosocial and co-morbidity issues, organizations should reconsider priorities to include ongoing training and education in these critical areas.

Table 20 Survey Question: *What initiatives has your organization implemented to address litigation issues? Select all that apply.*
[337 Responses]

Answer	count	%
None/Not Applicable	67	20%
Increased injured worker engagement/ communication, with early identification of communication obstacles (i.e., language barrier, cultural differences) and actionable solutions such as field/onsite resources to meet with injured workers	195	58%
Increased focus on speed to claims decisions, AOE/COE, benefit delivery and medical treatment authorizations	157	47%
Added or increased use of internal or in-house counsel	61	18%
Implemented outcome-based audits to identify drivers of litigation and/or attorney outcomes	62	18%
Other	13	4%

Note: Participants were able to select more than one answer for this question

Table 19 Survey Question: *What initiatives has your organization implemented to address the lack of return-to-work (RTW) options? Select all that apply.*
[337 Responses]

Answer	count	%
None/Not Applicable	80	24%
Dedicated resources to facilitate RTW options with injured workers, medical providers, and employers	188	56%
Engage injured workers to identify RTW abilities	144	43%
Employer incentives for accommodating temporary or permanent modified duty	83	25%
Medical provider incentives for RTW within evidence-based guidelines	30	9%
Other	23	7%

Note: Participants were able to select more than one answer for this question

Table 21 Survey Question: *What initiatives has your organization implemented to address psychosocial and/or co-morbidity issues? Select all that apply.*

[337 Responses]

Answer	count	%
None/Not Applicable	110	33%
Increased frontline claims professional training on co-morbidities (i.e., obesity, diabetes, hypertension) with recommended claim strategies/interventions	128	38%
Increased frontline claims professional training on psychosocial issues with recommended claim strategies/interventions	110	33%
Technology to identify psychosocial and/or co-morbidity risk factors	96	28%
Implemented clinical resources to assess and mitigate psychosocial risk factors such as Cognitive Behavioral Therapy (CBT)	89	26%
Other	8	2%

Note: Participants were able to select more than one answer for this question

Appendix B Index – Prioritizing Core Competencies

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix B**.

[1] Prahalad, C.K. and Hamel, G. The core competence of the corporation. Harvard Business Review 1990 (v. 68, no. 3) pp. 79–91. Available:
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https://hbr.org/2013/09/the-truth-about-customer-experience

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https://www.rand.org/pubs/research_reports/RR2566.html

[10] Laws, C. and Colon, D. Comorbidities in workers' compensation. NCCI Oct 2012. Available:
https://www.ncci.com/Articles/Pages/II_research-brief-comorbidities-in-workers-compensation-2012.pdf

Operational Challenge
Talent Development & Retention

Talent crisis remains a challenge, but looks different: new opportunities and potential threats

The workers' compensation industry has long been plagued with a talent supply and demand imbalance. Ongoing studies and labor market data forecast a wave of retirements and a significant shortfall of experienced talent to fill the need. The insurance industry's unemployment rate of 1.7 percent is less than half the national rate of 3.6 percent prior to the COVID-19 pandemic. On a national basis, the AON and Jacobson Group study found that jobs are more difficult to fill in multiple industry categories, with executive talent especially tight, and technology and claims talent representing the greatest area of need.[1]

Although the talent crisis has challenged the industry for some time, the added anomaly of the COVID-19 pandemic presents both an opportunity and a threat for talent recruitment and retention. The pandemic will likely delay retirement plans for many based on economic uncertainty. This might provide temporary relief; however, if organizations rely on this, they could face a greater threat with economic recovery and significant re-employment — resulting in a much tighter talent pool.

The COVID-19 pandemic creates additional opportunities for the industry by fast tracking innovation. As a result, this creates an opportunity to attract tech-savvy talent. According to Dan Weber of AON Human Capital Solutions, to build a business model of the future, "organizations must consider how to attract tech-savvy talent through assessing competitive pay both within and outside their sectors and reconsider their value proposition as an employer."[2] Another opportunity, for organizations that turn remote work into a long-term strategy, is it will allow them to compete for talent in any market.

This area of the 2020 study provides an opportunity for organizations to benchmark *how* industry peers invest in talent development and retention. The study also examines *what* talent strategies organizations are leveraging based on the perspective of frontline claims professionals in the 2019 study, as well as the impact of the COVID-19 pandemic on human capital.

Key Considerations

What strategies have organizations leveraged as a result of the 2019 study of frontline claims professionals?

How has the COVID-19 pandemic influenced talent management strategies, including long-term remote work options?

Are organizations incentivizing frontline claims staff?

How have training programs changed to meet the needs of frontline claims staff?

ICON KEY

Level of Differentiation between High Performers & Lower Performers:

◐ Modest

◕ Moderate

● Major

Accelerated remote work versus long-term strategy

Traditionally, physical presence at the workplace is perceived as a measure of productivity. The COVID-19 pandemic level set this perception, with most organizations realizing employees are more productive working remotely. However, remote work during the pandemic creates another set of challenges. With continued, unpredictable external changes, leaders need to be emotionally astute. Leaders must be empathetic with clarity in direction, transparency in communication, and encourage flexibility and agility in decision making – all keys to building a high-performing, resilient virtual team.[3]

In the 2019 study, claims professionals identify remote work options and flexible schedules as well as bonus/profit sharing as the most valued benefits that could influence current and/ or future employment considerations. Prior study results show organizations that offer flexibility in work arrangements have a clear competitive advantage.

The 2020 study examines if organizations offered remote work options prior to the pandemic as well as organizations' long-term strategy after the pandemic. The results show 61 percent offered remote work *prior to* the pandemic (see Figure 9); however, only 16 percent of total respondents report that 50 percent or more of their claims workforce worked remotely prior to the pandemic (see Table 22). Conversely, 49 percent of respondents anticipate that 50 percent or more of their claims workforce will continue to work remotely *after* the pandemic (see Figure 10). Insurance companies are more likely to offer flexibility, with 84 percent offering remote work for claims professionals prior to the pandemic and governmental entities and self-insured employees are least likely (see Table 23).

Figure 9 Survey Question: *Prior to the COVID-19 pandemic, did your organization offer remote work for claims professionals?* [337 Responses]

- Yes [206]
- No [116]
- Unknown [2]
- Not Applicable [13]
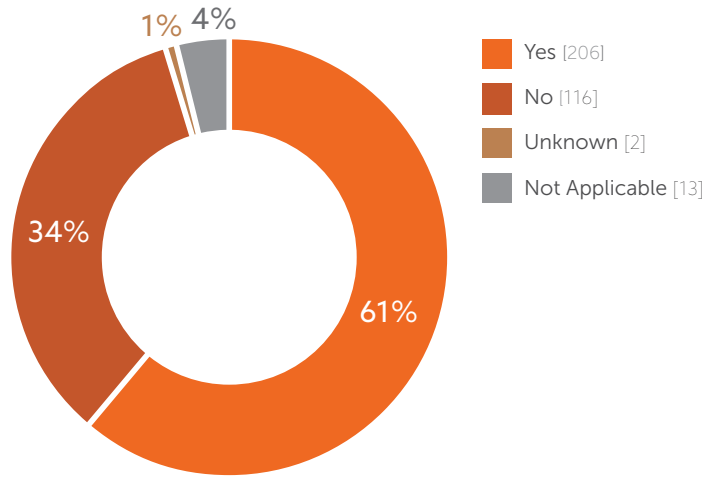
Figure 10 Survey Question: *As a result of COVID-19, what percentage of your claims team do you anticipate will continue to work remotely after the pandemic?* [337 Responses]
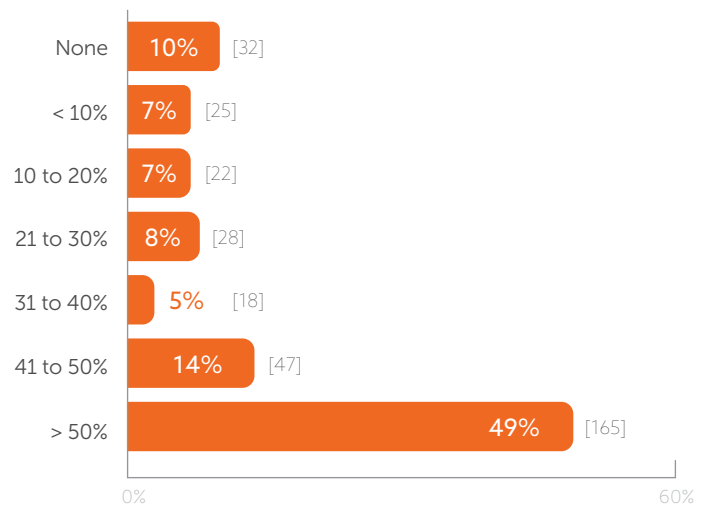
Table 22 Survey Question: *What percentage of your claims team worked remotely prior to COVID-19? (Conditional Question for those who selected "Yes" in Figure 9)* [206 Responses]

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
< 10%	59	28%	18%
10 to 20%	45	22%	13%
21 to 30%	23	11%	7%
31 to 40%	12	6%	4%
41 to 50%	12	6%	4%
> 50%	55	27%	16%

Table 23 Survey Question: *Prior to the COVID-19 pandemic, did your organization offer remote work for claims professionals?*
[337 Responses]

Responses Segmented by Organization Type

Answer	Total	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	337	109	4	56	78	32	15	15	26	2
Yes	61%	84%	75%	66%	42%	56%	47%	47%	31%	50%
No	34%	14%	25%	34%	48%	31%	47%	53%	69%	50%
Unknown	1%	1%	–	–	–	–	6%	–	–	–
Not Applicable	4%	1%	–	–	10%	13%	–	–	–	–

Impact of remote work on productivity, morale, and team dynamics

Overall, participants report remote work does not negatively impact productivity, with 89 percent reporting either no impact or improved claims operation productivity (see Figure 11). Similarly, 85 percent report either no impact or improved impact on employee morale. However, 31 percent indicate a negative impact on team dynamics, a metric claims leaders should examine further. A study by the National Insurance Academy and EY recommends that, for organizations to adapt to the new normal with remote work and limited social/team interactions, they will need to adopt an employee experience model. This will require innovative engagement opportunities to create a sense of belonging to the organization, which should include trust building and enhanced teamwork in the virtual workspace.[4]

Figure 11 Survey Question: *How has remote work from home impacted the claims operation productivity, morale, and team dynamics?*
[337 Responses]

Legend:
- No change
- Improved/Positive Impact
- Decreased/Negative Impact

Impact on Productivity
- No change: 50% [169]
- Improved/Positive Impact: 39% [130]
- Decreased/Negative Impact: 11% [38]

Impact on Morale
- No change: 39% [132]
- Improved/Positive Impact: 46% [155]
- Decreased/Negative Impact: 15% [50]

Impact on Team Dynamics
- No change: 45% [150]
- Improved/Positive Impact: 24% [82]
- Decreased/Negative Impact: 31% [105]

0% — 60%
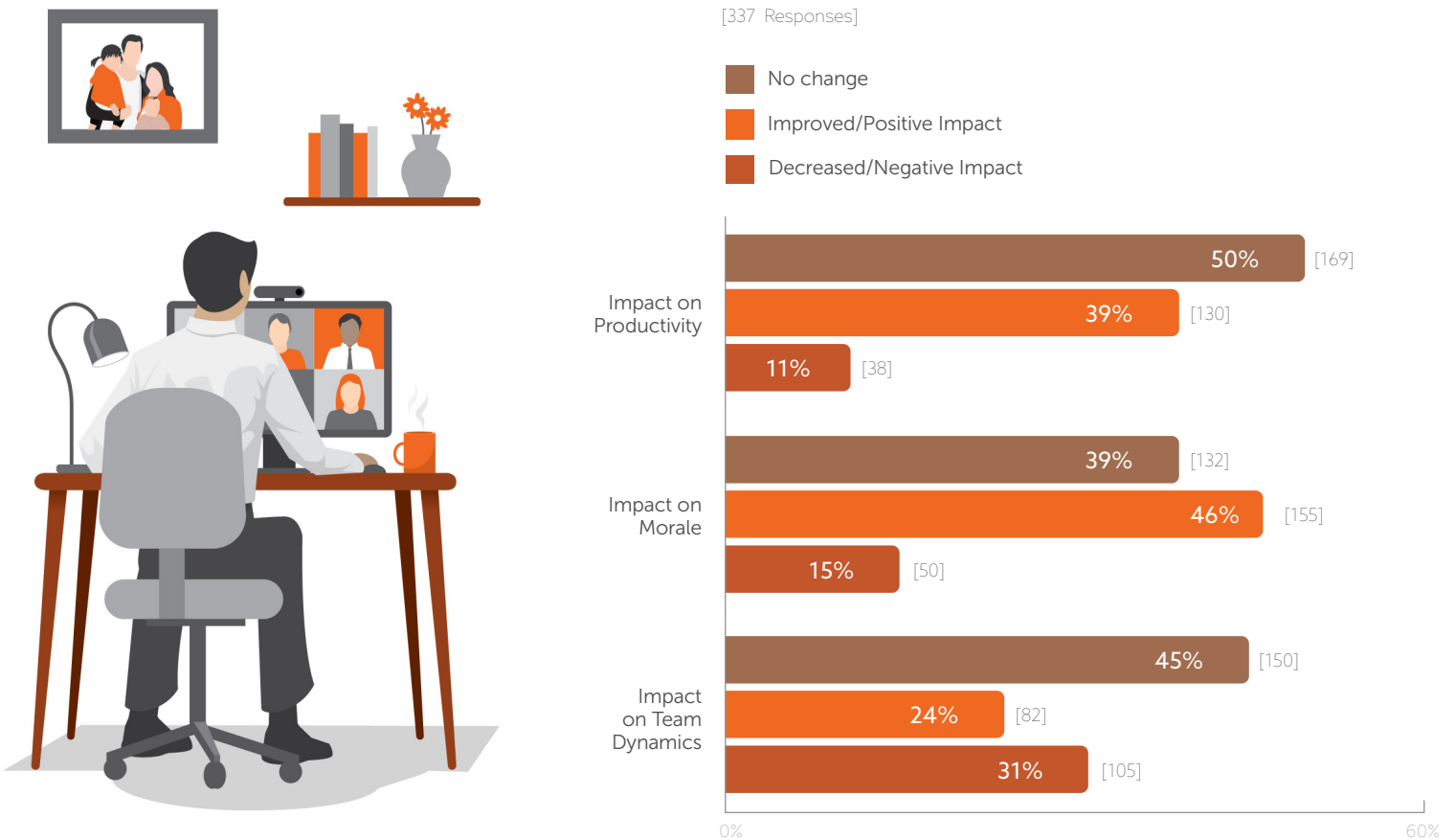
Bonusing frontline claims professionals

In today's competitive labor market, organizations must rethink their current hiring strategies, including reassessing compensation and benefits considering what employees' value.[5] McKinsey & Company notes that organizations which recognize and prioritize their talent strategy as a core business strategy are much more successful. "Talent strategy requires the same rigor and focus as business strategy," especially as the industry experiences accelerated change.[6] This requires organizations to take a bottom-up approach, rethinking talent beyond recruitment to include a strategic assessment of the entire employee value proposition — from salary and benefits to reskilling/upskilling capabilities, as well as a culture that purposely incorporates broader perspectives through diversity and inclusion.

In the 2019 study, frontline claims professionals identify bonus/profit sharing as one of the most valued benefits that could influence current and/or future employment decisions. Organizations should consider implementing an incentive plan that allows all employees to share in the company's financial success, which results in employees taking a stronger interest in overall organizational health, as well as helping retain talent long-term. Well-designed incentives align the interests of the company and employees towards productive and profitable goals.[7]

The 2020 results show 40 percent of participants offer bonus/profit sharing for frontline claims staff (see Figure 12), with higher performing organizations much more likely to offer incentives — representing a competitive advantage for those that do (see Table 24). The data shows a significant variation by organization type, with insurance companies much more likely to offer financial incentives (see Table 25).

