

# 7 Questions Toward More Effective Workers' Comp Programs

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In trying to ensure workers' compensation programs work for both employees and their organization, employers need to consider at least seven key areas.

**E**mployers and benefit managers struggling to manage rising benefit expenditures know that medical and indemnity costs associated with workers' compensation claims are rising. According to the National Council on Compensation Insurance (NCCI), more than 60% of workers' compensation premiums now go toward medical spending. By 2016, medical spending could reach 70%.

With many issues to consider—from regulatory to corporate culture to employee demographics—there are no simple solutions. In addition to the issue of cost, workers' compensation decisions will shape issues such as:

- How effectively injuries are prevented
- How efficiently claims are resolved and employees return to the job
- The rigor with which data-driven changes are implemented for continual program improvement.

How can organizations build a better approach to workers' compensation program management? What are the key issues to tackle and pitfalls to avoid? Here is a list of seven questions to assist in the effort to ensure workers' compensation programs work for employers and injured workers.

#### 1. Does the design of the workers' compensation program reflect the unique attributes of the company?

To create efficiencies and manage costs, many employers and multiemployer trust funds use bundled workers' compensation programs. Such an approach does allow a certain level of customization as employers can select program elements needed, such as network development, bill review or pharmacy benefit management. However, bundled programs have limitations. They may not provide the flexibility and scalability required to meet unique demographic, cultural, return-to-work and other needs of an organization.

For employers that want more control over their workers' compensation costs, a customized program focused on the claim from the initial injury to the final payment may help achieve better and faster results. Customized programs enable employers to focus on goals related to productivity, medical and administrative costs and even employee satisfaction. Customized does not mean costly, especially if specific needs are factored into program development.

When developing a customized program, it is important to view the company holistically. For example, understanding the company's commitment to wellness helps identify strategies that can prevent workplace injuries. If there is a wellness or safety program in place, program elements, provider panels and outcomes should be considered and integrated into the workers' compensation program design.

Another feature customized programs can address is return-to-work goals and initiatives. Some employers have developed such a strong workplace ethos that employees are eager to get back on the job, meaning that the workers' comp program simply needs to support existing efforts and that additional programs such as nurse case management may not be needed in early phases. Other organizations stress

getting workers back on the job earlier, as they have the ability to make accommodations to fit limitations. Matching culture and needs to the workers' comp program design can improve outcomes and efficiencies.

## 2. Does the organization strive to not only prevent but also identify the causes of workplace injuries?

Employers have spent millions on prevention and safety programs. While laudable, there is still more to be done. Injuries not commonly associated with the workplace also lead to workers' compensation claims. For example, repetitive stress injuries represent almost half of all occupational illnesses.

Ergonomic programs can help to address the common causes of repetitive stress injuries. For example, an employee might report symptoms of carpal tunnel syndrome as well as neck and back pain. An ergonomic evaluator would determine the essential functions of the job and make recommendations, including administrative strategies, engineering and/or specific product solutions to reduce risk factors and physical demands associated with essential functions. This lessens or eliminates the likelihood of injury and allows the employee to continue working safely in his or her job.

If an injury does occur on the job, it's important to identify the cause and how to prevent it from happening again. A physical demands analysis (PDA) takes place on site and is performed by expert ergonomic evaluators who use gauges for weights, forces and measurements. A biomechanical description of the essential functions of a job and physical demands required to perform them is created and used to match the physical demands of the job with employee abilities. A PDA is the cornerstone of determining causation, medical treatment plans, return to work and accommodation.

## 3. Who employs the nurses that interact with injured workers and what are their qualifications?

Many workers' compensation claims are managed by registered nurses. Many, but not all, of these nurses are also certified case managers. However, there often is a lack of transparency as to whether that nurse is an employee or subcontractor and what degree of expertise he or she has in treating workers' comp injuries.

These professionals play an important role in a workers' comp program. They review cases to ensure appropriate utilization, ensure the injured worker gets to the right provider, monitor progress to develop interventions if necessary and help to ensure that cases do not reach catastrophic levels. A good case manager becomes the connection between the injured worker and the company, feeding important information and updates on progress to both. A registered nurse

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Jerry S. Rosenbloom. McGraw Hill. 2011.

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degree is not enough. Case managers coordinating claims for injured workers should be thoroughly vetted and professionally certified. Stringent quality checks should be in place to ensure that nurses and case managers maintain certifications and educational credentials.

#### 4. How does the program identify, prevent and mitigate opioid abuse?

Inappropriate use of opioids has become an epidemic in workers' compensation. It's estimated that 55% to 86% of all claimants receive opioids for chronic pain relief, yet often evidence-based medicine does not support use of these drugs for the injury. More concerning is that the longer a claimant is on opioids, the less likely he or she is to return to work and the greater the risk of dependency.

