



2021 WORKERS' COMPENSATION BENCHMARKING STUDY

CLAIMS MANAGEMENT
OPERATIONAL STUDY

TRANSFORMING CLAIMS MANAGEMENT OPERATIONS

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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 25 years of industry experience, her expertise includes claim operations, medical management, enterprise risk management, and healthcare practice management.

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Study Advisory Council / Research Participants

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, and third party administrators.

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.

In 2021, members of the Council participated in both think-tank sessions as well as qualitative, focus group research. Among those distinguished advisors we thank for their time and commitment are:

- [Denise Zoe Algire](#) | Director of Risk Initiatives & National Medical Director | **Albertsons Companies**
- [Rich Cangioli](#) | 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.**
- [Adam Seidner, MD, MPH](#) | Chief Medical Officer | **The Hartford**
- [Scott Emery](#) | Senior Director, Claims | **Markel**
- [Tom Wiese](#) | Vice President, Claims | **The MEMIC Group**
- [Michele Fairclough](#) | Medical Services Director | **Montana State Fund**
- [Molly Flanagan](#) | Assistant Vice President, Workers' Compensation Claims | **Nationwide Insurance**
- [Jonathan Gerdes](#) | Executive Vice President | **SmartCasualtyClaims**
- [Marcos Iglesias, MD](#) | Vice President, Chief Medical Director | **Travelers**
- [Linda Butler](#) | Director, Claims Management | **Walt Disney World Resort**
- [Vickie Kennedy](#) | Assistant Director of Insurance Services | **Washington State Department of Labor & Industries**
- [Brian Trick](#) | Director of Claim Services | **Wegmans Food Markets, Inc.**
- [Kyle Cato](#) | Associate Risk Manager, Workers' Compensation & General Liability Claims | **Williams-Sonoma, Inc.**
- [Tom Stark](#) | Vice President, Underwriting | **Zenith Insurance Company**

Invited Research Participants & Acknowledgments

In addition to study Advisory Council members, this year's focus group research captured the insights, guidance, and experiences of a broader group of industry executives. The depth of their perspectives was vital to the study's qualitative research endeavors. Our many thanks to these individuals for contributing their considerable expertise towards advancing claims management in the industry.

- [Melissa Burke, PharmD](#) | Vice President, Head of Claims Integrated Solutions | **AmTrust Financial Services**
- [Barry Bloom](#) | Principal | **The bdb Group**
- [Jill Dulich](#) | Claims & Operations Manager | **California Self-Insurers' Security Fund**
- [Deanna Zalas](#) | Director, Risk Management | **Cook County**
- [Suzanne Emmet](#) | Senior Vice President, Claims | **Eastern Alliance Insurance Group**
- [Barb Sullivan](#) | President & COO | **EMC Risk Services**
- [Carol DeMumbrum](#) | Divisional Vice President, Corporate Claims | **Great American Insurance**
- [Dr. Claire Muselman](#) | Vice President, Workers' Compensation Center of Excellence | **North American Risk Services (NARS)**
- [Kim Ziegler, RN](#) | Vice President, Medical Services | **NJM Insurance**
- [Dr. Thomas Denberg, MD](#) | Senior Medical Director | **Pinnacol Assurance**
- [Anne Kirby, RN](#) | Chief Operations & Compliance Officer | **Rising Medical Solutions**
- [Jason Beans](#) | Chief Executive Officer | **Rising Medical Solutions**
- [John Oehler](#) | Director, Workers' Compensation Claims | **SECURA Insurance Companies**
- [Mary Christiansen](#) | Senior Manager, Legal, Workers' Compensation & Disability Management | **Southern California Edison**
- [Noreen Olson, RN](#) | Senior Manager Claims, Risk Management | **Starbucks**
- [Kim Haugaard](#) | Senior Vice President, Policyholder Services | **Texas Mutual Insurance Company**
- [Ryan Guppy](#) | Chief of Return to Work Partnerships | **Washington State Department of Labor & Industries**
- [Jill Rosenthal, MD, MPH](#) | Senior Vice President, Chief Medical Officer | **Zenith Insurance Company**

We must also offer special thanks to those research participants who played a heightened role during the focus group exercise by serving as our breakout group leaders. Your expert facilitation of the breakout group discussions was crucial to this research and the depth of perspectives we were able to capture.

- [Barry Bloom](#) | Principal | **The bdb Group**
- [Tom Wiese](#) | Vice President, Claims | **The MEMIC Group**
- [Tom Stark](#) | Vice President, Underwriting | **Zenith Insurance Company**

Finally, we would like to acknowledge the industry leaders who provided further counsel during the Study Report review, as well as those who have heightened the industry's awareness of the study research. Thank you for your invaluable support.

- [Dan Reynolds](#) | Editor-in-Chief, Risk & Insurance
- [William Wilt, FCAS, CFA](#) | President, Assured Research
- [William Zachry](#) | Board Member, State Compensation Insurance Fund

Introduction

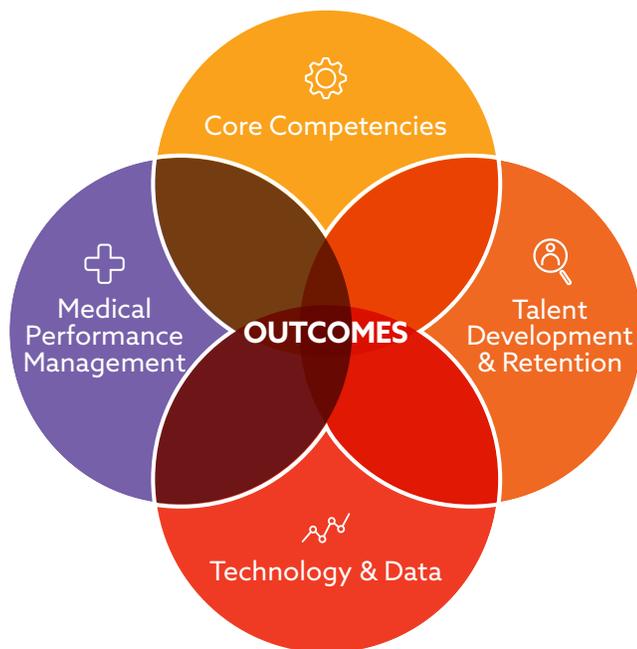
The modern workplace continues to evolve in light of the COVID-19 pandemic, creating both short and long-term impacts on employee culture, health, and wellness. While the pandemic has had an unprecedented effect on businesses, the economy, and the talent supply, a silver lining is that comprehensive and holistic employee care has taken on a higher corporate priority. Organizations today are more focused than ever on employee wellbeing, including the often overlooked mental health component of health care.^{1,2} There is a convergence of thought that holistically connects pre-injury employee care (i.e., safety and wellness programs) with post-injury workers' compensation claims management and focuses on the whole person instead of transactional treatment.

Despite this gradual convergence and the workers' compensation industry's continued reduction of injury frequency, deep-rooted challenges remain. Now in its ninth year, the 2021 Workers' Compensation Benchmarking Study's objective was to examine these obstacles that more than 3,300 claims leaders and frontline professionals have brought to the forefront in previous study research.

Overall, it has become increasingly evident that—to achieve new levels of claims management mastery—workers' compensation claims organizations must *transform* legacy processes, mindsets, and semantics in order to succeed in the face of deeply entrenched challenges.

To achieve new levels of claims management mastery, workers' compensation claims organizations must *transform* legacy processes, mindsets, and semantics in order to succeed in the face of deeply entrenched challenges.

4 Major Drivers of Claim Outcomes



To understand how high performing organizations are addressing these core claims obstacles and ingrained cultural practices, the 2021 study used first-person focus group research to gain qualitative feedback from claims, clinical, and medical management executives. Focus group participants included a diverse cross-section of self-insured employers, national and regional carriers, state funds, and third party administrators who all shared actionable insights for driving success, humanizing processes, and thriving in this next evolution of the workers' compensation industry.