Figure 12 Survey Question: *Does your organization offer bonus/profit sharing for frontline claims professionals?* [337 Responses]

Yes [136]
No [182]
Unknown [19]

40%
54%
6%
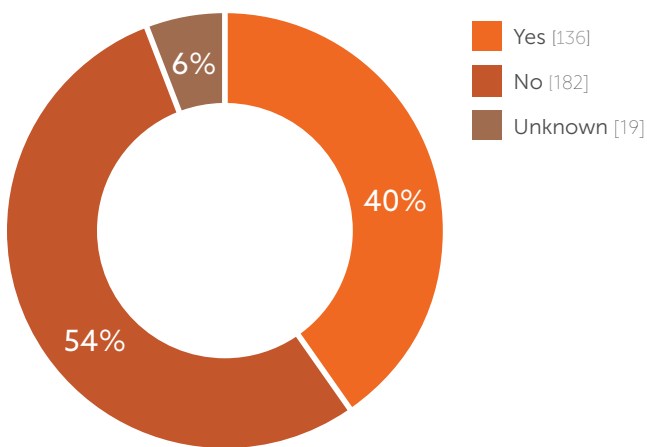
Table 24 Survey Question: *Does your organization offer bonus/profit sharing for frontline claims professionals?* [337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
Yes	40%	35%	54%	32%
No	54%	59%	43%	57%
Unknown	6%	6%	3%	11%

Table 25 Survey Question: *Does your organization offer bonus/profit sharing for frontline claims professionals?* [337 Responses]

Responses Segmented by Organization Type

Answer	Total	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	337	109	4	56	78	32	15	15	26	2
Yes	40%	72%	75%	38%	21%	31%	13%	20%	4%	50%
No	54%	27%	–	57%	76%	47%	87%	80%	85%	–
Unknown	6%	1%	25%	5%	3%	22%	–	–	11%	50%

Benchmarking salary and benefits for claims staff

Prior study research highlights the significant challenges claims organizations face with the growing talent shortage. The 2020 study provides new areas of research that organizations can leverage to benchmark talent strategies. In the 2019 study, frontline claims professionals indicate salary and benefits are the primary reason they would leave their job (see Figure 13). Given the significant challenges with the shrinking talent pool, benchmarking salary and benefits would give claims organizations an impartial and accurate idea of competitive pay information to make informed decisions. Organizations should make decisions based on in-depth market research and analysis rather than anecdotal data from a handful of companies to assess competitive pay, both within and outside their organization.

The results show 85 percent of 2020 participants are benchmarking salary and benefits for frontline claims staff (see Table 26). Insurance companies and third party administrators are more likely to benchmark overall, and more frequently. State fund/mutual funds, governmental entities, and self-insured employers are least likely, and report benchmarking less frequently (see Appendix C-5).

Higher performing organizations are more likely to benchmark salary and benefits for frontline claims professionals and reassess more frequently (see Table 27).

Figure 13 2019 Survey Question: *What is the primary reason you would leave your job?* [1,282 Responses]

Table 26 Survey Question: *In the 2019 survey, frontline claims professionals indicate salary and benefits are the primary reason they would leave their job. How often does your organization benchmark salary or benefits for claims professionals?* [337 Responses]

Answer	count	%
None/Not Applicable	52	15%
Annually	94	28%
Every 2 years	40	12%
Every 3 years	11	3%
No set timeline, completed when needed and/or based on staff attrition rate	63	19%
Unknown	77	23%

Table 26 Survey Question: *In the 2019 survey, frontline claims professionals indicate salary and benefits are the primary reason they would leave their job. How often does your organization benchmark salary or benefits for claims professionals?*
[337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
None/Not Applicable	15%	17%	11%	19%
Annually	28%	27%	32%	22%
Every 2 years	12%	13%	16%	-
Every 3 years	3%	3%	2%	6%
No set timeline, completed when needed and/or based on staff attrition rate	19%	18%	24%	13%
Unknown	23%	22%	15%	40%

Defined career path for claims professionals

The workers' compensation sector needs to change the perception of the industry and build awareness of its multidisciplinary opportunities. Developing career paths provides claims organizations the opportunity to strategically promote the profession, as well as provide strategic long-term talent commitment. From the employee perspective, a career path provides a structure to enhance their skills and knowledge that can lead to mastery of their current role, as well as promotions to new or different positions. Implementing career paths can also impact the entire organization by improving morale, career satisfaction, motivation, and productivity.[8]

The 2020 results show less than half of respondents, 48 percent, offer a career path with growth opportunities for claims staff – an improvement from the 2017 results (see Figure 14). Higher performing organizations are more likely to offer career paths, representing a clear competitive advantage for those that do (see Table 27).

Figure 14 Survey Question: *Does your organization offer a formal career path program with growth opportunities for claims staff?*
[337 Responses]

Legend: 2020, 2017

	2020	2017
Yes	48% [163]	30% [173]
No	42% [141]	56% [321]
Unknown	10% [33]	14% [78]

0% — 60%
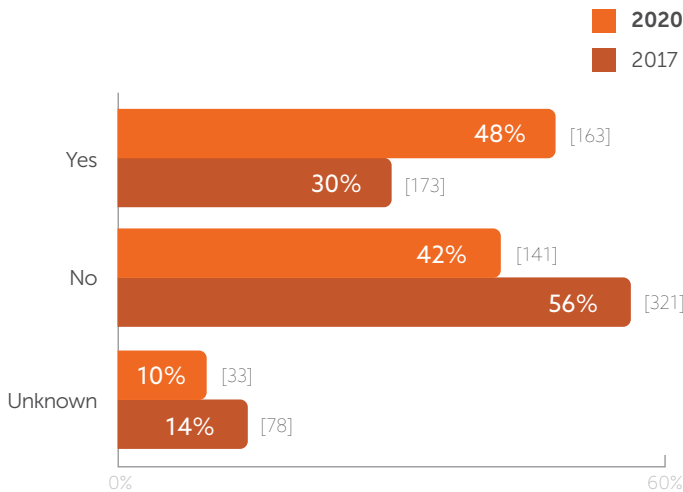
Table 27 Survey Question: *Does your organization offer a formal career path program with growth opportunities for claims staff?*
[337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
Yes	48%	46%	57%	39%
No	42%	44%	38%	43%
Unknown	10%	10%	5%	18%
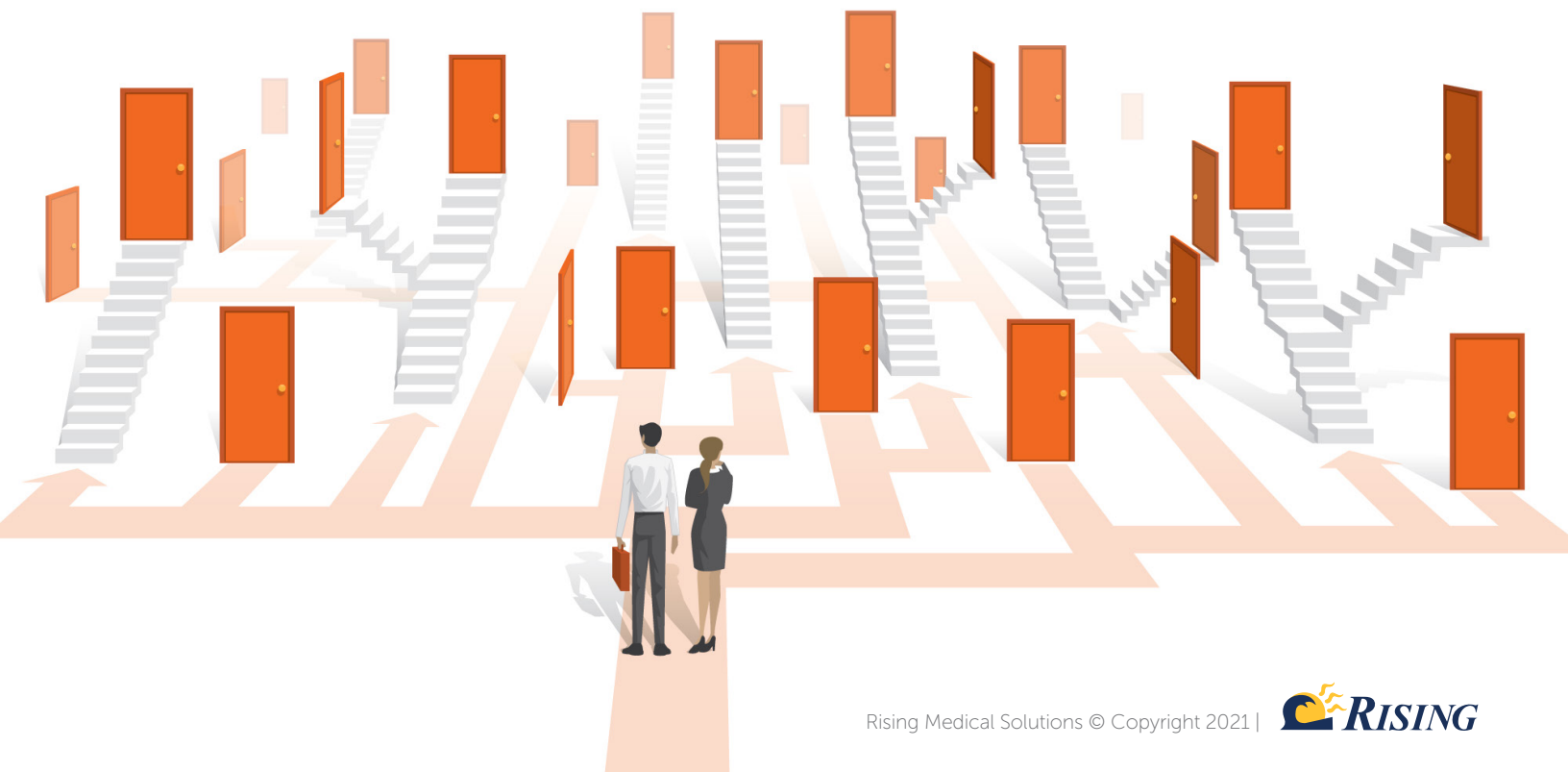
Investment in new hire training improves

The 2020 survey results reflect that 57 percent of organizations provide training for new hire claims staff with minimal to no experience, representing a 19 percent improvement from the 2017 study (see Figure 15). The prior study results demonstrate that organizations which invest in new hire training report better outcomes, with more favorable claims closure ratios.

State fund/mutual funds, insurance companies, and third party administrators are much more likely to have a formal training program for new hire claims staff (see Table 28).

Additionally, the 2020 study examines *how* new hire training programs have changed most over the prior two years. The results show 19 percent of total respondents increased the time and duration of their training program and 11 percent developed an insourced training program (see Table 29).

Figure 15 Survey Question: *Does your organization have a formal training program for new hire claims staff with minimal to no experience?*
[337 Responses]
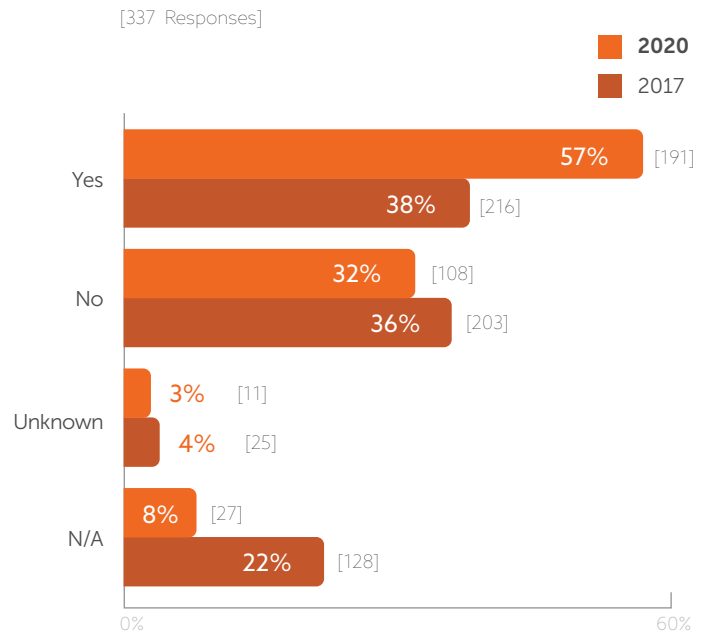
Table 28 Survey Question: *Does your organization have a formal training program for new hire claims staff with minimal to no experience?* [337 Responses]

Responses Segmented by Organization Type

Answer	Total	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	337	109	4	56	78	32	15	15	26	2
Yes	57%	72%	25%	71%	33%	22%	60%	93%	62%	–
No	32%	25%	25%	23%	50%	50%	27%	7%	23%	50%
Unknown	3%	1%	–	4%	5%	6%	–	–	3%	–
Not Applicable	8%	2%	50%	2%	12%	22%	13%	–	12%	50%

Table 29 Survey Question: *How has your formal training program for new hire claims staff changed <u>most</u> over the prior 2 years? (Conditional Question for those who selected "Yes" in Figure 15)* [191 Responses]

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
None/Not Applicable	53	28%	16%
Increased time and duration of training program	65	34%	19%
Developed insourced training program	36	19%	11%
Moved from primarily classroom to online training program	27	14%	8%
Decreased time and duration of training program	8	4%	2%
Developed outsourced training program	2	1%	< 1%

Addressing claims staff's training needs

With the expanding skills gap and challenge attracting new talent to the industry, organizations must be more diligent to retain the staff they have. In a Deloitte Human Capital study, learning and development was identified as one of the insurance industry's most critical talent challenges. Meeting the demand for new and rapidly changing skills, due primarily to increasing claim complexity and industry innovation, underscores this need.[9]

The 2019 study of frontline claims professionals show most participants, 84 percent, report their organizations provide ongoing skills training and development. Yet, 42 percent report they need jurisdictional-specific legal, case law, and medical training, representing a disconnect between what companies offer and what claims professionals indicate they need to successfully do their job.

The 2020 study examines *how* organizations are addressing the additional training needs identified by frontline claims staff. The results show 65 percent leverage legal staff or community resources for legal and case law training and 48 percent use clinical experts to complete training on medical topics. A small number, 13 percent, complete skills/training needs analysis, an important step to fully understanding the gap in training needs. Of concern, 18 percent indicate *no* additional training is offered, with claims staff responsible for maintaining their own training (see Table 30).

Table 30 Survey Question: *In the 2019 survey of frontline claims professionals, many identified a need for jurisdictional-specific legal, medical, and/or case law training. How does your organization ensure claims staff receive necessary technical training? Select all that apply.* [337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
None/Not Applicable – claims staff are responsible for obtaining/maintaining their own training	18%	21%	12%	19%
Utilize legal staff and/or community experts to complete training on legal and case law topics	65%	60%	79%	52%
Utilize clinical staff and/or community experts to complete training on medical topics	48%	45%	58%	41%
Claims staff are required to complete ongoing technical competencies training	42%	42%	47%	30%
Complete a skill/training needs analysis	13%	15%	13%	9%

Note: Participants were able to select more than one answer for this question

There are multiple advantages to investing in human capital, including employee resilience and retention. According to an industry study examining property casualty insurance, the driving forces that contribute to employee retention are management support, learning and development opportunities, employee satisfaction, empowerment, and work environment.[10]

The results show higher performing organizations are much more likely to provide the additional training identified as a need by frontline claims professionals (see Table 30).

Appendix C Index – Talent Development & Retention

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix C**.

[1] The Jacobson Group and Ward Insurance Labor Market Study. AON. Aug 2019. Available:
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Operational Challenge
Impact of Technology & Data

COVID-19, a catalyst to fast-track technology innovation

The current crisis accelerated the trend toward automation and digitization by forcing organizations to standup remote workforce solutions in a matter of days. Notwithstanding the COVID-19 pandemic, managing data and manual workflows from multiple systems remain major challenges for the workers' compensation industry. Historically, innovation is slow, with minimal investment in technology infrastructure. Inflexible legacy systems are major contributors to the slow-moving pace of change, as well as the lack of leadership's recognition of technology as a strategic advantage. The 2017 survey of claims leaders show declining budgets for information technology advancements across organizations.[1] The COVID-19 pandemic turned the tide and will likely be the catalyst to accelerate innovation, end-to-end automation, and process efficiency in what has traditionally been an antiquated technology industry.

Industry technology advancements are focused on improving claims management by leveraging business process improvement, workflow automation, and proactive analytics to determine which claims are likely to result in larger losses. According to a recent Novarica industry study, key initiatives include using mobile apps to improve loss avoidance and mitigation, investment in claims systems to improve operational effectiveness, quality of claims service and customer experience, as well as operationalizing artificial intelligence (AI) and predictive analytics.[2]

PwC outlines how the pandemic accelerated automation and digitization trends, with COVID-19 serving as the digital wake-up call the industry needed. Organizations that invest now in technology capabilities will come out of the crisis fundamentally different — resilient, with the potential to emerge from the crisis ahead of their competitors.[3]

This area of the report focuses on *how* organizations use technology to enhance operations and impact claim outcomes. The 2020 study also examines *how* organizations are leveraging the perspective of frontline claims professionals from the 2019 study and the similarities and/or differences from current and prior survey research with claims leaders.

Key Considerations

How do organizations leverage analytics to improve claims staff efficiency?

How are organizations utilizing tools/technology to enhance communications with injured workers?

How did the COVID-19 pandemic impact claims technology? Were organizations prepared to abruptly change work practices?

