2024 WORKERS' COMPENSATION BENCHMARKING STUDY

CLAIMS MANAGEMENT OPERATIONAL STUDY

Balancing **Digital Transformation** and **Human-Centered** Claims Management

Study Director & Publisher
Rising Medical Solutions

Principal Researcher & Report Author
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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 Health 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 20 workers' compensation executives, the Council has, over the years, represented national and regional carriers, employers, third party administrators, state funds, governmental entities, 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.

In 2024, 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 Health | **Albertsons Companies**
- Marcos Iglesias, MD | Chief Medical Director | **AF Group**
- Paul Kearney | Chief Claims Officer | **AF Group**
- Robert Biltz | Vice President, Claims | **AmTrust Financial Services**
- Tyrone Spears | Chief, Workers' Compensation Division | **City of Los Angeles**
- Kelli Chapman | Vice President, Claims | **Eastern Alliance Insurance Group**
- Thomas Stark | Regional Vice President, Commercial Lines | **Encova Insurance**
- Daniel Conley | Partner, Senior Vice President, Director of Claims | **FutureComp**
- Helen Weber | Assistant Vice President, Head of Medical Strategy | **The Hanover Insurance Group**
- Adam Seidner, MD | Chief Medical Officer | **The Hartford**
- Victoria Kennedy | Vice President, Workers' Compensation | **Linea Solutions**
- Jaclyn Tiger | Senior Director, Claims, Workers' Compensation | **Markel**
- Jennifer Barth | Vice President, Chief Legal & Claims Officer | **MEM**
- Stacey Foote | Vice President, Claims | **The MEMIC Group**
- Michele Lewis | Medical Services Director | **Montana State Fund**
- Molly Flanagan | Assistant Vice President, Workers' Compensation Claims | **Nationwide**
- Sharon DelGuercio | Director, Workers' Compensation | **Publix Super Markets**
- Brigitte Hamilton | Vice President of Claims | **SAIF**
- Sarah Grace, RN | Managing Director, Workers' Compensation Product Medical Innovation & Strategy | **Travelers**
- Brian Trick | Senior Director, Employee Health & Claims Services | **Wegmans Food Markets**

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Invited Research Participants & Acknowledgements

In addition to study Advisory Council members, the 2024 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.

- Mary Kossel | Workers' Compensation Manager | **Ahold Delhaize USA**
- Yvonne Lavadores | Senior Manager, Workers' Compensation | **Disneyland**
- Eric Kennedy | Director, Workers' Compensation Claims | **Encova Insurance**
- Rebecca Homolka, RN, MBA | Program Manager, Medical Strategy | **The Hanover Insurance Group**
- Lisa Mohler | Senior Vice President, Claims Operations | **Indiana Public Employers' Plan**
- Penny Gough | President | **MC Innovations**
- Ross DeYoung | Director, Integrated Leave Management | **Meijer**
- Zahir Siddiqui, JD | Director of Claims | **Minnesota Counties Intergovernmental Trust**
- Jason Beans | Chief Executive Officer | **Rising Medical Solutions**
- Todd Brown | Vice President, Client Services | **Rising Medical Solutions**
- Sarah Hunter | Vice President, Operations | **SFM Mutual Insurance Company**
- Lisa Hensinger, MSN, RN, COHN CM, CWCP | Occupational Health Director | **Steel Dynamics**
- John Culhane | Claims Services Insights Manager | **Wegmans Food Markets**

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**
- Tyrone Spears | Chief, Workers' Compensation Division | **City of Los Angeles**
- Michael Donegan | Senior Director, Global Insurance Services | **FTI Consulting**

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**

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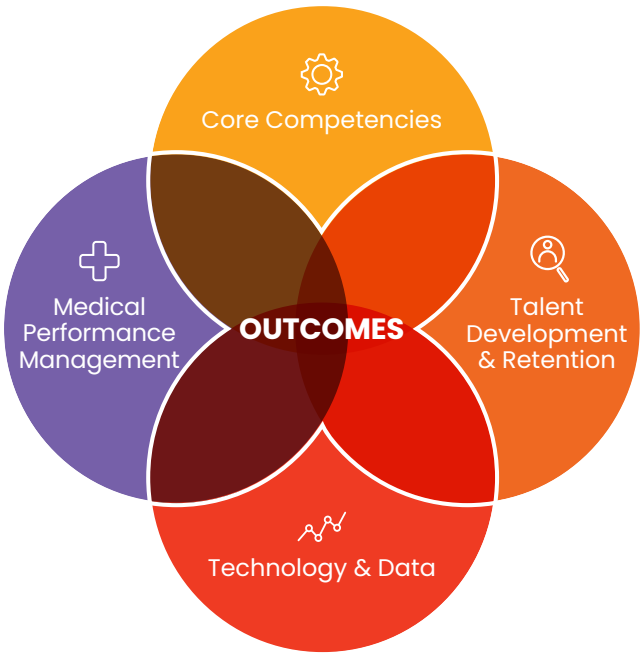
Introduction

The workers' compensation industry is undergoing significant transformation as it navigates evolving operational demands, frequent regulatory changes, and rapid advancements in technology. Claims organizations face the dual challenge of adapting to stringent regulatory demands and operational complexities while ensuring that claims processes remain centered on the injured worker experience. Successfully navigating these dynamics requires a nuanced approach that balances technological innovation, streamlining administrative practices, and empathetic communication with injured workers and other stakeholders. By prioritizing the human elements alongside operational efficiency, organizations can foster trust, improve recovery outcomes, and position themselves strategically in the rapidly evolving industry landscape.

The 2024 Report provides an in-depth examination of these challenges, presenting actionable insights derived from comprehensive first-person focus group research involving claims and medical management executives. The industry executive participants represent a wide array of payer stakeholders, offering a wealth of practical knowledge and perspectives on overcoming key industry obstacles. By bridging the gap between conceptual strategies and tangible actions, the study identifies *how* industry leaders are balancing digital transformation with the human elements essential to effective claims management. Moreover, the report sets forth strategic actions that can empower organizations to navigate the complexities of the modern workers' compensation environment while fostering better outcomes for injured workers and industry stakeholders. Through this perspective, the 2024 Report stands out as a critical roadmap for claims organizations seeking to gain a competitive edge and excel in the evolving industry landscape.

By bridging the gap between conceptual strategies and tangible actions, the study identifies *how* industry leaders are balancing digital transformation with the human elements essential to effective claims management.

4 Major Drivers of Claim Outcomes



Since 2013, the Workers' Compensation Benchmarking Study has surveyed almost 5,000 claims leaders and frontline claims professionals on their top operational priorities, challenges, and opportunities, as well as their strategies for improving claim outcomes. To understand how organizations are addressing these core claim obstacles, the 2024 study used first-person focus group research to gain qualitative feedback from claims 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.

As in prior studies, the 2024 Report continues a thorough exploration of the four (4) study indices illustrated here as an ongoing pursuit in identifying the industry's highest priorities, progress, and performance. The strategies identified in this 2024 Report include tangible, realistic, and potent actions that will help organizations advance claims operations and achieve optimal outcomes.

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Finally, central to the 2024 study was a survey of industry executive participants on the most critical challenges to examine during the focus group research. This survey was conducted prior to the focus group exercise, and below are the top issues survey participants identified. Please see the **Appendix** for full survey results.

Survey Results

Operational Claims Management Issues

Ranked Most Critical for 2024 Focus Group Research

TOPIC #1

Problem Statement

Administrative & Regulatory Compliance Burden

The 2019 and 2023 studies identify **administrative and regulatory compliance burden** as primary issues for frontline claims professionals. The 2023 data show nearly half of claims professionals, or 46 percent, report spending 30 to 40 percent or more of their time on administrative tasks, and 23 percent allocate 30 to 40 percent or more to regulatory compliance tasks. Excessive focus on internal and/or external compliance and administrative tasks to the detriment of other objectives such as communicating with injured workers and key stakeholders, proactive coordination of healthcare services, and RTW will negatively impact claim outcomes.

The 2023 study identified how artificial intelligence or analytics would be most helpful to frontline claims professionals. The results identify automation of administrative tasks or regulatory requirements as the most valuable to frontline staff by a large margin. Additionally, the study notes that the **strategies to improve claims professional efficiency need better integration**. The results show an increase in the number of systems frontline claims staff utilize in the daily management of claims, with 55 percent reporting they use five (5) or more systems, an increase from 42 percent in the 2019 survey of frontline professionals, clearly demonstrating the need for efficiency improvements.

- What technology, resources or tools are organizations leveraging to streamline/limit administrative burden of claims professionals (i.e., regulatory requirements, state forms, letters, TTD/TPD/PPD payments)?
- Are organizations leveraging AI or other technology resources to:
  - Automate administrative tasks such as state form filing or other regulatory requirements?
  - Automate claims tasks such as indemnity payments or bill pay?
- What technology solutions are/or could organizations leverage to aggregate data across the multiple systems claims professionals use in the daily management of claims?
- How are organizations leveraging generative AI, or plan to use it in the next 1-3 years?

TOPIC #2

Problem Statement

Industry Transformation through Technology & Customer Engagement

The workers' compensation industry has the opportunity to be **transformed by technological advancements**—from artificial intelligence and predictive technology to the use of multiple data sources to **enhance customer engagement and experience**. Manual workflows from multiple systems remain major challenges. Industry influencers socialize the perception of transformation, yet actual innovation is still a concept. To achieve true transformation, organizations need to invest in an ecosystem future with new technology that will rapidly advance digitization and automation to support better customer experience, reduce claims leakage, and leverage data to reduce risk. Organizations that invest now in technology capabilities with an **end-to-end digital experience** for injured workers, customers, and other stakeholders will have a clear competitive advantage.

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- How can organizations leverage strategies from customer-facing verticals and applications like auto, retail, and banking to advance workers' compensation technology that will rapidly advance digitization and automation and support a customer service model?
- Are organizations prioritizing digital transformation on their roadmap for the next 1-3 years?
- The workers' compensation industry collects a large amount of structured and unstructured data, where natural language processing can be applied with significant insights into worker sentiment. How are organizations leveraging this data in the daily management of claims?
- Utilizing advanced artificial intelligence and machine learning technologies can enable tools to predict injuries, streamline administrative claims processing, facilitate return-to-work programs, and enhance fraud detection mechanisms. How are organizations leveraging these technologies in risk assessment and mitigation strategies, and what is the impact on outcomes?
- Attracting potential Millennial and Gen Z candidates to the industry is a challenge. Both are digital natives and prioritize working for organizations that are innovative. How are organizations utilizing technology transformation and innovation as a key talent strategy?

TOPIC #3

Problem Statement

Skills Gap & Challenge Attracting New Entrants to the Industry

With the **growing skills gap and challenge attracting new entrants** into the industry, organizations must be **more diligent to retain the staff they have**. Meeting the demand for new and rapidly changing skills, due primarily to increasing claim complexity and industry innovation, underscores this need. The 2023 results show that 72 percent of organizations provide training for new hire claims staff with minimal to no experience, a notable increase from the results of the 2019 survey of frontline claims professionals. Additionally, 87 percent of frontline claims professionals receive ongoing skills training and development, a slight increase from the prior survey of frontline claims professionals and a notable increase from the most recent survey of claims leaders. However, the results show claims staff are **not equipped with critical training needs** in key areas of medical management and soft skills.

The 2023 data shows, on average, 29 percent of participants do not receive adequate medical management training. Claims professionals indicate the greatest training needs are in understanding psychosocial risk factors and mental health issues as well as understanding diagnostic tests or reports. Additionally, only 38 percent report receiving training in empathy—a critical skill when assisting people who are injured.

- How do organizations identify training needs and align with long-term organizational strategy?
- How has training for new hires and ongoing skills for frontline claims professionals changed in the remote/hybrid work environment?
- What training resources/technology strategies will organizations leverage now or in the next 1-3 years?
- How are organizations enhancing training/upskilling for claims professionals on key soft skills, including empathy, active listening, communication skills and cultural awareness?
- What strategies have been most effective?
- How are organizations enhancing training/upskilling for claims professionals on understanding psychosocial risk factors and mental health issues?

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Methodology

The 2024 study approach was formulated through 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 more than 30 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 an in-person focus group meeting of industry executive participants. Participants were selected by direct invitation from the Advisory Council Members and study architects. The participants 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), as well as equitable distribution of claims executives and clinical/medical management executives.

Prior to the focus group meeting, industry executives participated in a confidential, online survey to prioritize the most critical challenges to examine during the research exercise. The survey tool structure and questions were developed by the Principal Researcher and formalized as problem statements identified from the 2023 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 experts 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. Focus group participants shared their experiences, perspectives, insights, and opinions. They also discussed related 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. The use of focus groups increases candor 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, and authored this 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.

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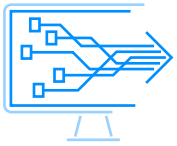
Executive Summary

The workers' compensation industry faces numerous, complex operational challenges that organizations must overcome to remain competitive. The 2024 study, conducted through first-person focus group research, provides a more in-depth examination of the claims management challenges and opportunities outlined by frontline claims professionals in the 2023 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.

