



IBI BENCHMARKING ANALYTICS

IBI members occasionally request information about disability leaves that is not included in the standard benchmarking reports. When IBI can provide an answer that may be of interest to other members, we make the results available in a series of analytic findings.

COSTS OF DELAYS IN REPORTING WORKPLACE INJURIES AND PROCESSING WORKERS' COMPENSATION CLAIMS

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Background

A member recently inquired whether lag times in reporting occupational injuries and opening workers' compensation (WC) claims had any impact on claim costs. To answer these questions, we examined results from 2010-2017 worker's compensation medical-only and indemnity claims.

Summary Findings

- Each additional day that elapsed between the date the employee was injured (i.e., the injury date) and the date the injury was reported by the claimant to their employer (i.e. the report date) was associated with a \$50.47 increase in total payments for medical-only claims.
- Lag times between the reporting date and the date a claim was opened (i.e. the open date) were not statistically associated with payments for medical only claims.
- Each additional day that elapsed between the injury date and the reporting date was associated with a \$98.25 increase in total payments for indemnity claims.
- Each additional day that elapsed between the reporting date and the open date was associated with a \$96.86 increase in total payments for indemnity claims.

Data

The analysis was conducted using disability claims data from [IBI's disability benchmarking system](#). Each year, 15 major US disability insurers and absence management firms provide IBI with more than 6 million short-term disability (STD), long-term disability (LTD), Worker's Compensation (WC), and federal Family and Medical Leave Act (FMLA) claims from more than 65,000 employers' disability and leave management policies. Claims include information on costs and durations of disability, as well as claim, claimant, and employer characteristics such as industry, plan design, state, date of birth, sex, and the primary diagnosis (International Classification of Diseases, 9th Revision [ICD-9] or 10th Revision [ICD-10]) or reason for leave.

DATA PREPARATION

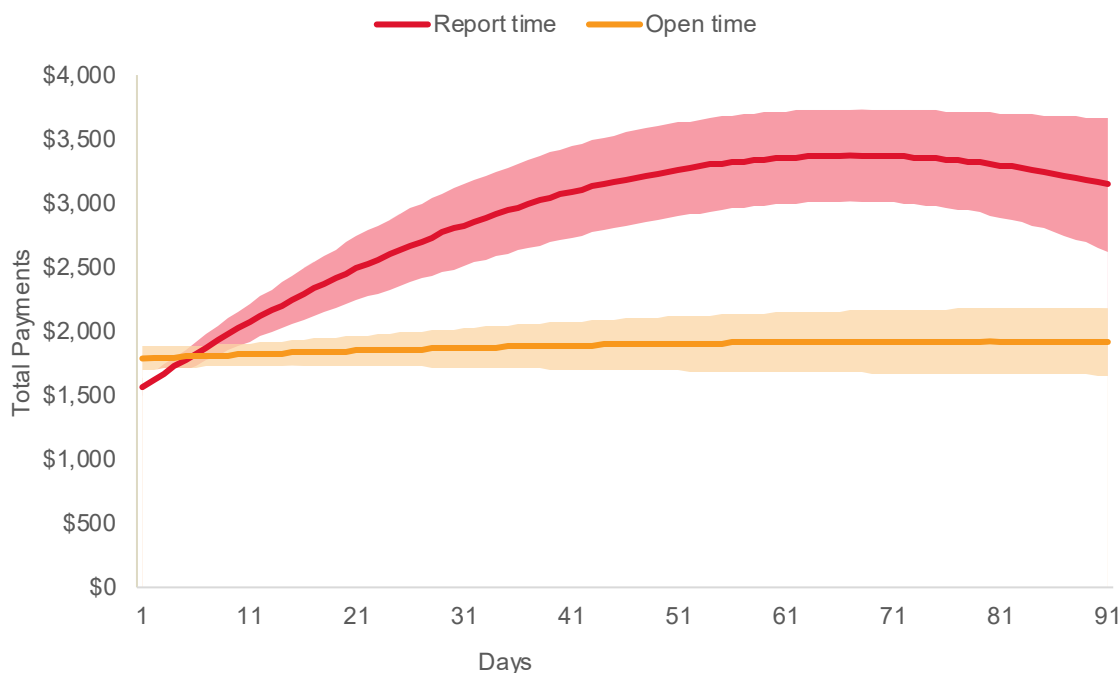
We include information from WC claims with 2010 to 2017 injury dates. The analysis is based on 2.25 million claims. To account for changes in the composition of employers and data suppliers in the data over time as well as the impact of claimant location and work environment, we control for data supplier, industry, loss year, and state using a multivariate regression approach.