ICON KEY

Level of Differentiation between High Performers & Lower Performers:

Modest

Moderate

Major

RISING

Use of analytics to improve claims efficiency

Many organizations tout the use of analytics. However, success is dependent on execution, or *how* the systems and/or data are leveraged to manage claims. Analytics can help manage claims resources more effectively, including pre-loss mitigation, frequency, and severity detection. Organizations that integrate analytics into claims systems with real-time workflow automation and alerts for frontline claims staff will see better results. However, execution is dependent on talent. Creating and/or attracting a workforce ready to leverage technology is a significant challenge for claims organizations; yet, resources do exist to help in this area. In just one example, the Harvard Business Review outlines approaches to help organizations create a more educated, tech savvy workforce. The key strategies include "upskilling – teaching employees how to use tools and practices to do their jobs better/faster."[4]

The 2019 survey of frontline claims professionals show 65 percent use analytics to some degree to manage claims, with medical utilization and return to work/disability duration benchmarks used more frequently (see Figure 16). The 2020 survey of claims leaders examines *how* organizations are integrating analytics with claims systems – providing more real-time execution. The data shows, overall, 74 percent are using analytics to improve claims resource efficiency (see Table 31), with frequency and severity prediction being the most prominent use. Given that the 2019 survey results indicate frontline claims professionals spend a considerable amount of time on administrative and compliance activities, leveraging analytics and workflow automation in these key areas will help ensure claims professionals are focused on strategic responsibilities.

The results also show higher performing organizations are much more likely to leverage analytics to improve claims resource utilization and efficiency, representing a clear competitive advantage (see Table 31).

Figure 16 2019 Survey Question: *What ways do you utilize analytics (i.e., analysis of data or statistics) to manage your claims? Select all that apply.* [1,282 Responses]
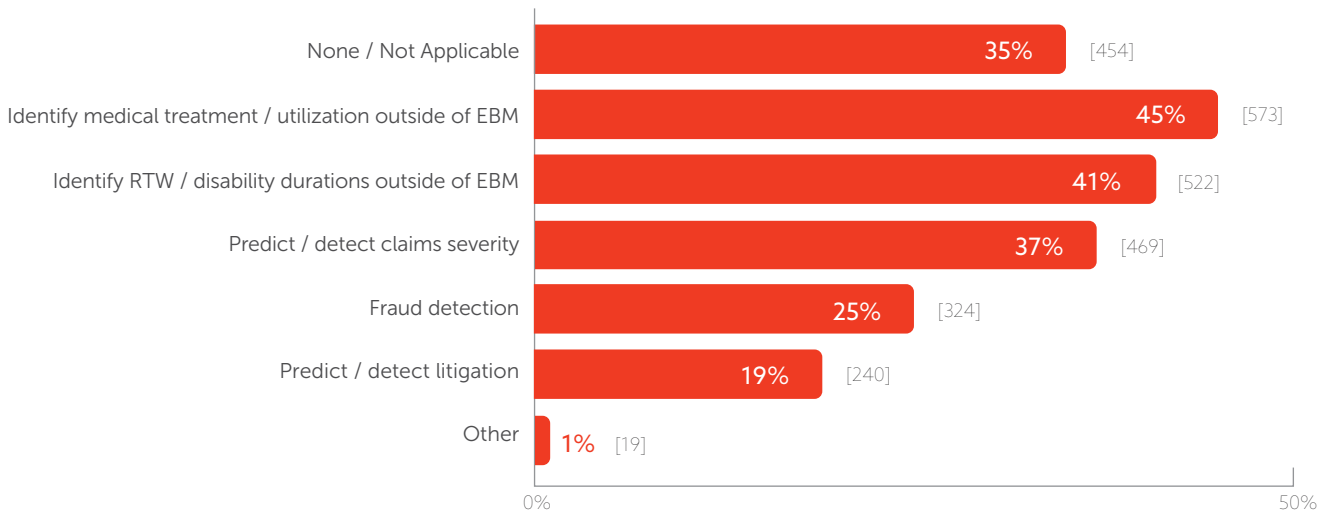
Note: Participants were able to select more than one answer for this question

Table 31 Survey Question: *How does your organization integrate analytics into claims systems with alerts/workflow automation to leverage claims resources more effectively? Select all that apply.*   [337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
None/Not Applicable	26%	30%	16%	35%
Frequency and severity prediction	42%	36%	56%	35%
Reserving	37%	37%	40%	31%
Detect medical treatment/utilization outside of evidence-based medicine (EBM)	31%	30%	36%	26%
Benefit calculations	31%	32%	35%	20%
Compliance activities	30%	24%	44%	22%
Detect return-to-work/disability durations outside of EBM benchmarks	27%	29%	28%	19%
Subrogation detection	27%	28%	28%	19%
Fraud detection	27%	23%	32%	28%
Litigation detection	25%	22%	30%	24%
Claims resource assignment	19%	20%	21%	11%

Note: Participants were able to select more than one answer for this question

Use of technology to improve injured worker communications

The 2019 survey reveals that the vast majority of frontline claims professionals, 90 percent, indicate that one or more tools are needed to effectively do their jobs; and over a third, 34 percent, indicate they need better tools to communicate with injured workers and other claims stakeholders (see Table 32). Given the current pandemic, with multiple communication impediments, a more flexible customer experience strategy is needed to effectively communicate with stakeholders. According to a recent study by PwC, personalized customer experience is still gaining traction in insurance; but the potential impact on injured worker and customer satisfaction will garner a competitive advantage for those who operationalize a "customer-centricity" approach.[5]

The 2020 survey assesses *what* tools organizations have implemented to improve injured worker communication options. Over a third, 36 percent, are leveraging text messaging (see Figure 17), which is a more commonly accepted communication method for most consumers. Many claims systems have the capability to incorporate text messaging through third-party applications, ensuring its use does not unintentionally impact documentation. Surprisingly, 43 percent report no implementation of tools to improve injured worker communication.

The results reflect that higher performing organizations are more likely to implement text messaging and mobile apps to enhance injured worker communication options (see Table 33).

Table 32 2019 Survey Question: *What tools, training, and/or technology could help you do your job better? Select all that apply.*
[1,282 Responses]

Answer	count	%
None, Not Applicable	134	10%
Claim system upgrade / advancements	698	54%
Administrative support	652	51%
Jurisdictional-specific legal, medical, and/or case law training	533	42%
Tools to communicate with injured workers and other claims stakeholders (i.e., mobile apps, text messaging options)	437	34%
Data and/or metrics to manage claim activities	304	24%
Other	67	5%

Note: Participants were able to select more than one answer for this question

Figure 17 Survey Question: *What tools has your organization implemented to improve injured worker communication options? Select all that apply.* [337 Responses]

None/Not Applicable — 43% [145]
Text messaging — 36% [121]
Webpage/injured worker portal — 27% [92]
Mobile apps — 26% [86]
Chatbot — 4% [12]
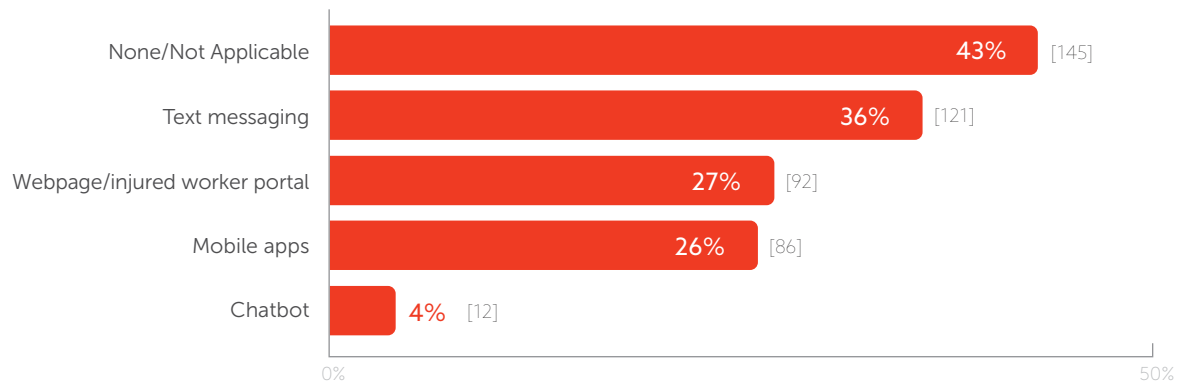
Note: Participants were able to select more than one answer for this question

Table 33 Survey Question: *What tools has your organization implemented to improve injured worker communication options? Select all that apply.* [337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (< 100%)	Higher Performance (> 101%)	Unknown
count	337	177	106	54
None/Not Applicable	43%	44%	37%	52%
Text messaging	36%	34%	45%	22%
Webpage/injured worker portal	27%	28%	25%	30%
Mobile apps	26%	24%	30%	20%
Chatbot	4%	3%	5%	4%

Note: Participants were able to select more than one answer for this question

Technology readiness for work from home requirements

The COVID-19 pandemic forced organizations to embrace remote work at an accelerated pace and achieve in weeks what normally would take years, particularly for the workers' compensation industry. Workforce processes and related technology updates were implemented quickly, while claims organizations continued to serve injured workers and employers. Major challenges for the property casualty industry overall include quickly securing the required digital infrastructure to support virtual teams, including laptop computers, sufficient connectivity at employees' homes, and virtual meeting tools to ensure business continuity – all while ensuring data security and productivity.[6]

The results show that 82 percent of claims leaders believe their organizations were prepared from a technology standpoint for claims staff to work from home (see Figure 18). Insurance companies and risk pools report higher confidence in organizational readiness, and governmental entities and state fund/mutual funds report lower confidence (see Appendix D-3).

Although 82 percent of claims leaders report their organizations were prepared from a technology standpoint, more than half, 57 percent, report technology limitations. The results show 29 percent lack the necessary tools for their remote workforce, as well as 20 percent report company bandwidth and/or network limitations which create obstacles for claims teams to work remotely (see Table 34).

Figure 18 Survey Question: *In your opinion, was your organization prepared from a technology standpoint for claims staff to work remotely due to COVID-19?* [337 Responses]

	Definitely yes [182]	Probably yes [95]	Probably not [37]	Definitely not [23]
	54%	28%	11%	7%
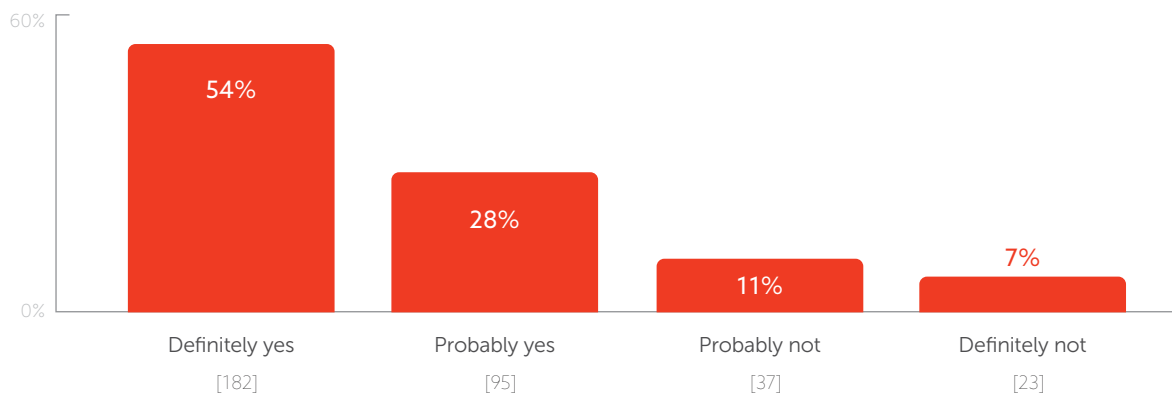
Table 34 Survey Question: *What were the technology obstacles for your claims team to work remotely due to COVID-19? Select all that apply.* [337 Responses]

Answer	count	%
None/Not Applicable	144	43%
Lack of tools (i.e., laptop, mobile phone) for remote workforce	99	29%
Lack of sufficient employee home internet access	77	23%
Company technology bandwidth/network limitations	68	20%
Company security requirements	56	17%
Lack of effective management tools to oversee operations/productivity	48	14%
Lack of effective tools to allow team collaboration	43	13%
Legacy system limitations	34	10%

Note: Participants were able to select more than one answer for this question

Appendix D Index – Impact of Technology & Data

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix D**.

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Operational Challenge
Medical Performance Management

Intense focus on medical performance management critical to long-term strategy

Since the Workers' Compensation Benchmarking Study launched in 2013, claims leaders have repeatedly ranked medical management as the number one core competency most critical to claim outcomes. Similar to claims leaders, in the 2019 study, frontline participants rank medical management as one of the top three capabilities most critical to claim outcomes. This consistent ranking is a result of two converging factors: national healthcare and workers' compensation medical costs.

National health expenditures are projected to grow at an average annual rate of 5.4 percent for 2019–2028 and to represent 19.7 percent of gross domestic product by the end of the period.[1] On the workers' compensation side, average claim severity continues to rise. NCCI estimates that average medical lost-time claim severity for Accident Year 2019 will be 3 percent higher than 2018 with medical lost-time claim severity outpacing medical care price inflation over the time period (+130 percent) (1999–2019p).[2] At the same time, the aging workforce and increased longevity, coupled with obesity and other co-morbidities, have become a national challenge significantly impacting health outcomes. The projections do not consider the impact of COVID-19 due to the highly uncertain nature of the pandemic.

The current crisis creates unique medical performance management challenges for claims organizations, including the overall lack of expertise in occupational disease and epidemiology methods, as well as significant uncertainty regarding the long-term impact of COVID-19 claims. COVID-19 complications could involve organ systems which are uncommon in workers' compensation claims, including cardiac, pulmonary, renal, etc. While injured workers with organ failure will be a distinct minority, they will consume large dollar amounts.

Critical to overcoming these challenges is a more intense focus on medical performance management, including enhanced training/upskilling for claims professionals on occupational disease and epidemiology methods, as well as integrating clinical resources more holistically.

This area of the report focuses on *what* medical management programs claims organizations are leveraging as a result of the 2019 study priorities from the perspective of frontline claims professionals, in addition to the impact of the COVID-19 pandemic on medical management strategies.

Key Considerations

How are organizations integrating claims and medical resources?

Are organizations leveraging clinical resources differently during the pandemic?

How are return-to-work/ patient functional outcomes utilized in provider quality metrics?

Are organizations aware of/ utilizing social determinates of health in claims operations?

ICON KEY

Level of Differentiation between High Performers & Lower Performers:

Modest

Moderate

Major

Integrated claims and medical management resources

The challenge of managing medical severity and disability durations in workers' compensation has been a catalyst for integrating medical management programs and resources within traditional claims models. The strategic use of clinical resources early in the claims lifecycle has become an industry standard, including 24-hour nurse triage models, parallel nurse and claims teams, and the use of physician advisors.

Prior study research found claims leaders consistently rank nurse case management, return-to-work services, and nurse/claims triage as the medical management programs most critical to claim outcomes. During the study's 2018 qualitative research exercise, industry executives examined how organizations are leveraging medical management resources and disruptive ways to deploy programs. Industry executives reported utilizing nurse case management and 24-hour nurse triage as well as leveraging clinical resources throughout the claim lifecycle as standard best practices that significantly impact outcomes. Additionally, the 2019 results show frontline claims professionals rank nurse case management, return-to-work services, and utilization review as the medical management programs most critical to claim outcomes.

The 2020 survey examines *how* organizations are leveraging these vital medical management resources in conjunction with claims staff, as well as if medical decisions are collaborative between claims and medical resources (see Figure 19). The results further show that 36 percent, on average, leverage medical management resources throughout the claim lifecycle (see Figure 20); and 47 percent, on average, use an outdated referral method to engage medical management resources (see Figure 20). The results show mixed execution by organizational type (see Table 35). Higher performing organizations are more likely to leverage and integrate key medical management resources as well as share decision-making between claims and medical management resources (see Appendix E-1 and Appendix E-2).

Utilization Review: The results show most respondents, 88 percent, leverage utilization review programs (see Figure 20). Utilization review (UR) in workers' compensation varies significantly by jurisdiction. In some states, claims administrators are required by law to have a UR program. Additionally, many states require accreditation of UR programs. URAC, an accreditor of health care organizations, defines UR as "the evaluation of the medical necessity, appropriateness, and efficacy of health care services, procedures, and facilities under the provisions of the applicable health benefits plan."[3] Depending on the jurisdiction requirements, it is more efficient to integrate UR resources throughout the claims lifecycle to minimize frictional delays and costs associated with unnecessary/delayed UR processes.