As in prior studies, the 2021 Report continues a thorough exploration of four (4) study indices as an ongoing pursuit in identifying the industry's highest priorities, progress, and performance. The strategies identified in this 2021 Report include tangible, realistic, and potent action steps that will help organizations advance claims operations and achieve optimal outcomes.

Finally, central to the 2021 qualitative effort was a survey of industry executive participants on the challenges most critical to examine during the focus group research exercise. Below are the top issues survey participants identified as most pressing to discuss. Please see [Appendix A](#) for full survey results.

SURVEY RESULTS

Top Operational Claims Management Issues Ranked Most Critical for 2021 Focus Group Research

- 1 In prior study research, claims leaders and frontline claims professionals consistently identify lack of return-to-work (RTW) options, litigation, and psychosocial issues and/or other comorbidities as the top three (3) greatest obstacles to achieving desired claim outcomes. The 2020 study examined what initiatives organizations implemented to address these obstacles. The 2021 focus group research further examined:

 - How are organizations utilizing resources to facilitate RTW options?
 - What incentive strategies are used to drive RTW outcomes?
 - How are organizations engaging injured workers to identify RTW abilities?
 - What strategies are organizations using to increase injured worker engagement/communication, with early identification of communication obstacles?
 - How are organizations ensuring execution of speed to claims decisions, benefit delivery, and medical treatment authorizations?
 - When litigation occurs, how is root cause assessed?
 - How are organizations equipping frontline claims professionals to better understand psychosocial issues and optimal claim strategies/interventions?
 - How are organizations equipping frontline claims professionals to better understand the impact of comorbidities (i.e., obesity, diabetes, hypertension) and optimal claim strategies/interventions?
- 2 The workers' compensation industry continues to socialize the value of advocacy-based, employee-centric claims models. In 2019, to better understand frontline claims professionals' awareness of advocacy models, the study examined their perspective. The results show 72 percent do not know what an advocacy-based claims model is. Does this demonstrate a disconnect between theory and practice, or could it be semantics? Implementing the changes needed can be a significant challenge, particularly considering that legacy claims processes have been ingrained in organizations for years. Executing claims advocacy will require transformational change, shifting from a tactical to a long-term strategic commitment. The 2021 focus group research examined:

 - How do organizations advance advocacy-based, employee-centric claims models as a core strategy?
 - What strategies have organizations deployed to ensure frontline claims staff understand the value and impact of claims advocacy and their individual contributions to outcomes?
 - How can organizations improve engagement of injured workers in a meaningful way?
 - What core claims practices need to change/improve to drive desired outcomes?
- 3 For the first time, the 2020 study examined strategies organizations utilize to equip claims professionals to identify social determinants of health (SDOH) and leverage resources for injured workers with potential health disparities. The results show only 25 percent of participants are equipping claims professionals to identify SDOH. 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. The 2021 focus group research examined:

 - How are organizations investing in health outcomes, promoting population health, and emphasizing injury prevention?
 - Are organizations promoting health literacy through education, based on injured workers' needs?
 - What resources are leveraged to identify SDOH risk factors?
 - How are organizations connecting injured workers to community/outside resources?

Methodology

The 2021 study approach was formulated through facilitated think-tank sessions with the Principal Researcher and the Advisory Council Members. This Report is based on the qualitative research conducted through focus groups and interviews with 34 industry executives from every major type of workers' compensation payer organization, including employers, insurance carriers, third party administrators (TPAs), governmental entities, and state funds.

The study convened three (3) focus group meetings of industry executive participants. Participants were selected by direct invitation from the Advisory Council Members and study architects. The participants engaged in either an onsite meeting session or in two (2) virtual sessions. The virtual sessions included video meeting participants who were divided into three (3) subgroups to enable deep discussion and collaboration. The subgroup participants were segmented to ensure an equitable distribution of payer organization types in each group (employer, insurance carrier, TPA, governmental entity, state fund).

Prior to the focus group meetings, industry executives participated in a confidential, online survey to prioritize the challenges and opportunities most critical to discuss. The survey tool structure and questions were developed by the Principal Researcher, and formalized as problem statements identified from the [2020 study](#) as well as priorities identified by the Advisory Council Members during think-tank sessions.

The focus groups were led by the Principal Researcher and subject matter expert moderators utilizing a consistent discussion framework tool developed by the Principal Researcher. Focus group content was organized using the problem statements identified by the industry executives in the survey as most critical to discuss. Focus group participants discussed their experiences, perspectives, insights, and opinions, as well as goals/desired outcomes, challenges/barriers, and industry opportunities/solutions regarding different initiatives related to the problem statements.

The focus groups yielded in-depth, qualitative research data related to global challenges facing claims organizations. Overall, the use of focus groups increases candor, probe, and the thinking behind participants' opinions and can generate data that would otherwise be inaccessible without the interaction of group participants.

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

The Report is based on the interpretation and compilation of the qualitative research. Each study participant's views are not necessarily reflected in every conclusion.

Executive Summary

This report is based on qualitative first-person research completed in November and December 2021. Additionally, the 2020 survey and prior study data are referenced throughout the report.

The workers' compensation industry faces numerous, complex operational challenges that organizations must overcome to remain competitive. Claim frequency continues to decline, with NCCI reporting an annual average decline of -4.1% countrywide between 2016 and 2020. Conversely, average annual indemnity severity increased +3.9% during the same period.³ Some increase in severity is expected with a rise in temporary total indemnity (TTD) rates. Additionally, longer TTD durations across multiple jurisdictions is a significant factor. WCRI CompScope Benchmarks report increased TTD duration across most jurisdictions with an average increase of +3.8% from 2018-2019, signaling this challenge occurred prior to the COVID-19 pandemic.⁴ Another significant challenge is the unprecedented impact of the COVID-19 pandemic on businesses, the economy, and human capital. The industry has long struggled with a talent supply and demand imbalance. The COVID-19 pandemic exacerbated this talent shortage—with many leaving the workforce for good, as well as the lowest reported employment-to-population ratio since the recession of 1973-1975.⁵

The 2021 study, conducted through first-person focus groups, takes a deeper dive into the claims management challenges and opportunities outlined in the [2020 Study Report](#). Industry executive participants examined key operational challenges and, through action-based research, identified how claims leaders are overcoming these hurdles and driving success.

This Report summarizes the greatest impact opportunities and most potent strategies that payers may consider over the next two (2) to three (3) years. These actionable strategies identified by industry executives through qualitative research are based on their collective experiences, perspectives, insights, and opinions. A summary of the strategies is presented below, with detailed descriptions outlined further in the report on pages [12](#), [15](#), and [19](#).

Greatest Impact Opportunities – Key Strategies Summary

- **Train employer/frontline supervisors on the significant company and human value of stay-at-work/return-to-work and how to communicate with injured workers.** Include training in new hire core competencies, utilizing external resources if the organization lacks the expertise. Include cultural awareness, empathy, and active listening skills as well as how to have meaningful conversations with injured workers in ongoing training.
- **Upskill frontline claims professionals' communication skills.** Enhance training focused on empathy, active listening, and conflict management, including motivational interactions to improve injured worker engagement and empowerment.
- **Flip the script from limitations to abilities.** Change the vernacular from "light duty" or "restrictions" to *abilities* to empower the injured worker, as well as set the stage for success for all stakeholders.
- **Remove uncertainty from the claims process.** Communicate with injured workers frequently and in layperson's terms regarding when to expect compensability decisions, indemnity benefits, medical treatments, etc.
- **Leverage tools to engage injured workers early and frequently.** Leverage text messaging, apps, and survey tools to provide immediate access to claim information (i.e., how to access provider networks and pharmacy benefits, how to reach claims professionals, etc.) as well as assess ongoing satisfaction with the claims process.
- **Communicate claim compensability and coverage issues verbally.** If a claim is delayed, denied, or partially denied and/or medical treatment is denied or delayed pending utilization review—communicate these decisions verbally *prior* to sending legalese notifications.
- **Incorporate advanced analytics, including predictive and prescriptive models.** Leverage advanced analytics, including text mining, to predict and proactively identify injured worker fear or dissatisfaction with the claims process and/or medical care, as well as the potential for litigation.

