

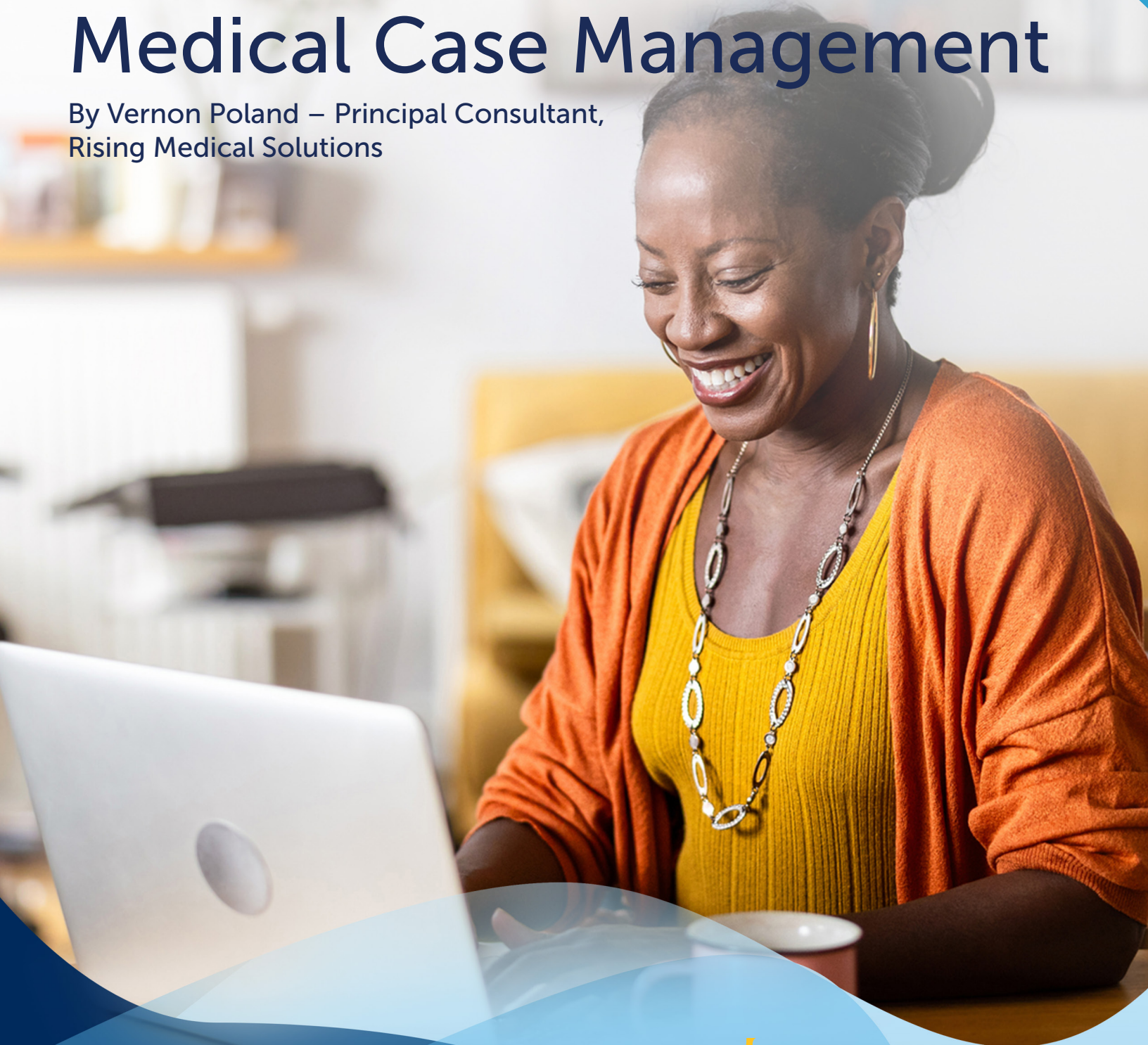
WHITE
PAPER

Unlocking

the Impact of Effective

Medical Case Management

By Vernon Poland – Principal Consultant,
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Which is more beneficial and cost effective—to **proactively** maintain good health with preventative care and a healthy lifestyle, or to **reactively** address chronic illness and disease? When we examine the impact of medical case management through this lens, it sheds new light on the Case Management Society of America’s textbook definition of medical case management, which states:

“Case management is a collaborative process of assessment, planning facilitation, care coordination, evaluation, and advocacy for options and services to meet an individual’s and family’s comprehensive health needs through communication and available resources to promote patient safety, quality of care, and cost-effective outcomes.”