Figure 19 Survey Question: *Are medical decisions collaborative between clinical resources and claims professionals?* [337 Responses]

- Primarily owned by claims professionals [122]
- Primarily owned by clinicians/medical management professionals [71]
- Shared decision-making between claims and clinicians/medical management professionals [144]
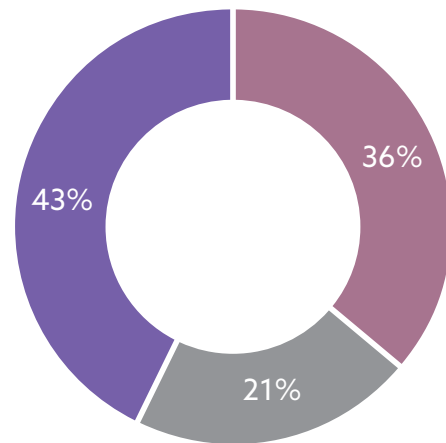
Figure 20 Survey Question: *How does your organization leverage the following clinical/medical management resources in conjunction with claims staff?* [337 Responses]

- None/Not applicable
- Separate resources, deployed by claims staff when needed
- Integrated throughout the claim lifecycle, leveraged based on technology/referral triggers
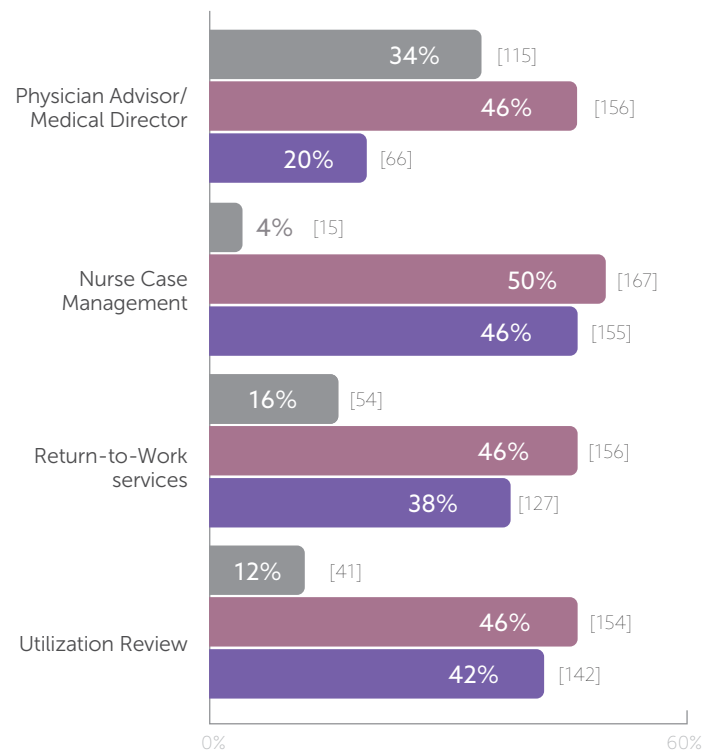
Return-to-Work Services: The data reveals 84 percent are utilizing return-to-work (RTW) services; however, only 38 percent integrate RTW and claims management resources (see Figure 20). One of the most important factors in successful resolution of claims is timely return to work, with effective execution of RTW and disability management programs having a critical impact on claim outcomes. According to the Integrated Benefits Institute (IBI), employers without RTW programs and dedicated resources have higher year-over-year disability costs and longer claim durations.[4]

Physician Advisor/Medical Director: The results show only 66 percent leverage a physician advisor or medical director (see Figure 20). Most claims organizations misunderstand the value of physician leadership and leverage clinical resources on a transactional basis, such as evaluating UR decisions or compensability determinations. Clinical leadership improves financial performance as well as care quality and outcomes. According to Rothman et al, organizations that include physicians in leadership roles demonstrate better financial and operational performance as well as improved quality of care.[5] Medical directors can add significant strategic advantage to claims organizations when integrated as a key leadership function. According to Pawlecki et al, medical directors are key to outlining risks and opportunities in medical management programs, including bridging the gap between workers' compensation and group health and managing co-morbidities.[6]

Nurse Case Management: The results show the majority of organizations, 96 percent, leverage nurse case management resources; however, 50 percent are still using an antiquated referral method prone to delays and human error (see Figure 20). The significant impact of nurse case management on claim outcomes is well demonstrated in a URAC study of 13,648 claims that identifies a positive association in outcomes when nurses are assigned to claims; however, *timing* is key. The results demonstrate that execution and intervention timing is critical, with over 50 percent of employees returning to work within 90 days when nurse case management is leveraged within seven (7) days of injury. Alternatively, when cases are referred after 30 days, only 27 percent of employees return to work within 90 days.[7]

Table 35 Survey Question: *How does your organization leverage the following clinical/medical management resources in conjunction with claims staff?* [337 Responses]

Responses Segmented by Organization Type

■ None/Not applicable

■ Separate resources, deployed by claims staff when needed

■ Integrated throughout the claim lifecycle, leveraged based on technology/referral triggers

	Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
	count	109	4	56	78	32	15	15	26	2
Physician Advisor/ Medical Director	■	40%	–	23%	32%	37%	53%	20%	38%	–
	■	42%	75%	52%	46%	44%	27%	67%	50%	50%
	■	18%	25%	25%	22%	19%	20%	13%	12%	50%
Nurse Case Management	■	2%	25%	–	6%	9%	–	–	15%	–
	■	48%	50%	55%	50%	47%	60%	60%	39%	–
	■	50%	25%	45%	44%	44%	40%	40%	46%	100%
Return-to-Work services	■	15%	50%	13%	22%	19%	6%	6%	16%	–
	■	57%	50%	48%	35%	50%	47%	67%	19%	–
	■	28%	–	39%	43%	31%	47%	27%	65%	100%
Utilization Review	■	16%	–	8%	10%	15%	–	7%	23%	–
	■	55%	75%	46%	37%	41%	40%	53%	35%	–
	■	29%	25%	46%	53%	44%	60%	40%	42%	100%

Connecting return-to-work/patient functional outcomes to provider quality

Measuring provider performance is fundamental to improving the value and quality of healthcare. Quality healthcare is defined by the Institute of Medicine as care that is "safe, effective, patient-centered, timely, efficient, and equitable."[8] Healthcare quality in workers' compensation is not consistently understood or measured. Claims organizations, especially those who lack clinical expertise, may revert to administrative efficiency and communication ease as a proxy for clinical quality. Health care best practices, including the treatment for occupational injuries and illnesses, are based on evidence-based medicine guidelines and should include functional recovery as a primary goal. Accordingly, meaningful indicators are in concordance with evidence-based practice guidelines and effective disability management.

In an American College of Occupational and Environmental Medicine (ACOEM) joint guidance document, stakeholders outline that evaluating and optimizing patient function should be a central focus of all clinical encounters. "To improve the quality of patients' lives and well-being, there must be more focus on the use of functional outcome measurements including participation in work, home life, and society – all major elements of a patient-centered model."[9]

In the 2019 study, 50 percent of frontline claims professionals identify return-to-work/patient functional outcomes as the most important measure of provider quality.

Table 36 Survey Question: *Prior Study research ranks "return-to-work/patient functional outcomes" as the most important measure of provider quality. How does your organization utilize return-to-work/patient functional outcomes to assess and impact provider outcomes? Select all that apply.* [337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
	337	177	106	54
None/Not Applicable	42%	44%	37%	48%
Removal from the provider network/panel for not meeting quality/outcome metrics	28%	24%	38%	24%
Evaluate injured workers' health status and function as a result of the care they receive	26%	27%	29%	19%
Impacts referrals or patient channeling	25%	22%	33%	17%
Measure medical provider disability management outcomes against national benchmark data	22%	22%	25%	15%
Higher reimbursement rate or bonus for meeting/exceeding quality outcome metrics	5%	5%	5%	7%
Lower reimbursement rate for not meeting quality/outcome metrics	2%	3%	2%	–

Note: Participants were able to select more than one answer for this question

The 2020 survey examines *how* organizations utilize return-to-work/patient functional outcomes to assess provider outcomes. The results show, overall, 58 percent are using return-to-work/patient functional outcomes to some degree; however, less than 30 percent use evidence-based medicine or health status and function as metrics (see Table 36). Most workers' compensation organizations do not leverage provider networks effectively, primarily due to a lack of sufficient data and/or expertise to adequately assess provider performance.

The data shows higher performing organizations are more likely to use return-to-work/patient functional outcomes to assess provider outcomes (see Table 36).

Impact of COVID-19 on telemedicine and opioid utilization

In 2020, claims organizations quickly fast-tracked telemedicine resources to ensure timely delivery of care to meet injured worker needs. Many industry professionals projected delays in care and a negative impact on claim outcomes. Despite the unprecedented change in health care delivery and obstacles posed by the COVID-19 pandemic, according to a recent WCRI study, injured workers experienced no meaningful delays in access to care. WCRI reports the number of days from injury to treatment in 2020 was largely unaffected for COVID-19 and non-COVID-19 claims.[10]

Although no delays in care are evident, NCCI reports the drug share of medical costs increased in 2020 partly driven by opioid experience. The use of opioids previously declined at roughly 3 percent per quarter since 2018. However, opioid use was up by 10 percent in the second quarter of 2020.[11] This should be a wakeup call for claims organizations to quickly assess and manage the emerging risk.

The 2020 survey results show that 34 percent of respondents report no impact due to telemedicine utilization as well as 23 percent indicate improved access to care overall (see Table 37). Additionally, 82 percent report no impact on PBM utilization and opioid management (see Table 38). Given the longtail nature of workers' compensation claims, the true impact will not be realized for years to come.

Table 37 Survey Question: *The COVID-19 pandemic limited access to medical providers and ancillary services, forcing many organizations to quickly activate telemedicine resources. What is the primary impact of telemedicine to care delivery and claim outcomes in your organization?* [337 Responses]

Answer	count	%
None/Not Applicable	115	34%
Improved/faster access to care, with improved claim outcomes	67	20%
Improved/faster access to care, with negative claim outcomes	11	3%
Delayed/slower access to care, with improved claim outcomes	19	6%
Delayed/slower access to care, with negative claim outcomes	47	14%
Injured workers' perception of care was positive	60	18%
Injured workers' perception of care was negative	18	5%

Table 38 Survey Question: *What is the primary impact of COVID-19 and telemedicine use on PBM utilization and opioid management?*
[337 Responses]

Answer	count	%
None/Not Applicable	277	82%
Increased PBM utilization, with increased opioid use	13	4%
Increased PBM utilization, with decreased opioid use	25	7%
Decreased PBM utilization, with decreased opioid use	16	5%
Decreased PBM utilization, with increased opioid use	6	2%

Leveraging clinical resources during the pandemic

The current crisis creates unique challenges for claims organizations, including the overall lack of expertise in occupational disease and epidemiology methods, as well as significant uncertainty regarding the long-term impact of COVID-19 claims. The 2020 study examines the use of clinical resources in conjunction with claims staff to understand communicable disease and assess and manage COVID-19 claims. The results show 67 percent are leveraging clinical resources to support claims in this critical area (see Figure 21), including causation analysis, assessing treatment and diagnosis analysis, as well as safety prevention strategies (see Table 39). Reinsurance/ excess insurance companies, risk pools, and state fund/mutual funds are more likely to leverage clinical resources to understand communicable disease and manage COVID-19 claims (see Appendix E-6). Additionally, higher performing organizations are more likely to utilize clinical resources in conjunction with claims staff in these key areas (see Table 40).

Figure 21 Survey Question: *Are frontline claims professionals working closely with clinicians/occupational health professionals to understand communicable disease and assess/manage COVID-19 claims?*

[337 Responses]

Yes [227]
No [48]
Unknown [62]

19%
14%
67%
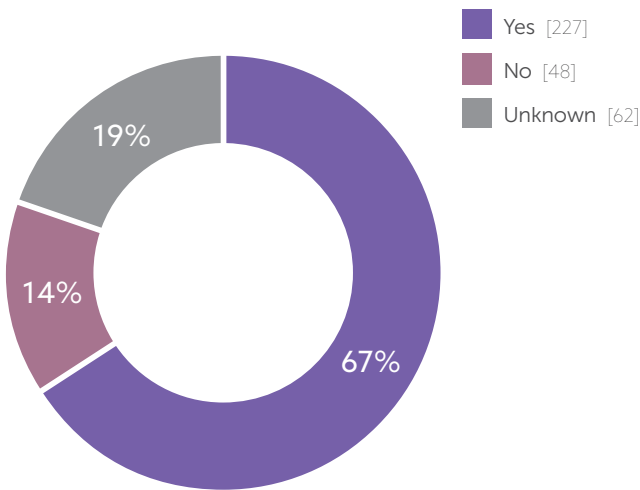
Table 39 Survey Question: *How are frontline claims professionals working closely with clinicians/ occupational health professionals to understand communicable disease and assess/manage COVID-19 claims? Select all that apply. (Conditional Question for those who selected "Yes" in Figure 21)*

[227 Responses]

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Treatment/Medical Management	162	72%	48%
Causation analysis	162	72%	48%
Diagnosis confirmation	160	71%	47%
Safety/Prevention strategies	92	41%	27%
Other	3	1%	< 1%

Note: Participants were able to select more than one answer for this question

Table 40 Survey Question: *Are frontline claims professionals working closely with clinicians/occupational health professionals to understand communicable disease and assess/manage COVID-19 claims?*

[337 Responses]

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Total	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	337	177	106	54
Yes	67%	67%	76%	54%
No	14%	15%	11%	17%
Unknown	19%	18%	13%	29%
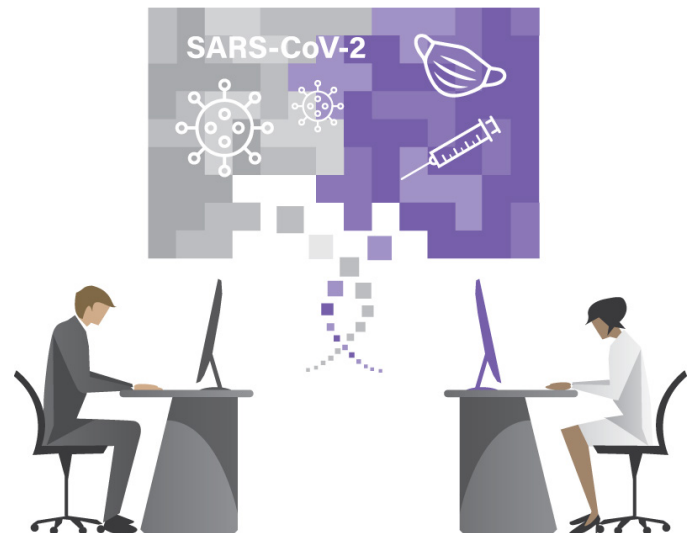
RISING

Social determinants of health – why claims organization need to better understand this important metric

During the 2018 study focus group research, claims and medical management executives presented an uncompromising, aligned vision that could be characterized as the workers' compensation industry's Triple Aim. The two groups' alignment centered around three (3) common goals: investing in health outcomes, encouraging employee engagement and empowerment, and promoting population health and injury prevention.

The
IHI
Triple Aim
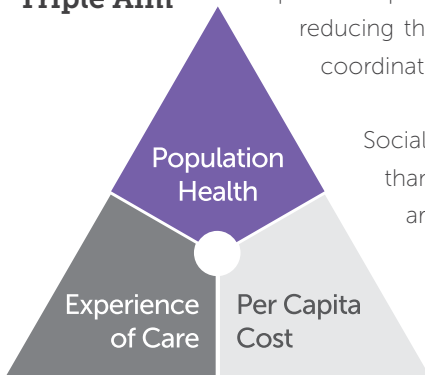
The Triple Aim is a framework developed by the Institute for Healthcare Improvement (IHI) that describes an approach to optimizing healthcare outcomes. The Triple Aim includes three (3) dimensions: improving the patient experience of care (including quality and satisfaction), improving the health of populations, and reducing the per capita cost of care.[12] These innovations may include, but are not limited to, increased coordination of care, improved and timely access to appropriate care, and patient-centered education.

Population Health

Experience of Care

Per Capita Cost

Social determinants of health (SDOH) account for substantially more of the variation in health outcomes than medical care.[13] According to the American Hospital Association (AHA), socioeconomic factors are responsible for approximately 40 percent of a patient's health, while 20 percent is attributable to medical care.[14] In a recent study conducted by WellCare Health Plans and the University of South Florida College of Public Health, evidence supports that greater coordination of medical and social services improves health outcomes and reduces expenditures by 10 percent annually per person compared to a control group.[15]

Reducing overall medical costs and improving outcomes hinges on a total worker health model, including awareness of risk factors that go beyond the walls of the workplace. Therefore, understanding where an injured worker lives, their income, education level, job status, and other SDOH is critical to improving health outcomes and reducing total cost of risk.

A new area of research in the study is to examine strategies organizations utilize to equip claims professional to identify SDOH and leverage resources for injured workers with potential health disparities. SDOH include conditions in the places and environments where people are born, grow, work, learn, live, and mature that affect a wide range of health risks and outcomes. Examples include access to quality food and clean water and a social support network to assist during recovery, both which are important factors in promoting population health and employee engagement and empowerment.

The 2020 results show only 25 percent of participants are equipping claims professionals to identify SDOH (see Table 41). Where do claims organizations begin? A recent study by PwC's Health Research Institute (HRI) outlines five (5) key steps that are crucial to starting a successful SDOH approach. Key themes include harnessing the power of data analytics and the significance of collaboration within and across sectors, including employers, medical providers, payers, technology service providers, as well as community resources.[16]

Given the undetected impact SDOH have on injured worker outcomes, this remains a significant opportunity for claims organizations.