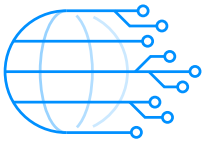
Industry executives note the importance of balancing digital transformation and human-centered claims management. While digital transformation offers remarkable operational efficiencies and innovations, it is crucial to maintain a human-centered approach to ensure empathy and personalized care remain at the core of injured worker interactions. **Technology should complement, not replace, the expertise and compassion of claims professionals**. Striking this balance involves leveraging digital tools to handle repetitive and administrative tasks, allowing professionals to dedicate more time to complex claims. This approach not only preserves human connection but also builds trust, ensures equitable service, and enhances customer satisfaction. By fostering collaboration between technology and human expertise, organizations can cultivate future-ready claim operations that remain inclusive and adaptable.

The report's findings and recommendations are organized around three principal themes that emphasize the importance of innovation, technology integration, and talent development. **A critical factor underpinning the report themes and recommendations is effective change management—with strong leadership essential for driving change management**.

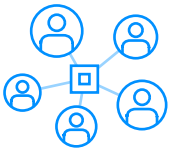
The results identify the following major themes:



Leverage technology for claims management innovation. Technology advancement is emphasized throughout the report—across all problem statements. The importance of utilizing technology, such as automation and AI, to streamline administrative tasks, enhance decision-making, and improve training and communication processes are recommended.



Drive industry transformation through digital strategies. The report highlights the need for organizations to embrace digital transformation to stay competitive, including AI-driven analytics, and diverse communication platforms to create personalized digital experiences that improve injured worker communication and human connection, provide real-time updates, and offer self-service options.



Enhance talent development and recruitment solutions. The report identifies a notable skills gap in the workers' compensation industry. Recommendations include expanding recruitment pools, increasing career path transparency, investing in comprehensive training programs that include soft skills, and fostering a culture of continuous learning.

Cited Research Key

Throughout this report, data from historical Workers' Compensation Benchmarking Study research is cited for reference and trend information purposes. What follows are the categorizations, color-coding, and years in which the research was conducted that can be used to decipher the report's figures and tables.

Frontline Claims Professional Surveys

YYYY

2019 [1282 responses]

2023 [1388 responses]

Claims Leader Surveys

YYYY

2020 [1282 responses]

2022 [1388 responses]

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Greatest Impact Opportunities – Key Strategies Summary

This report summarizes the greatest impact opportunities and most potent strategies that payers may consider over the next one (1) 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 key strategies is presented below, with detailed descriptions outlined further in the report.

1. **Vendor Portal Integration:** Centralize access to preferred vendors through an aggregated marketplace solution, enhancing efficiency and reporting. This integration facilitates better vendor comparison, ensures compliance and security, and helps identify cost-saving opportunities while optimizing workflows.
2. **Claims Automation:** Deploy advanced communication tools to streamline interactions with injured workers using automated texts, emails, and dedicated app solutions. These systems can handle routine updates and inquiries efficiently while enabling claims professionals to focus on complex cases.
3. **AI and Analytics:** Leverage artificial intelligence tools to enhance claims management through auto transcription services, predictive modeling, and process automation. Additionally, AI can identify patterns in claims data to predict fraud, improve decision-making, and allocate resources more effectively.
4. **Testing Innovations:** Use medical-only claims as a controlled, low-risk environment to pilot new technologies such as AI and automated claims adjudication to build confidence and demonstrate return on investment (ROI).
5. **Employee Engagement:** Involve frontline claims professionals in the design, training, and implementation of AI solutions to ensure practicality and adoption.
6. **Customer Communication:** Enhance multichannel engagement strategies by developing user-friendly texting apps, self-service portals, and chatbots that provide real-time updates on claims. These tools empower injured workers and employers to access information easily, promoting transparency and inclusivity while reducing administrative burden.
7. **Technology Ecosystem:** Build a unified system that integrates claims management platforms, employer policy systems, provider portals, and customer-facing applications for seamless operations. This interconnected ecosystem eliminates data silos and ensures efficient information sharing, leading to more accurate claim evaluations and faster resolutions.
8. **Personalized Service:** Leverage AI and data analytics to tailor experiences for employers and injured workers based on their unique needs and preferences. Personalized recommendations for care providers, recovery plans, or claim updates foster trust and transparency, enhancing the overall customer experience.
9. **Training and Innovation Culture:** Invest in holistic training programs that combine soft skills, like empathy and cultural awareness, with technical expertise in claims handling. Emphasize the importance of adaptability and continuous learning by offering certifications, workshops, and access to digital learning platforms. Encourage employees to take ownership of their professional development through dedicated learning incentives and knowledge-sharing forums.
10. **Diversity and Recruitment Expansion:** Broaden recruitment efforts to attract candidates from varied backgrounds, including second-career professionals and individuals from service-oriented sectors like retail and hospitality. These candidates bring valuable interpersonal skills, empathy, and customer service expertise. Targeting underrepresented populations, such as retirees and minority groups, enriches the workforce and cultivates diverse perspectives in claims management.
11. **Retention and Growth:** Define transparent career paths that outline advancement opportunities in specialized roles or leadership positions. Implement rotational assignments and cross-functional training to diversify skill sets and enhance adaptability.
12. **Sustainability and Automation:** Integrate robotic process automation to handle repetitive tasks and modernize data systems for streamlined operations and future scalability.

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Operational Challenge

Administrative & Regulatory Compliance Burden

The operational toll of compliance in workers' compensation claims

The administrative and regulatory compliance burden on workers' compensation claims organizations is a persistent challenge highlighted in both the 2019 and 2023 survey of frontline claims professionals (Algire, 2019) (Algire, 2023). **Claims professionals report struggling with administrative and compliance obligations combined with the desire to provide more human-centered services to injured workers and their clients**. Research highlights that the complexity of regulatory requirements often leads to increased administrative burden, which can detract from the time and resources available for more personalized claims management (NCCI, 2023), (Visionary Law Group, 2024).

The regulatory landscape is becoming more intricate, with new regulations introduced at an accelerated pace. This leads to a surge in compliance requirements and costs, as organizations struggle with adhering to a myriad of regulations which require substantial time and resources. The burden can be particularly heavy on smaller multijurisdictional organizations, which often lack dedicated compliance teams. This results in significant operational inefficiencies and increased costs, impacting the ability to effectively manage claims and provide timely support to injured workers. As the regulatory landscape continues to evolve, it is imperative for organizations to find efficient ways to manage administrative and regulatory compliance requirements while maintaining their focus on delivering high-quality services to injured workers and clients.

Prior study results identify **administrative and regulatory compliance burdens** as pressing issues for frontline claims professionals. The 2023 data shows that nearly half of claims professionals, or 46 percent, report spending 30 to 40 percent or more of their time on administrative tasks, and 23 percent allocate 30 to 40 percent or more to regulatory compliance tasks (see Figures 1 and 2) (Algire, 2023).

The 2024 study investigates *how* organizations are addressing these challenges and conducts a deeper assessment of what initiatives are having the greatest impact.

Figure 1

Survey Question: *What percentage of your time do you spend on administrative tasks? (i.e., letters, data collection, internal claims system administrative requirements, etc.)*

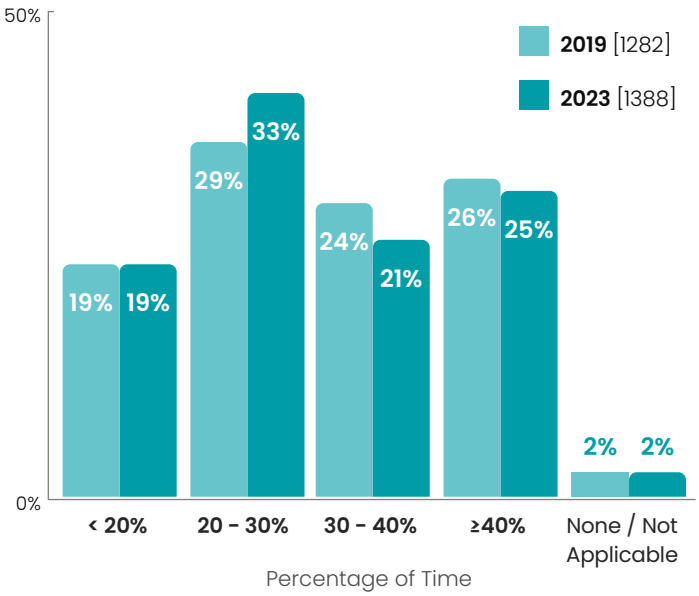
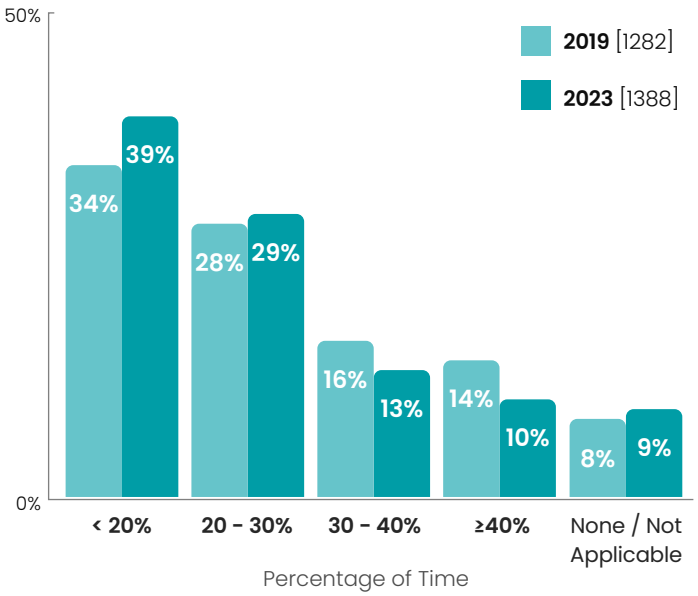


Figure 2

Survey Question: *What percentage of your time do you spend on compliance activities to meet external regulatory requirements? (i.e., mailing / filing state forms, sending compliance letters, etc.)*



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Transforming claims management with AI innovation and strategic integration of medical expertise

Artificial intelligence (AI)—including generative AI, robotic process automation (RPA), machine learning (ML), and predictive and prescriptive analytics—has the potential to significantly enhance productivity within claims operations. Emerging studies highlight how AI-driven automation can streamline administrative workflows, reduce compliance burdens, and improve decision-making efficiency. Furthermore, the strategic integration of medical expertise into AI design and strategy ensures organizations develop solutions that prioritize health outcomes while enhancing operational efficiency. This collaboration allows for more informed decision-making and streamlines workflows. As AI models become more sophisticated, they are increasingly being integrated into claims processing to optimize documentation, accelerate case evaluations, and support frontline professionals in delivering higher-quality services. **The ongoing evolution of these technologies signals a transformative shift in operational efficiency, positioning AI as a critical tool for modernizing claims operations**.

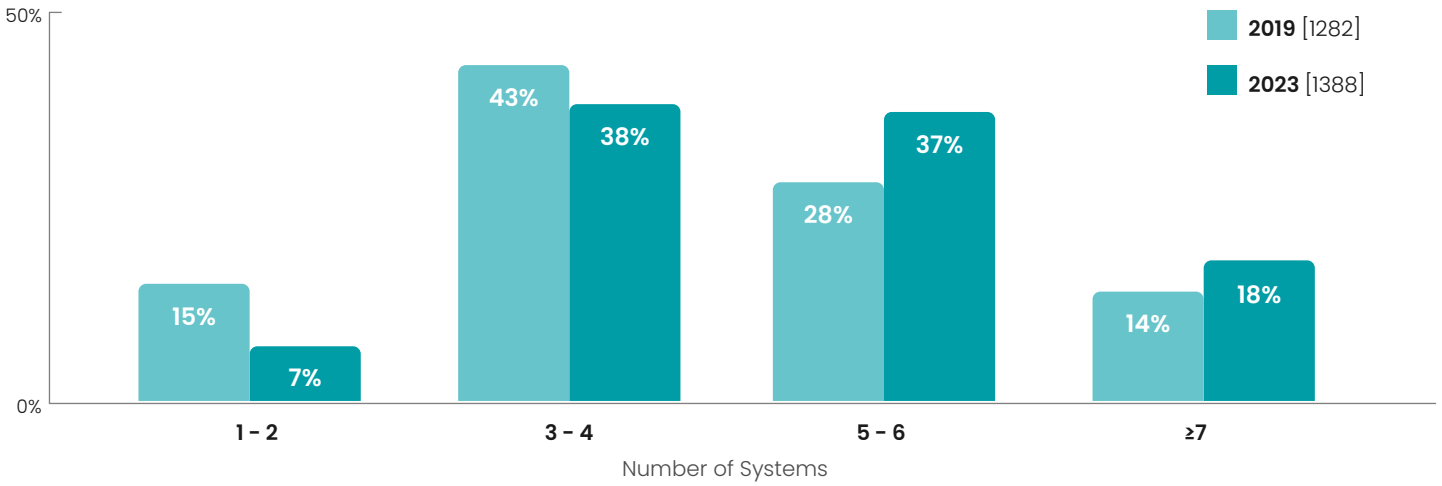
This technology is poised to reduce costs and enhance the claims experience for many stakeholders, including injured workers, claims organizations, claims professionals, and employers. For injured workers, AI minimizes redundant questions, speeds up decision making, and allows for a more customer-centric claims experience. For claims organizations, AI offers greater integrity and control of core processes, removing opportunities for data errors by instantly catching exceptions and potential leakage. A recent Bain & Company report focused on an insurer that developed a generative AI pilot for claims management, incorporating voice-to-text transcription for form completion, claims summaries, draft customer communications, and a chatbot for assisting agents with queries. The early results pointed to a productivity increase of up to 50 percent for relevant tasks and a potential 40 percent reduction in leakage (Donnelly et al., 2024). Most claims organizations address leakage through audits of closed files, which are labor-intensive and can only cover a sample of files. Generative AI is capable of processing a large volume of past claims and settlements, identifying patterns that can guide claims processes more effectively and improve financial outcomes.

