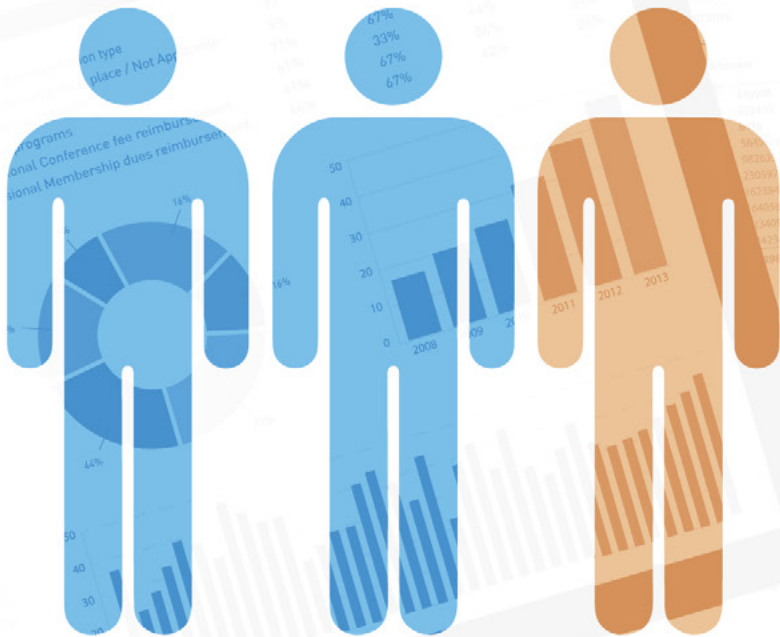


2014 WORKERS' COMPENSATION BENCHMARKING STUDY

CLAIMS MANAGEMENT OPERATIONAL STUDY



Benefit Type	2011	2012	2013	2014
Retirement generally to grow / Not Applicable	7%	7%	11%	10%
Public retirement	31%	27%	25%	24%
Workers' comp	41%	33%	34%	32%
Professional Conference fee reimbursement	21%	27%	22%	20%
Professional Membership dues reimbursement	24%	27%	22%	20%
Time for staff to participate in community outreach programs	32%	27%	21%	19%
Flexing for vacation during the workday	40%	27%	22%	17%
Work from home option	22%	17%	14%	14%
Gym Memberships	20%	21%	21%	24%
Four day work week or other alternative scheduling arrangement	19%	23%	23%	21%
On-site day care programs	20%	-	-	-



Study Director & Publisher:
Rising Medical Solutions

Principal Researcher & Report Author:
Denise Zoe Algire

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Operational Challenge

Preface

About the Study

The Workers' Compensation Benchmarking Study is a national research program examining the complex forces that impact claims management in workers' compensation today. 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 that focuses on how claims organizations address daily operational challenges. Their receptiveness to starting a community dialogue spawned the creation of a benchmark tool that workers' compensation claims leaders can use to assess their operational priorities, hurdles, and strategies amongst their peers.

The ongoing Study program is a collaboration of industry executives 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 unbiased research, the Study is guided by an independent Principal Researcher and select industry experts on the Study's Advisory Council. The involvement of these workers' compensation professionals is critical to maintaining a framework that produces compelling and impartial data.

About the Study Director & Publisher, Rising Medical Solutions

Rising is a national medical cost containment and care management company that serves 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 Rachel Fikes, VP & Study Program Director, at wcbenchmark@risingms.com.

About the Principal Researcher & Study Report Author, Denise Zoe Algire, MBA, RN, COHN-S/CM, FAAOHN

Ms. Algire is the Director, Managed Care & Disability, Corporate Risk Management for Safeway, Inc. 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 19 years of industry experience, her expertise includes insurance operations, medical management, enterprise risk management, and healthcare practice management.

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Study Advisory Council

Essential to the 2014 Study and survey is its Advisory Council, comprised of nearly twenty workers' compensation executives who represent national and regional carriers, employers, third party administrators, brokerages, and industry consultancies.

Their varied perspectives have guided the Study's continued mission to quantify and examine some of the most significant operational challenges facing claims organizations today. From the formation of survey questions to the interpretation of results, the Council has provided critical expertise throughout this endeavor.

Among those distinguished advisors we thank for their time and commitment are:

- Gale Vogler | Director, Managed Care | **Acuity Insurance**
- Raymond Jacobsen | Managing Director | **AON Benfield**
- Leann Farlander | Cost Containment Director | **Athens Administrators**
- Fred Boothe | Vice President of Claims Services | **BrickStreet Insurance**
- Rich Cangiolosi | Vice President, Western Region | **Cannon Cochran Management Services, Inc. (CCMSI)**
- Cathy Vines | Director, Healthcare Cost Containment Strategy | **CopperPoint Mutual Insurance**
- Kelly Kuri | Senior Director, Workers' Compensation | **Lumbermen's Underwriting Alliance**
- James Masingill | Vice President, Claim Operations | **Markel FirstComp Insurance**
- Barbara Spain | Senior Counsel, Workforce Management Practice Group | **McDonald's Corporation**
- Tom McCauley | Owner & Consultant | **Networks by Design**
- Laura Crowe | Risk Management Director | **Presbyterian Healthcare Services**
- Mark Walls | Vice President, Communications & Strategic Analysis | **Safety National**
- John Smolk | Principal Manager, Workers' Compensation | **Southern California Edison**
- Joe McLaughlin | Senior Vice President, Sales & Marketing | **TRISTAR Insurance Group**
- Kyle Cato | Regional Claims Manager, Workers' Compensation | **Whole Foods Market**
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- Peter McCarron | Senior Vice President, Workers' Compensation Claims | **Zurich North America**

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- Association of Occupational Health Professionals in Healthcare (AOHP)
- International Association of Industrial Accident Boards and Commissions (IAIABC)
- California Self-Insurers Association (CSIA)
- Colorado Self-Insurers Association (CSIA)
- Florida Association of Self-Insureds (FASI)
- Illinois Self-Insurers Association (ISIA)
- Indiana Self-Insurers Association (ISIA)
- Iowa Self-Insurers Association (ISIA)
- Virginia Self-Insurers Association (VSIA)
- Washington Self-Insurers Association (WSIA)

Introduction

Now in its second year, the 2014 Study experienced a 57 percent increase in survey participants. This suggests an interest from industry leadership to engage in a dialogue and sharing of information about how claims organizations are addressing the complex and fluid demands of the workers' compensation industry. Combined, the 2014 and 2013 Studies represent 662 claims leader responses on 70-plus data points over a two-year period.

Like most industries, the workers' compensation industry faces hurdles that challenge growth and operational effectiveness. Compared to other lines of business, workers' compensation presents a number of unique operational challenges for claims organizations. These include: rigorous compliance requirements, the long-tail nature of workers' compensation claims, and conditions leading to higher rates of fraud.

Many of these macro challenges are commonly a focus of research, with numerous studies about the state of the industry, cost drivers, workforce demographics, jurisdictional comparisons and the like. However, less is reported about how claims peers compare in terms of daily operational challenges, priorities, concerns, skill gaps, and budgets.

Efforts in 2014 maintain the original Study's focus – to help claims executives pinpoint outliers, advocate for resources in support-challenged areas and validate existing strategies – while adding the following goals: developing multi-year trend data, delivering further insights around critical issues revealed in 2013, examining standard claims performance metrics, and assessing the impact of the Affordable Care Act.

By exploring these key areas, the 2014 Study provides a current, in-depth view of the following:

- Operational Challenge
- 

Prioritizing Core Competencies

Explores what organizations consider core competencies, how resources are allocated to those core competencies, and how best practices and outcomes are defined and measured.
 - 

Talent Development & Retention

Explores how organizations are investing in talent development and retention, ensuring knowledge transfer, and expanding on traditional training methods.
 - 

Impact of Technology & Data

Explores how organizations are using technology to enhance operations, integrate systems and data, improve claims examiner efficiencies, and impact claims outcomes.
 - 

Medical Performance Management

Explores how organizations are measuring provider quality, incentivizing provider and vendor partner performance, and impacting medical outcomes.

Executive Summary

Key Challenges

The workers' compensation industry is facing a number of complex operational challenges that organizations must overcome to remain competitive. The top priorities confronting claims leaders involve addressing the rapidly shrinking talent pool and grappling with emerging trends, such as the expansion of advanced analytics and leveraging big data...all while improving productivity and reducing costs.

Strikingly similar to the 2013 Workers' Compensation Benchmarking Study findings, the 2014 Study reflects that the industry is facing a crisis in talent that is not getting better. With a significant percentage of the industry nearing retirement, a major influx of talent is needed. The talent deficit, set against the backdrop of declining investment in talent development, is a recipe for productivity failure.