State funds/mutual funds are more likely to include elements of SDOH in claims practices, particularly providing a resource guide for community-based services to assist injured workers with access to social services (see Appendix E-7).

What Goes Into a Patient's Health

40% Socioeconomic Factors

10% Physical Environment

30% Health Behaviors

20% Medical Care
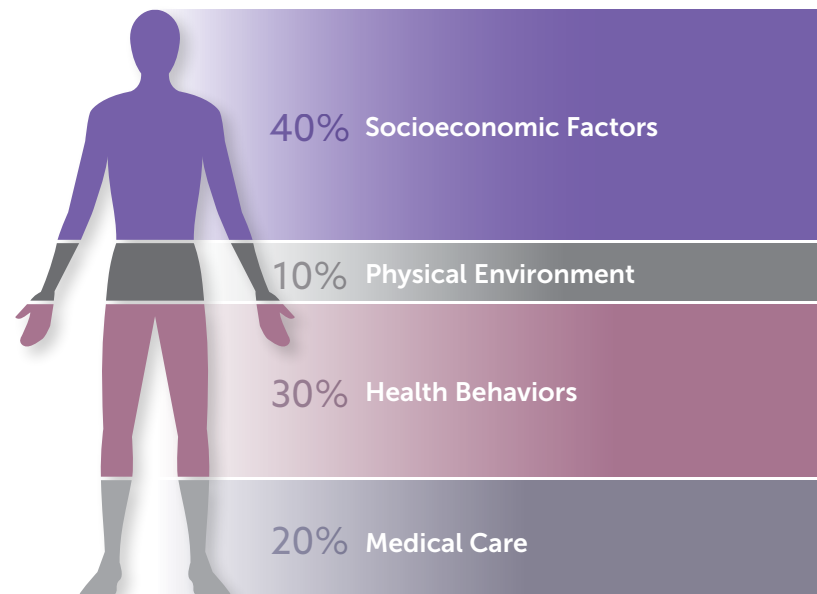
Source: Institute for Clinical Systems Improvement[14]

Table 41 Survey Question: *Conditions in the places/environment where people are born, grow, work, learn, live, and mature affect a wide range of health risks and outcomes. These conditions are known as social determinants of health (SDOH). Has your organization implemented any strategies to equip claims professionals to identify SDOH and leverage resources for injured workers with potential health disparities? Select all that apply.* [337 Responses]

Answer	count	%
None/Not Applicable	254	75%
Training in culturally-sensitive communication for claims staff that identifies barriers to recovery	43	13%
Promote health literacy through education, based on injured workers' needs	40	12%
Leverage data to identify SDOH risk factors	28	8%
Resource guide for community-based services to assist injured workers with access to social services	25	7%
Other	4	1%

Note: Participants were able to select more than one answer for this question

Appendix E Index – Medical Performance Management

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix E**.

RISING

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Conclusion

Since its inception, the Workers' Compensation Benchmarking Study has conducted research for, *and with*, claims leaders and practitioners to provide organizations with a means for evaluating strategic aspects of their claim operations alongside industry peers.

From its initial identification of widespread claims challenges / opportunities in **2013** and **2014**, *to* the **2015** study's "solutions roadmap" for future advancement, *to* identifying how and what high performing claims organizations are doing differently than lower performing peers in **2016** and **2017**, *to* a deep investigation of progressive medical management strategies in **2018**, *to* surveying frontline claims professionals for the first time in **2019**, the annual Report continually reveals the cumulative intelligence of the workers' compensation claims community.

In 2020, the study returned to surveying claims executives to determine *how* they are responding to the perspectives of more than 1,200 frontline claims professionals who participated in the 2019 survey.

The 2020 Report is the eighth Workers' Compensation Benchmarking Study directed and published by Rising Medical Solutions. To learn more or to access the study's online Resource Center, visit: www.risingms.com.

Contact

We welcome your reaction to the 2020 Workers' Compensation Benchmarking Study. Please let us know if you find the study useful, have questions about the research, or would like to participate in future studies by contacting Rachel Fikes, Chief Experience Officer & Study Program Director, at Rising Medical Solutions: wcbenchmark@risingms.com.

Appendix A
Survey Participant Demographics

1 Role / Level of Responsibility:
[337 responses]

- Manager — 44% [148]
- Director — 27% [92]
- Vice President — 18% [59]
- C-Level / Executive — 11% [38]

0% — 60%
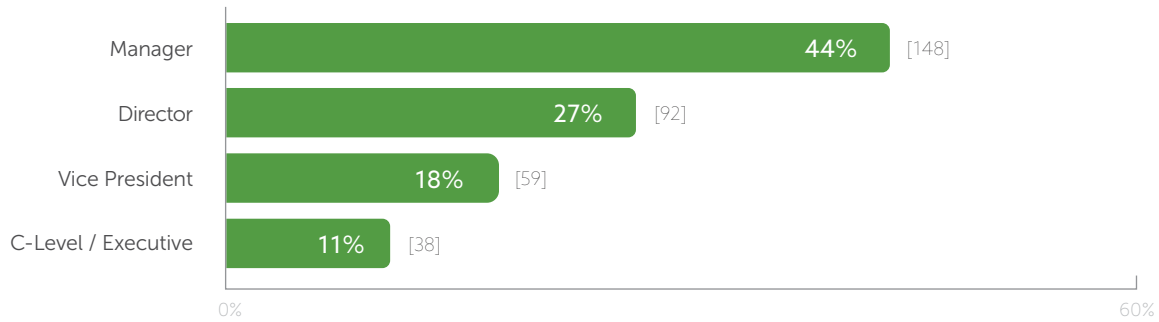
2 Organization Type:
[337 responses]

Answer	count	%
Insurance Company	109	32%
Self-Insured Employer	78	23%
Third Party Administrator	56	17%
Insured Employer	32	10%
Governmental Entity	26	8%
Risk Pool	15	4%
State Fund / Mutual Fund	15	4%
Reinsurance or Excess Insurance Company	4	1%
Other	2	< 1%

(3) Organization Size - Total Annual Claims Dollars Paid:
(if unknown, select "Unknown")

[337 responses]

Overview - All Responses

Answer	count	%
< $25 Million	84	25%
> $25 Million to $100 Million	68	20%
> $100 Million to $350 Million	43	13%
> $350 Million to $750 Million	30	9%
> $750 Million	42	12%
Unknown	70	21%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
< $25 Million	3%	50%	16%	45%	59%	47%	–	35%	–
> $25 Million to $100 Million	20%	25%	20%	18%	28%	40%	–	15%	50%
> $100 Million to $350 Million	18%	–	9%	10%	10%	7%	20%	8%	50%
> $350 Million to $750 Million	18%	25%	7%	4%	–	–	20%	–	–
> $750 Million	11%	–	16%	14%	3%	–	33%	15%	–
Unknown	30%	–	32%	9%	–	6%	27%	27%	–

4 Organization Size - Total Annual Premium:
(if not applicable or unknown, select "Not Applicable" or "Unknown")

[337 responses]

Overview - All Responses

Answer	count	%
< $25 Million	68	20%
> $25 Million to $100 Million	32	10%
> $100 Million to $350 Million	42	12%
> $350 Million to $750 Million	23	7%
> $750 Million	39	12%
Unknown	69	20%
Not Applicable	64	19%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
< $25 Million	1%	50%	16%	32%	75%	20%	–	15%	–
> $25 Million to $100 Million	10%	–	9%	6%	6%	47%	–	4%	50%
> $100 Million to $350 Million	24%	25%	5%	6%	3%	13%	27%	–	–
> $350 Million to $750 Million	17%	25%	4%	1%	–	–	7%	–	–
> $750 Million	19%	–	7%	5%	9%	–	27%	12%	–
Unknown	27%	–	25%	15%	4%	20%	32%	15%	50%
Not Applicable	2%	–	34%	35%	3%	–	7%	54%	–

5 What is your organization's average Lost Time caseload (indemnity claims) per Lost Time claims examiner? (if unknown, select "Unknown")

[337 responses]

Overview - All Responses

Answer (# of cases)	2020 count	2020 %	2017 count	2017 %
< 80	72	21%	153	27%
80 to 100	60	18%	82	14%
101 to 125	87	26%	109	19%
126 to 150	53	16%	111	20%
151 to 175	13	4%	25	4%
176 to 200	10	3%	10	2%
> 200	21	6%	15	2%
Unknown	21	6%	67	12%

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
< 80	28%	12%	17%
80 to 100	18%	22%	11%
101 to 125	24%	34%	17%
126 to 150	12%	22%	15%
151 to 175	6%	1%	4%
176 to 200	3%	2%	4%
> 200	6%	5%	11%
Unknown	3%	2%	21%

Responses Segmented by Organization Type

Answer (# of cases)	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
< 80	13%	50%	18%	33%	34%	20%	7%	15%	50%
80 to 100	25%	–	13%	18%	9%	20%	7%	19%	–
101 to 125	38%	–	16%	23%	19%	33%	27%	15%	–
126 to 150	15%	–	27%	13%	16%	7%	7%	15%	50%
151 to 175	3%	–	7%	1%	6%	7%	7%	4%	–
176 to 200	1%	–	2%	5%	6%	–	13%	–	–
> 200	1%	25%	13%	4%	–	13%	13%	19%	–
Unknown	4%	25%	4%	3%	10%	–	19%	13%	–

6 What percentage of your Lost Time claims are active indemnity claims (defined as claims receiving Temporary Total or Temporary Partial indemnity benefits)? (if unknown, select "Unknown")

[337 responses]

Overview - All Responses

Answer	count	%
< 20%	60	18%
20 to 30%	60	18%
31 to 40%	52	15%
41 to 50%	43	13%
> 50%	76	22%
Unknown	46	14%

Responses Segmented by Average Lost Time Caseload

Answer	# of cases							
	< 80	80 to 100	101 to 125	126 to 150	151 to 175	176 to 200	> 200	Unknown
count	72	60	87	53	13	10	21	21
< 20%	47%	20%	8%	6%	–	–	10%	10%
20 to 30%	21%	15%	16%	17%	31%	40%	5%	19%
31 to 40%	11%	13%	28%	19%	8%	–	5%	–
41 to 50%	8%	15%	13%	13%	31%	10%	14%	10%
> 50%	10%	22%	25%	28%	23%	30%	43%	19%
Unknown	3%	15%	10%	17%	7%	20%	23%	42%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
< 20%	8%	25%	13%	28%	28%	20%	13%	27%	–
20 to 30%	12%	25%	11%	21%	38%	13%	33%	12%	100%
31 to 40%	22%	–	13%	17%	6%	20%	7%	8%	–
41 to 50%	13%	–	21%	12%	6%	7%	7%	15%	–
> 50%	32%	50%	20%	17%	13%	27%	20%	15%	–
Unknown	13%	–	22%	5%	9%	13%	20%	23%	–

7 Claims Resolution - What is your total overall claims closure ratio for calendar year 2019? Claims closure ratio is defined as the number of claims closed divided by the number of claims received during a calendar year period. (if unknown, select "Unknown")

[337 responses]

Overview - All Responses

Answer	2020		2017	
	count	%	count	%
≤ 50%	20	6%	26	5%
51 to 60%	13	4%	30	5%
61 to 70%	15	4%	33	6%
71 to 80%	22	7%	49	9%
81 to 90%	22	7%	58	10%
91 to 100%	85	25%	134	23%
≥ 101%	106	31%	137	24%
Unknown	54	16%	105	18%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
≤ 50%	4%	50%	4%	5%	9%	7%	13%	8%	–
51 to 60%	3%	–	4%	6%	–	7%	–	8%	–
61 to 70%	5%	–	5%	3%	6%	7%	13%	–	–
71 to 80%	4%	–	7%	8%	13%	7%	–	8%	50%
81 to 90%	3%	–	9%	12%	9%	–	–	8%	–
91 to 100%	33%	–	27%	21%	28%	20%	7%	19%	–
≥ 101%	35%	25%	32%	33%	22%	40%	27%	16%	50%
Unknown	13%	25%	12%	12%	13%	12%	40%	33%	–

Appendix B
Prioritizing Core Competencies

1 Do you know what an advocacy-based claims model is?
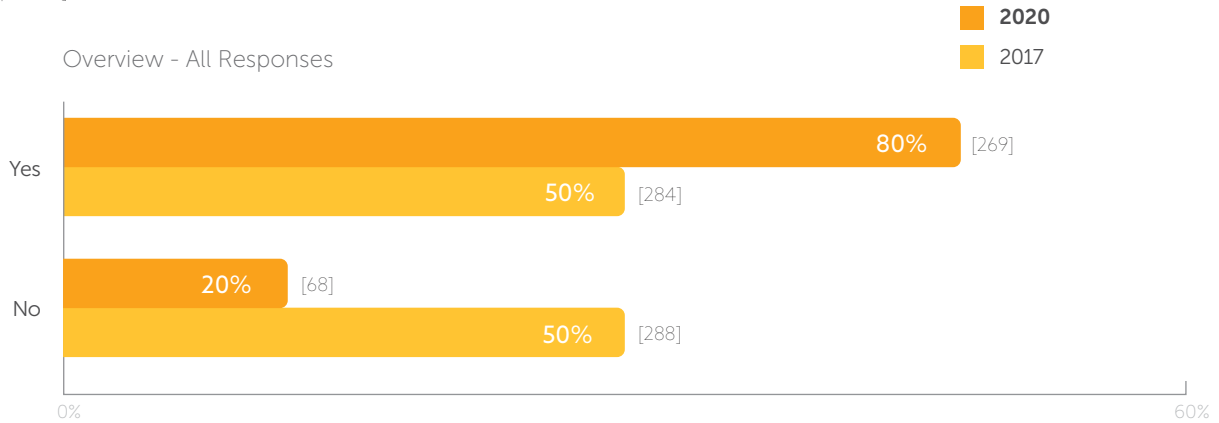
[337 responses]

2020
2017

Overview - All Responses

Yes	80%	[269]
	50%	[284]
No	20%	[68]
	50%	[288]

0%   60%

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
Yes	73%	89%	85%
No	27%	11%	15%

2 What claims practices have changed in your organization as a result of an advocacy-based claims model? Select all that apply. (if no changes, select "None/Not Applicable")

[337 responses]

Overview - All Responses

None/Not Applicable	28%	[94]
Communication with injured workers	64%	[215]
Disability/Return-to-Work (RTW) management	47%	[158]
Frontline claims professional training	41%	[137]
Claim resolution/Settlement strategy	39%	[132]
Compensability investigations	26%	[88]

0%   75%

Note: Participants were able to select more than one answer for this question

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[2 con't] What claims practices have changed in your organization as a result of an advocacy-based claims model?
Select all that apply.

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable	36%	16%	26%
Communication with injured workers	59%	73%	63%
Disability/Return-to-Work (RTW) management	44%	50%	50%
Frontline claims professional training	33%	51%	44%
Claim resolution/ Settlement strategy	34%	47%	41%
Compensability investigations	24%	33%	19%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	20%	50%	32%	31%	31%	20%	27%	42%	–
Communication with injured workers	66%	25%	63%	64%	63%	73%	73%	54%	50%
Disability/Return-to-Work (RTW) management	55%	50%	36%	41%	50%	53%	60%	35%	100%
Frontline claims professional training	56%	50%	43%	33%	16%	40%	47%	23%	–
Claim resolution/ Settlement strategy	49%	–	29%	41%	34%	33%	40%	27%	100%
Compensability investigations	28%	–	14%	33%	28%	40%	27%	15%	–

Note: Participants were able to select more than one answer for this question

Conditional Question for those who selected "**Communication with injured workers**" in Question 2

2.1 How has communication with injured workers changed <u>most</u> as a result of an advocacy-based claims model?
[215 responses]

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Focus on empathy in written and verbal communications	89	41%	26%
Customized communications, based on injured worker preference (i.e., use of text messaging, email, smart phone app and/or voice-to-voice communication)	72	34%	21%
Focus on workers' compensation as a benefit delivery system	45	21%	13%
Other	9	4%	3%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	72	1	35	50	20	11	11	14	1
Focus on empathy in written and verbal communications	45%	100%	37%	42%	45%	27%	27%	50%	–
Customized communications, based on injured worker preference (i.e., use of text messaging, email, smart phone app and/ or voice-to-voice communication)	36%	–	46%	22%	25%	64%	27%	29%	–
Focus on workers' compensation as a benefit delivery system	15%	–	14%	32%	30%	9%	27%	14%	100%
Other	4%	–	3%	4%	–	–	19%	7%	–

Conditional Question for those who selected "**Disability/return-to-work (RTW) management**" in Question 2

2.2 How has disability/return-to-work (RTW) management changed <u>most</u> as a result of an advocacy-based claims model?