Cont'd

- **Address the stigma of psychosocial risk factors.** The stigma of psychosocial risk factors and mental health conditions will not change without a considerable and deliberate culture shift. This will require organizations to incorporate intentional, ongoing training and education which utilizes clinical resources with expertise in the biopsychosocial model as well as mental health conditions.
- **Secure executive leadership commitment to advocacy-based, employee-centric claims models.** Transforming core claims practices and organizational culture will require leadership commitment. This type of change can't be accomplished by "checking the training box."
- **Redesign claims best practices to include advocacy.** Ensure claims best practices include an end-to-end focus and inclusion of an advocacy-based, employee-centric model.
- **Modify claims practices that instill fear/uncertainty.** Determining compensability is an important claims core competency. However, traditional claims practices and vernacular impart uncertainty (i.e., *investigating* the claim, taking a *recorded statement*) and can instill blame/shame and mistrust
- **Deploy frontline claims professionals in program design and training.** Leverage frontline claims professionals in advocacy-based claims program design and training, including actively engaging claims professionals to identify challenges and solutions.
- **Examine caseloads to ensure execution of advocacy objectives.** Ensure caseloads allow the time to leverage active listening and injured worker engagement, as well as effectively interact with all stakeholders.
- **Socialize social determinants of health (SDOH) internally.** Leverage clinical and/or external resources with expertise in population/public health to educate leadership on the business case. Train employers/managers and claims professionals to recognize employees/injured workers struggling with both non-medical and physical health issues. Include as a key strategy in claims advocacy/worker-centric programs.
- **Enhance empathy and understanding through active listening.** Leverage active listening, SDOH awareness in supervisor and claims professionals' training, including resources they can refer employees to (i.e., employee assistance program (EAP), advocate, health coach, etc.)
- **Leverage existing vendor partners for SDOH data insights.** Utilize technology/predictive analytics, bill review companies, EAP providers, onsite social workers, financial partners (i.e., 401k, insurance), and health plans to understand employee data from a SDOH perspective.
- **Empower employees/injured workers to be informed health consumers.** Provide education through case management programs on health care literacy, including how to use benefits and locate providers in their communities.
- **Address mental health issues.** Particularly anxiety/stress and depression. Reduce stigma and create a culture of awareness where employees feel safe talking about these issues.
- **Survey employees on motivations and preferences.** What do they value in programs to promote health and wellbeing? What social services are most important?

Operational Challenge:

Overcoming the Top 3 Obstacles to Claim Outcomes

Ensuring core competencies address key barriers

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 is the foundation of an organization’s competitiveness.⁶ 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.

Claims are the single largest expenditure for insurance companies and present the greatest opportunity to decrease workers’ compensation program costs for employers. Successfully executing core competencies and best practices are the most effective strategies to improve outcomes and reduce loss costs.

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 comorbidities—including mental health conditions—legal and regulatory variations, as well as increasing healthcare complexity. Additionally, the increased prevalence of psychosocial risk factors resulting from the disruptions in social, occupational, and daily life activities due to the COVID-19 pandemic furthers complexity. This underscores the importance of focusing on both the *drivers* of optimal claim performance, as well as the *obstacles* to execution and desired claim outcomes. Identifying barriers to optimal claim outcomes should be a key organizational strategy—comparable to components of the well-known business strategy tool, the “SWOT analysis” (strengths, weaknesses, opportunities, threats).



Prior study results from both claims leaders and frontline claims professionals identify the **lack of return-to-work (RTW) options, litigation, and psychosocial issues and/or other comorbidities** as the top three (3) greatest obstacles to achieving desired claim outcomes (see Table 1). The results are consistent with WCRI’s “Predictors of Worker Outcomes” research, which indicate that workers with comorbidities have longer disability durations.⁷ Additionally, NCCI research findings indicate claims with comorbidities cost twice as much as like-matched claims.⁸

The 2020 study identified *what* initiatives organizations are leveraging to address the top three (3) obstacles to achieving desired claim outcomes. The results reflect a worker-centric approach as top strategies (see Tables 2-4). The 2021 study investigates *how* organizations are addressing these challenges and conducts a deeper assessment of what initiatives are having the greatest impact.

Table 1 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 comorbidities	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

Return-to-work, essential to worker wellbeing

Challenges continue in return-to-work (RTW) outcomes for injured workers and employers, exacerbating the economic and wellbeing impact of injury on workers and their families. Claim frequency continues to decline as a positive result of safety initiatives, with NCCI reporting an annual average decline of -4.1% countrywide between 2016 and 2020. Conversely, average annual indemnity severity increased +3.9% during the same period.⁹ Some increase in severity is anticipated with a rise in temporary total indemnity (TTD) rates. Additionally, longer TTD durations across multiple jurisdictions is a significant factor. WCRI CompScope Benchmarks report increased TTD duration across most jurisdictions with an average increase of +3.8% from 2018-2019, signaling this challenge occurred prior to the COVID-19 pandemic.¹⁰ Research conducted by The Hartford indicates, even before the pandemic, effective RTW strategies were a concern for both employees and employers, with 59 percent of employers reporting they need a more comprehensive RTW program and 41 percent of employees indicating they did not have enough support to RTW.¹¹

Claims management practices can have a significant impact on the health and experience of injured workers. A national cross-sectional study in Australia involving 10,946 workers identified a strong association between worker experience in the claims process and their RTW outcomes. Having a positive claims experience was strongly associated with RTW after accounting for injury, worker, claim, and employer factors.¹² One of the core objectives of claims organizations is to ensure injured workers RTW as efficiently and sustainably as possible. To successfully facilitate this objective, it is important that all stakeholders—particularly employers and claims organizations—understand the importance of work to injured worker wellbeing. In addition to financial needs, work adds meaning and purpose to life and is an important source of individual identity. Ongoing disability duration increases morbidity and mortality and impacts mental health, family, social, and economic wellbeing. Throughout recovery—despite chronic impairment, pain, or disability—the fullest possible participation in medically appropriate activity and work promotes positive health and overall life outcomes.¹³

After an occupational injury or illness, traditionally injured worker capabilities are outlined in the form of restrictions or limitations, frequently making it difficult for employers to decipher what job duties the worker can do. The American College of Occupational and Environmental Medicine (ACOEM) recommends medical providers outline a description of activities for both work and nonwork tasks. This will encourage both injured workers and employers to consider abilities rather than disability and will help the employer identify productive transitional job duties.¹⁴

Critical to the success of RTW is understanding what is important to the injured worker, both work and nonwork activities. This can be accomplished by including the injured worker in RTW planning and using motivational interviewing techniques. Motivational interactions/interviewing is a patient-centered, evidence-based approach that can improve behavior change.¹⁵ This technique, which leverages strong empathy and interpersonal skills, helps injured workers and other key stakeholders (i.e., providers, nurse case managers, claims professionals, vocational counselors) identify what factors are most important to injured workers—facilitating collaborative goal setting to promote health outcomes and RTW.¹⁶

Prior study research examined *what* initiatives organizations are leveraging to address RTW obstacles (see Table 2). The 2021 qualitative exercise advances the research by examining *how* organizations are utilizing RTW strategies. Later in the report, these strategies are described on page 12.

Health & Wellbeing Benefits of Work



Table 2 2020 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

Worker-centric communication critical to litigation avoidance

Attorney involvement and 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 RTW 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.

Research identifies the injured worker's lack of understanding of the workers' compensation system and process as important predictors of attorney involvement.¹⁷ Data published by Milliman identifies claims with attorney involvement are open 2.1 times longer and cost 2.3 times more than claims without attorney involvement.¹⁸ Understanding the triggers for an injured worker to obtain representation is essential to improving claim outcomes as well as employee wellbeing and employer talent strategy.