According to Deloitte, for organizations that aim for real transformational change, innovation will become the new normal. The workers' compensation industry has a wealth of untapped data that can be leveraged to better assess claims, correlate them against a broader array of available data, and more effectively identify potential anomalies, thereby minimizing claims leakage.¹

These complex issues are revealed throughout this study as industry peers quantify their daily operational challenges. To make headway will require organizations to move beyond traditional talent management strategies and to embrace evolving technologies, such as advanced analytics, into ongoing business operations. The 2014 Study results reflect:

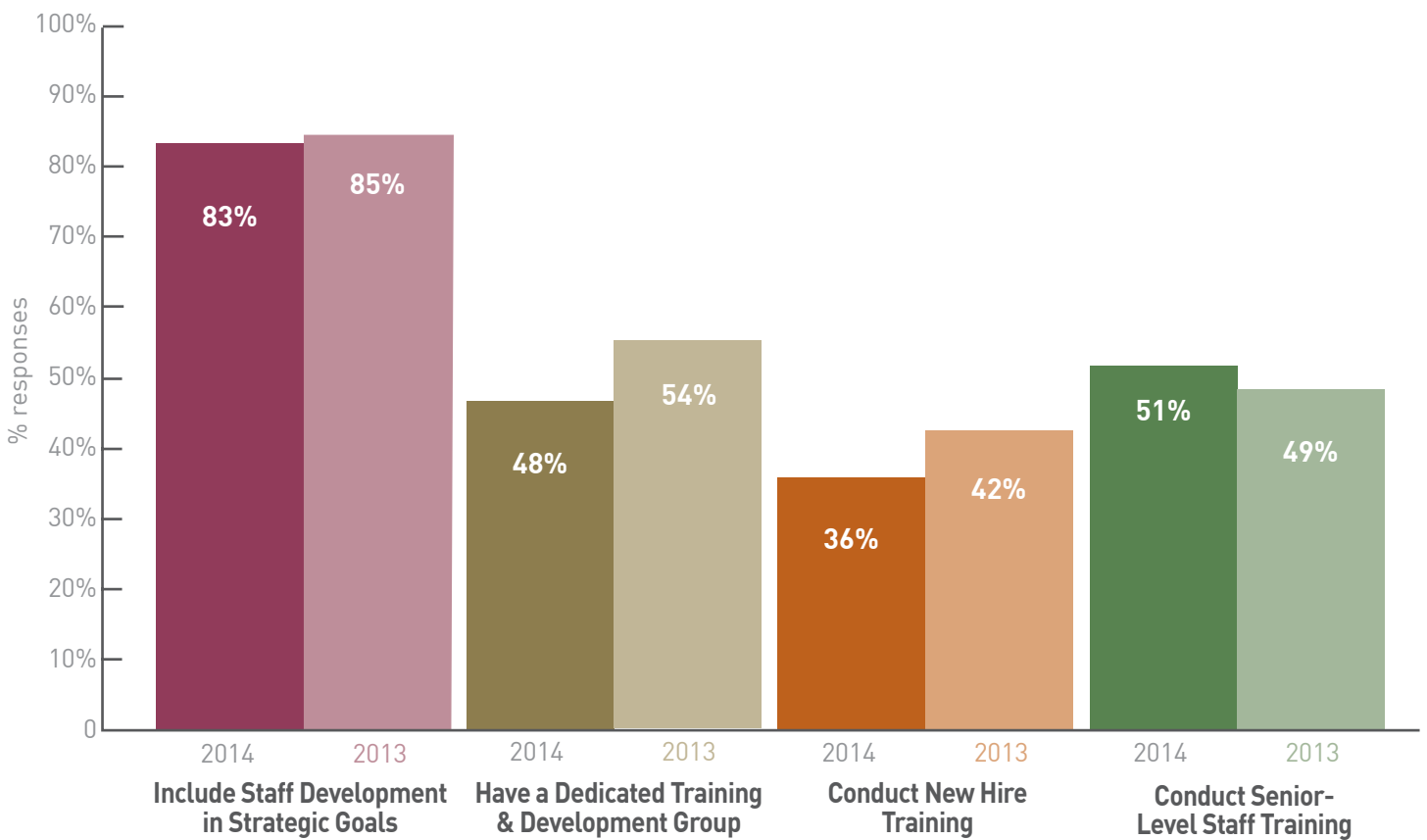


¹Deloitte. 2014 Property and Casualty Insurance Industry Outlook, "Innovation Leading the Way." (2014.) <http://www.deloitte.com>

1 Declining investment in current and future talent development.

Most claims organizations include staff development in their strategic goals. However, the data reflects a disconnect with less than 50 percent who report having a training and development program and even less who report investing in training for new hires. The results indicate a decrease in some critical areas of talent development compared to the 2013 Study.

Figure 1 / Overview - Talent Development & Retention Results



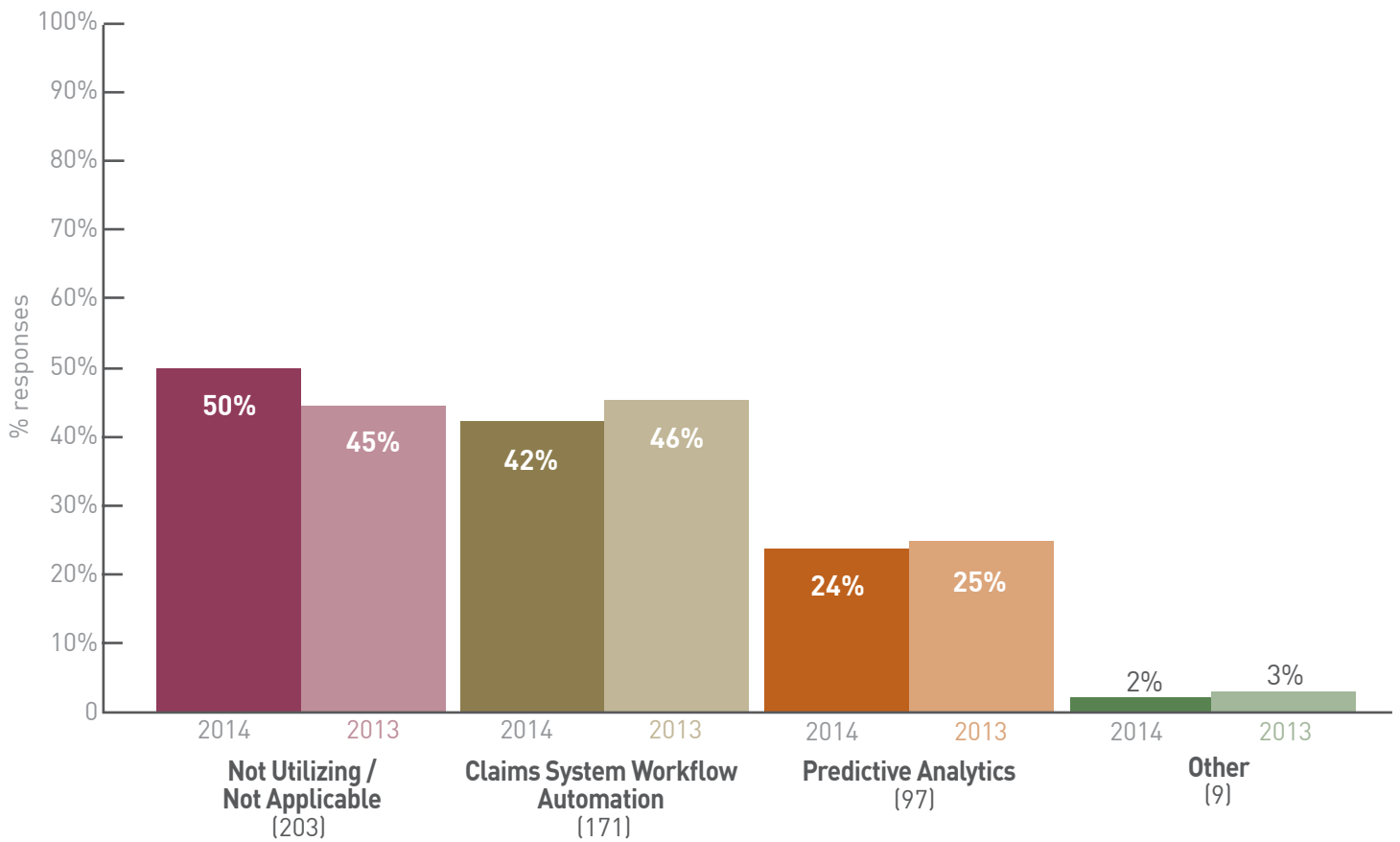
2 Limited use of disruptive technologies.