[158 responses]

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Active engagement of the injured worker in RTW solutions	90	57%	27%
Shorter disability duration/claims RTW faster	56	35%	17%
Other	8	5%	2%
Longer disability duration/claims RTW slower	4	3%	1%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	60	2	20	32	16	8	9	9	2
Active engagement of the injured worker in RTW solutions	60%	50%	55%	44%	69%	50%	78%	56%	50%
Shorter disability duration/claims RTW faster	28%	50%	40%	50%	25%	50%	11%	44%	50%
Other	8%	–	–	3%	6%	–	11%	–	–
Longer disability duration/claims RTW slower	4%	–	5%	3%	–	–	–	–	–

Conditional Question for those who selected "**Frontline claims professional training**" in Question 2

2.3 How has frontline claims professional training changed <u>most</u> as a result of an advocacy-based claims model?
[137 responses]

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Focused training on empathy and/or other soft skills	61	45%	18%
Claims Advocacy is a key component of new hire and ongoing claims training	39	28%	12%
Transformed the image of the claims professional, from "adjuster" to "advocate"	29	21%	9%
Other	8	6%	2%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	61	2	24	26	5	6	7	6	0
Focused training on empathy and/or other soft skills	41%	100%	46%	38%	80%	50%	29%	67%	–
Claims Advocacy is a key component of new hire and ongoing claims training	31%	–	25%	31%	–	17%	43%	33%	–
Transformed the image of the claims professional, from "adjuster" to "advocate"	21%	–	25%	27%	20%	17%	14%	–	–
Other	7%	–	4%	4%	–	16%	14%	–	–

Conditional Question for those who selected "**Claim resolution/Settlement strategy**" in Question 2

2.4 How has claim resolution/settlement strategy changed <u>most</u> as a result of an advocacy-based claims model?
[132 responses]

Overview – All Responses

| Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Proactive communication with the injured worker and/or applicant attorney regarding claim resolution/settlement strategy	82	62%	24%
Claims close/resolve faster	48	36%	14%
Claims are open longer/delayed resolution	1	< 1%	< 1%
Other	1	< 1%	< 1%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	53	0	16	32	11	5	6	7	2
Proactive communication with the injured worker and/or applicant attorney regarding claim resolution/settlement strategy	74%	–	50%	41%	55%	100%	83%	57%	100%
Claims close/resolve faster	26%	–	50%	56%	45%	–	17%	29%	–
Claims are open longer/ delayed resolution	–	–	–	3%	–	–	–	–	–
Other	–	–	–	–	–	–	–	14%	–

Conditional Question for those who selected "**Compensability investigations**" in Question 2

2.5 How have compensability investigations changed <u>most</u> as a result of an advocacy-based claims model?
[88 responses]

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Focus on customer service (injured worker empathy) when completing investigations	64	73%	19%
Completing AOE/COE decisions faster than statutory requirements	12	14%	4%
Frequency of recorded statements	9	10%	3%
Other	3	3%	< 1%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	31	0	8	26	9	6	4	4	0
Focus on customer service (injured worker empathy) when completing investigations	81%	–	63%	58%	56%	100%	100%	100%	–
Completing AOE/COE decisions faster than statutory requirements	10%	–	25%	19%	22%	–	–	–	–
Frequency of recorded statements	9%	–	12%	12%	22%	–	–	–	–
Other	–	–	–	11%	–	–	–	–	–

(3) The 2019 survey of frontline claims professionals identified many do not know what an advocacy-based claims model is. What actions has your organization undertaken to engage frontline claims professionals in advocacy-based claims management? Select all that apply. (if none, select "None/Not Applicable")
[337 responses]

Overview - All Responses

Answer	%	Count
None/Not Applicable	34%	[115]
Communicate/reiterate leadership's commitment to an advocacy-based claims model	51%	[173]
Implement training focused on advocacy	33%	[112]
Engage frontline claims professionals in the design and/or implementation of an advocacy-based claims model	23%	[76]
Seek frontline claims professionals' feedback on advocacy-based claims model	20%	[68]
Other	3%	[9]

Note: Participants were able to select more than one answer for this question

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable	41%	22%	38%
Communicate/reiterate leadership's commitment to an advocacy-based claims model	47%	62%	47%
Implement training focused on advocacy	29%	44%	28%
Engage frontline claims professionals in the design and/or implementation of an advocacy-based claims model	22%	27%	17%
Seek frontline claims professionals' feedback on advocacy-based claims model	22%	20%	17%
Other	2%	3%	6%

Note: Participants were able to select more than one answer for this question

[3 con't] The 2019 survey of frontline claims professionals identified many do not know what an advocacy-based claims model is. What actions has your organization undertaken to engage frontline claims professionals in advocacy-based claims management? Select all that apply.

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	28%	50%	41%	38%	34%	33%	20%	38%	50%
Communicate/reiterate leadership's commitment to an advocacy-based claims model	57%	25%	39%	47%	56%	53%	80%	46%	50%
Implement training focused on advocacy	39%	25%	34%	33%	16%	33%	40%	27%	–
Engage frontline claims professionals in the design and/or implementation of an advocacy-based claims model	24%	25%	29%	26%	16%	13%	–	23%	–
Seek frontline claims professionals' feedback on advocacy-based claims model	19%	50%	16%	21%	28%	27%	20%	15%	–
Other	1%	25%	2%	1%	3%	7%	7%	4%	50%

Note: Participants were able to select more than one answer for this question

Conditional Question for those who selected "**Implement training focused on advocacy**" in Question 3

3.1 How frequently do frontline claims professionals participate in training focused on advocacy?
[112 responses]

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Initial training/program implementation	27	24%	8%
Annually	20	18%	6%
Semi-annually	25	22%	7%
Quarterly	28	25%	8%
Monthly or more	12	11%	4%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	43	1	19	26	5	5	6	7	0
Initial training/program implementation	30%	–	10%	15%	–	40%	33%	57%	–
Annually	16%	–	16%	23%	40%	–	17%	14%	–
Semi-annually	16%	–	32%	23%	20%	40%	50%	–	–
Quarterly	26%	100%	26%	27%	40%	–	–	29%	–
Monthly or more	12%	–	16%	12%	–	20%	–	–	–

4 In the 2019 survey, frontline claims professionals rank compensability investigations as the most important core competency to claim outcomes. How does your organization measure performance of compensability investigations? Please identify the most important performance metric for compensability investigations. (if not measured, select "None/Not Applicable")

[337 responses]

Answer	count	%
None/Not Applicable	86	26%
Percentage of claims with injured worker contact made within 24 hours	109	32%
Speed to decision, in less time than jurisdictional requirements	84	25%
Other	18	5%
Percentage of denied claims, not converted to accepted	16	5%
Percentage of accepted vs. denied claims	15	4%
Percentage of claims with recorded statements completed	9	3%

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable	28%	16%	37%
Percentage of claims with injured worker contact made within 24 hours	29%	42%	22%
Speed to decision, in less time than jurisdictional requirements	20%	30%	32%
Other	7%	4%	2%
Percentage of denied claims, not converted to accepted	6%	5%	–
Percentage of accepted vs. denied claims	5%	2%	7%
Percentage of claims with recorded statements completed	5%	1%	–

RISING

5 Considering the following performance metrics, please identify the top three measures of claims management effectiveness, with 1 being the "most effective" and 3 being "less effective" (Note, rank three items only.)

[337 responses]

Answer	Overall Rank	Mean
Percentage of claims that Return-to-Work (RTW) at or below industry benchmarks	1	1.78
Total claim costs	2	1.79
Percentage of claims that return to the same or better pre-injury functional capabilities	3	1.87
Average claim costs	4	1.99
Claims resolution ratio	5	2.03
Injured worker satisfaction	6	2.03
Indemnity claims ratio	7	2.06
Average Temporary Total Disability (TTD)/time loss days per claim	8	2.12
Litigation rate	9	2.31
Claims reopening ratio	10	2.52

Conditional Question based on the **top three performance metrics** participant selected in Question 5

5.1 Based on your prior response, does your organization utilize the following performance metrics to measure claims management effectiveness?
[337 responses]

Sorted by the "Top Performance Metrics" Rank in Question 5

Answer	Overall Rank	Yes	No
Percentage of claims that Return-to-Work (RTW) at or below industry benchmarks	1	71%	29%
Total claim costs	2	87%	13%
Percentage of claims that return to the same or better pre-injury functional capabilities	3	54%	46%
Average claim costs	4	87%	13%
Claims resolution ratio	5	85%	15%
Injured worker satisfaction	6	63%	37%
Indemnity claims ratio	7	84%	16%
Average Temporary Total Disability (TTD)/time loss days per claim	8	83%	17%
Litigation rate	9	77%	23%
Claims reopening ratio	10	72%	28%

Sorted by Utilization of Performance Metrics

Answer	Overall Rank	Yes	No
Total claim costs	2	87%	13%
Average claim costs	4	87%	13%
Claims resolution ratio	5	85%	15%
Indemnity claims ratio	7	84%	16%
Average Temporary Total Disability (TTD)/time loss days per claim	8	83%	17%
Litigation rate	9	77%	23%
Claims reopening ratio	10	72%	28%
Percentage of claims that Return-to-Work (RTW) at or below industry benchmarks	1	71%	29%
Injured worker satisfaction	6	63%	37%
Percentage of claims that return to the same or better pre-injury functional capabilities	3	54%	46%

6 In the 2019 survey, frontline claims professionals report spending a considerable amount of time on compliance and administrative activities. What strategies has your organization implemented to minimize compliance and administrative activities? Select all that apply. (if none, select "None/Not Applicable")
[337 responses]

Overview - All Responses

Answer	count	%
None/Not Applicable	77	23%
Increased automation of administrative activities	149	44%
Increased automation of compliance activities	134	40%
Increased administrative support for frontline claims professionals	112	33%
Decreased caseloads to offset compliance and administrative activities	89	26%
Implemented a third-party/vendor partner to assist with compliance activities	73	22%
Other	7	2%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable	24%	18%	28%
Increased automation of administrative activities	44%	45%	47%
Increased automation of compliance activities	36%	46%	42%
Increased administrative support for frontline claims professionals	34%	36%	28%
Decreased caseloads to offset compliance and administrative activities	21%	37%	25%
Implemented a third-party/vendor partner to assist with compliance activities	22%	26%	13%
Other	2%	2%	4%

Note: Participants were able to select more than one answer for this question

RISING

7 What initiatives has your organization implemented to address the lack of return-to-work (RTW) options? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Answer	count	%
None/Not Applicable	80	24%
Dedicated resources to facilitate RTW options with injured workers, medical providers, and employers	188	56%
Engage injured workers to identify RTW abilities	144	43%
Employer incentives for accommodating temporary or permanent modified duty	83	25%
Medical provider incentives for RTW within evidence-based guidelines	30	9%
Other	23	7%

Note: Participants were able to select more than one answer for this question

8 What initiatives has your organization implemented to address litigation issues? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Answer	count	%
None/Not Applicable	67	20%
Increased injured worker engagement/communication, with early identification of communication obstacles (i.e., language barrier, cultural differences) and actionable solutions such as field/onsite resources to meet with injured workers	195	58%
Increased focus on speed to claims decisions, AOE/COE, benefit delivery and medical treatment authorizations	157	47%
Added or increased use of internal or in-house counsel	61	18%
Implemented outcome-based audits to identify drivers of litigation and/or attorney outcomes	62	18%
Other	13	4%

Note: Participants were able to select more than one answer for this question

9 What initiatives has your organization implemented to address psychosocial and/or co-morbidity issues? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Answer	count	%
None/Not Applicable	110	33%
Increased frontline claims professional training on co-morbidities (i.e., obesity, diabetes, hypertension) with recommended claim strategies/interventions	128	38%
Increased frontline claims professional training on psychosocial issues with recommended claim strategies/interventions	110	33%
Technology to identify psychosocial and/or co-morbidity risk factors	96	28%
Implemented clinical resources to assess and mitigate psychosocial risk factors such as Cognitive Behavioral Therapy (CBT)	89	26%
Other	8	2%

Note: Participants were able to select more than one answer for this question

Appendix C
Talent Development & Retention

1 Prior to the COVID-19 pandemic, did your organization offer remote work for claims professionals?
[337 responses]

Overview - All Responses

- Yes [206]
- No [116]
- Unknown [2]
- Not Applicable [13]

1% 4%
34%
61%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
Yes	84%	75%	66%	42%	56%	47%	47%	31%	50%
No	14%	25%	34%	48%	31%	47%	53%	69%	50%
Unknown	1%	–	–	–	–	6%	–	–	–
Not Applicable	1%	–	–	10%	13%	–	–	–	–

RISING

Conditional Question for those who selected "**Yes**" in Question 1

(1.1) What percentage of your claims team worked remotely prior to COVID-19?
[206 responses]

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
< 10%	59	28%	18%
10 to 20%	45	22%	13%
21 to 30%	23	11%	7%
31 to 40%	12	6%	4%
41 to 50%	12	6%	4%
> 50%	55	27%	16%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	92	3	37	33	18	7	7	8	1
< 10%	30%	33%	21%	30%	22%	14%	43%	38%	100%
10 to 20%	24%	67%	22%	15%	17%	14%	29%	25%	–
21 to 30%	6%	–	19%	18%	17%	14%	–	–	–
31 to 40%	8%	–	3%	3%	11%	14%	–	–	–
41 to 50%	9%	–	8%	–	5%	–	–	–	–
> 50%	23%	–	27%	34%	28%	42%	28%	37%	–

2 As a result of COVID-19, what percentage of your claims team do you anticipate will continue to work remotely after the pandemic?

[337 responses]

Overview - All Responses

Answer	count	%
None	32	10%
< 10%	25	7%
10 to 20%	22	7%
21 to 30%	28	8%
31 to 40%	18	5%
41 to 50%	47	14%
> 50%	165	49%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None	3%	–	14%	15%	9%	6%	6%	11%	50%
< 10%	7%	25%	9%	7%	3%	7%	7%	11%	–
10 to 20%	11%	25%	3%	1%	3%	–	20%	8%	–
21 to 30%	6%	25%	9%	13%	10%	7%	7%	4%	–
31 to 40%	6%	–	4%	4%	6%	13%	–	8%	–
41 to 50%	17%	–	16%	9%	19%	7%	13%	12%	–
> 50%	50%	25%	45%	51%	50%	60%	47%	46%	50%

3 How has remote work from home impacted the claims operation productivity, morale, and team dynamics?
[337 responses]

Legend:
- No change
- Improved/Positive Impact
- Decreased/Negative Impact

Impact on Productivity
- No change: 50% [169]
- Improved/Positive Impact: 39% [130]
- Decreased/Negative Impact: 11% [38]

Impact on Morale
- No change: 39% [132]
- Improved/Positive Impact: 46% [155]
- Decreased/Negative Impact: 15% [50]

Impact on Team Dynamics
- No change: 45% [150]
- Improved/Positive Impact: 24% [82]
- Decreased/Negative Impact: 31% [105]

0% — 60%

4 Does your organization offer bonus/profit sharing for frontline claims professionals?
[337 responses]

Overview - All Responses

- Yes [136]
- No [182]
- Unknown [19]