For claims professionals, AI has the potential to significantly reduce the administrative and regulatory compliance workload. Studies highlight how AI-driven automation can streamline routine processes, minimize manual data entry, and enhance regulatory adherence, thereby allowing claims professionals to allocate more time to higher-value tasks. These include direct support for injured workers, advocacy-based, employee-centric claims management, and the efficient handling of complex cases. As AI adoption progresses, empirical data shows that organizations leveraging these technologies can improve operational efficiency while maintaining a strong focus on service quality and worker outcomes (Donnelly et al., 2024), (Sudabathula, 2025).

Prior study research examines industry initiatives to improve frontline claims management efficiencies, including streamlining workflows, minimizing administrative tasks, and systems integration. The results indicate an **increase in the number of systems frontline staff utilize in the daily management of claims**, with 55 percent reporting they use five (5) or more systems, clearly demonstrating the need for efficiency improvements (see Figure 3) (Algire, 2023).

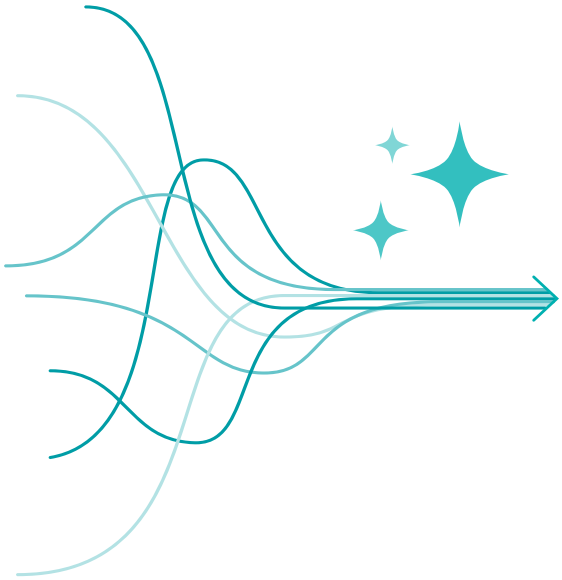
Figure 3

Survey Question: *Including internal and external programs/systems, how many systems do you utilize in the daily management of claims?*



Leverage AI to streamline administrative and compliance burden

Workers' compensation operates within a state-based regulatory framework, with regulations frequently evolving across jurisdictions. For frontline claims professionals, staying informed of these changes and ensuring compliance presents significant operational challenges. Organizations must continuously interpret, assess, and implement regulatory updates, often relying on manual, time-intensive processes with zero tolerance for errors.

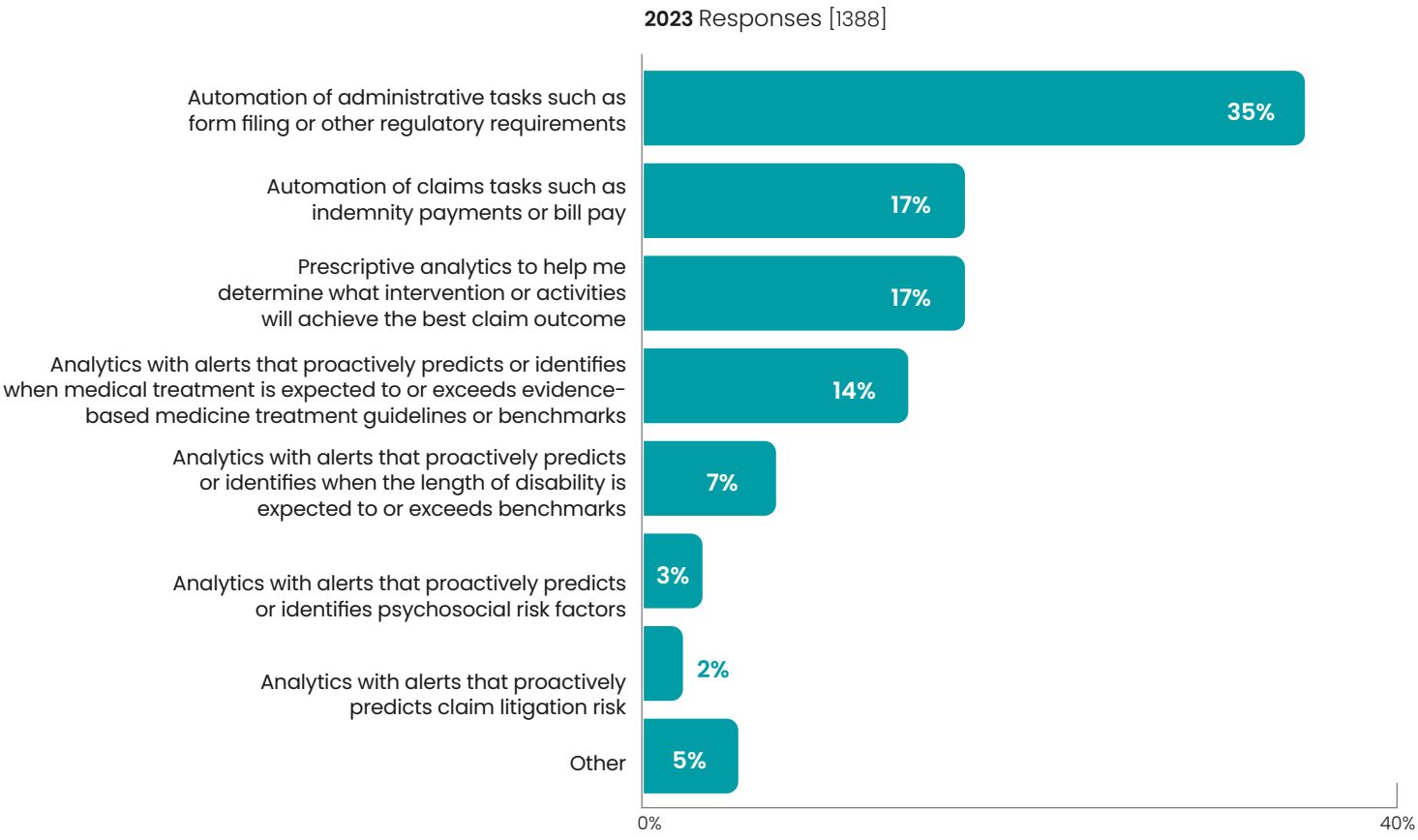


In many jurisdictions, claims professionals must manage specific forms and notices, alongside complex benefit calculations. The ability to efficiently track, interpret, and apply regulatory changes is critical to maintaining compliance and ensuring accurate claims processing. **By leveraging AI, frontline claims professionals can improve their knowledge of regulations**. This can be done by asking questions and receiving fact-based responses with cited sources, allowing organizations to compare and synthesize regulations across multiple jurisdictions and automate aspects of compliance workflows like state forms/notices. Such AI compliance initiatives reduce the burden of manual processes and minimize the risk of errors.

The study's 2023 survey of more than 1,300 frontline claims professionals identified what artificial intelligence or analytics would be most helpful to them. Their results indicate automation of administrative tasks, such as form filling and regulatory compliance requirements, is the **most valuable to frontline staff by a large margin** (see Figure 4) (Algire, 2023).

Figure 4

Survey Question: *What technology, artificial intelligence (AI), or analytics solution would be most helpful to you in managing claims?*



Key Strategies

Administrative & Regulatory Compliance Burden

Vision for technological advancement

During the 2024 study's qualitative research exercise, industry executives examined how organizations are leveraging key initiatives to overcome administrative and regulatory compliance challenges. The results demonstrate an aligned vision on technology advancements, including using AI and other technology resources to automate routine and manual tasks and aggregate data across multiple systems in the next one (1) to three (3) years.

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

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

- **Reduce administrative burden**. Decrease the percentage of time frontline claims professionals spend on regulatory and administrative tasks.
- **Enhance frontline claims staff satisfaction**. Increase professional fulfillment by reducing documentation loads in favor of strategic tasks.
- **Advance system integration efficiencies**. Aggregate data from disparate systems to create seamless integrations and improve compliance and analytics.
- **Increase system automation**. Improve workflow automation tools to integrate seamlessly with existing systems and create efficiencies.
- **Generate more timely and accurate file documentation**. Improve customer service by reducing the time spent on phone call documentation.
- **Improve investigation results**. Capture comprehensive and accurate information during initial claim intake and investigations.

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

- Constantly evolving regulations that require ongoing adjustments and upgrades to systems and EDI requirements.
- Poorly integrated systems that cause increased administrative burden and inefficiencies.
- Over-reliance on automation can pose risks. Critical thinking and human judgment might be undervalued, leading to oversights and errors that a purely automated system might not catch.
- Outdated systems and technologies that are unable to handle the volume of data or provide accurate results, leading to more manual corrections.
- Security vulnerabilities, including adversarial attacks where malicious entities manipulate data inputs to disrupt AI operations.
- Poor data integrity, including incomplete, inaccurate, or outdated data, can lead to erroneous AI predictions and decisions.
- Current systems and EDI vendors are not well-integrated or suited for the specific needs of different states, creating additional steps and inefficiencies.

Key Considerations:

- What technology, resources or tools are organizations leveraging to streamline/limit administrative burden of claims professionals (i.e., regulatory requirements, state forms, letters, TTD/TPD/PPD payments)?
- Are organizations leveraging AI or other technology resources to:
  - Automate administrative tasks such as state form filing or other regulatory requirements?
  - Automate claims tasks such as indemnity payments or bill pay?
- What technology solutions are/or could organizations leverage to aggregate data across the multiple systems claims professionals use in the daily management of claims?
- How are organizations leveraging generative AI, or plan to use it in the next 1-3 years?

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Greatest Impact Opportunities – Key Strategies

Industry executives recommend the following priorities that organizations should consider in the next one (1) to three (3) years.

1. **Leverage an aggregated vendor portal marketplace solution**. Centralize access to preferred vendors through one portal, reducing time spent on multiple vendor portals. Implement a single sign-on system with a customizable dashboard for various partners feeding data into a single view, resulting in efficiencies for frontline staff, advanced reporting, and consolidated management.

2. **Automate claims communication tools**. Implement modern communication tools that automatically provide relevant information and reminders to injured workers through text messaging, email or in-app solutions based on user preferences (e.g., benefit notifications, provider appointments, claim staff contact information)—enhancing communication with injured workers and improving utilization of staff time.

3. **Adopt AI tools and automation solutions**. Implement AI transcription tools for generating call documentation, training phone systems to capture relevant conversation data, and documenting claim summaries and action steps. **These tools optimally should capture and store multimodal sources** (e.g., email, text messages, phone calls, documents, images). Additionally, prescriptive analytics can guide staff during calls toward the next best step(s), while data field automation can complete forms and non-structured data capture can streamline documentation and workflow processes. By incrementally scaling these efforts, organizations can build confidence among frontline staff and achieve a sustainable balance between technological innovation and human-centric claims management.

4. **Utilize medical-only claims for testing**. Claims organizations can use medical-only claims to test automation and AI solutions. These pilot programs can help create proof of concepts, define and measure outcomes, and build return on investment (ROI) stories without the risk associated with indemnity claims, demonstrating the benefits and viability of these technological innovations.

5. **Develop compelling ROI stories**. To achieve leadership buy-in, it is crucial to develop compelling ROI narratives that secure budget allocation and resources for enhancement and automation initiatives. **Start by identifying high-value use cases that are simple**. Enlist frontline staff to identify the greatest opportunity areas and **outline a heatmap based on value, complexity, and risk to determine high, medium, and low priorities**. Value can be expressed in time saved across claims staff and claims inventory, as well as risk reduction. Additionally, emphasize broader impacts including reduced litigation and faster claims resolution.