With the increasing cost of claims and the long-tail nature of workers' compensation, utilizing advanced analytics such as predictive modeling to quickly identify high risk claims can be a clear competitive advantage. However, less than 50 percent of organizations are using systems such as workflow automation to manage best practices and even less are using advanced analytics such as predictive modeling. The results reflect a slight decline from the 2013 Study.

Figure 2 / Survey Question:

Does your organization utilize any of the following systems to direct or manage tasks within best practices?

(404 Responses)



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

3 Measuring provider outcomes and leveraging value-based strategies is rare.

Medical management is ranked by industry peers as the top concern impacting claim outcomes, and provider costs are ranked as the number one cost driver. Yet the results reflect that only a small number, 29 percent of survey participants, measure provider performance and outcomes and very few, less than 5 percent, use risk/reward-based contracting strategies with medical providers. Similar results were observed in the 2013 Study.

Figure 3 / Survey Question:
Does your organization use medical provider outcomes / performance measures?
 (404 Responses)

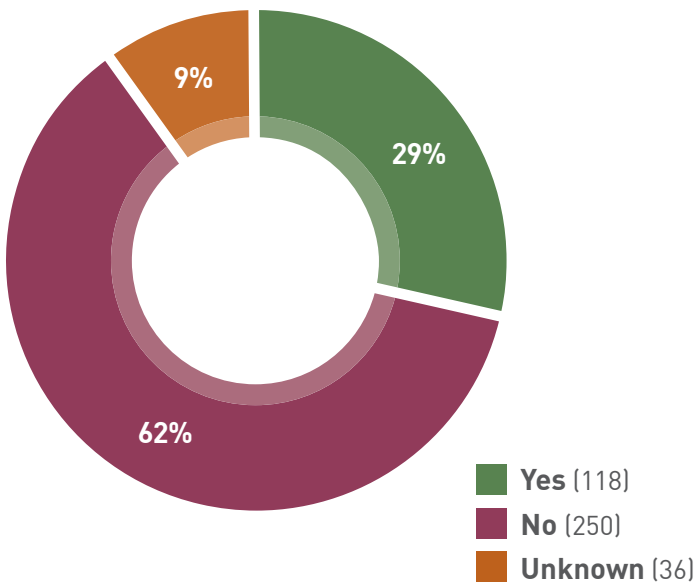
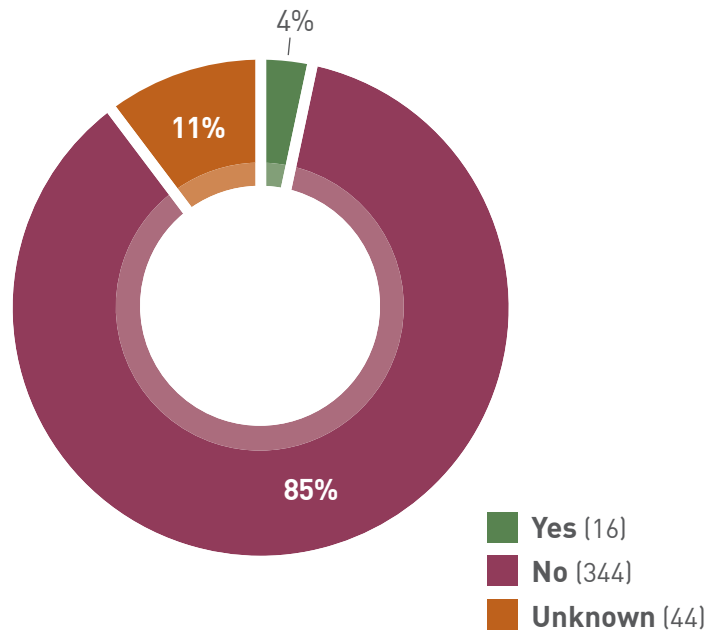


Figure 4 / Survey Question:
Does your organization use risk / reward-based contracting with medical providers?
 (404 Responses)



Key Industry Considerations

- 1 Align best practices, processes, and systems throughout the organization.**

Incorporate best practices as a key business strategy and link to explicit performance measures. For example, consider what claims activities drive the desired outcome (e.g., faster resolution). Tie these activities to performance measures and utilize systems to execute and measure results.
- 2 Develop and consistently utilize formal knowledge transfer programs.**

With a significant percentage of the industry nearing retirement, and the limited pool of experienced talent, organizations need to consider many strategies, including formalizing knowledge transfer programs, to ensure business continuity.
- 3 Make talent recruitment, retention, and development a key business strategy.**

To effectively counteract the critical issue of the rapidly shrinking talent pool will require a deep commitment from all levels of the organization, including the executive team. The business risk for not investing in new talent is significant.
- 4 Leverage data warehouse solutions to more effectively utilize untapped data.**

Technology continues to be a leading way to improve claims processes and outcomes. Most claims organizations use multiple isolated systems, often capturing duplicate information in the daily management of claims. Data warehouse solutions offer organizations a scalable option for legacy claims systems that have limited capabilities.
- 5 Measure provider outcomes to improve results.**

The quality of the treating provider makes a significant difference in both the recovery of the injured worker and the total cost of the claim. Consider using treatment within evidence-based medicine by linking treatment guidelines to diagnosis code and CPT codes, as well as benchmarking return-to-work outcomes and patient satisfaction scores.
- 6 Utilize advanced analytics to drive operational performance.**

One of the most pressing issues facing organizations is the ability to quickly detect at-risk claims and control large losses. Predictive modeling utilizes statistical analysis of past experience to more accurately forecast future outcomes and examines disparate data to more quickly identify and manage high cost claims.

Methodology

The Study focus was guided by nine facilitated think-tank sessions with the Principal Researcher and the Advisory Council Members, as well as one-on-one conversations and email correspondence. The Study Report is based on the survey results of **404** respondents, including managers, directors, vice presidents and executive-level leadership from every major type of workers' compensation payer organization.

The research was conducted using a confidential online survey tool. The survey tool structure and questionnaire were developed by the Principal Researcher. The survey incorporated a total of 70 partially categorized and closed-ended questions including demographic, dichotomous, rank order scaling, multiple choice, constant sum, and random order question sets to reduce response bias.

Survey invitations were directed to leaders who oversee claims operations and were sent through direct email invitations as well as various industry channels. All email invitations included an opt-out link allowing recipients to remove themselves from study communications.

The survey was open for a total of 36 days from June 5, 2014 through July 11, 2014. Participants were allowed to exit the survey at any point during the questionnaire and were given the option to receive a copy of the Study Report in exchange for completing the survey.

Responses Received

- ◆ **416** completed responses
- ◆ **12** excluded responses (*participants who did not meet the survey target audience were excluded from the Study results*)
- ◆ **123** incomplete responses, where the survey was started but not completed (*incomplete responses were excluded from the Study results*)
- ◆ Average response time to complete the survey was **24 minutes**

The Principal Researcher completed the data validation and analysis, as well as authored this study report.

Survey Participant Demographics

About the Survey Participants

Participants include workers' compensation professionals who oversee claims operations, with managers representing the largest respondent population, followed by director, vice president and C-suite executives. The survey responses include participation across industry sectors, with self-insured employers representing the greatest participation by organizational type, followed closely by insurance companies and third party administrators (TPAs).