40%
54%
6%
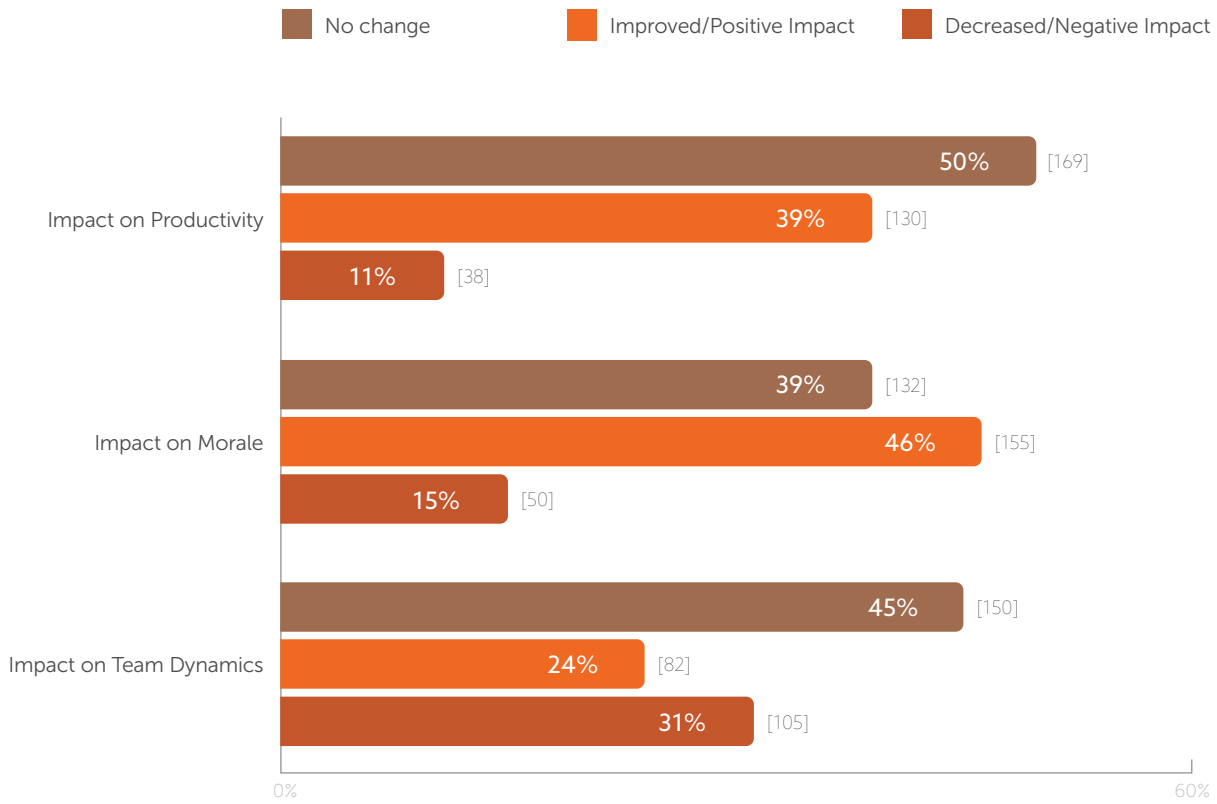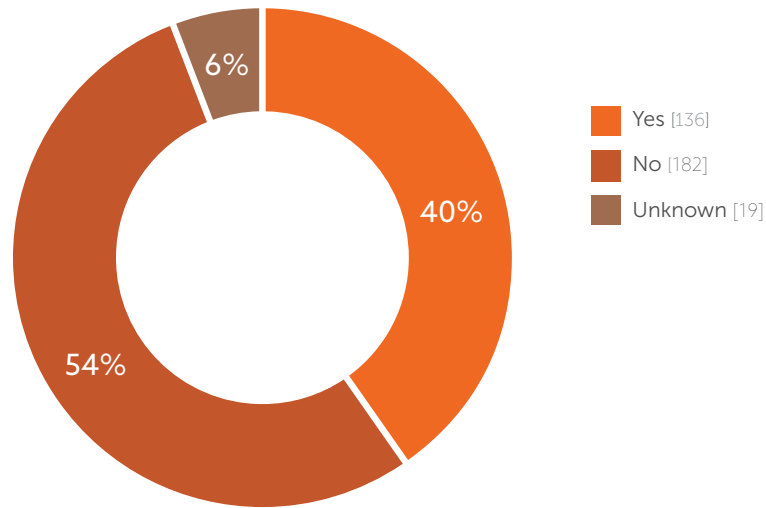
Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
Yes	35%	54%	32%
No	59%	43%	57%
Unknown	6%	3%	11%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
Yes	72%	75%	38%	21%	31%	13%	20%	4%	50%
No	27%	–	57%	76%	47%	87%	80%	85%	–
Unknown	1%	25%	5%	3%	22%	–	–	11%	50%

5 In the 2019 survey, frontline claims professionals indicate salary and benefits are the primary reason they would leave their job. How often does your organization benchmark salary or benefits for claims professionals? (if none, select "None/Not Applicable")

[337 responses]

Overview - All Responses

Answer	count	%
None/Not Applicable	52	15%
Annually	94	28%
Every 2 years	40	12%
Every 3 years	11	3%
No set timeline, completed when needed and/or based on staff attrition rate	63	19%
Unknown	77	23%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	6%	25%	16%	23%	13%	13%	27%	27%	–
Annually	36%	25%	43%	15%	28%	20%	13%	12%	50%
Every 2 years	17%	–	4%	12%	9%	27%	13%	4%	50%
Every 3 years	3%	–	–	4%	3%	7%	7%	8%	–
No set timeline, completed when needed and/or based on staff attrition rate	15%	25%	25%	19%	19%	13%	27%	19%	–
Unknown	23%	25%	12%	27%	28%	20%	13%	30%	–

6 Does your organization offer a formal career path program with growth opportunities for claims staff?
[337 responses]

2020
2017

Overview - All Responses

Answer	2020	2017
Yes	48% [163]	30% [173]
No	42% [141]	56% [321]
Unknown	10% [33]	14% [78]

0%   75%
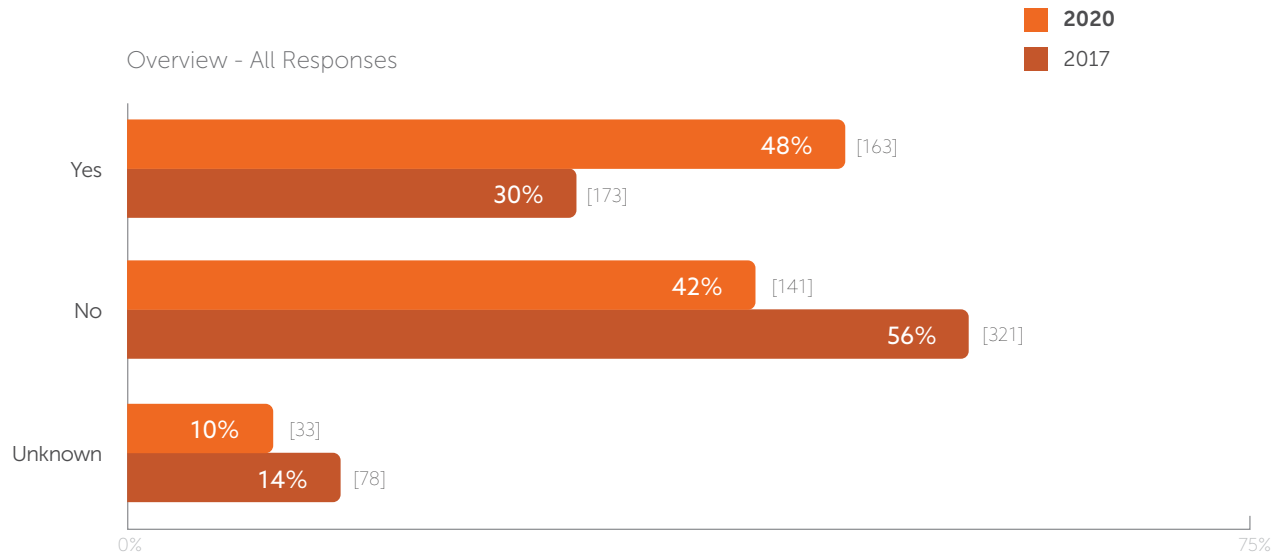
Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
Yes	46%	57%	39%
No	44%	38%	43%
Unknown	10%	5%	18%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
Yes	69%	50%	57%	27%	22%	40%	80%	31%	–
No	28%	25%	36%	62%	53%	47%	20%	50%	100%
Unknown	3%	25%	7%	11%	25%	13%	–	19%	–

7 Does your organization have a formal training program for new hire claims staff with minimal to no experience?

[337 responses]

Overview - All Responses

|	2020		2017	
Answer	count	%	count	%
Yes	191	57%	216	38%
No	108	32%	203	36%
Unknown	11	3%	25	4%
Not Applicable	27	8%	128	22%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
Yes	72%	25%	71%	33%	22%	60%	93%	62%	–
No	25%	25%	23%	50%	50%	27%	7%	23%	50%
Unknown	1%	–	4%	5%	6%	–	–	3%	–
Not Applicable	2%	50%	2%	12%	22%	13%	–	12%	50%

Conditional Question for those who selected "**Yes**" in Question 7

7.1 How has your formal training program for new hire claims staff changed most over the prior 2 years? (if no changes, select "None/Not Applicable")
[191 responses]

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
None/Not Applicable	53	28%	16%
Increased time and duration of training program	65	34%	19%
Developed insourced training program	36	19%	11%
Moved from primarily classroom to online training program	27	14%	8%
Decreased time and duration of training program	8	4%	2%
Developed outsourced training program	2	1%	< 1%

(8) In the 2019 survey of frontline claims professionals, many identified a need for jurisdictional-specific legal, medical, and/or case law training. How does your organization ensure claims staff receive necessary technical training? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Overview - All Responses

Answer	count	%
None/Not Applicable – claims staff are responsible for obtaining/maintaining their own training	60	18%
Utilize legal staff and/or community experts to complete training on legal and case law topics	219	65%
Utilize clinical staff and/or community experts to complete training on medical topics	163	48%
Claims staff are required to complete ongoing technical competencies training	141	42%
Complete a skill/training needs analysis	45	13%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable – claims staff are responsible for obtaining/maintaining their own training	21%	12%	19%
Utilize legal staff and/or community experts to complete training on legal and case law topics	60%	79%	52%
Utilize clinical staff and/or community experts to complete training on medical topics	45%	58%	41%
Claims staff are required to complete ongoing technical competencies training	42%	47%	30%
Complete a skill/training needs analysis	15%	13%	9%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable – claims staff are responsible for obtaining/maintaining their own training	8%	25%	5%	27%	47%	13%	7%	31%	–
Utilize legal staff and/or community experts to complete training on legal and case law topics	78%	75%	75%	55%	28%	73%	67%	54%	100%
Utilize clinical staff and/or community experts to complete training on medical topics	63%	50%	54%	38%	13%	53%	53%	38%	100%
Claims staff are required to complete ongoing technical competencies training	40%	25%	55%	35%	34%	53%	67%	31%	50%
Complete a skill/training needs analysis	18%	–	16%	12%	–	13%	20%	8%	–

Note: Participants were able to select more than one answer for this question

9 What non-traditional methods has your organization utilized to identify/retain claims talent? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Overview - All Responses

Answer	count	%
None/Not Applicable	119	35%
Offer flexible schedules/remote work	165	49%
Partner with Universities and/or continuing education programs to identify/develop talent	57	17%
Create a defined claims professional to senior leadership development track	54	16%
Develop claims innovations to attract tech savvy talent	49	15%
Leverage predictive analytics to identify candidates and aptitude for the role	40	12%
Other	11	3%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable	38%	27%	45%
Offer flexible schedules/remote work	46%	58%	45%
Partner with Universities and/or continuing education programs to identify/develop talent	19%	16%	13%
Create a defined claims professional to senior leadership development track	16%	19%	13%
Develop claims innovations to attract tech savvy talent	15%	22%	2%
Leverage predictive analytics to identify candidates and aptitude for the role	13%	10%	13%
Other	3%	3%	5%

Note: Participants were able to select more than one answer for this question

[9 con't] What non-traditional methods has your organization utilized to identify/retain claims talent? Select all that apply.

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	16%	75%	29%	58%	53%	20%	7%	62%	50%
Offer flexible schedules/remote work	67%	–	55%	32%	31%	73%	53%	27%	–
Partner with Universities and/or continuing education programs to identify/develop talent	30%	–	16%	8%	6%	–	33%	4%	50%
Create a defined claims professional to senior leadership development track	16%	–	27%	10%	9%	13%	33%	15%	–
Develop claims innovations to attract tech savvy talent	18%	25%	25%	8%	6%	13%	20%	4%	–
Leverage predictive analytics to identify candidates and aptitude for the role	20%	–	18%	1%	9%	13%	–	8%	–
Other	2%	25%	4%	1%	3%	7%	7%	4%	50%

Note: Participants were able to select more than one answer for this question

RISING

Appendix D
Impact of Technology & Data

1 How does your organization integrate analytics into claims systems with alerts/workflow automation to leverage claims resources more effectively? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Overview - All Responses

Answer	count	%
None/Not Applicable	89	26%
Frequency and severity prediction	142	42%
Reserving	124	37%
Detect medical treatment/utilization outside of evidence-based medicine (EBM)	105	31%
Benefit calculations	104	31%
Compliance activities	101	30%
Detect return-to-work/disability durations outside of EBM benchmarks	92	27%
Subrogation detection	90	27%
Fraud detection	90	27%
Litigation detection	84	25%
Claims resource assignment	64	19%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable	30%	16%	35%
Frequency and severity prediction	36%	56%	35%
Reserving	37%	40%	31%
Detect medical treatment/utilization outside of evidence-based medicine (EBM)	30%	36%	26%
Benefit calculations	32%	35%	20%
Compliance activities	24%	44%	22%
Detect return-to-work/disability durations outside of EBM benchmarks	29%	28%	19%
Subrogation detection	28%	28%	19%
Fraud detection	23%	32%	28%
Litigation detection	22%	30%	24%
Claims resource assignment	20%	21%	11%

Note: Participants were able to select more than one answer for this question

[1 con't] How does your organization integrate analytics into claims systems with alerts/workflow automation to leverage claims resources more effectively? Select all that apply.

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	15%	–	30%	33%	28%	27%	13%	54%	50%
Frequency and severity prediction	58%	100%	36%	29%	44%	20%	40%	31%	50%
Reserving	40%	–	50%	32%	28%	20%	53%	27%	–
Detect medical treatment/ utilization outside of evidence-based medicine (EBM)	36%	50%	43%	31%	16%	33%	20%	8%	50%
Benefit calculations	31%	–	41%	32%	16%	27%	33%	31%	–
Compliance activities	37%	25%	32%	26%	22%	27%	20%	27%	50%
Detect return-to-work/ disability durations outside of EBM benchmarks	23%	–	38%	29%	28%	20%	33%	19%	50%
Subrogation detection	39%	–	34%	19%	19%	7%	27%	12%	–
Fraud detection	38%	25%	32%	18%	19%	13%	27%	12%	50%
Litigation detection	31%	25%	34%	23%	28%	–	7%	8%	–
Claims resource assignment	16%	–	21%	14%	19%	33%	47%	19%	50%

Note: Participants were able to select more than one answer for this question

2 What tools has your organization implemented to improve injured worker communication options? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Overview - All Responses

Answer	Percentage	Count
None/Not Applicable	43%	[145]
Text messaging	36%	[121]
Webpage/injured worker portal	27%	[92]
Mobile apps	26%	[86]
Chatbot	4%	[12]

0%   50%

Note: Participants were able to select more than one answer for this question
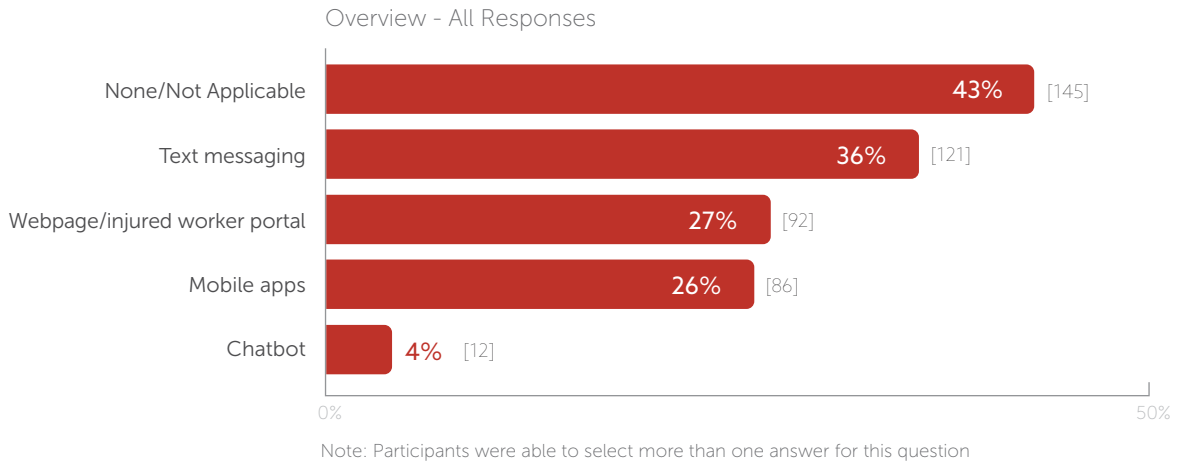
Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
None/Not Applicable	44%	37%	52%
Text messaging	34%	45%	22%
Webpage/injured worker portal	28%	25%	30%
Mobile apps	24%	30%	20%
Chatbot	3%	5%	4%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	43%	75%	50%	44%	38%	67%	27%	23%	50%
Text messaging	39%	25%	34%	32%	50%	20%	27%	35%	50%
Webpage/injured worker portal	20%	–	18%	29%	28%	20%	67%	54%	50%
Mobile apps	16%	25%	38%	29%	31%	7%	27%	35%	–
Chatbot	6%	–	2%	4%	–	–	–	8%	–

Note: Participants were able to select more than one answer for this question

3 In your opinion, was your organization prepared from a technology standpoint for claims staff to work remotely due to COVID-19?