Results

MEDICAL ONLY CLAIMS

Figure 1 shows that each additional day that elapsed between the injury date and the reporting date was associated with a \$50.47 increase in total payments for medical-only claims (95% confidence interval \$35.63-\$65.32). Losses from each day of delay begin to decline after 67 days have elapsed. The lag time between the reporting and open dates was not significantly associated with costs for medical-only claims.

Figure 1: Delays in reporting a workplace injury were associated with increased claim payments for medical-only claims while delays in opening a claim were not statistically associated with increased payments for medical-only claims.

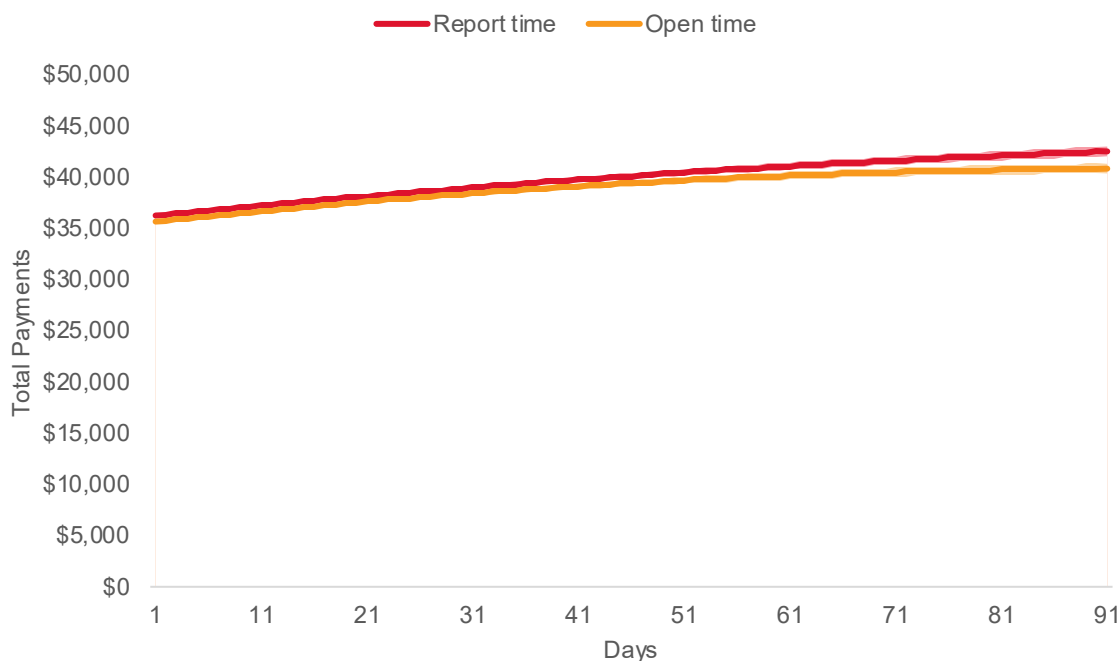


Note: Shaded areas in the figure above represent the 95% confidence interval

INDEMNITY CLAIMS

Figure 2 shows that each additional day that elapsed between the injury date and the reporting date was associated with a \$98.25 increase in total payments for indemnity claims (95% confidence interval \$90.96-\$105.54). It also shows that each additional day that elapsed between the reporting date and the open date was associated with a \$96.86 increase in total payments for indemnity claims (95% confidence interval \$87.89-\$105.83).

Figure 2: Delays in reporting a workplace injury and opening a claim were both associated with increased claim payments for indemnity claims



Note: Shaded areas in the figure above represent the 95% confidence interval

IMPLICATIONS FOR EMPLOYERS

This analysis emphasizes the importance of immediate workplace injury reporting as a cost control strategy for both medical-only and indemnity claims. It also underscores the need for a well-articulated claims process for the most serious injuries (i.e., those incurring lost work time) as delays in opening indemnity claims are also associated with increased costs.

Understanding the factors that contribute to delays in reporting injuries and processing claims will help employers develop strategies for avoiding unnecessary WC costs.