Workplace trust issues predict attorney involvement

A Workers' Compensation Research Institute (WCRI) report found that workplace trust issues are the primary predictors of attorney involvement. The report reveals injured workers are more likely to retain an attorney when they perceive a threat to their job security, income benefits, medical treatment, and/or their overall claim being accepted. Triggers for such perceived threats can include an adversarial or confusing notice, a delay in payments, a delay in medical care, or through poor communication with the claims professional. Additionally, workers who are concerned their supervisor questions the legitimacy of their injury and fear being fired are two (2) to three (3) times more likely to hire an attorney. Moreover, the WCRI research shows injured workers interviewed in Spanish hired attorneys twice as often as those interviewed in English. The research notes several reasons why Spanish speaking workers are more likely to hire an attorney, "They may feel less confident navigating the workers' compensation system and may be more conflict averse and hire an attorney as their conflict surrogate."¹⁹ When considering strategies to overcome these obstacles, it is important claims organizations recognize administrative processes are designed to manage bad actors (which could be any system stakeholder) and results in a highly compliance-driven scheme. In a RAND study—including perspectives from workers, employers, claims organizations, state agencies, and occupational health providers—stakeholders cite the current approaches to dispute resolution, the adversarial nature of the system, and the narrow focus on compliance impedes communication between workers, employers, and health care providers and often prevents stakeholders from focusing on worker outcomes.²⁰

The 2020 study examined *what* initiatives organizations are leveraging to address attorney involvement and litigation (see Table 3). The 2021 qualitative exercise advances the research by examining *how* organizations are leveraging and implementing key strategies. Later in the report, these strategies are described on page 12.

Table 3 2020 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

Leveraging a biopsychosocial model to overcome claim outcome obstacles

The influence of psychosocial risk factors on workers' compensation claims is well-established.²¹⁻²⁷ Occupational medicine physicians and other clinical specialties recommend the inclusion of biopsychosocial management approaches for injured workers. Yet, widespread dominance of the medical model prevails across claims organizational practices and jurisdictional policies—contributing to suboptimal outcomes for injured workers at risk for delayed recovery.

Difference between the medical model and biopsychosocial model

The **medical model** views disability as a problem of the person, directly caused by disease, trauma, or other health condition. Management of the disability is aimed at a cure with medical care viewed as the main issue. Marcos Iglesias, MD, Vice President and Chief Medical Director of Travelers, describes the traditional medical model which assumes a linear relationship between disease, symptoms, and disability. "The medical model includes recognizing patterns of symptoms, medical history, and examination as well as understanding underlying pathology and diagnosis, then applying treatment to that pathology—expecting the patient to recover or be 'cured' with residual impairment. The model is frequently inadequate, overemphasizes impairment, incorrectly assumes a direct causal link between impairment and disability, and fails to adequately account for personal and social dimensions of disability."²⁸

"The biopsychosocial model recognizes daily functioning and disability as dependent on the dynamic interaction between the individual's health condition and related factors that include both personal/psychological and social/occupational factors. Understanding and preventing needless disability requires a framework that addresses physical, psychological, and social factors involved in human illness and disability."

Marcos Iglesias, MD (2016)

The **biopsychosocial model** was first conceptualized by George Engel, MD in 1977. He says that to understand a person's medical condition is to grasp not simply their biological factors, but also their psychological and social realities, and how those might affect health care delivery.²⁹ The biopsychosocial model is the basis of the World Health Organization's (WHO) International Classification of Functioning, Disability and Health (ICF), and is now widely accepted as the framework for disability and rehabilitation.³⁰ The WHO developed the ICF as a universal approach to interface with vocational rehabilitation and return to work—emphasizing components of health rather than consequences of disability.³¹

The **biopsychosocial model** is an individual-centered approach that considers the person, their health problem, and their social context—recognizing that personal/psychological factors influence functioning. "The biopsychosocial model recognizes daily functioning and disability as dependent on the dynamic interaction between the individual's health condition and related factors that include both personal/psychological and social/occupational factors," says Iglesias. "Understanding and preventing needless disability requires a framework that addresses physical, psychological, and social factors involved in human illness and disability."³² Therefore, to achieve optimal outcomes, we must address psychosocial obstacles for recovery and RTW/function.

Overcoming the stigma of psychosocial risk factors

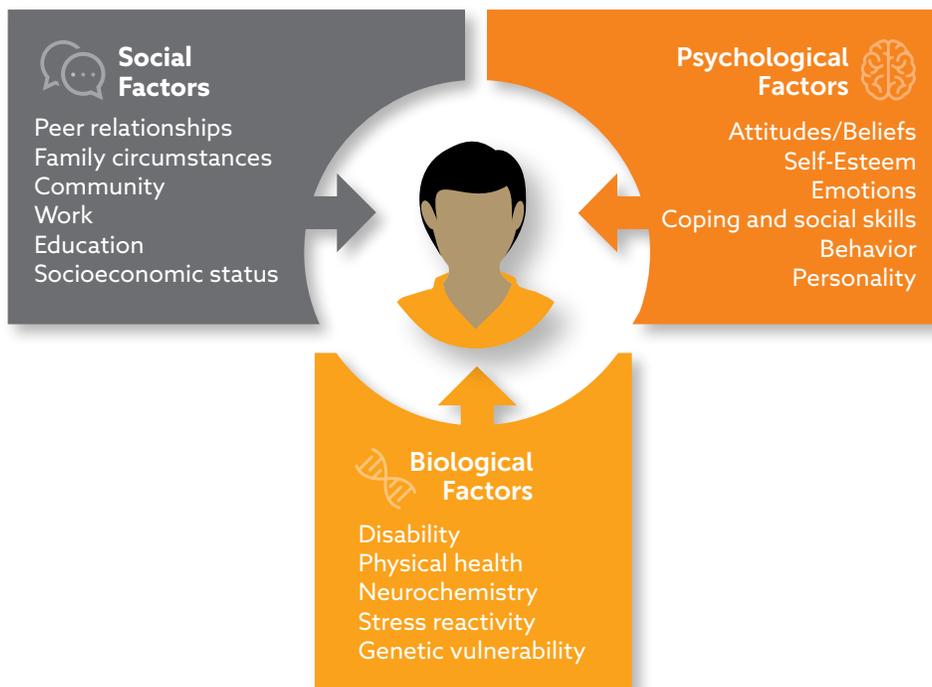
One of the primary obstacles to incorporating a biopsychosocial model in workers' compensation programs is the stigma of mental health conditions and misconception that addressing psychosocial risk factors will create a *psych claim*. In the 2019 study, 69 percent of frontline claim professionals indicate a need for additional training on psychosocial risk factors. Peter Rousmaniere, industry expert and former consultant to numerous claims organizations, notes the standard training for workers' compensation claims professionals ignores the worker and their psychology, the disruption, the decision-making, the risk, and impact of delays.³³

Psychosocial risk factors (barriers) to functional recovery, such as pain catastrophizing, fear avoidance, and perceived injustice, are not a diagnosis or mental health disease and are not work-related; however, they can have a significant impact on recovery and overall claim costs. Identifying and mitigating these risk factors can lead to better claim outcomes. Adam Seidner, MD, Chief Medical Officer at The Hartford, recommends organizations focus on asking the right questions, "If you ask the right questions and address the psychological and social aspects of a claim, you can reduce the cost of the claim by 50 percent or more."³⁴

Psychosocial risk factors influence all the problem statements examined during the 2021 qualitative research exercise with a convergence of delayed recovery and suboptimal outcomes due to lack of return-to-work, litigation, compliance-driven claims practices (i.e., lack of advocacy/worker-centric claims model), and social determinants of health identification.

During the 2021 research, industry executives examined how organizations are overcoming these hurdles and equipping frontline claims professionals to better understand psychosocial risk factors. The results demonstrate a whole-person approach aligned with the Total Worker Health® model can lead to successful injury/illness management. Providing frontline claims professionals and other key stakeholders with ongoing training and coaching on the biopsychosocial model, emotional intelligence, and active listening skills will also yield benefits.