[337 responses]

	Definitely yes	Probably yes	Probably not	Definitely not
	54%	28%	11%	7%
	[182]	[95]	[37]	[23]
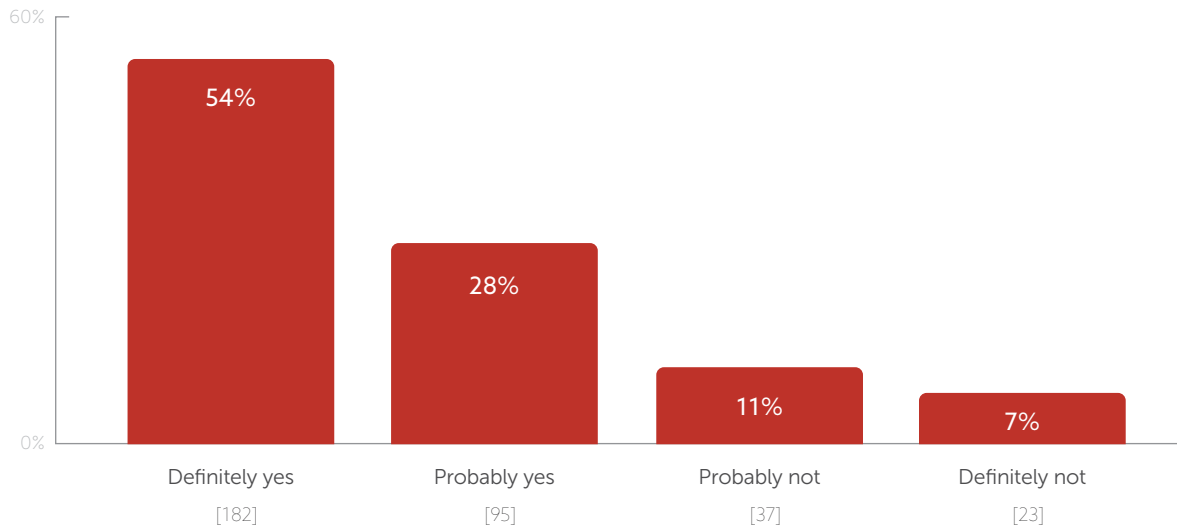
Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
Definitely yes	65%	50%	54%	51%	41%	60%	34%	42%	50%
Probably yes	24%	50%	28%	24%	47%	27%	40%	23%	50%
Probably not	8%	–	11%	16%	12%	13%	13%	8%	–
Definitely not	3%	–	7%	9%	–	–	13%	27%	–

Note: Participants were able to select more than one answer for this question

4 What were the technology obstacles for your claims team to work remotely due to COVID-19?
Select all that apply. (if none, select "None/Not Applicable")
[337 responses]

Answer	count	%
None/Not Applicable	144	43%
Lack of tools (i.e., laptop, mobile phone) for remote workforce	99	29%
Lack of sufficient employee home internet access	77	23%
Company technology bandwidth/network limitations	68	20%
Company security requirements	56	17%
Lack of effective management tools to oversee operations/productivity	48	14%
Lack of effective tools to allow team collaboration	43	13%
Legacy system limitations	34	10%

Note: Participants were able to select more than one answer for this question

Appendix E
Medical Performance Management

1 How does your organization leverage the following clinical/medical management resources in conjunction with claims staff?
[337 responses]

▇ None/Not applicable

▇ Separate resources, deployed by claims staff when needed

▇ Integrated throughout the claim lifecycle, leveraged based on technology/referral triggers

Physician Advisor/Medical Director
- 34% [115]
- 46% [156]
- 20% [66]

Nurse Case Management
- 4% [15]
- 50% [167]
- 46% [155]

Return-to-Work services
- 16% [54]
- 46% [156]
- 38% [127]

Utilization Review
- 12% [41]
- 46% [154]
- 42% [142]

0% — 60%
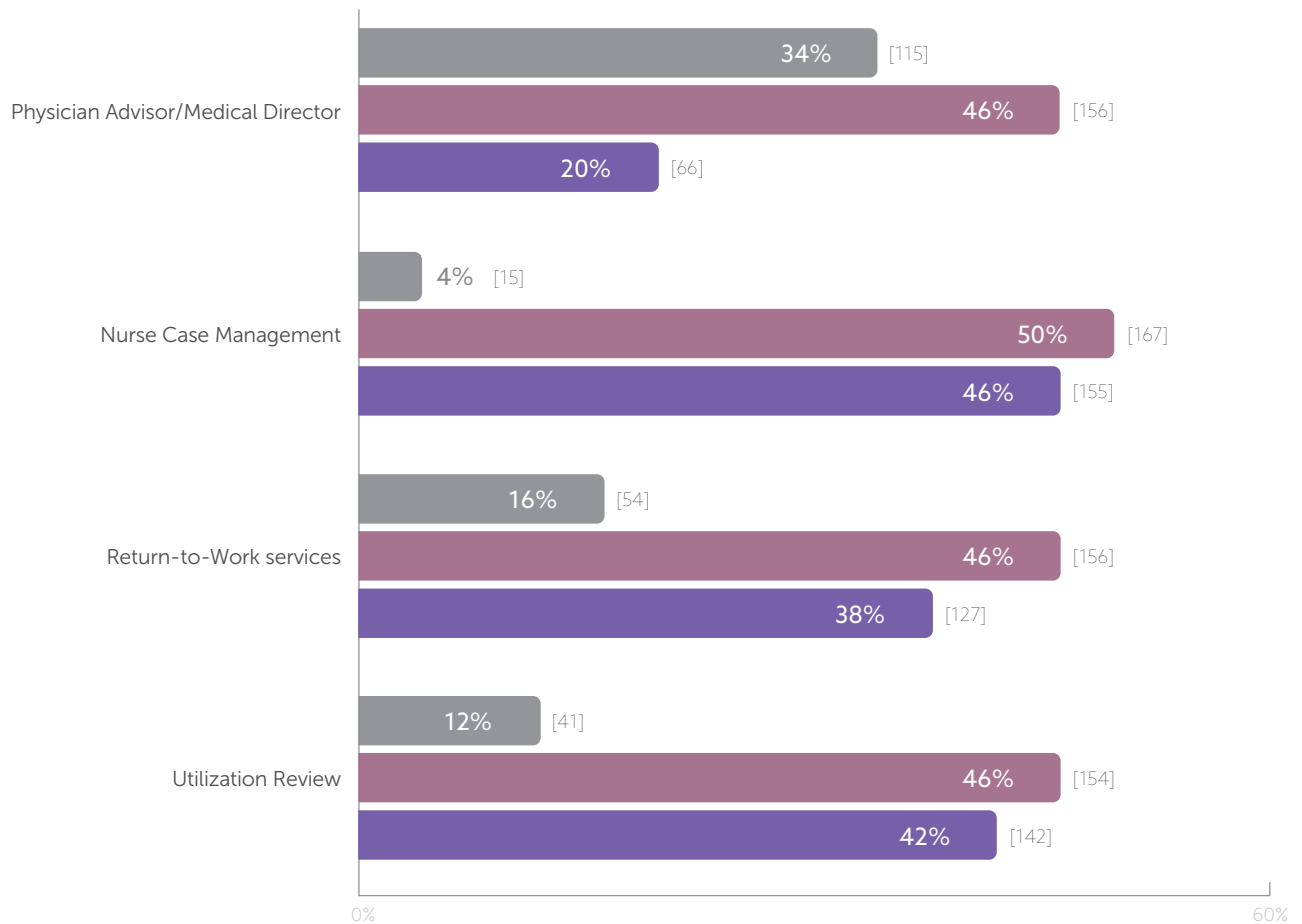
[1 con't] How does your organization leverage the following clinical/medical management resources in conjunction with claims staff?

- ⬜ None/Not applicable
- 🟫 Separate resources, deployed by claims staff when needed
- 🟪 Integrated throughout the claim lifecycle, leveraged based on technology/referral triggers

Responses Segmented by Claims Closure Ratio / Claims Resolution

	Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
	count	177	106	54
Physician Advisor/Medical Director	⬜	37%	22%	46%
	🟫	43%	55%	43%
	🟪	20%	23%	11%
Nurse Case Management	⬜	4%	2%	11%
	🟫	54%	43%	46%
	🟪	42%	55%	43%
Return-to-Work services	⬜	15%	12%	26%
	🟫	45%	49%	44%
	🟪	40%	39%	30%
Utilization Review	⬜	15%	7%	15%
	🟫	47%	40%	52%
	🟪	38%	53%	33%

Responses Segmented by Organization Type

	Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
	count	109	4	56	78	32	15	15	26	2
Physician Advisor/ Medical Director	⬜	40%	–	23%	32%	37%	53%	20%	38%	–
	🟫	42%	75%	52%	46%	44%	27%	67%	50%	50%
	🟪	18%	25%	25%	22%	19%	20%	13%	12%	50%
Nurse Case Management	⬜	2%	25%	–	6%	9%	–	–	15%	–
	🟫	48%	50%	55%	50%	47%	60%	60%	39%	–
	🟪	50%	25%	45%	44%	44%	40%	40%	46%	100%
Return-to-Work services	⬜	15%	50%	13%	22%	19%	6%	6%	16%	–
	🟫	57%	50%	48%	35%	50%	47%	67%	19%	–
	🟪	28%	–	39%	43%	31%	47%	27%	65%	100%
Utilization Review	⬜	16%	–	8%	10%	15%	–	7%	23%	–
	🟫	55%	75%	46%	37%	41%	40%	53%	35%	–
	🟪	29%	25%	46%	53%	44%	60%	40%	42%	100%

(2) Are medical decisions collaborative between clinical resources and claims professionals?
[337 responses]

Overview - All Responses

▉ Primarily owned by claims professionals [122]

▉ Primarily owned by clinicians/medical management professionals [71]

▉ Shared decision-making between claims and clinicians/medical management professionals [144]

Responses Segmented by Claims Closure Ratio / Claims Resolution

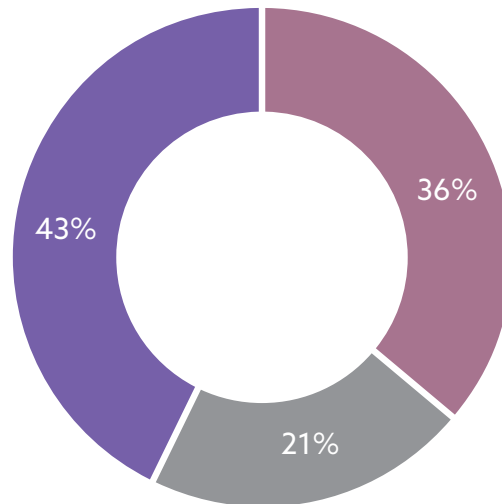| Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
Primarily owned by claims professionals	33%	36%	46%
Primarily owned by clinicians/medical management professionals	28%	13%	13%
Shared decision-making between claims and clinicians/medical management professionals	39%	51%	41%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
Primarily owned by claims professionals	48%	75%	27%	32%	22%	20%	66%	27%	–
Primarily owned by clinicians/medical management professionals	11%	–	9%	31%	28%	33%	7%	54%	50%
Shared decision-making between claims and clinicians/medical management professionals	41%	25%	64%	37%	50%	47%	27%	19%	50%

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3 Prior Study research ranks "return-to-work/patient functional outcomes" as the most important measure of provider quality. How does your organization utilize return-to-work/patient functional outcomes to assess and impact provider outcomes? Select all that apply. (if none, select "None/Not Applicable")

[337 responses]

Overview - All Responses

Answer	count	%
None/Not Applicable	142	42%
Removal from the provider network/panel for not meeting quality/outcome metrics	95	28%
Evaluate injured workers' health status and function as a result of the care they receive	88	26%
Impacts referrals or patient channeling	83	25%
Measure medical provider disability management outcomes against national benchmark data	73	22%
Higher reimbursement rate or bonus for meeting/exceeding quality outcome metrics	17	5%
Lower reimbursement rate for not meeting quality/outcome metrics	8	2%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (< 100%)	Higher Performance (> 101%)	Unknown
count	177	106	54
None/Not Applicable	44%	37%	48%
Removal from the provider network/panel for not meeting quality/outcome metrics	24%	38%	24%
Evaluate injured workers' health status and function as a result of the care they receive	27%	29%	19%
Impacts referrals or patient channeling	22%	33%	17%
Measure medical provider disability management outcomes against national benchmark data	22%	25%	15%
Higher reimbursement rate or bonus for meeting/exceeding quality outcome metrics	5%	5%	7%
Lower reimbursement rate for not meeting quality/outcome metrics	3%	2%	–

Note: Participants were able to select more than one answer for this question

[3 con't] Prior Study research ranks "return-to-work/patient functional outcomes" as the most important measure of provider quality. How does your organization utilize return-to-work/patient functional outcomes to assess and impact provider outcomes? Select all that apply.

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	50%	100%	30%	36%	41%	40%	53%	42%	50%
Removal from the provider network/panel for not meeting quality/outcome metrics	26%	–	27%	45%	22%	13%	13%	23%	–
Evaluate injured workers' health status and function as a result of the care they receive	16%	–	41%	31%	38%	33%	13%	19%	–
Impacts referrals or patient channeling	20%	–	38%	33%	19%	27%	13%	8%	–
Measure medical provider disability management outcomes against national benchmark data	22%	–	32%	18%	19%	13%	27%	15%	50%
Higher reimbursement rate or bonus for meeting/exceeding quality outcome metrics	2%	–	7%	4%	3%	–	13%	19%	–
Lower reimbursement rate for not meeting quality/outcome metrics	2%	–	7%	1%	3%	–	–	–	–

Note: Participants were able to select more than one answer for this question

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4   The COVID-19 pandemic limited access to medical providers and ancillary services, forcing many organizations to quickly activate telemedicine resources. What is the <u>primary impact</u> of telemedicine to care delivery and claim outcomes in your organization? (if no impact, select "None/Not Applicable")
[337 responses]

Answer	count	%
None/Not Applicable	115	34%
Improved/faster access to care, with improved claim outcomes	67	20%
Injured workers' perception of care was positive	60	18%
Delayed/slower access to care, with negative claim outcomes	47	14%
Delayed/slower access to care, with improved claim outcomes	19	6%
Injured workers' perception of care was negative	18	5%
Improved/faster access to care, with negative claim outcomes	11	3%

5 What is the <u>primary impact</u> of COVID-19 and telemedicine use on PBM utilization and opioid management? (if no impact, select "None/Not Applicable")
[337 responses]

Answer	count	%
None/Not Applicable	277	82%
Increased PBM utilization, with decreased opioid use	25	7%
Decreased PBM utilization, with decreased opioid use	16	5%
Increased PBM utilization, with increased opioid use	13	4%
Decreased PBM utilization, with increased opioid use	6	2%

6 Are frontline claims professionals working closely with clinicians/occupational health professionals to understand communicable disease and assess/manage COVID-19 claims?
[337 responses]

Overview - All Responses

Answer	count	%
Yes	227	67%
No	48	14%
Unknown	62	19%

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	177	106	54
Yes	67%	76%	54%
No	15%	11%	17%
Unknown	18%	13%	29%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
Yes	70%	75%	66%	71%	56%	73%	73%	54%	100%
No	15%	–	14%	13%	13%	20%	27%	12%	–
Unknown	15%	25%	20%	16%	31%	7%	–	34%	–

Conditional Question for those who selected "**Yes**" in Question 6

(6.1) How are frontline claims professionals working closely with clinicians/occupational health professionals to understand communicable disease and assess/manage COVID-19 claims? Select all that apply.
[227 responses]

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Treatment/Medical Management	162	72%	48%
Causation analysis	162	72%	48%
Diagnosis confirmation	160	71%	47%
Safety/Prevention strategies	92	41%	27%
Other	3	1%	< 1%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)	Unknown
count	118	80	29
Treatment/Medical Management	70%	78%	59%
Causation analysis	67%	78%	72%
Diagnosis confirmation	69%	76%	62%
Safety/Prevention strategies	42%	36%	45%
Other	1%	1%	3%

Note: Participants were able to select more than one answer for this question

7   Conditions in the places/environment where people are born, grow, work, learn, live, and mature affect a wide range of health risks and outcomes. These conditions are known as social determinants of health (SDOH). Has your organization implemented any strategies to equip claims professionals to identify SDOH and leverage resources for injured workers with potential health disparities? Select all that apply. (If none, select "None/Not Applicable")

[337 responses]

Answer	count	%
None/Not Applicable	254	75%
Training in culturally-sensitive communication for claims staff that identifies barriers to recovery	43	13%
Promote health literacy through education, based on injured workers' needs	40	12%
Leverage data to identify SDOH risk factors	28	8%
Resource guide for community-based services to assist injured workers with access to social services	25	7%
Other	4	1%

Note: Participants were able to select more than one answer for this question

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
count	109	4	56	78	32	15	15	26	2
None/Not Applicable	79%	25%	71%	78%	72%	87%	67%	77%	–
Training in culturally-sensitive communication for claims staff that identifies barriers to recovery	6%	25%	18%	14%	19%	–	7%	19%	100%
Promote health literacy through education, based on injured workers' needs	11%	–	13%	12%	13%	13%	13%	12%	50%
Leverage data to identify SDOH risk factors	9%	75%	14%	6%	–	–	7%	4%	–
Resource guide for community-based services to assist injured workers with access to social services	3%	–	11%	5%	13%	13%	20%	4%	100%
Other	1%	–	2%	1%	–	–	–	4%	–

Note: Participants were able to select more than one answer for this question

2020 WORKERS' COMPENSATION BENCHMARKING STUDY

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