Generally speaking, when a claims professional feels that a claim is getting out of control or is approaching a juncture that requires special attention, they **reactively** consider employing a medical case manager, versus **proactively** leveraging the claim resolution benefits of case management earlier in the life of the claim. In addition, the value of the case management intervention is usually assessed in context with the specific goals the claims professional had in mind at the time of their referral. Accordingly, medical case management becomes just another tool in the claim professional’s toolbox. In this context, the value of medical case management is highly subjective, making its cost difficult to justify at times.

Therefore, we often see companies attempt to contain the cost of medical case management services by limiting case management activity to specific tasks or by limiting the scope of the case manager’s involvement in the treatment, rehabilitation, and/or return-to-work process. This cost-based approach to utilizing medical case management only sees the service as a cost factor, ignoring or discounting the significant savings effective medical case management can deliver.



Workers’ Compensation and Medical Severity

To evaluate the real value of medical case management services, one only needs to look at the higher costs associated with workers’ compensation claims. According to Milliman Nodal Medical Benchmarking data reported in 2022, “For similar conditions, workers’ comp payers spend 60% to 100% more on average than group health payers.”¹ A primary reason for this phenomenon is that work-related injury claims are often open significantly longer than similar non-work-related injuries. Supporting data from the National Council on Compensation Insurance (NCCI) noted that, “Utilization differences are much bigger than price differences for workers’ compensation relative to group health, with the most pronounced difference being the greater quantity of physical medicine services in workers’ compensation.”²

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Compounding this overuse of medical services for work-related injuries—even with the plethora of network discounts available to workers' compensation payers—is that medical service costs historically experience an inflation rate significantly greater than that of the overall economy.³

Finally, while lost-time claim frequency has decreased in all but two (2) years over the past two decades, medical lost-time claim severity has consistently risen—to the tune of 59%—during the same time period, according to NCCI's 2024 State of the Line Report.⁴ If medical severity is a major driving force behind the total cost of claims, doesn't it make sense that effective medical case management can make a difference in controlling claim costs?

For example, to quantify the impact of nurse involvement in claim outcomes, Liberty Mutual/Helmsman conducted a research study of 42,000 claims normalized for injury, patient, and biopsychosocial factors. The study results identified 26 percent lower overall costs and 15 percent faster claim resolution when nurses were assigned. The results demonstrate nurses deliver significant benefits when involved in claims. Medical and total claims costs were reduced by double-digit percentages and **employees returned to work sooner**, contributing to significant cost savings, increased productivity, and reduced total cost of risk.⁵



Additionally, Rising's own targeted medical case management solution, Ultimate Care, has delivered similar outcomes:

- 33% shorter claim durations
- 93% of cases beat ODG return-to-work target dates
- 27% lower medical costs per claim
- 32% fewer litigated lost-time cases

Finally, a URAC study of 13,648 claims identified a positive association in return-to-work outcomes when nurses are assigned to claims. The results demonstrate that the timing of the nurse referral/involvement is critical.

50%+
of employees return to work within 90 days when their claims are referred to case management within seven (7) days.

27%
Alternatively, when cases are referred to case management after 30 days, only 27 percent of employees return to work within 90 days.⁶

As evidenced by industry data as well as Rising's own experience as a national managed care company, effective medical case management applied at the earliest opportunity can proactively address and mitigate the factors that hinder an injured worker's successful return to work. In workers' compensation, costs associated with both medical treatment/rehabilitation and lost workdays can be optimized by attacking the barriers that delay progress in the treatment, rehabilitation, and return-to-work processes.

THE MEDICAL CASE MANAGER IS UNIQUELY POSITIONED TO EVALUATE, COORDINATE, AND FACILITATE THE INJURED WORKER'S PROGRESS IN THIS ENDEAVOR.

Return to Work

While medical costs are a significant driver behind overall workers' compensation claim costs, return-to-work delays also play a critical role. A November 2023 bulletin from the Department of Labor Bureau of Labor Statistics reported that the 2022 injury incidence rate in private industry was 2.3 cases per 100 full-time equivalent (FTE) workers. Moreover, 52% of these cases resulted in days away from work (or 1.2 cases per 100 FTE workers).⁷

When an employee misses work due to a work injury, the employer (or their insurer) must, by law, bear the direct cost of medical treatment, wage replacement, and any settlement costs due to permanent impairment. In addition, OSHA has noted that indirect costs (e.g., lost production, temporary employees, training/retraining, etc.) associated with missed workdays can be upwards of 4.5 times the direct costs.⁸ Another estimate, derived from research conducted by Liberty Mutual Research Institute for Safety, Harvard University and University of Wisconsin-Oshkosh, indicates that for every dollar spent on the direct costs of occupational injuries, approximately \$2.12 will be spent on indirect costs.⁹ When you consider that the workers' compensation claim costs nearly \$42,000, according to the National Safety Council¹⁰, the indirect costs an employer must bear could easily approach \$89,000 based on the more conservative ratio.