Components of Worker Health & Wellbeing



Impact of comorbidities on claim outcomes

Comorbidities are health conditions, typically characterized as chronic conditions, that can increase the severity of other illnesses as well as injuries. The Centers for Disease Control and Prevention (CDC) report that 52 percent of the US population are diagnosed with at least one chronic health condition.³⁵ The American Medical Association (AMA) describes comorbidities in workers' compensation as "a concomitant but unrelated pathological or disease process. Comorbid conditions are coexisting medical conditions that are not necessarily compensable in a work-related injury but may affect the individual's treatment and recovery."³⁶

Multiple studies report that obesity has a profound impact on workers' compensation claims. Duke University performed a study which analyzed 11,728 workers' compensation claims and demonstrated a clear linear relationship between body mass index (BMI) on frequency and severity of claims. NCCI performed an initial study in 2010 on the impact of obesity and reported claims with an obesity diagnosis incurred significantly higher medical costs than comparable claims without an obesity diagnosis. NCCI expanded the research in 2012 to include other comorbidities (i.e., diabetes, hypertension, mental health, drug/alcohol addiction diagnosis, etc.). The results demonstrate claims with comorbidities have twice the medical costs of otherwise comparable claims as well as increased indemnity severity.³⁷

Improving outcomes through a Total Worker Health® model

Many comorbidities are presumed to be associated with lifestyle behaviors (i.e., diet, exercise, tobacco use, etc.). These are important; however, studies show socio-demographic factors—social determinants of health (SDOH)—are more predictive of comorbidity prevalence, with ethnicity, lower income and uninsured adults experiencing a higher burden of comorbidities.³⁸⁻⁴⁰ The findings reinforce the value of leveraging a Total Worker Health® approach to optimize the work environment to prevent/mitigate injury and illnesses, as well as a to empower employees to be informed healthcare consumers and advocate for their personal health and safety.

The 2020 study examined *what* strategies organizations are leveraging to address comorbidity risk factors, including the training needs identified by frontline claims professionals in prior research (see Table 4). The results show 38 percent are increasing frontline claims professional training on comorbidities such as obesity, diabetes, and hypertension with recommended claim strategies and interventions. Of concern, 33 percent report *no initiatives* to address psychosocial and/or comorbidity issues. Given the significant financial and human impact of comorbidity issues, organizations should reconsider priorities to include ongoing training and education in these critical areas.

The 2021 qualitative exercise advances the research by examining *how* organizations are leveraging and implementing key strategies to proactively identify and manage psychosocial and/or comorbidity issues.

Table 4 2020 Survey Question: *What initiatives has your organization implemented to address psychosocial and/or comorbidity issues? Select all that apply.* [337 responses]

Answer	count	%
None/Not Applicable	110	33%
Increased frontline claims professional training on comorbidities (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 comorbidity 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

Key Strategies:

Overcoming the Top 3 Obstacles to Claim Outcomes

Strategic vision on total worker health and engagement

During the 2021 study's qualitative research exercise, industry executives examined *how* organizations are leveraging key initiatives to overcome the top three (3) greatest obstacles to achieving desired claim outcomes. The results demonstrate a whole-person approach aligned with the Total Worker Health® model to injury/illness management, including providing frontline claims professionals and other key stakeholders with ongoing training on the biopsychosocial model, emotional intelligence, and active listening skills.

During the qualitative research, participants identified goals and desired outcomes as well as potential barriers related to each discussion topic.



Goals/Desired Outcomes Identified by Industry Executives for Discussion Topic #1

- Injured workers are returned to work with the best achievable outcome.
- Stay-at-work/return-to-work goals are aligned across stakeholders.
- Employees actively and consistently engage in their stay-at-work/return-to-work plan.
- Temporary/alternate return-to-work (RTW) roles are defined and communicated as meaningful work to the employee.
- The impact of employee biopsychosocial (biological, psychological, and social) factors on worker health/wellness are recognized by key stakeholders, including the injured worker, employer, payer, and provider.
- Organizations leverage and value a whole person/total worker health model.



Potential Challenges/Barriers Identified by Industry Executives for Discussion Topic #1

- Portability of the labor market; need sustained RTW.
- Claim system limitations to track/measure RTW metrics.
- Consistent/credible data on outcomes.
- Supervisor/employer's fear of returning injured workers to less than regular pre-injury duties.
- Misaligned incentives (employee, employer, provider, legal) can lead to protracted disability or "medicalized" disability and ultimately higher litigation.
- Provider skillset, whereby medical training does not prepare providers to address work abilities and they often lack knowledge of workplace environments.
- Jurisdictional legalese required in forms/letters that confuse injured workers, instill mistrust, and lead to litigation.
- Injured worker's relationship, including lack of trust, with their supervisor/leadership.
- Limited ability to identify/track comorbidities.
- Stigma/fear of a psych claim if claims professionals acknowledge/identify psychosocial barriers.

Discussion Topic #1

In prior study research, claims leaders and frontline claims professionals consistently identify the lack of return-to-work (RTW) options, litigation, and psychosocial issues and/or other comorbidities as the top three (3) greatest obstacles to achieving desired claim outcomes. To further understand how to overcome these obstacles, industry leaders should examine execution in the below critical areas.

Key Considerations:

Lack of return-to-work (RTW) options:

- How are organizations utilizing resources to facilitate RTW options?
- What incentive strategies are used to drive RTW outcomes?
- How are organizations engaging injured workers to identify RTW abilities?

Litigation:

- What strategies are organizations using to increase injured worker engagement/communication, with early identification of communication obstacles?
- How are organizations ensuring execution of speed to claims decisions, benefit delivery, and medical treatment authorizations?
- When litigation occurs, how is root cause assessed?

Psychosocial issues and/or other comorbidities:

- How are organizations equipping frontline claims professionals to better understand psychosocial issues and optimal claim strategies/interventions?
- What resources are used to detect/identify and mitigate psychosocial risk factors?
- How are organizations equipping frontline claims professionals to better understand the impact of comorbidities (i.e., obesity, diabetes, hypertension) and optimal claim strategies/interventions?

Greatest Impact Opportunities – Key Strategies

Industry executives recommend the following priorities that organizations should consider in the next two (2) to three (3) years.

- 1 Train employer/frontline supervisors on the significant company and human value of stay-at-work/return-to-work and how to communicate with injured workers.** Include training in new hire core competencies, utilizing external resources if the organization lacks the expertise. Include cultural awareness, empathy, and active listening skills as well as how to have meaningful conversations with injured workers in ongoing training. To ensure execution of proactive communication with injured workers, develop brief post-injury communication talking points delivered to employer supervisors in real-time (i.e., via email, text message, apps, etc.) throughout the claim life cycle.
- 2 Upskill frontline claims professionals' communication skills.** Enhance training focused on empathy, active listening, and conflict management, including motivational interactions to improve injured worker engagement and empowerment.
- 3 Flip the script from limitations to abilities.** Change the vernacular from "light duty" or "restrictions" to *abilities* to empower the injured worker, as well as set the stage for success for all stakeholders. Engage the injured worker to identify what they *can do* and set functional goals based on what is important to them at home as well as work. To ensure execution, maintain a list of meaningful tasks based on role and functional requirements. For organizations with limited internal resources, physical and occupational therapists as well as vocational counselors can be leveraged to develop functional task lists.
- 4 Remove uncertainty from the claims process.** Communicate with injured workers frequently and in layperson's terms regarding when to expect compensability decisions, indemnity benefits, medical treatments, etc. Use injured worker's preferred communication methods (i.e., text message, email, phone call, via claim system apps, and/or portal). Prioritize and leverage bilingual claims professionals for non-English speaking injured workers.
- 5 Leverage tools to engage injured workers early and frequently.** Leverage text messaging, apps, and survey tools to provide immediate access to claim information (i.e., how to access provider networks and pharmacy benefits, how to reach claims professionals, etc.) as well as assess ongoing satisfaction with the claims process. Develop an escalation process with immediate follow up on claims handling/process issues. Leverage third-party expertise if the organization lacks the technology or resources to implement.
- 6 Communicate claim compensability and coverage issues verbally.** If a claim is delayed, denied, or partially denied and/or medical treatment is denied or delayed pending utilization review—communicate these decisions verbally *prior* to sending legalese notifications. Explain in layperson terms the reason for the decision and what their options are. For medical treatment delays/denials—engage clinical resources to review other treatment options with the injured worker and medical provider to avoid mistrust and treatment plan delays.
- 7 Incorporate advanced analytics, including predictive and prescriptive models.** Leverage advanced analytics, including text mining, to predict and proactively identify injured worker fear or dissatisfaction with the claims process and/or medical care, as well as the potential for litigation. If litigation occurs, examine the root cause. Incorporate advanced analytics to predict and proactively identify psychosocial risk factors and comorbidities. Identify and require specific actions/tools or referral to clinical resources when risk factors are identified.
- 8 Address the stigma of psychosocial risk factors.** The stigma of psychosocial risk factors and mental health conditions will not change without a considerable and deliberate culture shift. This will require organizations to incorporate intentional, ongoing training and education which utilizes clinical resources with expertise in the biopsychosocial model as well as mental health conditions. Frontline claims professionals and supervisors who engage with injured workers should be the first priority in the training and education.