6. **Engage frontline claims professionals to ensure technology solutions are effectively designed**. Collaborative efforts are essential to ensure AI solutions are effectively designed to meet user needs, while remaining technically feasible. **Frontline claims professionals should be actively involved in every step of the process, from early stages to implementation, to ensure the technology aligns with their requirements**. Leverage continuous frontline staff engagement and training to accelerate adoption—demonstrating the practical benefits of AI in improving work processes.

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Operational Challenge

Industry Transformation through Technology & Customer Engagement

Transforming claims operations from tactical to strategic

Claims are the single largest expenditure for insurance companies and offer substantial opportunities to reduce costs for employers and claims administrators. Effective claims management is critical for minimizing loss costs and driving profitable growth. Despite the importance of technology and data in claims operations, innovation within the industry remains slow, primarily due to minimal investment in technology and digital advancement. Structural constraints, inflexible legacy systems, and lack of leadership recognition of technology as a strategic asset further hinder progress. Consequently, **technological advancements in claims management tend to be tactical, aimed at immediate improvements rather than long-term strategic goals**. Industry expert Rory Yates asserts that "despite all the talk of transformation, the inconvenient truth is much of what's been accomplished is nothing more than Band-Aids" (Yates, 2023).

AI-driven data modernization and cloud adoption are crucial for staying competitive. According to a PwC study of more than 1,000 organizations, risk management and AI are top of mind for executives, yet there has been limited meaningful action. **Organizations that fully embrace AI see twice the measurable benefits compared to others, including increased productivity, profitability, and faster time-to-market** (PwC, 2024). To achieve true transformation, organizations need to invest in an ecosystem future with new technology that will rapidly advance digitization and automation to support better customer experience, improve claim efficiencies, and leverage data to reduce risk. Organizations that invest now in technology capabilities with end-to-end digital experiences for injured workers, customers, and other stakeholders will have a clear competitive advantage. (Balasubramanian et al., 2021)

Prior study research shows that most organizations, or 72 percent, are using analytics to manage claims (see Table 1). Still, less than half of those surveyed are utilizing any one (1) category of these fundamental analytics. **Organizations that integrate analytics into claims systems with real-time workflow automation and alerts for claims staff will see more favorable claim outcomes**. Historical study results show higher performing organizations are more likely to integrate analytics into claims systems and leverage multiple data detection methods (Algire, 2023). PropertyCasualty360 notes that in the previous year, insurance companies that integrated AI into their operations experienced accelerated claims processing, reduced operational costs, and improved loss ratios in comparison to their counterparts who did not implement AI. These results are expected to shape the competitive dynamics of the insurance sector in 2025 and beyond and highlight the ongoing significance of AI within the industry (Barrett, 2025). Additionally, a case study of a large public entity employer that is leveraging AI and prescriptive analytics reported that it achieved a 23 percent reduction in workers' compensation program costs while enhancing care quality (Roloff et al., 2021).

Table 1

Survey Question: *What ways do you utilize technology or analytics (i.e., analysis of data or statistics) to manage your claims? Select all that apply.*

Answer	2019	2022	2023
count	1282	388	1388
None / Not Applicable	**35%**	**35%**	**28%**
Identify medical treatment or utilization outside of Evidence-Based Medicine Guidelines such as ODG or MDGuidelines	**45%**	**24%**	**49%**
Identify RTW or disability durations outside of Evidence-Based Medicine Guidelines	**41%**	**25%**	**42%**
Predict or detect claims severity	**37%**	**35%**	**35%**
Fraud detection	**25%**	**15%**	**27%**
Predict or detect litigation	**19%**	**22%**	**12%**
Other	\	\	**1%**

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

YYYY Claims Leaders / **YYYY** Frontline Claims Professionals

\ Not an answer option in this study year

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Leveraging technology in customer-facing verticals to improve workers' compensation services

Customer-facing verticals, such as banking, retail and auto insurance companies, are increasingly prioritizing digitization and automation to enhance customer experience models. To achieve this, organizations are adopting several strategies that leverage advanced data-driven technologies such as AI and machine learning (ML). **These technologies enable companies to optimize customer interactions by providing comprehensive and up-to-date customer profiles, thereby ensuring a seamless and personalized customer experience**. A balanced approach between self-service and human interaction is crucial for success. By integrating sophisticated technologies with human touchpoints, organizations can streamline workflows, improve customer satisfaction, and ultimately enhance business outcomes. According to the Harvard Business Review Analytic Services Pulse Survey, a significant majority of respondents, or 94 percent, believe that the quality of customer service directly impacts an organization's bottom line. This underscores the importance of investing in customer service as a strategic lever for business growth. Furthermore, the survey highlights that improved customer service can lead to increased customer retention, confidence, and loyalty—factors that are critical in competitive markets (Harvard Business Review, 2025).

Balancing empathy and other interpersonal skills with technology for effective customer experiences is paramount. An over-reliance on automation can lead to perceived insincerity. The Harvard Business Review reports that organizations risk appearing insincere if they over-rely on technology, leading to "engineered insincerity." Successful digital experiences stem from a deep understanding of customers, which many organizations may fail to prioritize. "The most compelling digital experiences start with a meaningful understanding of the customer—unfortunately, many organizations have it backwards; they start with the technology and then back into customer understanding." (Harvard Business Review, 2023)

> *The most compelling digital experiences start with a meaningful understanding of the customer—unfortunately, many organizations have it backwards; they start with the technology and then back into customer understanding.*
>
> *- Harvard Business Review*

For the workers' compensation industry, the impact of these advancements is profound. Digitization and automation enable more efficient claims processing, reducing the time and effort required by both injured workers and employers. By leveraging comprehensive and accurate customer profiles, workers' compensation organizations can offer personalized support and solutions that address the unique needs of each injured worker. Furthermore, predictive and proactive service models can be utilized to anticipate potential issues before they arise, allowing for timely interventions that minimize disruptions and enhance the efficiency of the claims process. **This data-driven approach fosters a more responsive and adaptive service model that aligns with the evolving expectations of injured workers in the digital age**. As organizations strive to advance workers' compensation technology, benchmarking against peers and learning from other industries is central to achieving greater operational efficiency, better customer satisfaction, and an enhanced ability to respond to challenges and opportunities in the evolving market landscape.

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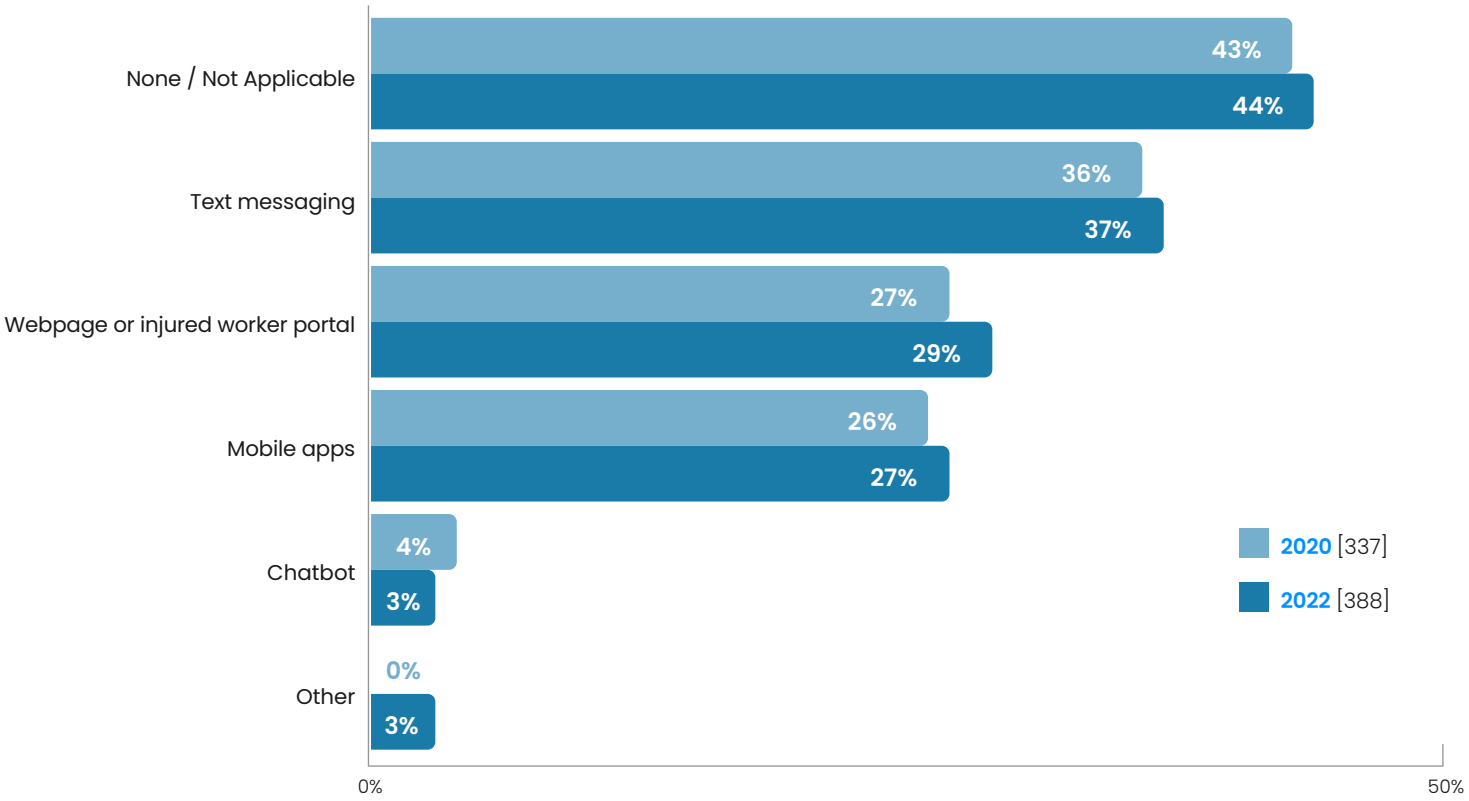
Prior study results indicate that the industry needs to improve personalized support and solutions that address the unique needs of each injured worker, starting with **multimodal communication tools**. Proactive, empathetic communication is associated with injured worker satisfaction, reduced litigation, and lower claim costs. Providing claims professionals with various communication tools to facilitate a more adaptable customer experience strategy will enhance both internal and external stakeholder satisfaction. Prior study results demonstrate that higher-performing organizations are more likely to utilize multiple tools, including text messaging and mobile apps, to improve communication options for injured workers (see Figure 5) (AIgire, 2022).

Figure 5

Survey Question: *Has your organization implemented tools to improve injured worker communications? Select all that apply.*



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

YYYY Claims Leaders

Key Strategies

Industry Transformation through Technology & Customer Engagement

Driving transformational change

The workers' compensation industry has the opportunity to be transformed by technological advancements—from artificial intelligence and predictive technology to the use of multiple data sources to enhance customer engagement and experience. That being said, manual workflows from multiple systems remain major challenges.

During the 2024 study's qualitative research exercise, industry executives examined *how* organizations are leveraging key technology strategies, including digitization and automation to facilitate true transformation.

Goals/Desired Outcomes Identified by Industry Executives for Discussion Topic #2

- **Improve efficiency and reduce costs**. Implement new technologies to streamline claim processing and improve customer value.
- **Enhance injured worker experience**. Leverage technology to improve communication with injured workers, facilitate their return-to-work process, and improve their overall experience.
- **Foster a customer-centric approach**. Design technologies and services to meet the distinct needs of both employers and injured workers, ensuring a comprehensive and responsive claims process.
- **Attract and retain talent**. Create a culture that emphasizes purpose and innovation and provides opportunities for growth.
- **Integrate and optimize systems**. Develop an integrated ecosystem that connects various platforms and systems, allowing for seamless data flow and real-time access to information.

Potential Challenges/Barriers Identified by Industry Executives for Discussion Topic #2

- The slow pace of technology adoption within the workers' compensation industry.
- Managing change. Overcoming resistance from claims personnel, including their concerns about job displacement due to AI implementation.
- Integrating disparate systems and sources of information, with challenges achieving seamless communication and data flow across platforms.
- Addressing diverse communication preferences across different demographic groups.
- Balancing high-tech solutions with high-touch customer service.
- Integration and implementation challenges. Piloting new technologies without adequate testing can lead to failure and frustration.
- Algorithmic bias. AI algorithms can perpetuate existing biases in data, potentially leading to unintended consequences.
- Cultural adaptation. Building a strong company culture focused on innovation.

Key Considerations:

- How can organizations leverage strategies from customer-facing verticals and applications like auto, retail, and banking to advance workers' compensation technology that will rapidly advance digitization and automation and support a customer service model?
- Are organizations prioritizing digital transformation on their roadmap for the next 1-3 years?
- The workers' compensation industry collects a large amount of structured and unstructured data, where natural language processing can be applied with significant insights into worker sentiment. How are organizations leveraging this data in the daily management of claims?
- Utilizing advanced artificial intelligence and machine learning technologies can enable tools to predict injuries, streamline administrative claims processing, facilitate return-to-work programs, and enhance fraud detection mechanisms. How are organizations leveraging these technologies in risk assessment and mitigation strategies, and what is the impact on outcomes?
- Attracting potential Millennial and Gen Z candidates to the industry is a challenge. Both are digital natives and prioritize working for organizations that are innovative. How are organizations utilizing technology transformation and innovation as a key talent strategy?