Figure 5 / Survey Question: *Role / Level of Responsibility*
(404 Responses)

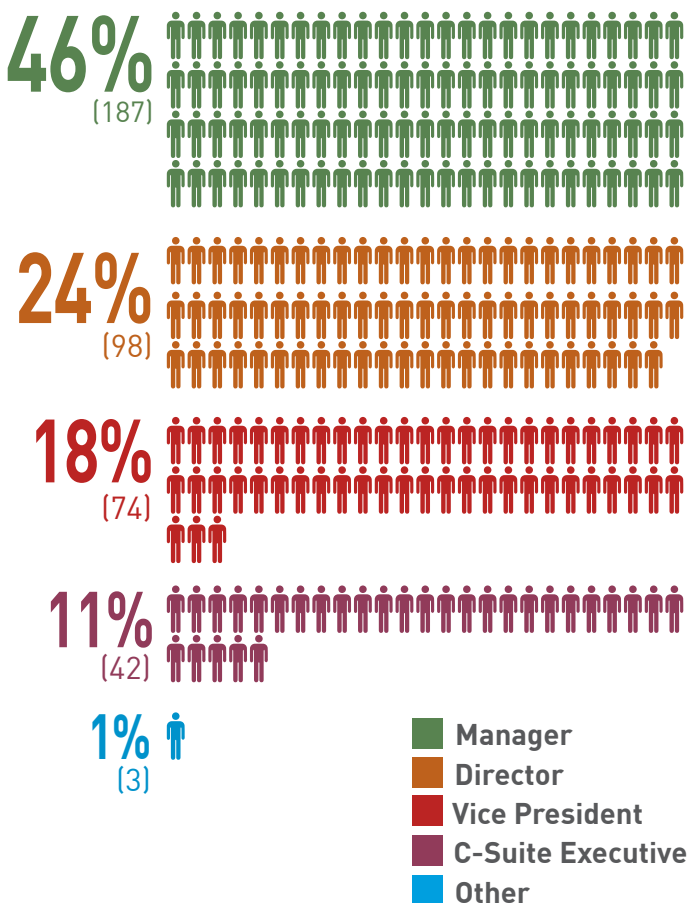


Table 1 / Survey Question: *Organization Type*
(404 Responses)

Answer	count	%
Self-Insured Employer	95	24%
Insurance Company	92	23%
Third Party Administrator	78	19%
Insured Employer	63	16%
Governmental Entity	29	7%
Risk Pool	22	5%
Other	14	3%
State Fund / Mutual Fund	7	2%
Reinsurance Company / Excess Insurance Company	4	1%

Participants include a broad representation of small, midsize and large organizations. Organization size was measured by total annual premium and total annual claims dollars paid (see Table 2), as well as employee headcount.

The 2014 results reflect no significant changes in participant demographics by organization type or size from the 2013 Study.

Table 2 / Survey Question: *Organization Size - Total Annual Premium & Total Annual Claims Dollars Paid*
(404 Responses)

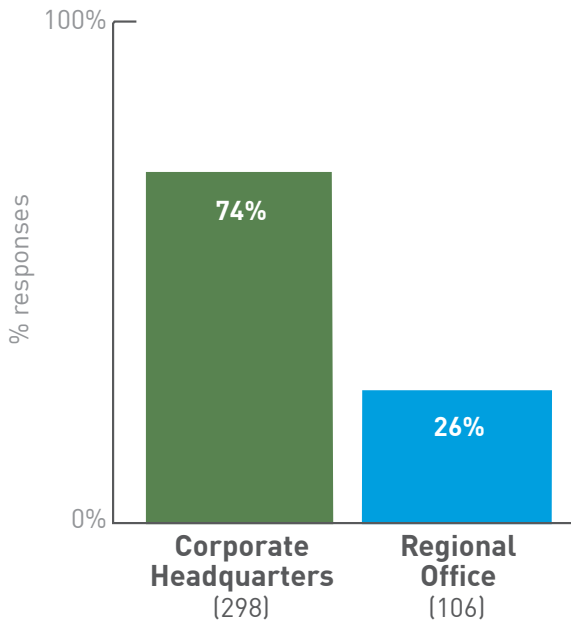
Answer	Total Annual Premium		Total Annual Claims Dollars Paid	
	count	%	count	%
< \$100 Million	115	28%	181	45%
>\$100 Million to \$350 Million	43	11%	59	15%
>\$350 Million to \$750 Million	28	7%	27	7%
> \$750 Million	32	8%	45	11%
Unknown	90	22%	92	22%
Not Applicable	96	24%	-	-

[See **Appendix A** for all results related to "Survey Participant Demographics"]

Participant Geographic Focus

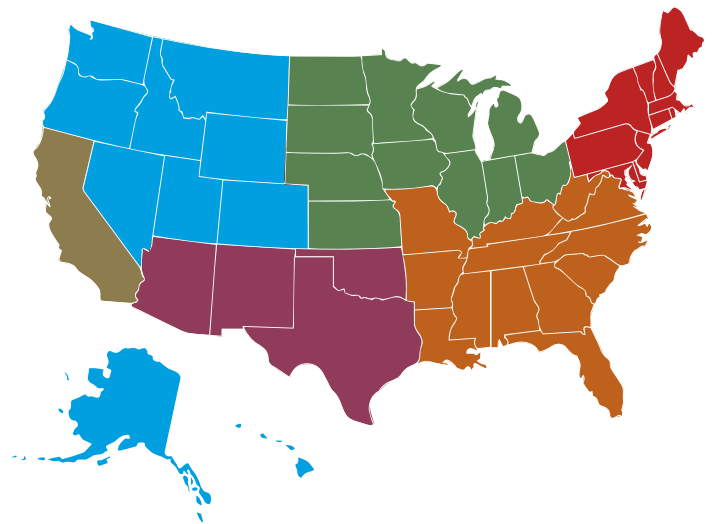
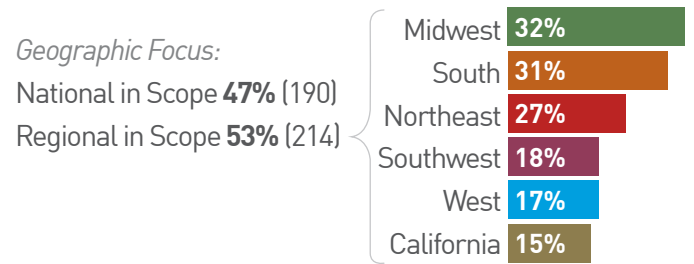
Most survey participants are located in their organization's corporate headquarters, as shown in Figure 6. Organizations with regionally-based workers' compensation business have slightly greater representation, with 53 percent of participants reporting claim operations in one or more regions and 47 percent reporting workers' compensation business nationwide.

Figure 6 / Survey Question:
Corporate Headquarters or Regional Office Location
(404 Responses)



To garner a deeper understanding of claims operational challenges and offer additional areas for organizations to benchmark performance, the 2014 Study expanded the demographics section to include: average lost time caseloads, percentage of claims inventory open greater than five years, and claims closure ratios.

Figure 7 / Survey Questions:
- Geographic Focus - National or Regional in Scope
(404 Responses)
- Indicate the Regions your company currently manages workers' compensation claims.
(Conditional question for respondents who answered "yes" to Regional in Scope)
(214 Responses)



Note: Participants could select more than one region

Claims Caseloads

The industry has long struggled to define a quantitative number for the *optimal caseload* for claims examiners. A specific benchmark does not exist. Many factors, including case complexity, years of experience, and service standards, as well as the level of supervisory and administrative support, impact the caseload a claims examiner can effectively manage.²

Other considerations include the medical only to indemnity claims ratio, as well as the ratio of future medical claims to active indemnity claims. Although a specific benchmark does not exist, industry practices discourage caseloads above a certain threshold. The study results reflect that 49 percent of respondents report lost time (i.e., indemnity claims) caseloads between 80 to 150, and 11 percent report lost time caseloads greater than 150. The data indicates that organizations with lost time caseloads of 125 or less demonstrate more favorable claims closure ratios.

Closure Ratio

Claims closure ratio is a common industry benchmark used as an overall indicator of operational performance and is defined as the number of claims closed divided by the number of claims received during the same time period. The goal is to achieve a 100 percent closure ratio (i.e., 1.0). This allows organizations to ensure that stable claim inventories are maintained. A closure ratio below 1.0 means the claim inventory is growing, and a ratio greater than 1.0 means the inventory is declining.

The survey results reflect an average closure ratio of 0.95 (or 95%) for respondents. This result indicates that, on average, claims inventories are growing.

Table 3 / Survey Question:

What is your organization's average Lost Time caseload per Lost Time Claims Examiner?
(404 Responses)

Answer (# of cases)	count	%
< 80	95	24%
80 to 100	40	10%
100 to 125	55	14%
125 to 150	102	25%
150 to 175	23	6%
175 to 200	12	3%
200 to 225	3	1%
225 to 250	3	1%
250 to 275	1	< 1%
275 to 300	0	-
≥ 300	2	< 1%
Unknown	68	16%

Table 4 / Survey Question:

Claims Resolution - What is your current claims closure ratio? (404 Responses)

Answer	count	%
≤ 50%	12	3%
51 to 60%	8	2%
61 to 70%	13	3%
71 to 80%	17	4%
81 to 90%	34	8%
91 to 100%	67	17%
101 to 110%	72	18%
111 to 120%	15	4%
121 to 130%	2	< 1%
131 to 140%	2	< 1%
141 to 150%	0	-
≥ 151%	6	2%
Unknown / Not Applicable	156	39%

Mean = 95%

Claims Inventory

Many factors influence aging claims inventory. Workers' compensation is well known to be a long-tailed line of insurance, with claim costs often not fully paid for many years after the date of loss. The long-tail nature is further exacerbated by individual state regulations, particularly if unlimited medical benefits are included in statutory coverage.