Operational Challenge:

Deploying Employee-Centric Claims Models

Leaning into advocacy-based/employee-centric claims models

Industry executives continue to champion the value of advocacy-based claims models, described 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 its 2016 survey. To better understand frontline claims professionals' awareness of advocacy models, the study examined their perspective. The results indicate 72 percent do not know what an advocacy-based claims model is (see Figure 1). Given the significant industry focus on claims advocacy, the findings are surprising. This could be a result of semantics or, more concerning, a disconnect between theory and practice. Irrespective of the reason, it requires further exploration.

From a claims leader perspective, the 2020 study results reflect a notable improvement in their knowledge of advocacy-based claims models from prior study years, with 80 percent reporting awareness, a 30 percent improvement from the 2017 survey (see Figure 1).

The 2020 study further examined how organizations are engaging frontline claims staff to better understand the importance of advocacy. The results show 66 percent 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 5). Higher performing claims organizations demonstrate a greater awareness of advocacy models and are taking more steps to engage frontline claims professionals in claims advocacy initiatives, including training (see Table 5).

Figure 1 2020 Survey Question: *Do you know what an advocacy-based claims model is?* [337 responses]

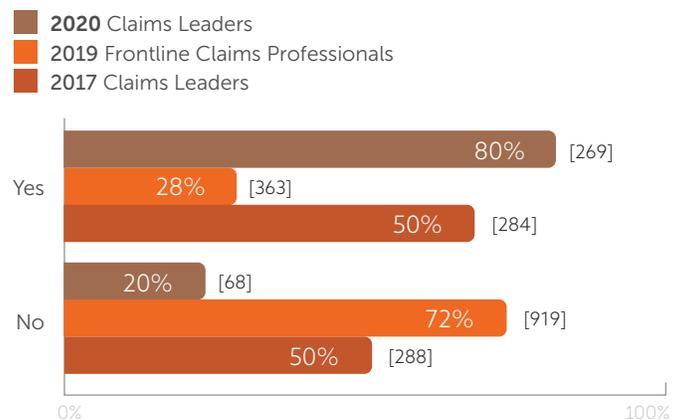


Table 5 2020 Survey Question: *The 2019 survey of frontline claims professionals identified many do not know what an advocacy-based claims model is. What actions has your organization undertaken to engage frontline claims professionals in advocacy-based claims management? Select all that apply.* [337 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

Additionally, the 2020 study examined *what* changes organizations are implementing as a result of an advocacy model. The most prevalent is communication with injured workers, with 64 percent reporting changes to claims practices in this area. Organizations are less likely to make changes to compensability investigations and claims resolution/settlement strategy practices. The 2021 qualitative exercise advances the research by examining *how* organizations are leveraging and implementing key advocacy strategies.

Key Strategies:



Deploying Employee-Centric Claims Models

Driving transformational change

Prior study research and industry publications indicate leading claims organizations are proponents of advocacy-based, employee-centric claims models. Yet, results show little change in core claim practices.⁴¹ Implementing the changes required to transform claims practices can be a significant challenge, especially considering legacy claims processes ingrained in organizations for years. Executing claims advocacy will require transformational change. Change of this scale is highly dependent on leadership commitment as well as aligning metrics and incentives to support the transformation. Enhancing a single touchpoint, such as communication/contact letters for injured workers is tactical; whereas shifting organizational processes and culture is strategic and requires long-term commitment.

During the 2021 study's qualitative research exercise, industry executives examined *how* organizations are leveraging key strategies to facilitate an advocacy-based, employee-centric claims model and transform claims practices.



Goals/Desired Outcomes

Identified by Industry Executives for Discussion Topic #2

- Organizational leadership and culture support a worker/employee centered model.
- Key performance indicator (KPI) measurements are focused on injured worker interactions, such as timing and quality of worker contact, speed to decision and benefit delivery, injured worker satisfaction with claims process, etc.
- An ongoing, core business strategy is aligning an organization's customer service model with an employee service model.
- Frontline claims staff are key participants in socializing the advocacy-based/worker-centric model, including leading training and coaching.



Potential Challenges/Barriers

Identified by Industry Executives for Discussion Topic #2

- General mistrust among industry stakeholders.
- The standard initial interaction with the injured worker is to "investigate," determine compensability, and conduct recorded statements, which sets an adversarial tone.
- Caseloads often do not support the time to have meaningful conversations with injured workers.
- Performance measures typically focus on tactical claims management, AOE/COE, reserving, claims resolution, etc., not on advocacy KPIs.
- Legacy claims processes and training ingrained in organizations for years follow standard claims management practices.
- Disconnect between organizational culture/goals and claims practices.

Discussion Topic #2

The workers' compensation industry continues to socialize the value of advocacy-based, employee-centric claims models. In 2019, to better understand frontline claims professionals' awareness of advocacy models, the study examined their perspective.

The results show 72 percent do not know what an advocacy-based claims model is. Does this demonstrate a disconnect between theory and practice, or could it be semantics? Implementing the changes needed can be a significant challenge, particularly considering that legacy claims processes have been ingrained in organizations for years. Executing claims advocacy will require transformational change, shifting from a tactical to a long-term strategic commitment.

Key Considerations:

- How do organizations advance advocacy-based, employee-centric claims models as a core strategy?
- What strategies have organizations deployed to ensure frontline claims staff understand the value and impact of claims advocacy and their individual contributions on outcomes?
- How can organizations improve engagement of injured workers in a meaningful way?
- What core claims practices need to change/improve to drive desired outcomes?

Greatest Impact Opportunities – Key Strategies

Industry executives recommend the following priorities that organizations should consider in the next two (2) to three (3) years.

- 1 Secure executive leadership commitment to advocacy-based, employee-centric claims models.** Transforming core claims practices and organizational culture will require leadership commitment. This type of change can't be accomplished by "checking the training box." Industry executives shared successful examples by aligning employee-centric models with established organizational mission, vision, and goals (i.e., diversity/inclusion, dignity/respect, customer/employee promise).
- 2 Redesign claims best practices to include advocacy.** Ensure claims best practices include an end-to-end focus and inclusion of an advocacy-based, employee-centric model.
- 3 Modify claims practices that instill fear/uncertainty.** Determining compensability is an important claims core competency. However, traditional claims practices and vernacular impart uncertainty (i.e., *investigating* the claim, taking a *recorded statement*) and can instill blame/shame and mistrust. Consider recording all calls, similar to most customer service models, thereby removing negative connotation of a recorded statement. This will provide multiple benefits, including leveraging text mining of call transcripts for analytics. Utilize an empathetic approach to gathering facts (i.e., "how are you doing, tell me what happened") versus conducting an investigation.
- 4 Deploy frontline claims professionals in program design and training.** Leverage frontline claims professionals in advocacy-based claims program design and training, including actively engaging claims professionals to identify challenges and solutions. This will create ownership, accountability, and allow them to tell the success story.
- 5 Examine caseloads to ensure execution of advocacy objectives.** Ensure caseloads allow the time to leverage active listening and injured worker engagement, as well as to effectively interact with all stakeholders. This will permit quick problem solving and speed to decisions.