In addition to being costly, time away from work can be detrimental to an optimal medical recovery. Based on industry experience, lost workdays are caused not only by medically-related work restrictions, but also by other factors such as:

- The employer's perception that the injured worker's usefulness is limited by:
 - » Lack of, or limited, modified duty opportunities in the workplace
 - » Perceived cost of supporting the injured worker's return to work



52% of injuries RESULT IN DAYS AWAY FROM WORK

- Psychosocial issues affecting the injured worker's recovery and successful return to work
- Inadequate or delayed medical treatment
- Poor communication/information flow
- Lack of cooperation, timely decision-making, and/or understanding of the injury/treatment/return-to-work process by various claim stakeholders
- Bureaucratic issues that create administrative/procedural delays

A qualified medical case manager is uniquely equipped to resolve all of these factors that impede return to work, while also addressing the medical resolution of the claim.

THE RESULT IS A FASTER, SAFER RETURN TO WORK, WHICH ULTIMATELY OPTIMIZES THE OVERALL CLAIM RESOLUTION PROCESS.

Effective Medical Case Management

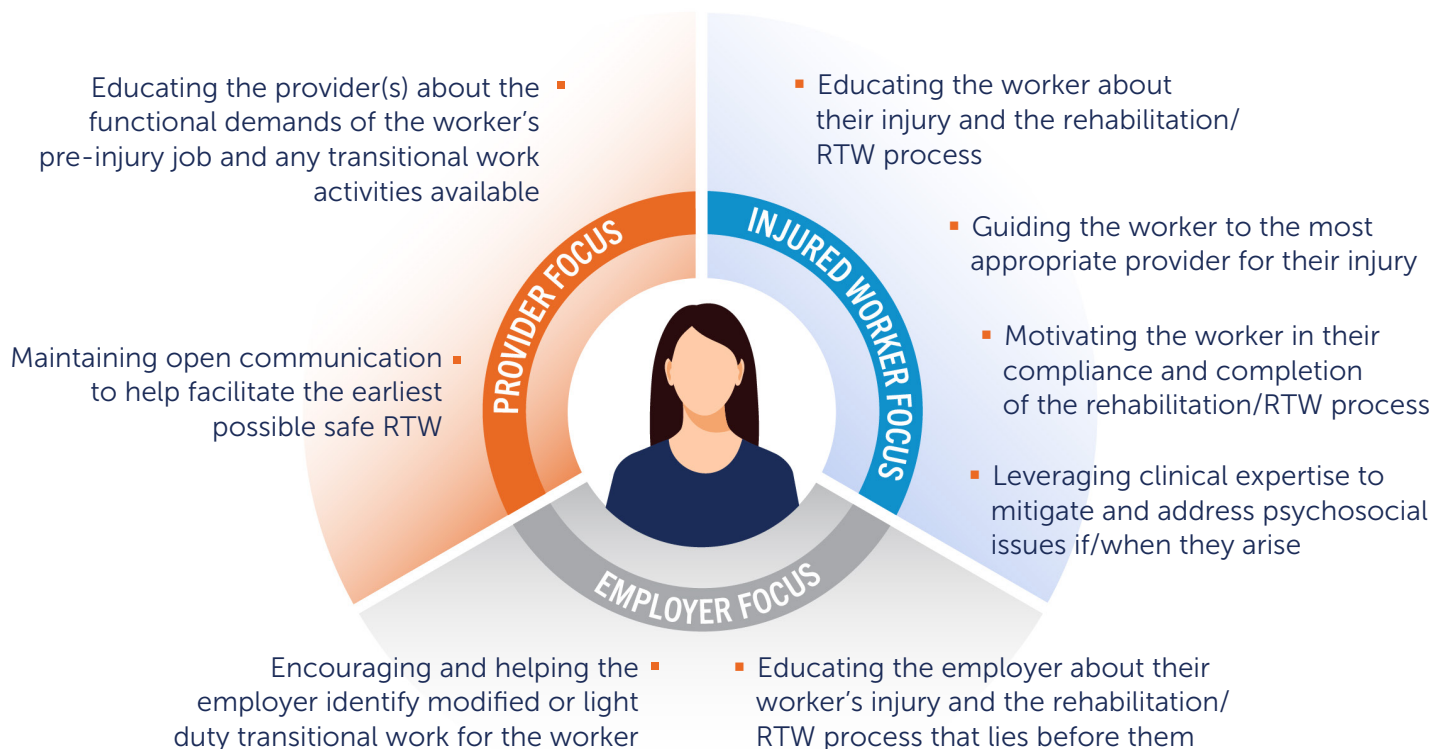
Injury management in any scenario is **time sensitive**, but in the world of workers' compensation—which is prone to delays and diversions in the diagnosis, treatment, and recovery process—it is **time critical**. The variables inherent to the workers' compensation system can result in less-than-optimal outcomes and increased costs. Without proper intervention, work injuries are likely to result in compromised medical and vocational outcomes and expenses that are almost double the cost of treatment for similar non-work-related injuries.