According to the Casualty Actuarial Society, medical cost escalation and declining mortality rates will have a substantial effect on future medical costs and the tail factors in workers' compensation claims.³

In aggregate, survey respondents report that 20 percent of their claims inventory has been open for more than five years.

Respondents report that on average, 20% of their claims inventory is open five years or more.

Table 5 / Survey Question:

Tail Claims - What percentage of your open claims inventory has been open for more than five years?
(404 Responses)

Answer	count	%
1 to 5%	65	16%
6 to 10%	73	18%
11 to 15%	39	10%
16 to 20%	35	9%
21 to 25%	19	5%
26 to 30%	17	4%
31 to 35%	11	3%
36 to 40%	12	3%
41 to 45%	5	1%
46 to 50%	9	2%
≥ 51%	22	5%
Not Applicable / Unknown	97	24%

Appendix A Index – Survey Participant Demographics

For more information on the survey participants' demographic data, please refer to the below tables and figures in **Appendix A**. » [Go There](#)

- A-1:** Role / Level of Responsibility
- A-2:** Organization Type
- A-3:** Location Type
- A-4:** Method of Claims Management
- A-5:** Business Focus
- A-6:** Geographic Focus
- A-6.1:** Regional Classification
- A-7:** Organization Size – Total Claims Dollars Paid
Segmented by Organization Type
- A-8:** Organization Size – Total Annual Premium
Segmented by Organization Type
- A-9:** Organization Size – Total Employee Headcount
- A-10:** Average Claims Caseloads
Segmented by Organization Type
- A-11:** Tail Claims Inventory
- A-12:** Claims Closure Ratios
Segmented by Organization Type

² <http://www.propertycasualty360.com/2013/05/28/6-factors-impacting-the-claims-caseload?t=education-training&page=3>

³ <http://www.variancejournal.org/issues/06-01/48.pdf>



Operational Challenge: Prioritizing Core Competencies

Making core competencies a business priority

The management of workers' compensation claims requires many interdependent core competencies, all of which can influence claim outcomes. Identifying and driving best practices aligned with core competencies is critical to building a solid foundation and a high-performing claim organization.

With interdependent core competencies, it can be a challenge for claims leaders to identify the root cause of various claim outcomes. This is particularly true when many key claim functions are outsourced. As in the 2013 Study, this area of the report explores what organizations consider core competencies, how resources are allocated to those core competencies, and how best practices and outcomes are defined and measured.

Prioritizing core competencies most critical to claim outcomes

Similar to the 2013 Study, participants rank medical management, disability / return-to-work (RTW) management and compensability investigations as the top three capabilities most critical to claim outcomes (see Table 6).

Top 3 Core Competencies Ranked Most Critical to Claim Outcomes

- 1 Medical Management
- 2 Disability / RTW Management
- 3 Compensability Investigations

Key Considerations

What do organizations consider their core competencies?

How do organizations define best practices within core competencies?

How do organizations measure effective claims management?

Do organizations utilize risk / reward strategies to drive best practices and achieve outcomes?

Medical Management Ranked #1

With total medical averaging 60 percent of overall claim costs nationally, it's no surprise that survey participants rank medical management as the number one factor most critical to claim outcomes. The growth rate in workers' compensation medical has outpaced US medical expenditures for well over a decade. According to NCCI's 2014 Research Brief, the annual average rate of increase in workers' compensation medical costs since 1995 has more than doubled and, in many years, is more than twice the rate of increase in the medical Consumer Price Index (CPI). However, in 2009 medical costs increased by only 2 percent, compared with a rise in the medical CPI of 3.4 percent. More recent data suggests a "moderate" increase of 3 percent in 2012 and 2013, respectively.⁴ As the cost of medical care continues to dominate total claim costs, the study results reflect the industry's focus is on the operational areas most likely to influence overall claim costs.

[See **Appendix B** for all results related to "Prioritizing Core Competencies"]

Disability/Return-to-Work Management Ranked #2

Disability and return-to-work management also rank as highly critical to claim outcomes. Many industry studies support that early return-to-work benefits both the employee and employer through a number of mechanisms. Benefits to the employee include improved recovery and well-being, and employer benefits include lower temporary and permanent disability costs, reduced retraining costs, and improved employee/employer relations and productivity. One of the most important factors in the successful resolution of any workers' compensation claim is timely return-to-work. According to a RAND study on effective return-to-work programs, employers with a return-to-work program in place experienced a noticeable difference, with employees more likely to return and a 38 percent reduction in lost time days.⁵

Compensability Investigations Ranked #3

The importance of compensability investigations on claim outcomes, including claim settlement and resolution, cannot be overestimated. The potential downstream impact, if not effectively executed, is significant. The 2013 and 2014 Study results reveal that participants rank compensability investigations as one of the core competencies most critical to claim outcomes.

A cross-section of the data indicates that third party administrators (TPAs) and insurance companies rank compensability investigations higher than other organizations (see Appendix B for results by organizational type).

Table 6 / Survey Question:

Rank in order of highest priority the core competencies most critical to claim outcomes, with 1 being the "highest priority" and 10 being the "lower priority." (404 Responses)

Answer	Overall Rank	Mean
Medical Management	1	3.14
Disability / RTW Management	2	3.21
Compensability Investigations	3	3.47
Claim Resolution	4	4.37
Case Reserving	5	5.54
Litigation Management	6	6.30
Oversight Governance / Supervisory Oversight	7	6.31
Bill Review	8	6.91
Fraud & Abuse Detection	9	7.18
Vocational Rehabilitation	10	8.58

Measuring best practices within core competencies

Many organizations use metrics to measure operational performance; however, the emphasis tends to be on quantitative measures as opposed to qualitative or outcome-based measures of performance. A key focus of this area of the study is benchmarking how organizations structure performance measures to expand on standard metrics. Of the 404 responses, 75 percent report measuring best practices within core competencies, while 25 percent report no or unknown measures of best practices – indicating an opportunity for the industry. These results are relatively unchanged from the 2013 Study.

The 2014 Study examines the limitations impacting the 20 percent of organizations that report *not* measuring best practices and performance within core competencies. Their primary reasons are: data / system limitations, unsure how to operationalize, and – surprisingly – that measuring best practices is not a business priority (see Table 7).

Measuring Best Practices in the Top 3 Core Competencies Ranked Most Critical to Claim Outcomes

-  **Medical Management**
61% measure best practices
-  **Disability / RTW Management**
62% measure best practices
-  **Compensability Investigations**
50% measure best practices

Table 7 / Survey Question:

What are the primary limitations/reasons for not measuring best practices/performance within core competencies? (84 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Not a Business Priority	31	37%	8%
Data / System Limitations	31	37%	8%
Unsure How to Operationalize	28	33%	7%
Other	13	15%	3%
Financial Limitations	9	11%	2%

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

The study shows that, on average, only 58 percent of all participants measure performance in the top three areas ranked most critical to claim outcomes, and even less measure best practices in other key core competencies, indicating a considerable opportunity for the industry.

For companies that seek to become high-performance organizations, aligning strategy and values is often the first step. However, many stop short of the number one driver of business efficiency – aligning best practices, processes, and systems throughout the organization. In high-performance organizations, corporate strategy and key performance indicators are explicitly linked to performance measures. According to an APQC study on best practices that drive bottom-line value, high-performance organizations are using performance measurement systems to identify risks and opportunities and drive business success.⁶



In high-performance organizations, corporate strategy and key performance indicators are explicitly linked to performance measures.

Table 8 / Survey Question:

Please indicate, on average, how often your organization measures best practices / performance within core competencies for each area. (303 Responses)

Answer	Total	Response Count						
		Real Time /Daily	Weekly	Monthly	Semi-Monthly	Quarterly	Biannually	Annually
Medical Management	247	60	25	74	7	53	6	22
Disability / RTW Management	251	77	18	78	5	44	6	23
Compensability Investigations	202	59	20	58	2	35	7	21
Claim Resolution	245	38	27	96	1	47	14	22
Case Reserving	234	46	17	84	4	52	11	20
Litigation Management	193	28	12	70	2	51	7	23
Oversight Governance / Supervisory Oversight	167	38	13	47	3	34	8	24
Bill Review	183	42	12	60	4	41	6	18
Fraud & Abuse Detection	122	31	8	36	1	26	5	15
Vocational Rehabilitation	67	7	7	20	2	16	7	8

Note: Conditional Question for respondents who answered "yes" to measuring best practices / performance within core competencies

Using systems to drive best practices

Data analytics and predictive modeling are utilized successfully in many industries, including insurance. However, the momentum in workers' compensation is slowly gaining traction. The study results reflect that less than 50 percent of organizations are utilizing systems such as workflow automation to manage best practices and even less are utilizing advanced analytics such as predictive modeling. The results reflect a slight decline from the 2013 Study (see Figure 8).