Operational Challenge:

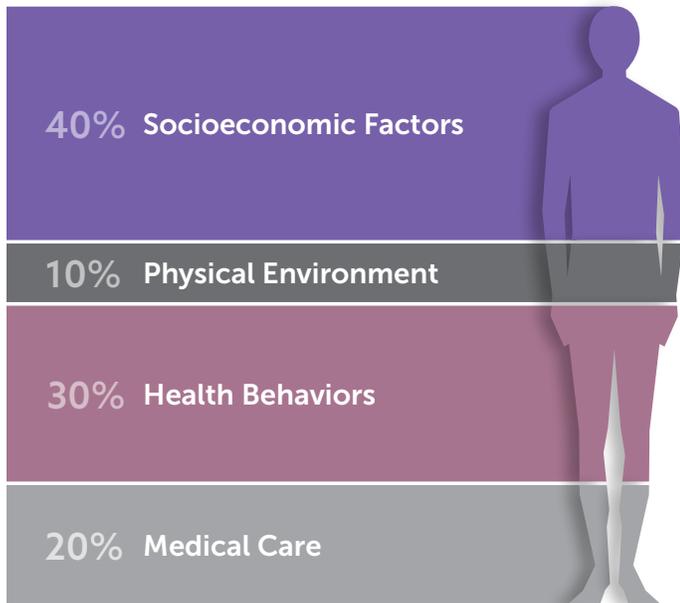


Addressing Social Determinants of Health Risk Factors

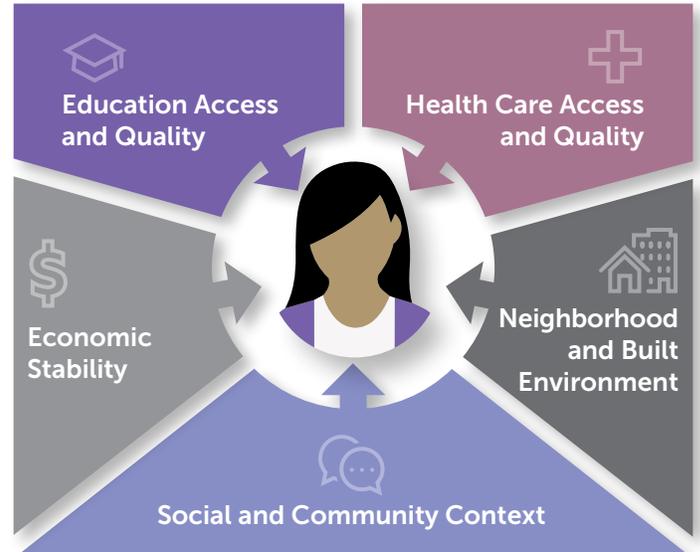
Social determinants of health

Social determinants of health (SDOH) are the conditions in the environments where people are born, live, learn, work, play, worship, and age and they affect a wide range of health, functioning, and quality-of-life outcomes and risks.⁴² The emphasis on SDOH was shared by the World Health Organization (WHO) in 2008. Healthy People 2020 first introduced SDOH objectives in 2010.

Some may question an employer's or claims organization's role in addressing social risk factors. The Health Enhancement Research Organization (HERO), a national non-profit organization dedicated to identifying and sharing best practices in workplace health and wellbeing, conveys a compelling goal businesses should consider for optimizing the value of their workforce, "The impact of existing company practices on workforce health in all aspects of business operations must be considered, even in areas not traditionally viewed as affecting employee health."⁴³ The HERO report on SDOH outlines an implementation checklist for organizations to utilize.

What Goes Into a Patient's Health

Source: The American Hospital Association.⁴⁵

The 5 Domains of SDOH

Source: Healthy People 2030, U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion.⁴²

Impact on health outcomes

SDOH account for substantially more of the variation in health outcomes than medical care.⁴⁴ 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.⁴⁵ 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.⁴⁶

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.

Leveraging public data and approaches

Federal, state, and local government agencies are making SDOH data more publicly available, with statistical approaches making it possible to apply data at a highly localized level. Artificial intelligence and machine learning models combine public data with individual-level data to derive insights for better, more proactive care. The data can help payers assess individual and community-level risk. The Centers for Medicare & Medicaid Services utilize SDOH-related Z codes ranging from Z55-Z65 diagnosis encounter reason codes to document SDOH data (i.e., housing, food insecurity, transportation, etc.). The data can be collected at intake through health risk assessments, screening tools, case management assessments, person-provider interactions, and individual self-reporting.⁴⁷ Additionally, the Gravity Project is a public, multi-stakeholder initiative that is seeking to standardize key data elements necessary for documenting clinical and other activities related to SDOH to improve interoperability.

Prior study findings

A new area of research the 2020 study examined are the strategies organizations are utilizing to equip claims professional to identify SDOH and leverage resources for injured workers with potential health disparities. The results show only 25 percent of organizations are equipping claims professionals to identify SDOH (see Table 6).

A recent study by PwC's Health Research Institute (HRI) outlines five (5) key steps crucial to developing 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.⁴⁸

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

Table 6 2020 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

Key Strategies:



Addressing Social Determinants of Health Risk Factors

Optimizing human capital, business case for addressing social determinants of health

The 2020 study included, for the first time, the assessment of social determinants of health (SDOH) and how organizations are utilizing a total worker health model, as well as equipping claims professional to identify SDOH and leverage resources for injured workers with potential health disparities.

The 2021 qualitative exercise advances this research by examining *how* organizations are implementing and using key strategies to proactively identify SDOH and the impact on claims organizations. SDOH highlight the importance of upstream factors, typically outside health care delivery, which are necessary to reduce health disparities and improve health outcomes. Similar to prior study research, industry executive participants presented an uncompromising, aligned vision that could be characterized as the workers' compensation industry's Triple Aim as well as a Total Worker Health® model. The focus groups' alignment centered around three (3) common goals: identifying and investing in health outcomes; encouraging employee engagement/empowerment; and promoting population health and injury prevention to advance worker wellbeing. These goals build on the traditional worker safety approach through the recognition that one's work is a SDOH.

**Goals/Desired Outcomes****Identified by Industry Executives for Discussion Topic #3**

- Health outcomes are improved through a whole person employee/patient-centered model.
- Health literacy is promoted through ongoing education of injured workers.
- The impact SDOH has on health outcomes, worker populations, and workers' compensation claims is well understood by key stakeholders.
- Existing data is optimally leveraged by combining resources already used by group health payers, both for preventing and addressing comorbidities that may affect recovery.

**Potential Challenges/Barriers****Identified by Industry Executives for Discussion Topic #3**

- Industry's lack of knowledge; SDOH is not in the lexicon of most claims organizations.
- Creation of legal, privacy, or discrimination issues.
- Fear of owning employee/injured worker's social risk factors.
- Confusion between traditional wellness and SDOH.

Discussion Topic #3

For the first time, the 2020 study examined strategies organizations utilize to equip claims professionals to identify social determinants of health (SDOH) and leverage resources for injured workers with potential health disparities.

The results show only 25 percent of participants are equipping claims professionals to identify SDOH. 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.