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Greatest Impact Opportunities – Key Strategies

Industry executives recommend the following priorities that organizations should consider in the next one (1) to three (3) years.

1. **Invest in predictive modeling and AI-driven analytics**. Organizations should adopt predictive modeling and AI-driven analytics to identify claims that may escalate; for example, those claims with risk of litigation, extended medical treatment and/or delayed recovery. By leveraging unstructured data, such as medical records, images and claim notes, AI can flag potential litigation risks, delays, or psychosocial barriers impacting recovery. These tools allow claims and medical management professionals to focus on claims that require immediate attention, improving resource allocation and reducing overall costs. For long-term success, organizations should ensure data accuracy and train employees on how to utilize AI tools effectively.

2. **Enhance customer communication through multichannel engagement**. Developing diverse communication platforms such as texting apps, self-service portals, and chatbots is key to meeting the needs of injured workers and employers. Text messaging can provide real-time updates on claims, while portals allow stakeholders to check the status of payments and documentation at their convenience. Combining digital communication with high-touch options, such as one-on-one consultations, ensures inclusivity across all demographics. Feedback loops throughout the claim lifecycle, such as surveys, should also be implemented to assess and continuously improve customer satisfaction.

3. **Build a comprehensive technology ecosystem**. Organizations need to integrate disparate systems and platforms into a unified technology ecosystem. This ensures seamless communication across claims management, medical provider and vendor portals, as well as customer-facing applications. A comprehensive ecosystem reduces inefficiencies, automates routine processes, and provides real-time access to critical information. Claims organizations should partner with technology vendors or develop proprietary systems to ensure scalability and adaptability for future advancements.

4. **Personalize employer and injured worker experiences**. Customer-centric methods should be the foundation of service transformation. AI and machine learning can tailor solutions to the unique needs of both employers and injured workers. For example, predictive analytics can recommend specific medical providers or rehabilitation pathways, while personalized digital tools, including mobile apps and web portals, can offer easy access to claim details. Building trust through empathetic and transparent communication will further enhance the experience for all stakeholders.

5. **Provide training and foster a culture of innovation**. A significant barrier to technological transformation is resistance to change. Workers' compensation organizations should invest in robust training programs to upskill employees in AI and other emerging technologies. **Establishing a culture of innovation is equally important**—claims professionals should be encouraged to embrace change and view technology as a tool that enhances their effectiveness rather than as a threat to their roles. **Leadership must model this mindset and communicate the strategic importance of innovation**.

6. **Focus on long-term sustainability through data and automation**. Organizations should prioritize the adoption of technologies that streamline operations while maintaining sustainability. **Automation tools like robotic process automation (RPA) can manage repetitive tasks, freeing claims professionals to focus on complex claims and customer engagement**. Data modernization efforts, such as standardizing electronic data interfaces with providers, ensure data integrity and enhance analytic capabilities. Additionally, sustainability considerations like energy efficiency and responsible AI practices should guide technology adoption to future-proof the organization.

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Operational Challenge

Skills Gap & Challenge Attracting New Entrants to the Industry

The new normal—hybrid work models, opportunities, and challenges

The workers' compensation industry is facing a significant talent challenge, intensified by the shift towards hybrid work models. Effectively attracting and retaining talent in this environment requires a multi-faceted approach that addresses organizational needs and evolving talent expectations.

The challenge of retaining and recruiting claims professionals continues. The longstanding talent shortage, exacerbated by baby boomer retirements, leaves many organizations struggling to fill critical roles. According to a labor market study conducted by The Jacobson Group and Aon-Ward, **the demand for claims professionals in the property and casualty sector has reached the highest level in the study's 13-year history** (Jacobson Group and Aon-Ward, 2024). The Great Resignation further intensifies the issue, as companies compete for experienced claims professionals. To address these challenges, organizations are rethinking recruitment strategies, investing in training programs, and leveraging technology to streamline claims management practices.

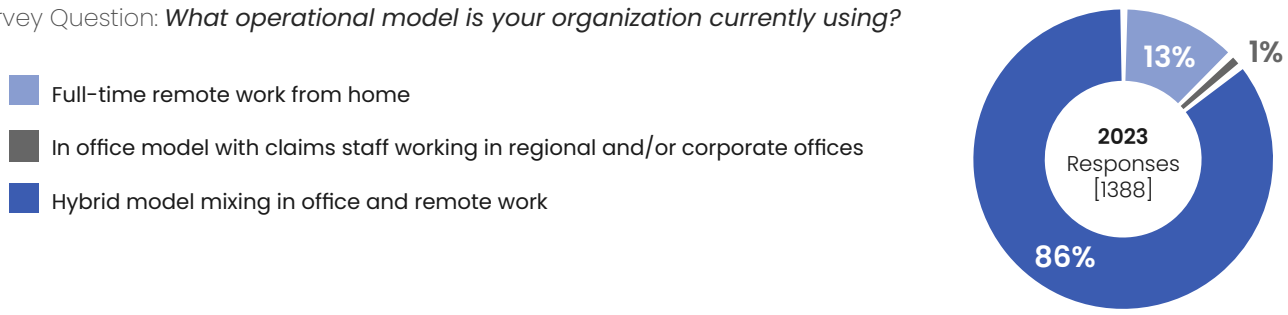
Hybrid and remote work models are reshaping workforce dynamics and operational strategies as well. By eliminating geographical constraints, organizations now have access to a broader talent pool; however, this also intensifies competition. Employees increasingly expect flexibility, making hybrid policies a key factor in attracting and retaining talent. Prior study results show that frontline claims professionals consider the option to work from home as the **most significant benefit** influencing their employment decisions (Algire, 2023). **These changing operational models increase the demand for digital skills, requiring organizations to upskill claims talent to navigate remote collaboration and cloud-based systems**.

Maintaining innovation and corporate culture within dispersed teams remains a challenge. As the industry embraces automation and AI to streamline tasks, hybrid models offer opportunities to refocus claims professionals on customer-centric roles, enhancing service and engagement. However, **employees expect workplace technology to match their personal digital experiences**. Repeating manual tasks in outdated systems and inadequate applications often leads to disengagement. According to a recent Aon talent strategy report, to enhance employee engagement and productivity, leading organizations are adopting human-centered technology. By replacing outdated systems and reducing repetitive manual tasks, these organizations aim to boost both employee satisfaction and customer outcomes. Effective technology implementation provides better data as well as fosters improved workplace morale and service delivery (Aon, 2023). Success depends on integrating technology with human skills to create a future-ready workforce.

Prior study results show that most organizations are leveraging a hybrid work model, with a mix of in-office and remote work (see Figure 6) (Algire, 2023).

Figure 6

Survey Question: *What operational model is your organization currently using?*



Soft skills, a competitive advantage transforming claims management

The modern workplace, especially within the workers' compensation claims sector, demands a balanced integration of both technical expertise and soft skills to ensure organizational success and employee satisfaction. Communication skills, including active listening and effective verbal and non-verbal interactions, are crucial for fostering trust, enhancing teamwork, and engaging injured workers and customers.

The workers' compensation system can be overwhelming for injured workers. Claims professionals **must have the ability to gather detailed, accurate information while explaining the complexities of the claims process in a clear, empathetic, and non-threatening manner to injured workers**. These skills are central for building rapport with stakeholders as well as ensuring claims are handled efficiently and fairly (Kajwang, 2021).

Additionally, **agility and adaptability** have become increasingly critical skills for claims professionals. Frequent regulatory compliance changes and technological advancements necessitate claims professionals who can embrace new workflows and adjust to shifting landscapes without compromising claims management quality. Leadership and bench strength within claims management also requires a robust set of soft skills, including emotional intelligence and motivational capabilities, which are essential for fostering a positive work environment and driving organizational success.

Soft skills directly impact claims outcomes. Empathy, active listening, and effective communication foster trust and cultivate positive relationships, ensuring injured workers feel supported throughout their recovery journey. These interpersonal skills contribute to faster return-to-work rates, lower medical costs, and reduced litigation, ultimately lowering overall claim costs. To achieve a competitive advantage, organizations must prioritize the implementation of regular training programs focused on soft skill development (Kajwang, 2021). Developing these skills ensures a more human-centered claims experience that benefits all stakeholders, including injured workers and employers. Organizations should create an environment where empathy, adaptability, and effective communication are actively cultivated and rewarded.

Workforce development strategies

Leading organizations are addressing workforce challenges, such as high turnover and the need for skilled frontline claims professionals, by implementing comprehensive talent strategies. These strategies include refining career paths through role hierarchies, mentorship, rotation, and cross-training programs, **enabling employees to explore their interests and visualize growth opportunities** (Deloitte, 2022). Employees who perceive a bright future within their organization are twice as likely to stay, more than twice as engaged, and two-and-a-half times more likely to recommend their employer (PwC, 2025). Job ownership is fostered through meaningful work that aligns with employee values. Human-centered technology, including AI and modern core systems, replace outdated systems, reduce repetitive manual tasks, and improve workplace morale by heightening awareness of customer-centric preferences. Additionally, leading organizations are investing in skills development, including AI literacy, relationship management, and emotional competencies, to prepare claims professionals for complex scenarios. Collaboration with educational institutions, talent marketplaces, as well as coaching and mentorship initiatives further support these efforts, ensuring continuous learning and development (PwC, 2025). This approach improves employee engagement, morale, and customer satisfaction while promoting consistency in customer service, where the human touch remains essential despite automation advancements.

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Leveraging soft skills training for frontline claims professionals

To achieve optimal effectiveness, claims professionals require more than conventional training centered on legal and regulatory compliance or financial oversight. Proficiency in **communication skills and the ability to navigate cultural differences are essential attributes for success in claims management**.

The study examines the soft skills claims professionals need to excel in their demanding role, such as communication skills, active listening, and empathy. Skillful communicators listen with full attention to concerns, adapt their communication based on each personality style, and manage conflict in a way that all parties experience a satisfactory outcome. Additionally, they understand multigenerational and cultural differences and adjust accordingly.

The prior study data underscores the importance of these training initiatives. The results show that 69 percent of organizations include soft skills training for frontline claims professionals. However, only 38 percent of frontline respondents report receiving training specifically on empathy—a skill crucial for assisting injured workers with care and understanding (see Figure 7) (Algire, 2023).

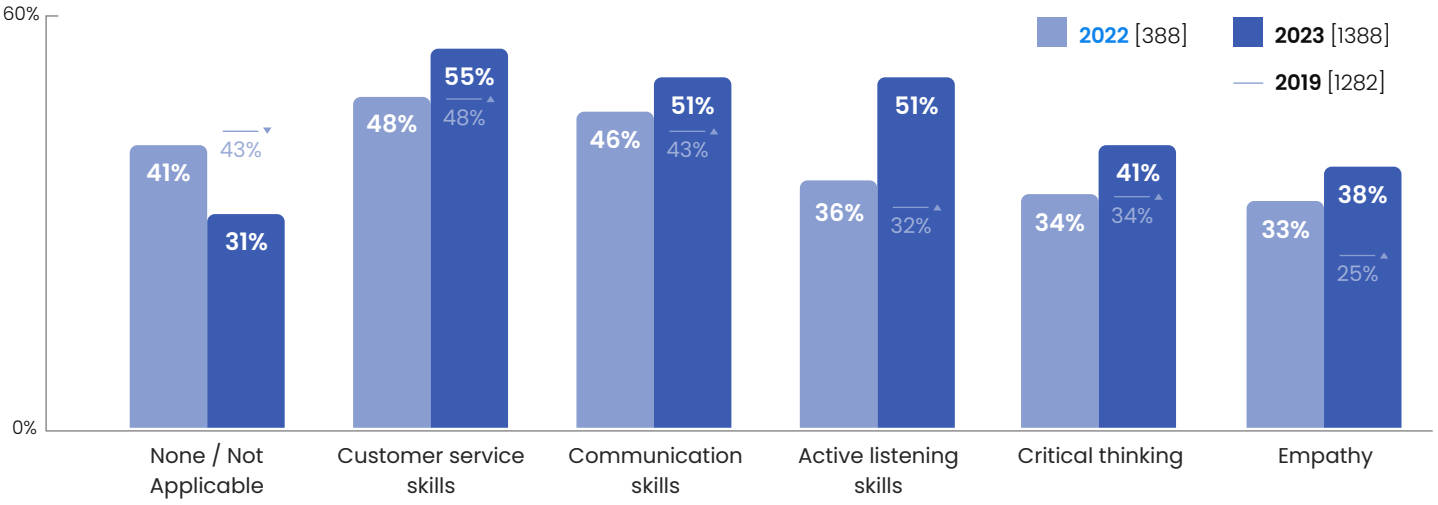
Higher-performing organizations are notably more likely to leverage comprehensive training programs across multiple soft skills, including customer service, active listening, empathy, and communication (Algire, 2022).