Predictive modeling utilizes statistical analysis of past experience to more accurately predict future outcomes and can efficiently examine disparate data and identify a greater number of potential predictors over time.

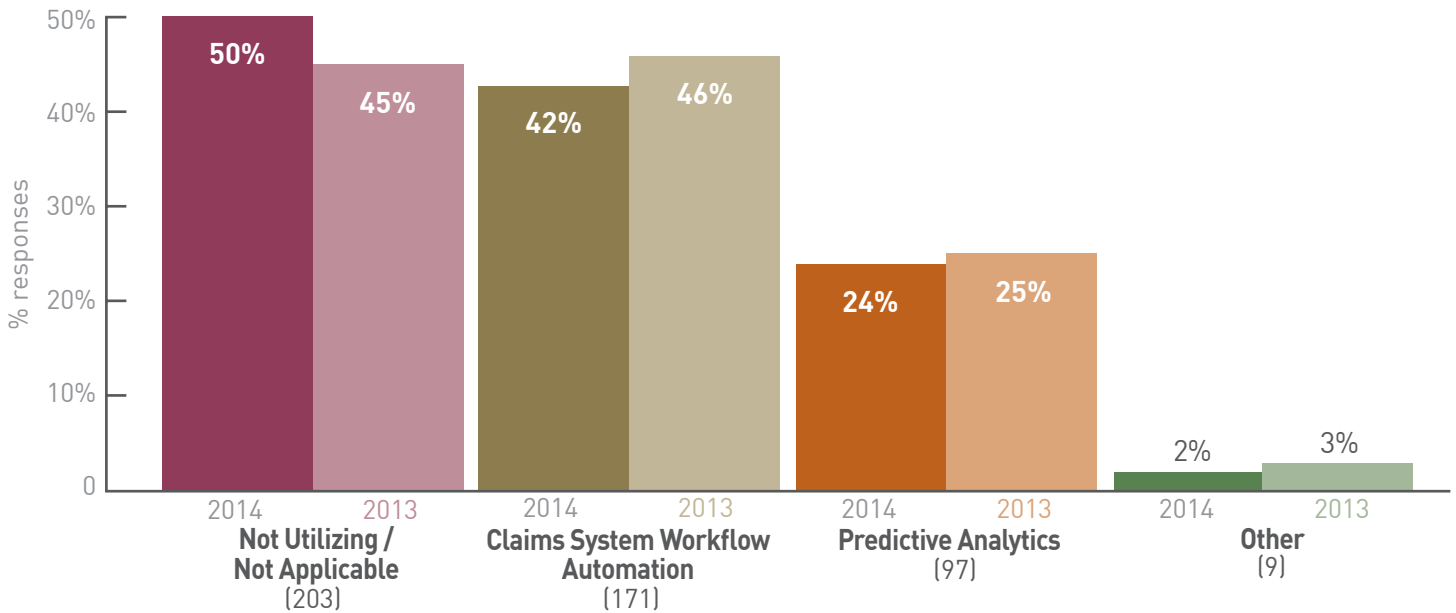
With the increasing cost of claims and the long-tail nature of workers' compensation, utilizing tools to identify high-risk claims as early as claim intake can be a clear competitive advantage. A cross-tabulation of the data reflects that organizations that utilize predictive modeling report a more favorable claims resolution ratio (see Table 9).



Best Practice - method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark.

Figure 8 / Survey Question:

Does your organization utilize any of the following systems to direct or manage tasks within best practices? (404 Responses)



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

Table 9 / Survey Question:

Does your organization utilize any of the following systems to direct or manage tasks within best practices? (404 Responses)

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	count	≤ 50%	51 to 60%	61 to 70%	71 to 80%	81 to 90%	91 to 100%
Not Utilizing / Not Applicable	203	2%	2%	5%	5%	7%	14%
Claims System Workflow Automation	171	2%	1%	2%	5%	9%	22%
Predictive Analytics	97	3%	2%	1%	5%	12%	20%
Other	9	11%	11%	-	-	11%	22%

Answer	101 to 110%	111 to 120%	121 to 130%	131 to 140%	141 to 150%	≥ 151%	Unknown / Not Applicable
Not Utilizing / Not Applicable	14%	2%	1%	1%	-	1%	46%
Claims System Workflow Automation	25%	6%	-	1%	-	2%	25%
Predictive Analytics	19%	3%	-	-	-	4%	31%
Other	22%	-	-	-	-	-	23%

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

Using risk / reward strategies to drive best practices and achieve outcomes

A common challenge for industry leaders is balancing incentives (rewards) and penalties (risks) to drive outcomes and operational excellence. For example, the employee performance strategies that organizations such as state funds and governmental entities use are often limited by collective bargaining agreements. The study measured the use of incentives and penalties to achieve best practices for both internal staff and vendor partners. The results reflect that few organizations are utilizing risk / reward strategies.

With an increase in outsourcing of key operational functions, there is a growing need to more effectively leverage risk / reward strategies with vendor partners such as Service Level Agreements (SLA) with performance guarantees tied to results. Service Level Agreements should be balanced to achieve the desired outcome. Agreements that only include risks are less likely to drive superior results.

Survey Question: *Does your organization utilize incentives for staff or vendor partners to achieve best practices / performance measures?*

(404 Responses)

- **49%** use incentives for **staff**
- **29%** use incentives for **vendor partners**

Survey Question: *Does your organization utilize penalties for staff or vendor partners when best practices / performance measures are not met?*

(404 Responses)

- **50%** use penalties for **staff**
- **39%** use penalties for **vendor partners**



Appendix B Index – Prioritizing Core Competencies

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix B. » Go There**

- B-1:** Ranking of Core Competencies Most Critical to Claim Outcomes
Rank Detail
 - B-2:** Use of Best Practices / Performance Measures within Core Competencies
 - B-2.1:** Measurement Areas for Best Practices / Performance within Core Competencies
 - B-2.2:** Measurement Frequency for Best Practices / Performance within Core Competencies
 - B-2.3:** Primary Reasons for Not Measuring Best Practices / Performance within Core Competencies
 - B-3:** Systems Used to Direct or Manage Tasks within Best Practices
Segmented by Organization Type
Segmented by Claims Closure Ratio
 - B-4:** Use of an Audit or Quality Assurance Program Focused on Claim Outcomes
 - B-5:** Use of Staff Incentives to Achieve Best Practices / Performance Measures
 - B-6:** Use of Staff Penalties When Best Practices / Performance Measures Aren't Met
 - B-7:** Use of Vendor Partner Incentives to Achieve Best Practices / Performance Measures
 - B-8:** Use of Vendor Partner Penalties When Best Practices / Performance Measures Aren't Met
-

⁴ NCCI Research Brief. https://www.ncci.com/documents/WC_Claim_Freq-2014.pdf

⁵ RAND Working Paper, "How Effective are Employer Return to Work Programs?"
http://www.rand.org/content/dam/rand/pubs/working_papers/2010/RAND_WR745.pdf

⁶ <http://www.apqc.org/knowledge-base/documents/using-metrics-drive-bottom-line-value-best-practices-report>



Operational Challenge: Talent Development & Retention

Attracting and retaining top talent

The industry is facing a rapidly shrinking talent pool – a crisis that is not getting better. According to a report on the talent crisis published by Deloitte, 70 percent of property and casualty claim adjusters were over age 40 in 2006 and by the end of 2014, the industry is predicted to have a talent gap of 85,000 claim adjusters.⁷ The talent shortage is occurring at all levels, including the claims desk, middle management and the C-suite. This talent crisis, set against the backdrop of the declining investment in talent development, is a recipe for productivity failure.

With a significant percentage of the industry nearing retirement, a major influx of talent is needed. To make any headway will require organizations to think outside of traditional recruitment and retention strategies.

The industry's need for new talent faces additional challenges as well, one of which is attracting the technically savvy Millennial generation. With the increasing reliance on technology, there is a greater need for highly skilled talent with a deep understanding of the risks and solutions necessary to address the workers' compensation industry's unique needs. Millennials are highly connected and will expect to use up-to-date systems and have a much more flexible and often "virtual" work environment.⁸ These are things the workers' compensation industry has been slow to adopt.

This area of the study provides an opportunity for organizations to benchmark how industry peers invest in talent development and retention.

Key Considerations

What is the industry doing to attract and retain the best in the industry?