Statistics such as these are why there is now a major emphasis on preventing opioid abuse, misuse, tolerance and dependence. The earlier the case is managed, the better the opportunity to influence a positive outcome, such as a successful return to work and management of pain without medication.

According to the NCCI, workers' comp prescription drugs account for 19% of total medical spending. Opioids account for an average of 25% of spending, or about \$1.4 billion annually. Such figures don't include the cost of lost productivity or impairment that could lead to injury.

A well-designed medication safety program empowers employers and workers' comp payers to balance drug price and utilization; identify high-risk cases for addiction; ensure only approved, appropriate drugs are dispensed; and proactively reduce narcotic addiction. Such programs also help control and contain medication costs while improving outcomes through maximum in- and out-of-network pharmacy unit cost and utilization, medication safety alerts, claim-level formulary enforcement and comprehensive pharmacy review capabilities.

#### 5. What steps or processes is the organization taking to ensure that its highest exposure cases, such as catastrophic cases, get the best management resources?

Catastrophic claims represent less than 1% of all injuries,

### takeaways >>

- Bundled workers' compensation programs may not provide enough flexibility for all organizations.
- Ergonomic evaluations can help determine the essential job functions and ways to reduce risk factors and physical demands, helping to avoid future injuries.
- A physical demands analysis may be important for determining causation, medical treatment plans, return to work and accommodation.
- Quality checks should be in place to ensure that nurses and case managers maintain certifications and educational credentials.
- A specialized program may help seriously injured workers recover to their maximum potential—medically and functionally—and return to the most productive lifestyle.

yet some studies show they account for up to 20% of costs. Costs for catastrophic injuries can range from \$500,000 to \$5 million or more. The most serious injuries—spinal cord injuries, severe burns, amputations, multiple traumas, traumatic brain injuries—are disasters that disrupt lives and present significant financial risk. Injured workers, their families and employers may be uncertain how to react or where to turn. That's where catastrophic case management can play a key role.

Seriously injured workers recover to their maximum potential—medically and functionally—and return to the most productive lifestyle when a specialized program is in place. Catastrophic nurse case managers are trained to provide the kind of support and guidance patients and their families need throughout the treatment and recovery process. Their fast, on-site intervention helps assure that the course of treatment follows appropriate guidelines and that appropriate local resources are used to support case goals. Add to that a comprehensive national network of physician specialists who can be consulted at any time and centers of excellence experienced in working with catastrophic injuries, and the result is a team that is able to make medically sound, cost-effective patient treatment recommendations that positively impact outcomes.

The best programs offer early intervention and medical management supported by proven guidelines for quality medical care delivery, which provides optimal recovery

time frames for catastrophic injuries. These programs include vocational management to recognize the employability potential of the injured worker and provide resources to help these patients achieve realistic vocational goals, which lead to a better quality of life and lower costs.

## 6. Are implications related to the ACA factored into the workers' comp program?

The impact of the Affordable Care Act (ACA) on workers' comp has not yet been clearly delineated. Numerous questions remain about what changes will be implemented and when they will happen. While there are many who believe that more affordable and available health insurance will promote a healthier workforce and lower workers' comp costs, there are concerns, including:

- The ongoing and growing physician shortage could exacerbate the ability of injured workers to find prompt access to care, a necessity in workers' comp.
- Claims, especially those for mus-

culoskeletal injuries or with comorbidities, could be shifted from group health to workers' comp.

- Employers with workers in multiple states may find it difficult to manage programs and predict trends and costs due to regulatory and ACA implementation differences and changing law.

## 7. Does the program include regimented, data-driven analytics and improvement discipline?


With the increasing importance of using big data to reduce the total cost of risk associated with workers' compensation claims, having the right strategy and analytical tools in place can turn workers' comp data into actionable program improvements.

However, for effective use of data, silos must be broken down across the organization. Data analytic tools, such as comprehensive dashboards, present information in a visual format from which an organization can

draw conclusions on program performance. They enable the use of data to proactively report risk to prevent and mitigate losses, identify early action to take in the claim process, and make better-informed decisions to optimize the program. But collecting and looking at data isn't enough. Data analysis must be combined with industry expertise to turn the data into actionable decisions that will directly impact the effectiveness of the workers' comp program.

### *Keep the Focus on Workers*

Asking and answering these questions is only the first step toward a more effective workers' compensation program. As the future of workers' comp changes, there will be new programs developed, more use of technology, further emphasis on clinical intervention and more questions to ask and answer. Through all the changes, the focus must remain on injured workers and finding ways to ensure they recover in an efficient, safe and sustainable manner.

Part of the change ahead should include a greater emphasis on educating and involving injured workers in the process and giving them the tools to be more proactive and involved in their own recovery. This type of cooperative and collaborative approach to workers' compensation will further encourage safety, engagement and ultimately sustainable return to work, resulting in a win-win for injured workers and the organization. 

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