Medical case management, when properly implemented, consistently generates results and savings that more than offset the cost of these services. Medical case management is most effective when it develops and implements a comprehensive plan that considers all aspects and all stakeholders in the treatment, rehabilitation, and return-to-work process.

An effective medical case management program has goals that include:

- Assuring an accurate and thorough injury diagnosis
- Coordinating the total span of an injured worker's medical treatment
- Assuring timely compliance with all medical treatment to facilitate an optimal functional outcome
- Avoiding unnecessary/unproven medical care
- Assuring appropriate utilization of resources (concurrent utilization review)
- Mitigating and/or addressing psychosocial issues proactively
- Attaining medical stability/maximum medical improvement (MMI)
- Facilitating an early return to work (RTW)
- Avoiding complications and/or re-injury
- Achieving a reduction in the overall cost of the claim

These goals are accomplished when the medical case manager focuses on keeping all stakeholders involved in the injured worker's rehabilitation/RTW process



To realize these key benefits of the medical case management process, **it is vital to have both clinical focus and organizational accountability**, including consistent evaluation of case management outcomes and the value added. The key to consistently realizing positive results and return on investment is to engage a medical case management company that employs best practices, including sound savings calculation methodologies, quality assurance, and ongoing supervision and coaching on the files assigned to their clinical team.

The simple question—“What is case management?”—does not seem so simple when we examine how it is typically utilized versus all the potential benefits an effective case management program can deliver.

Understanding what a high-performance medical case management process can accomplish provides a clearer path to lowering claim costs while optimizing service to the employer and the injured worker. With all this in mind, I advocate for a revised definition of “effective” case management, as follows:

Effective medical case management:

- **Transforms routine case management activity** from a task-oriented service that adds claim costs to a process integral to successful, cost-effective claim resolution
- **Generates an authentic return on investment** in the form of better medical and vocational outcomes, avoidance of unnecessary and/or redundant services, and overall lower claim costs
- **Motivates the injured worker** to take full advantage of their medical treatment and rehabilitation programs, generally resulting in better functional outcomes, fewer lost workdays, reduced pain and suffering, and a faster return to “life as normal”
- **Assists the employer** in finding meaningful transitional work opportunities for the injured worker, mitigating production deficits experienced when a worker is not able to return to their normal job duties
- **Drives the medical treatment process forward** at a pace appropriate to the recovery process, while reassuring providers that the injured worker is receiving appropriate supervision [in order] to achieve rehabilitation goals and early re-entry into the workplace
- **Supports claims professionals** in closing files more quickly by facilitating expeditious progress through the medical system, better functional outcomes, and safe/early returns to work
- **Lowers costs** associated with medical treatment, lost workdays, and impairment permanency settlement

“Effective case management is a results-oriented, proactive, and collaborative process of assessment, planning facilitation, care coordination, evaluation, and advocacy for options and services to meet an individual’s and family’s comprehensive health and vocational needs through effective communication and coordination of available resources to promote optimal patient safety, quality of care, and cost-effective outcomes.”

As evidenced by industry studies as well as Rising’s Ultimate Care outcomes, optimizing this key service pays huge dividends. In addition to the financial return on investment, effective medical case management promotes the successful, cost-effective resolution of a claim.

By harnessing the power of a motivated injured worker, it improves functional outcomes, reduces lost workdays, reduces pain and suffering, and expedites maximum medical improvement. The natural byproduct of a faster claim resolution and more motivated injured worker is a more efficient workflow for the adjuster, freeing them to focus on strategic claims management and other key opportunities to save time and money for all stakeholders involved in the claim.



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About the Author

Vernon Poland has worked in the disability management industry since 1995, developing and implementing programs and services to minimize lost workdays while facilitating optimal medical and vocational outcomes. He currently serves as an industry consultant and sits on the Board of Directors for the Indiana Worker's Compensation Institute, where he previously held the position of President. Vernon was a consulting engineer in the chemical industry for 17 years, working in various industrial environments while consulting with clients on chemical applications and associated safe work practices.

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About Rising Medical Solutions | We Make Lives Better.

Rising Medical Solutions is a national managed care firm that provides medical cost containment and medical care management services to the workers' compensation, auto, liability, and group health markets. Rising's mission is to "make lives better," by taking the pain out of the healthcare experience for those providing, receiving, and paying for medical care. The company also directs and publishes the annual Workers' Compensation Benchmarking Study, a national research program examining the complex forces impacting claims management in workers' compensation today.