What is the financial investment in training and development at peer organizations?

Do organizations include staff development in their strategic goals?

Is training customized based on skill level to ensure ongoing development for tenured staff?

How do organizations tackle the challenge of knowledge transfer from senior-level staff to less experienced staff members?

Is investment in talent development linked to performance indicators?

The survey results indicate that most claims organizations include staff development in their strategic goals (see Figure 9). However, the data reflects a disconnect, with less than 50 percent who report having a training and development program and even less who report investing in training for new hires (see Figures 10 and 11). The results indicate a decrease in some critical areas of talent development compared to the 2013 Study.

[See **Appendix C** for all results related to "Talent Development & Retention"]

Figure 9 / Survey Question:
Is staff development included in your organizational / departmental strategic goals? (404 Responses)

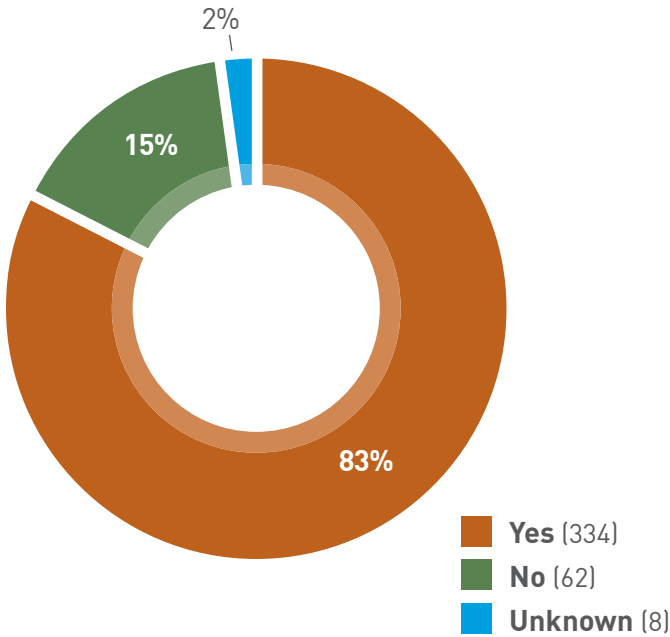
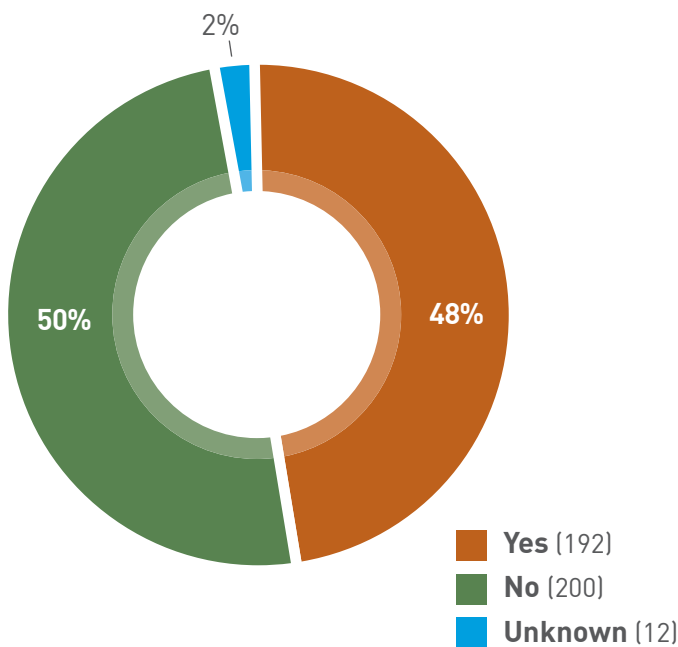


Figure 10 / Survey Question:
Does your organization have a dedicated training and development group? (404 Responses)



The value proposition, investing in talent development

A successful talent management strategy is not just a question of recruiting, retaining, and developing a high-performing workforce. Organizations also must align their talent management processes with their strategic goals, business processes, and performance measures. A recent study conducted by the *Harvard Business Review* identified a common thread among high-performing organizations—they all have *superior talent development strategies*. These organizations are purpose-driven, performance-oriented, and principles-led; and “their secret weapon is superior talent strategies characterized by a deep commitment from the top executive team.”⁹



For the workers' compensation industry, the business risk for not investing in a talent development strategy is significant. Claims examiners are an organization's primary face to customers, and they make decisions on a daily basis that can considerably impact business profitability.

The results reflect that 48 percent of survey participants have no allocated budget or an unknown budget for training and development (see Table 10). The 2013 Study revealed similar findings.

Table 10 / Survey Question:
 What percentage of your annual budget is dedicated to staff development and training? (404 Responses)

Segmented by Organization Type

Answer	All Responses	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	404	92	4	78	95	63	22	7	29	14
1- 3%	27%	12%	50%	28%	27%	33%	50%	-	45%	7%
4 - 6%	16%	21%	50%	17%	13%	8%	9%	14%	28%	29%
7- 9%	4%	4%	-	6%	4%	2%	-	-	-	7%
≥ 10%	5%	5%	-	5%	4%	5%	9%	-	3%	-
No specific /allocated budget for training	22%	22%	-	17%	31%	27%	18%	-	14%	21%
Unknown	26%	36%	-	27%	21%	25%	14%	86%	10%	36%

Investing in new hire claims staff

The survey results reflect that only 36 percent of participants have a training program for new hire claims staff, down 6 percent from the 2013 Study. Additionally, claims leaders reveal limited confidence in their new hire training programs, with 69 percent indicating that their new hire training prepares claims staff to carry a caseload. Organizations who invest more time in their new hire training program (i.e., 40 hours or more) indicate a higher level of confidence that the training will prepare new claims staff to do their jobs.

The average training program for new hire claims staff consists of 40 hours or less of formal classroom training (see Table 11). For this investment, respondents report expecting an average 3 to 4 year employment "ROI" commitment.

Figure 11 / Survey Question:
 Does your organization have a formal training program for new hire claims staff with little to no experience? (404 Responses)

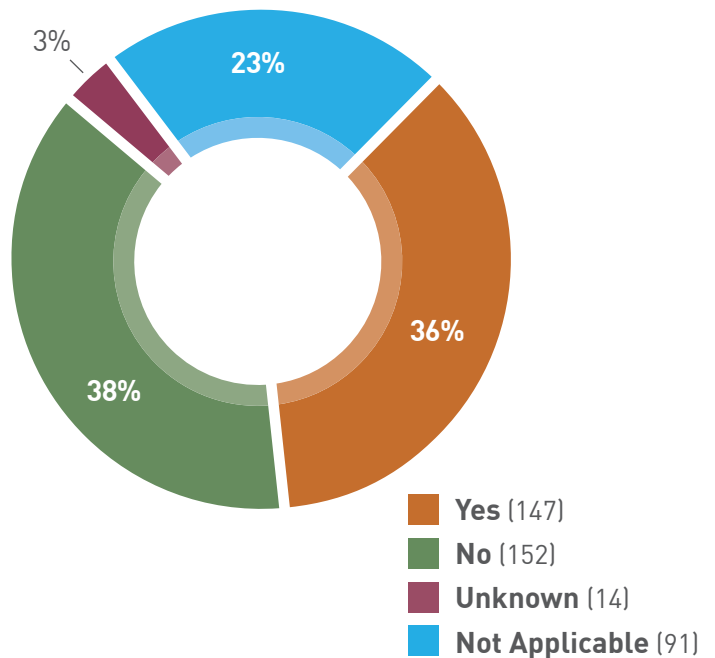
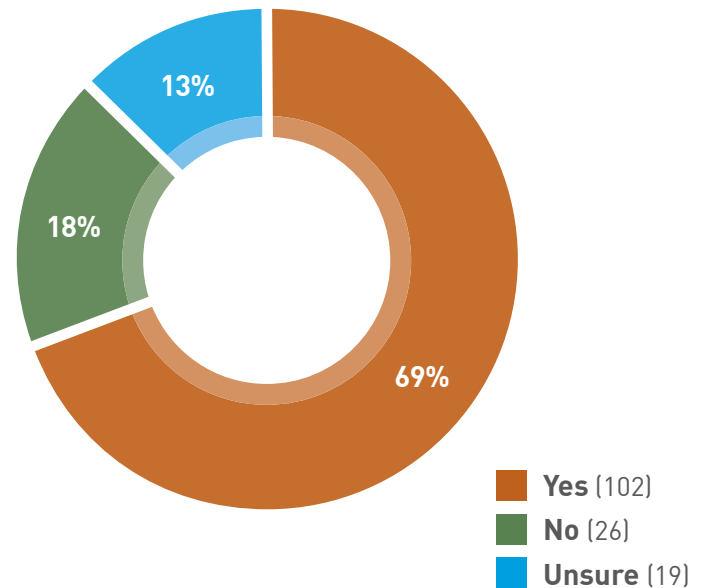