Evolving training strategies in the hybrid work environment

During the qualitative research sessions, claims executives report that training methods continue to evolve, especially in response to shifting dynamics after the pandemic. Organizations are embracing hybrid and remote training methods, leveraging platforms like Teams and Zoom to make virtual sessions engaging and effective. **In-person training remains critical for certain areas of skill development**, such as fostering empathy and understanding psychosocial factors, with many organizations scheduling quarterly "all-hands" days to maximize collaboration and training opportunities. Training is no longer seen as a singular event, rather as an ongoing model for continued development that combines in-person onboarding with digital tools, recorded sessions, and video libraries. Feedback-driven approaches, including surveys, peer calibration exercises, qualitative reviews, and post-training assessments, help identify gaps and tailor training to address specific needs. **Innovative practices like using themed training, tangible case studies, and pushing AI capabilities to recognize psychosocial risk factors are emerging as vital strategies**. Collaboration and opportunities to connect with experienced colleagues are also emphasized to enhance skill-building and empathy. Ultimately, training has become more adaptive, creative, and focused on addressing the unique challenges of hybrid work environments.

Figure 7

Survey Question: *Does your organization provide you training in any of the following areas? Select all that apply.*



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

YYYY Claims Leaders / YYYY Frontline Claims Professionals

Breaking barriers – addressing psychosocial risks in claims management

Considering the impact of medical factors on claim outcomes, the qualitative research focuses on how organizations are enhancing training and upskilling claims professionals to better understand psychosocial risk factors and mental health issues. Prior study research reflects that over a third of frontline claims professionals indicate their greatest training needs are in understanding psychosocial risk factors and mental health issues (see Table 2) (Algire, 2023).

One of the primary obstacles to incorporating training on psychosocial risk factors in workers' compensation programs is the stigma of mental health conditions and misconception that addressing psychosocial risk factors will create a *psych claim*. Psychosocial risk factors are barriers to functional recovery, and may include pain catastrophizing, fear avoidance, and perceived injustice. These risk factors 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.

Claims organizations are placing a strong emphasis on strategic integration of medical management resources in training programs for claims professionals that are designed to address psychosocial risk factors and mental health among injured workers. The initiatives highlight the importance of empathy and active listening to build trust and understanding. Claim executives report programs **incorporate the use of clinical resources (e.g., nurses, physician case management, cognitive behavioral therapy (CBT)) for claims involving delayed recovery, focusing on equipping injured workers with strategies to foster effective coping mechanisms**. Employers are also strengthening their Employee Assistance Programs (EAP) to include onsite services—ensuring resources are readily available, often within 24 hours, to provide rapid assistance. Moreover, training efforts are focused on destigmatizing the term "psychosocial" by shifting the focus toward social risk factors rather than mental health diagnoses, thus fostering a more inclusive and understanding environment.

Table 2

Survey Question: *In your opinion, have you received adequate training in medical management in the following areas?*

2019 [1282] **2023** [1388]

	Strongly Agree		Somewhat Agree		Neither Agree nor Disagree		Somewhat Disagree		Disagree	
	2019	**2023**	**2019**	**2023**	**2019**	**2023**	**2019**	**2023**	**2019**	**2023**
Evaluating medical treatment	**40%**	**42%**	**36%**	**34%**	**14%**	**12%**	**7%**	**8%**	**3%**	**4%**
Interpreting diagnostic tests or reports	**31%**	**33%**	**35%**	**34%**	**19%**	**16%**	**10%**	**12%**	**5%**	**5%**
Identifying co-morbidities	**38%**	**43%**	**35%**	**32%**	**17%**	**15%**	**7%**	**7%**	**3%**	**3%**
Understanding psychosocial risk factors and mental health issues	**31%**	**35%**	**34%**	**31%**	**19%**	**17%**	**11%**	**11%**	**5%**	**6%**

Key Strategies

Skills Gap & Challenge Attracting New Entrants to the Industry

Addressing the skills gap in claims management

With the growing skills gap and challenges attracting new entrants into the industry, organizations must be more diligent if they wish to retain the staff they have. Meeting the demand for new and rapidly changing skills, due primarily to increasing claim complexity and industry innovation, underscores this need.

During the 2024 study's qualitative research exercise, industry executives examined *how* organizations are leveraging key workforce recruitment, development and retention strategies to proactively address challenges and drive business success.

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

- **Foster a culture of empathy and active listening**, demonstrated by leadership and reinforced at all organizational levels.
- **Build a workforce prepared to navigate the complexities of modern claims management** while improving employee retention and advancing overall organizational success.
- **Implement training programs that equip claims staff** with resources for biopsychosocial assessments, social determinants of health (SDOH) awareness, and critical soft skills such as empathy and communication.
- **Gather qualitative and quantitative insights** from customer and employee feedback surveys.
- **Monitor employee retention rates** as an indicator of organizational success and cultural alignment.

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

- Aging workforce. A significant portion of the veteran claim workforce is nearing retirement, creating a knowledge and experience deficit that is difficult to replace quickly.
- Lack of industry knowledge. Newer generations show limited awareness of or interest in claims roles, making it challenging to recruit new entrants.
- Disconnect in hybrid work environments. Hybrid and remote work arrangements hinder corporate culture transfer, incidental learning, and team collaboration, affecting training outcomes and long-term engagement.
- Siloed training. Many organizations struggle with inconsistent or outdated training methods that fail to address evolving industry needs and employee motivations.
- Lack of empathy. Training claims professionals to exhibit empathy and understand injured worker perspectives, which are vital for resolving claims effectively.
- Perceived lack of career growth. Potential new talent may view the industry as offering limited opportunities for advancement compared to other industries.
- Negative industry perception. The field of workers' compensation is often viewed as bureaucratic or unappealing, making it difficult to attract new talent.

Key Considerations:

- How do organizations identify training needs and align with long-term organizational strategy?
- How has training for new hire and ongoing skills for frontline claims professionals changed in the remote/hybrid work environment?
- What training resources/ technology strategies will organizations leverage now or in the next 1-3 years?
- How are organizations enhancing training/upskilling for claims professionals on key soft skills, including empathy, active listening, communication skills and cultural awareness?
- What strategies have been most effective?
- How are organizations enhancing training/upskilling for claims professionals on understanding psychosocial risk factors and mental health issues?

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Greatest Impact Opportunities – Key Strategies

Industry executives recommend the following priorities that organizations should consider in the next one (1) to three (3) years.

1. **Expand recruitment pools**. The industry should broaden its recruitment efforts to include second-career professionals and candidates from service-oriented sectors like retail and hospitality. Individuals from these fields often possess strong interpersonal skills, empathy, and customer service expertise, which are invaluable traits for claims professionals. Additionally, targeting outreach to underrepresented populations, including retirees, can enrich the workforce and bring diverse perspectives to claims management.

2. **Enhance career path transparency**. Organizations should clearly define career paths and growth opportunities for employees. Structured training programs, ranging from entry-level to advanced professional development stages, can offer a roadmap for career progression. Providing visibility into advancement opportunities, such as specialized roles across the organization or leadership positions, **helps employees envision a long-term future within organizations and the industry**, boosting motivation and retention.

3. **Invest in comprehensive training programs**. Training initiatives should not only focus on technical claims management but also prioritize soft skills like empathy, active listening, and cultural awareness. Incorporating soft skills development alongside technical skills are crucial for building stronger relationships with clients and navigating complex cases. Programs integrating medical management resources, cognitive behavioral therapy (CBT), biopsychosocial assessments, and social determinants of health (SDOH) provide claims professionals with the tools to handle complex situations effectively. Organizations should also leverage on-demand training resources such as short videos, interactive roundtables, and lunch-and-learn sessions to ensure accessibility and engagement.

4. **Leverage technology for talent optimization**. Organizations can utilize AI and predictive modeling to identify training needs, analyze past audits, and develop customized learning content. Technology can streamline workflows for claims professionals, reducing repetitive tasks and allowing them to focus on customer-centric roles. Additionally, implementing user-friendly systems and digital platforms can enhance employee satisfaction and productivity, making the workplace more appealing to tech-savvy hires.

5. **Upskill and reskill claims talent to optimize knowledge transfer**. Adopt a multi-faceted approach to upskill and reskill talent to meet the evolving needs of the industry. Include tailored learning paths based on individual employee roles, aspirations, and skill gaps. Leverage platforms offering personalized modules to enable employees to progress at their own pace while focusing on areas most relevant to their position. Facilitate rotational assignments and cross-functional training to broaden knowledge and adaptability. For example, claims professionals could gain insights into underwriting or customer service processes. Pair experienced professionals with new hires for mentorship programs that ensure institutional knowledge is preserved and shared. Peer learning workshops or team-based training sessions can also create a collaborative learning environment. Provide training in modern tools like predictive analytics, AI systems, and digital claims platforms. Equipping employees with tech skills ensures they stay competitive in the workforce.

6. **Foster inclusive leadership**. Leadership must actively demonstrate empathy and inclusivity to cultivate an environment where employees feel valued and engaged. This includes promoting open communication, soliciting employee feedback, and creating opportunities for collaborative problem-solving. Leaders should also undergo training to enhance their ability to mentor and support team members effectively.

7. **Create a culture of continuous learning**. Continuous learning can be promoted through access to digital learning platforms, certifications, and workshops tailored to individual career goals. Organizations should encourage employees to take ownership of their learning journeys by offering incentives for skill enhancement and professional development. Dedicated training days and knowledge-sharing forums can further reinforce a culture of learning.

8. **Monitor and measure progress**. To evaluate the effectiveness of recruitment and retention strategies, organizations should establish key performance indicators (KPIs) such as employee retention rates, training completion rates, as well as employee and stakeholder satisfaction scores. Regular assessments and feedback from employees, injured workers, and policyholders can help organizations refine their training and retention strategies. Post-training check-ins, employee surveys, and qualitative reviews of claims management processes provide valuable insights into areas needing improvement.

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* examining 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, *to* investigating high priority industry challenges and operational transformation in 2021, *to* delivering a 10-year industry report card in 2022, *to* surveying frontline claims professionals for the second time in study history and the first time since the COVID-19 pandemic reshaped our work environment in 2023, the annual Report continually reveals the cumulative intelligence of the workers' compensation claims community.

In 2024, the study investigated how organizations are successfully balancing digital transformation with the human elements essential to optimal outcomes. Drawing upon first-person, focus group research, the study reveals real-world strategies used by high-performing organizations to deploy AI to automate routine work while simultaneously investing in human judgment and emotional intelligence that technology can't replicate. The 2024 Report provides a roadmap for claims organizations seeking to find the optimal balance between technological advancement and human-centered claims management.

Contact

We welcome your reaction to the 2024 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**.

To request copies of any of our prior years' reports, please go to:
https://www.risingms.com/research-knowledge/workers-compensation-benchmarking-study/request-report/

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APPENDIX – Participant Survey Results

Prior to the focus group research, industry executives completed a confidential online survey. They identified key discussion topics to drive meaningful change and actionable recommendations. The survey outlined six (6) industry problem statements, with three (3) selected for in-depth exploration. To make the most of the limited discussion time, participants ranked the problem statements from **1** to **3**—where "**1**" indicates the **lowest priority** and "**3**" represents the **highest priority**—for focus group discussions.