Key Considerations:

- How are organizations investing in health outcomes, promoting population health, and emphasizing injury prevention?
- Are organizations promoting health literacy through education, based on injured workers' needs?
- What resources are leveraged to identify SDOH risk factors?
- How are organizations connecting injured workers to community/outside resources?

Greatest Impact Opportunities – Key Strategies

Industry executives recommend the following priorities that organizations should consider in the next two (2) to three (3) years.

- 1 Socialize SDOH internally.** Leverage clinical and/or external resources with expertise in population/public health to educate leadership on the business case. Train employers/managers and claims professionals to recognize employees/injured workers struggling with both non-medical and physical health issues. Include as a key strategy in advocacy-based, worker-centric programs.
- 2 Enhance empathy and understanding through active listening.** Leverage active listening and SDOH awareness in supervisor and claims professionals' training, including resources to which they can refer employees (i.e., employee assistance program (EAP), advocate, health coach, etc.)
- 3 Leverage existing vendor partners for SDOH data insights.** Utilize technology/predictive analytics, medical bill review companies, EAP providers, onsite social workers, financial partners (i.e., 401k, insurance), and health plans to better understand employee data from a SDOH perspective. Leverage predictive analytics and risk mapping to identify individuals/populations at greater risk for developing diseases or chronic conditions.
- 4 Empower employees/injured workers to be informed health consumers.** Provide education through case management programs on health care literacy, including how to use benefits and locate providers in their communities. Research and promote local resources, including 211 assistance. Incorporate screenings to determine key risk factors and recommend resources based on conditions. Leverage shared decision-making that encourages employees/injured workers to play a role in the medical decisions that affect their health. Incorporate social intervention, including referrals or treatments to address key social needs such as food insecurity or housing instability.
- 5 Address mental health issues.** Particularly anxiety/stress and depression. Reduce stigma and create a culture of awareness where employees/injured workers feel safe talking about these issues.
- 6 Survey employees on motivations and preferences.** What do they value in programs to promote health and wellbeing? What social services are most important?

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, to determining how claims leaders are responding to the perspectives of frontline claims professionals in 2020, the annual Report continually reveals the cumulative intelligence of the workers' compensation claims community.

In 2021, the study conducted first-person focus group research to reveal real-world strategies industry leader participants are using to overcome high priority challenges identified in the 2020 research. Tying together the entire 2021 Report is a common theme: each challenge requires *operational transformation* to improve outcomes.

Contact

We welcome your reaction to the 2021 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.

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Appendix A

Participant Survey Results

Survey Question:

Give each of the following questions / topics a ranking of 1 to 3 for possible discussion during the focus group exercise.

Discussion Topic	1 lowest priority (if we had time)	2 somewhat a priority (interesting)	3 highest priority (most compelling)	Average Value
<p>In the 2019 study, frontline claims professionals identify the lack of return-to-work (RTW) options, litigation, and psychosocial issues and/or other comorbidities as the top three greatest obstacles to achieving desired claim outcomes, consistent with prior surveys of claims leaders. The 2020 study examined what initiatives organizations implemented to address the obstacles. To further understand how to overcome these obstacles, industry leaders should examine execution in these critical areas.</p> <p>Lack of return-to-work (RTW) options:</p> <ul style="list-style-type: none"> • How are organizations utilizing resources to facilitate RTW options? • What incentive strategies are used to drive RTW outcomes? • How are organizations engaging injured workers to identify RTW abilities? <p>Litigation:</p> <ul style="list-style-type: none"> • What strategies are organizations using to increase injured worker engagement communication, with early identification of communication obstacles? • How are organizations ensuring execution of speed to claims decisions, benefit delivery, and medical treatment authorizations? • When litigation occurs, how is root cause assessed? <p>Psychosocial issues and/or other comorbidities:</p> <ul style="list-style-type: none"> • How are organizations equipping frontline claims professionals to better understand psychosocial issues and optimal claim strategies/interventions? • What resources are used to detect/identify and mitigate psychosocial risk factors? • How are organizations equipping frontline claims professionals to better understand the impact of comorbidities (i.e., obesity, diabetes, hypertension) and optimal claim strategies/interventions? 				
	6.67%	26.67%	66.67%	2.60

[cont'd] Give each of the following questions / topics a ranking of 1 to 3 for possible discussion during the focus group exercise.

Discussion Topic	1 lowest priority (if we had time)	2 somewhat a priority (interesting)	3 highest priority (most compelling)	Average Value
<p>The workers' compensation industry continues to socialize the value of advocacy-based, employee-centric claims models. To better understand frontline claims professionals' awareness of advocacy models, the 2019 study examined their perspective. The results show 72 percent of frontline claims professionals do not know what an advocacy-based claims model is. Does this demonstrate a disconnect between theory and practice, or could it be semantics? Implementing the changes needed can be a significant challenge, particularly considering that legacy claims processes have been ingrained in organizations for years. Executing claims advocacy will require transformational change, shifting from a tactical to a long-term strategic commitment.</p> <ul style="list-style-type: none"> • How do organizations advance advocacy-based, employee-centric claims models as a core strategy? • What strategies have organizations deployed to ensure frontline claims staff understand the value and impact of claims advocacy and their individual contributions on outcomes? • How can organizations improve engagement of injured workers in a meaningful way? • What core claims practices need to change improve to drive desired outcomes? 	6.67%	40.00%	53.33%	2.47
<p>The workers' compensation industry has long been plagued with a talent supply and demand imbalance. 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. Additionally, the 2020 study examined the impact of remote work on productivity, morale, and team dynamics. Overall, the results show no negative impact on productivity or employee morale. However, 31 percent indicate a negative impact on team dynamics, a metric claims leaders should examine further.</p> <ul style="list-style-type: none"> • How are organizations leveraging remote work into a long-term strategy? • How are organizations applying employee experience models and/or innovative engagement opportunities to enhance team dynamics? • What strategies are used to promote the profession, attract talent, as well as provide strategic long-term talent commitment? 	6.67%	46.67%	46.67%	2.40

[cont'd] Give each of the following questions / topics a ranking of 1 to 3 for possible discussion during the focus group exercise.

Discussion Topic	1 lowest priority (if we had time)	2 somewhat a priority (interesting)	3 highest priority (most compelling)	Average Value
<p>For the first time, the 2020 study examined strategies organizations utilize to equip claims professionals to identify social determinants of health (SDOH) and leverage resources for injured workers with potential health disparities. The results show only 25 percent of participants are equipping claims professionals to identify SDOH. 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.</p> <ul style="list-style-type: none"> • How are organizations investing in health outcomes, promoting population health, and emphasizing injury prevention? • Are organizations promoting health literacy through education, based on injured workers' needs? • What resources are leveraged to identify SDOH risk factors? • How are organizations connecting injured workers to community/outside resources? 	13.33%	66.67%	20.00%	2.07
<p>Many organizations tout the use of analytics. However, success is dependent on execution, specifically how the systems and/or data are leveraged to manage claims. The 2020 survey of claims leaders examined how organizations integrate analytics with claims systems to provide more real-time execution.</p> <ul style="list-style-type: none"> • How are frequency and severity data/analytics used to manage claims? • How are organizations using data to detect medical treatment/utilization outside of evidence-based medicine (EBM)? • How are claims professionals/clinicians alerted, or workflows altered? • What analytics are used to streamline benefit calculations and reserving practices? • How are analytics used to streamline compliance activities? 	20.00%	53.33%	26.67%	2.07

[cont'd] Give each of the following questions / topics a ranking of 1 to 3 for possible discussion during the focus group exercise.

Discussion Topic	1 lowest priority (if we had time)	2 somewhat a priority (interesting)	3 highest priority (most compelling)	Average Value
<p>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 is a more intense focus on medical performance management.</p> <ul style="list-style-type: none"> • How is medical management leveraged as a long-term strategy? • How are organizations enhancing training/ upskilling for claims professionals on occupational disease and epidemiology methods? • How are clinical resources integrated holistically with claims professionals/practices? 	26.67%	46.67%	26.67%	2.00



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