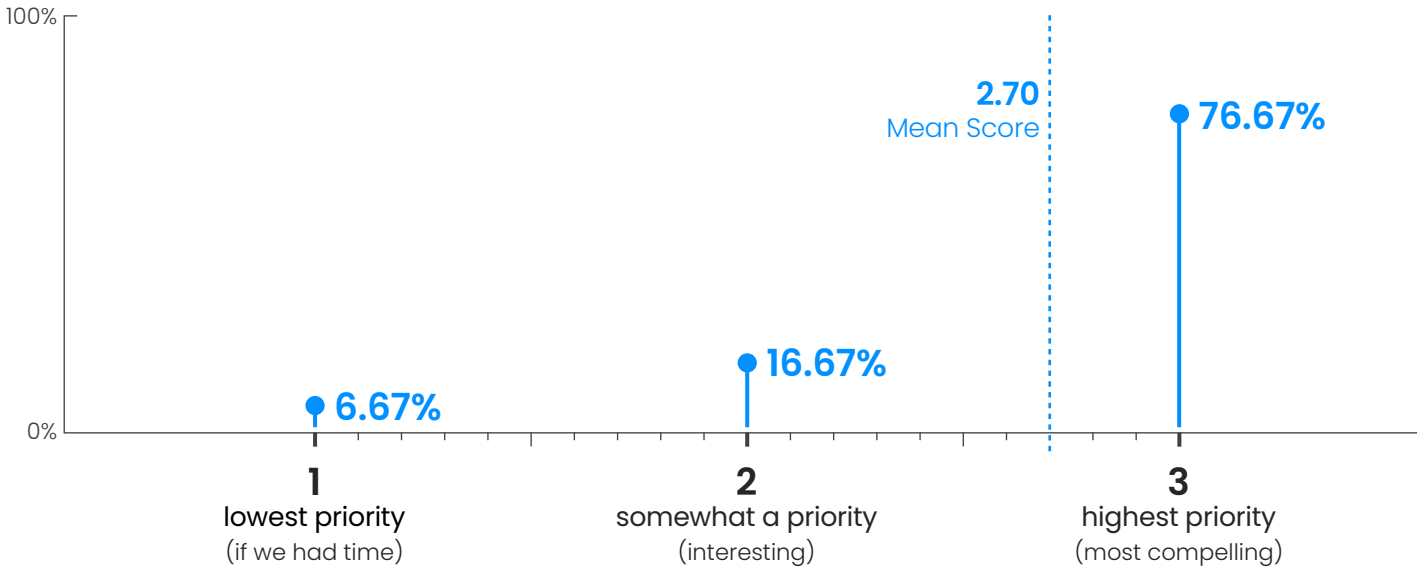
RANK #1

Discussion Topic: **Administrative and Regulatory Compliance Burden**

The 2019 and 2023 studies identify administrative and regulatory compliance burden as primary issues for frontline claims professionals. The 2023 data show nearly half of claims professionals, or 46 percent, report spending 30 to 40 percent or more of their time on administrative tasks, and 23 percent allocate 30 to 40 percent or more to regulatory compliance tasks. Excessive focus on internal and/or external compliance and administrative tasks to the detriment of other objectives such as communicating with injured workers and key stakeholders, proactive coordination of healthcare services, and RTW will negatively impact claim outcomes.

The 2023 study identified how artificial intelligence or analytics would be most helpful to frontline claims professionals. The results identify automation of administrative tasks or regulatory requirements as the most valuable to frontline staff by a large margin. Additionally, the study notes that the strategies to improve claims professional efficiency need better integration. The results show an increase in the number of systems frontline claims staff utilize in the daily management of claims, with 55 percent reporting they use five (5) or more systems, an increase from 42 percent in the 2019 survey of frontline professionals, clearly demonstrating the need for efficiency improvements.

- What technology, resources or tools are organizations leveraging to streamline/limit administrative burden of claims professionals (i.e., regulatory requirements, state forms, letters, TTD/TPD/PPD payments)?
- Are organizations leveraging AI or other technology resources to:
  - Automate administrative tasks such as state form filing or other regulatory requirements?
  - Automate claims tasks such as indemnity payments or bill pay?
- What technology solutions are/or could organizations leverage to aggregate data across the multiple systems claims professionals use in the daily management of claims?
- How are organizations leveraging generative AI, or plan to use it in the next 1-3 years?



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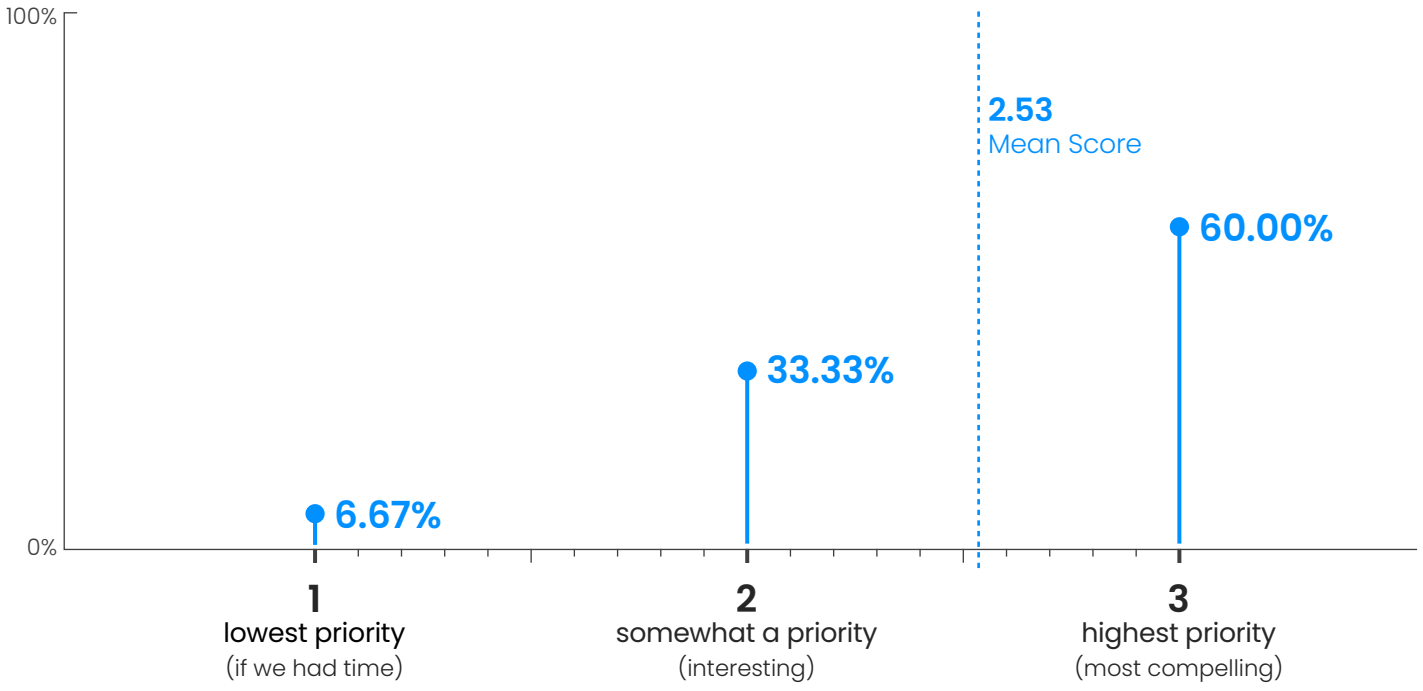
RANK #2

Discussion Topic: **Industry Transformation through Technology & Customer Engagement**

The workers' compensation industry has the opportunity to be transformed by technological advancements—from artificial intelligence and predictive technology to the use of multiple data sources to enhance customer engagement and experience. Manual workflows from multiple systems remain major challenges. Industry influencers socialize the perception of transformation, yet actual innovation is still a concept. To achieve true transformation, organizations need to invest in an ecosystem future with new technology that will rapidly advance digitization and automation to support better customer experience, reduce claims leakage, and leverage data to reduce risk. Organizations that invest now in technology capabilities with an end-to-end digital experience for injured workers, customers, and other stakeholders will have a clear competitive advantage.

- How can organizations leverage strategies from customer-facing verticals and applications like auto, retail, and banking to advance workers' compensation technology that will rapidly advance digitization and automation and support a customer service model?
- Are organizations prioritizing digital transformation on their roadmap for the next 1-3 years?
- The workers' compensation industry collects a large amount of structured and unstructured data, where natural language processing can be applied with significant insights into worker sentiment. How are organizations leveraging this data in the daily management of claims?
- Utilizing advanced artificial intelligence and machine learning technologies can enable tools to predict injuries, streamline administrative claims processing, facilitate return-to-work programs, and enhance fraud detection mechanisms. How are organizations leveraging these technologies in risk assessment and mitigation strategies, and what is the impact on outcomes?
- Attracting potential Millennial and Gen Z candidates to the industry is a challenge. Both are digital natives and prioritize working for organizations that are innovative. How are organizations utilizing technology transformation and innovation as a key talent strategy?



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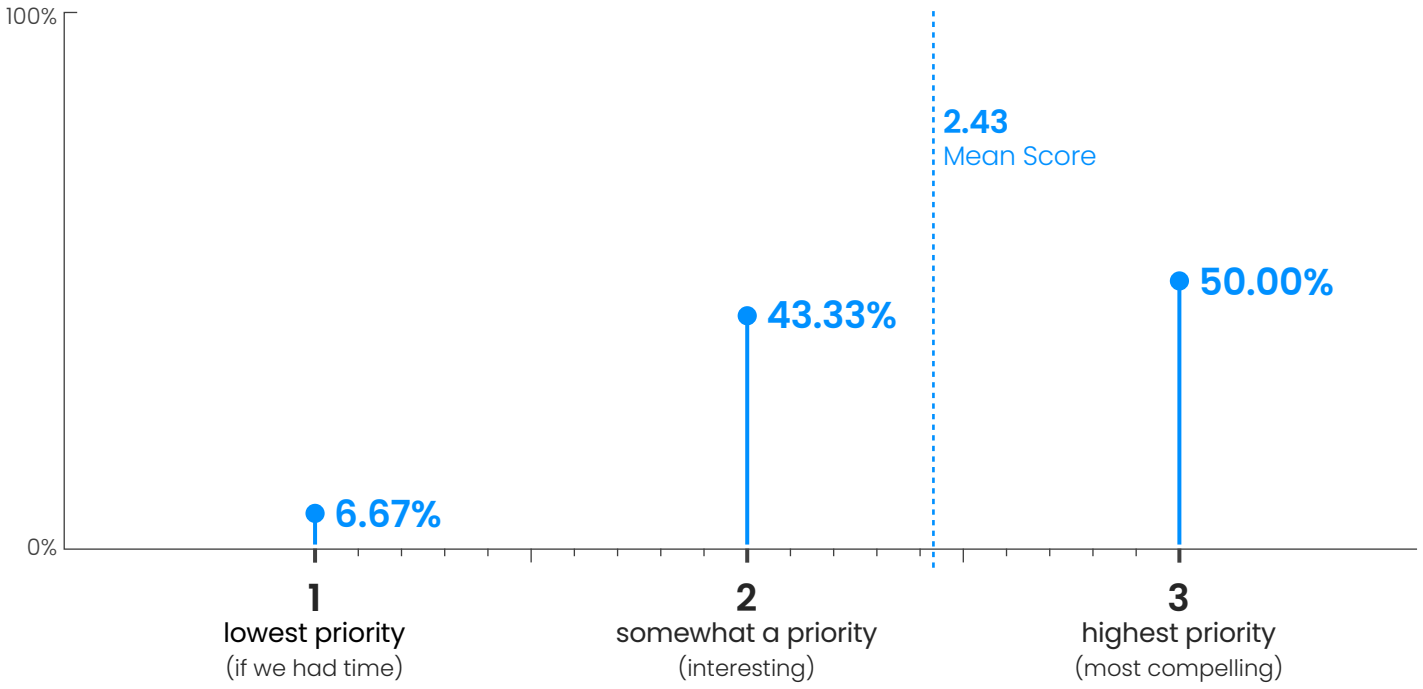
RANK #3

Discussion Topic: **Skills Gap & Challenge Attracting New Entrants to the Industry**

With the growing skills gap and challenge attracting new entrants into the industry, organizations must be more diligent to retain the staff they have. Meeting the demand for new and rapidly changing skills, due primarily to increasing claim complexity and industry innovation, underscores this need. The 2023 results show that 72 percent of organizations provide training for new hire claims staff with minimal to no experience, a notable increase from the results of the 2019 survey of frontline claims professionals. Additionally, 87 percent of frontline claims professionals receive ongoing skills training and development, a slight increase from the prior survey of frontline claims professionals and a notable increase from the most recent survey of claims leaders. However, the results show claims staff are not equipped with critical training needs in key areas of medical management and soft skills. The 2023 data shows, on average, 29 percent of participants do not receive adequate medical management training. Claims professionals indicate the greatest training needs are in understanding psychosocial risk factors and mental health issues as well as understanding diagnostic tests or reports. Additionally, only 38 percent report receiving training on empathy—a critical skill when assisting people who are injured.

- How do organizations identify training needs and align with long-term organizational strategy?
- How has training for new hire and ongoing skills for frontline claims professionals changed in the remote/hybrid work environment?
- What training resources/technology strategies will organizations leverage now or in the next 1-3 years?
- How are organizations enhancing training/ upskilling for claims professionals on key soft skills, including empathy, active listening, communication skills, and cultural awareness?
- What strategies have been most effective?
- How are organizations enhancing training/ upskilling for claims professionals on understanding psychosocial risk factors and mental health issues?



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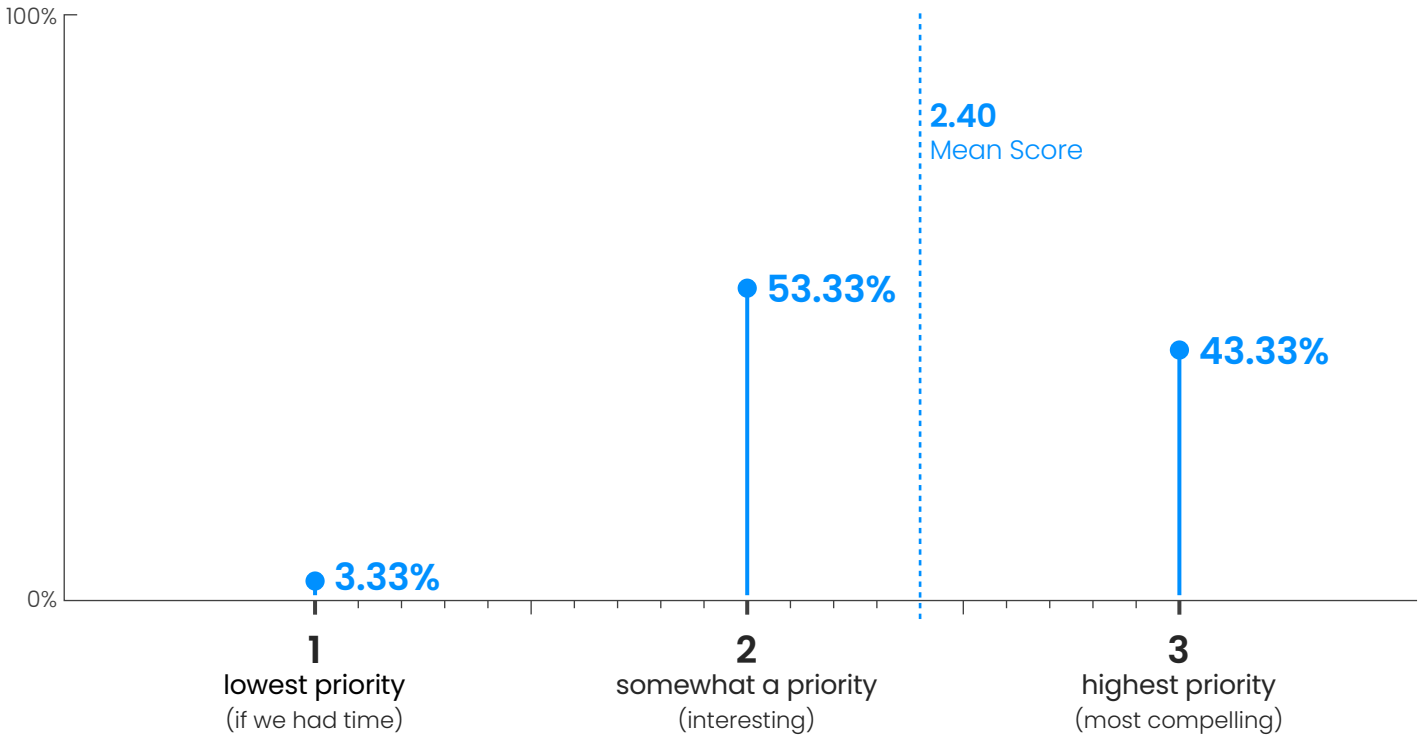
RANK #4

Discussion Topic: **Advocacy-Based, Employee-Centric Claims Models**

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 2023 study examined their perspective. The 2023 results show a modest increase in frontline claims professionals' knowledge of advocacy-based, worker-centric claims models with 39 percent reporting awareness, compared to 28 percent in 2019. Even with this modest improvement, a stark difference exists between claims leaders and frontline staff results. Of note, 65 percent of claims leaders indicate a cultural shift, including organizational support and leadership buy-in for advocacy-based program strategies, compared to 24 percent of frontline claims professionals. Given the significant industry focus on advocacy-based, worker-centric models, there continues to be a disconnect between theory and practice. Implementing the changes needed can be a significant challenge, particularly considering that legacy claims processes have been ingrained in organizations for years.

- How do organizations advance advocacy-based, employee-centric claims models as a core strategy throughout the claims process/life cycle?
- What strategies have organizations deployed to engage frontline claims staff in program design, awareness, and training?
- How have/or should compensability investigations change?
- What other core claims practices need to change/improve to drive desired outcomes?
- What key performance indicators (KPIs) are organizations leveraging to measure results/effectiveness?



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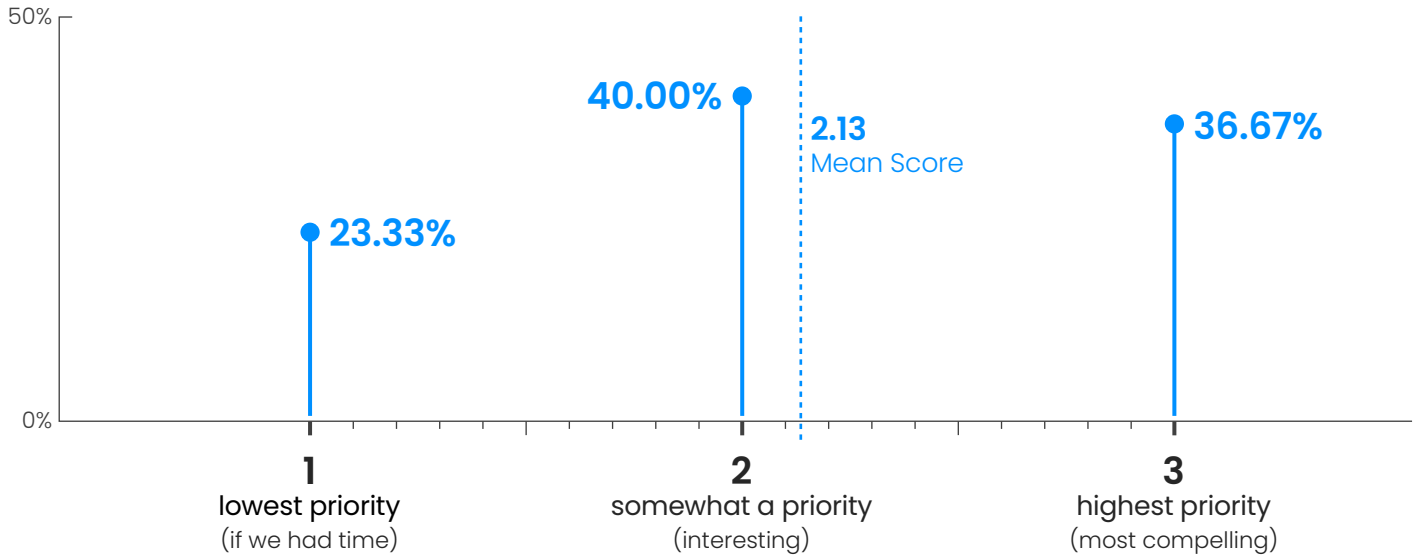
RANK #5

Discussion Topic: **Caseloads and Claims Effectiveness and Productivity**

The workers' compensation industry often considers caseloads when evaluating program effectiveness and claims professionals' productivity. The optimal caseload per claims professional is not set in stone. Instead, it depends on many factors including case complexity, administrative support levels for claims professionals, supervisory oversight/span of control, claims system efficiencies, experience and technical acumen, as well as the authority delegated to claims professionals. Other considerations include jurisdictional requirements, medical only to indemnity claims ratio, and future medical claims to active indemnity claims. High caseloads can negatively impact injured worker care and benefit delivery, as well as claim outcomes and employer loss costs. While optimal caseloads depend on internal and external factors, research shows lower caseloads have a significant impact on claim results. The Effects of Adjuster Caseloads—a two-year case study—outlines a maximum caseload of 111 claims per lost time claims professional to effectively execute claims best practices and outcomes (Kern, 2019). Overall, the 2023 data shows higher indemnity caseloads are increasing. The results indicate that 53 percent of frontline participants report indemnity claims caseloads that are at 125 or less, a decrease from the prior study results of claims leaders. The results also reflect a modest increase in caseloads that are 151 or greater, with 26 percent reporting higher average indemnity caseloads. Additionally, over a third of the written comments in the 2023 survey of frontline claims professionals were regarding concerns with caseloads, and inability to effectively manage claims.

- How are caseloads utilized in organizations?
- Is/should caseloads be a primary measure of productivity?
- Are organizations using other metrics, (i.e., claims throughput, accident year closure ratio)?
- Are organizations leveraging technology to determine the effectiveness of claims management (i.e., timely contacts, follow up, correspondence, phone calls, diary management) to flex/adjust caseloads and new assignments?
- How are organizations leveraging specialization or other strategic claims assignment strategies to balance workloads and claims effectiveness?



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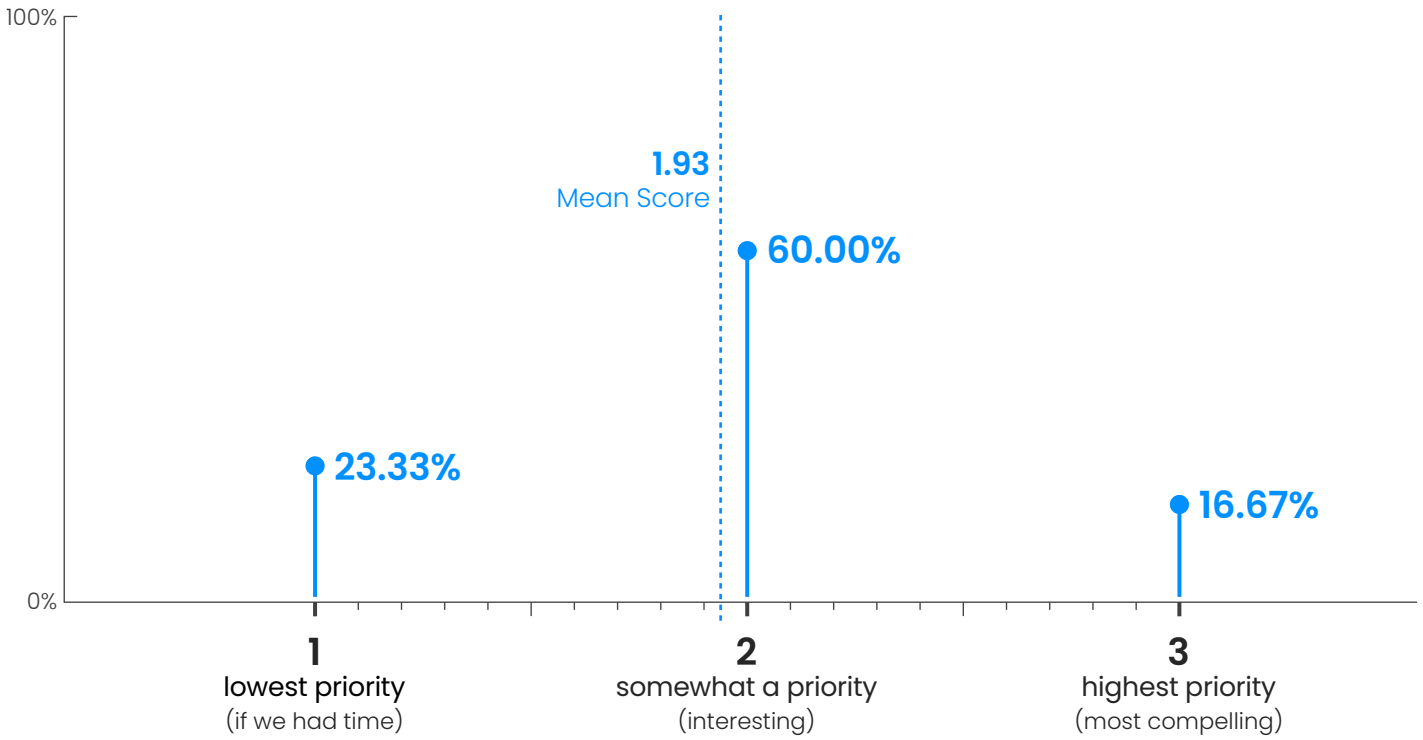
RANK #6

Discussion Topic: **Risk/Reward Strategies to Improve Claim Outcomes**

Prior study research shows leveraging risk/reward strategies to improve claim outcomes is a major differentiator of higher performing organizations. Rewarding good outcomes and penalizing poor performance is a common practice used in many businesses to achieve desired results. Incentives and penalties play an important role in driving human capital results. Organizations may face challenges and limitations depending on labor union contracts, company culture, and human resource practices. Many times, organizations do not know how to operationalize such metrics. Risk/reward systems should align Key Performance Indicators (KPIs) with desired outcomes and motivate employees to achieve results. Performance-based strategies should provide significant incentives (rewards and penalties) tied to achieving desired outcomes. The 2023 results reflect a modest decline in the percentage of organizations that leverage incentives and penalties for meeting claims best practices from the prior survey of frontline claims professionals and reflect a similar perspective to the most recent study of claims leaders in 2022.

- How are organizations leveraging incentives and penalties to achieve desired claim outcomes with frontline claims professionals?
- How do incentives and penalties focus on near-term goals and objectives and align with desired claim outcomes?
- How are performance results measured, and what is the cadence of valuation (real-time, daily, monthly, quarterly, annually, etc.)?
- Are organizations leveraging similar or different strategies with vendor partners?
- Are organizations leveraging technology and/or AI to assess and communicate results; if so, what is the cadence?
- How are organizational goals aligned with KPIs?



2024 WORKERS' COMPENSATION BENCHMARKING STUDY

CLAIMS MANAGEMENT OPERATIONAL STUDY

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