Table 11 / Survey Question:
Considering your new hire claims staff training program, how many hours of formal / classroom training are dedicated to the program? (Conditional Question for those who answered "Yes" in Figure 11) (147 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
1 - 20 hours	30	20%	7%
20 - 40 hours	33	22%	8%
40 - 60 hours	18	12%	4%
60 - 80 hours	11	8%	3%
80 - 100 hours	2	1%	< 1%
100 - 120 hours	9	6%	2%
120 - 140 hours	2	1%	< 1%
140 - 160 hours	4	3%	1%
160 - 180 hours	1	1%	< 1%
200 - 220 hours	1	1%	< 1%
≥ 250	10	7%	2%
Unknown	26	18%	6%

Figure 12 / Survey Question:
Overall, do you believe completion of the new hire training program prepares new claims staff to carry a caseload? (Conditional Question for those who answered "Yes" in Figure 11) (147 Responses)



Investing in senior-level claims staff

Although the industry recognizes the value of talent development, only 51 percent of the survey participants provide training for senior-level claims staff. Similar to the 2013 Study, the results indicate that insurance companies and third party administrators are more likely to offer training for senior staff members compared to other organizational types.

Table 12 / Survey Question:
Does your organization provide skills training and development programs for senior-level claims adjusters? (404 Responses)

Segmented by Organization Type

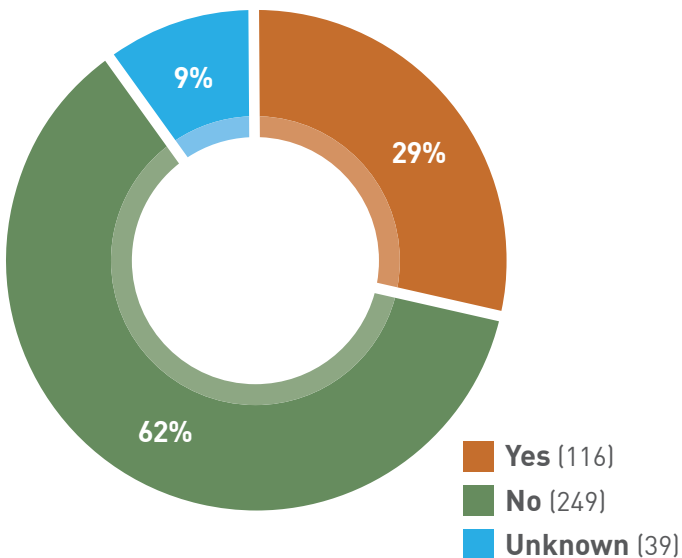
Answer	All Responses	Insurance Company	Reinsurance / Excess Insurance	Third Party Administrator	Self-Insured Employer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	404	92	4	78	95	63	22	7	29	14
Yes	51%	76%	75%	78%	33%	5%	46%	86%	52%	36%
No	20%	15%	25%	17%	28%	17%	27%	14%	21%	-
Unknown	3%	5%	-	2%	1%	3%	9%	-	-	21%
Not Applicable	26%	4%	-	3%	38%	75%	18%	-	27%	43%

Career path and knowledge transfer programs

To attract and keep top talent in the industry, some organizations are looking beyond traditional training methods and developing formal career paths. "If we want to keep good talent in claims, we need to recognize the role as a profession and provide formal career paths with opportunities for advancement," says Rich Cangiolosi, Regional Vice President for CCMSI and 2014 Study Advisory Council member.

The survey examined what organizations are doing to invest in talent development and to ensure knowledge transfer as seasoned staff retire and new, less experienced staff move from entry-level to senior-level positions. The results reflect that only 29 percent of survey participants offer a formal career path with growth opportunities for claims staff, and even fewer take advantage of partnerships with colleges to develop training programs, representing a distinct advantage for those that do.

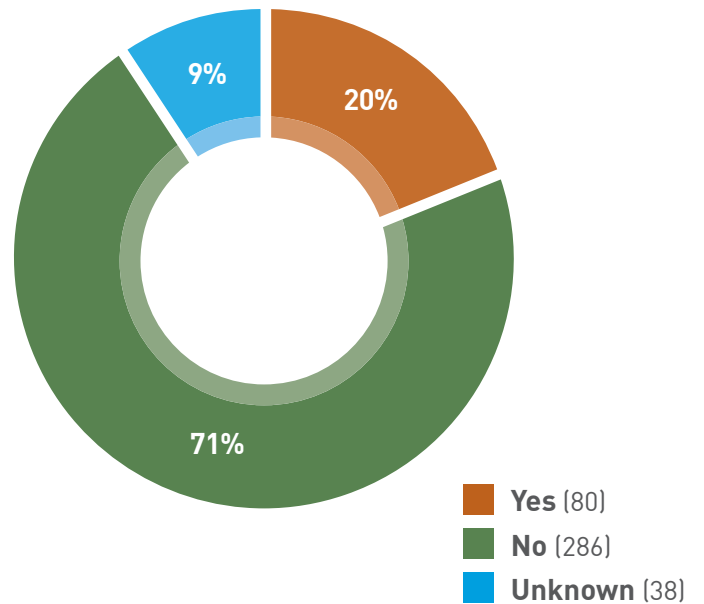
Figure 13 / Survey Question:
Does your organization offer a formal career path program with growth opportunities for claims staff?
 (404 Responses)



Top 3 Talent Retention Initiatives Outside of Salary & Standard Benefits

- 1 Tuition Reimbursement
- 2 Wellness Programs
- 3 Professional Conference Attendance

Figure 14 / Survey Question:
Does your organization collaborate with colleges or universities to conduct training, either through custom training programs or degree programs?
 (404 Responses)



Many organizations have limited resources or are in a constant state of flux with expanding claim inventories. This environment typically results in a greater focus on essential operations and less on talent strategy and succession planning.

Dan Holden, Manager of Corporate Risk & Insurance for Daimler Trucks North America, outlined the strategic need for a holistic approach to address the aging workforce and talent deficit. According to Mr. Holden, organizations need to combine "effective knowledge transfer practices, knowledge recovery initiatives, strong knowledge management technologies and more effective Human Resource practices" enterprise-wide.¹⁰

The survey results indicate that 55 percent of organizations have formal processes in place to ensure an ongoing and effective knowledge transfer from senior-level staff to less experienced staff. Given the significant hurdle the industry is facing with an aging demographic and limited talent pool, this represents a critical opportunity for organizations to formalize mentoring programs and succession planning.

Table 13 / Survey Question:

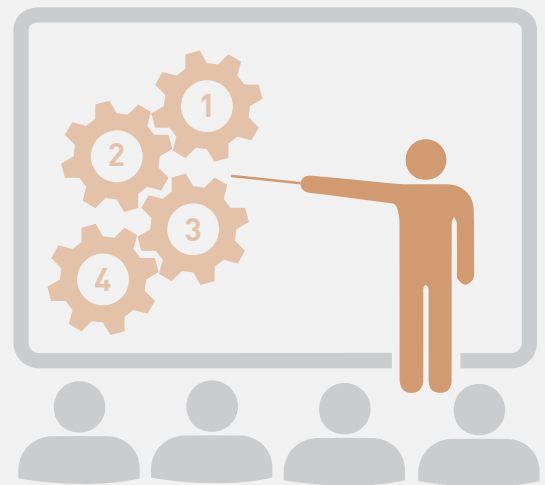
Are formal processes in place to ensure knowledge transfer from senior-level staff to new / less experienced staff? (404 Responses)

Answer	count	%
No Processes in Place / Not Applicable	180	45%
Oversight Governance / Supervisory Oversight	148	37%
Cross-Training Program	100	25%
Regular Multidisciplinary Strategy / Staffing Sessions	93	23%
Mentoring Program	9	2%
Other	1	< 1%

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

"[Organizations need to combine] effective knowledge transfer practices, knowledge recovery initiatives, strong knowledge management technologies and more effective Human Resource practices [enterprise-wide.]"¹⁰

- Dan Holden,
 Manager of Corporate Risk & Insurance
Daimler Trucks North America



Appendix C Index – Talent Development & Retention

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix C. » Go There**

- C-1:** Inclusion of Staff Development in Strategic Goals
- C-2:** Use of a Dedicated Training & Development Group
Segmented by Organization Type
- C-3:** Percentage of Annual Budget for Staff Development & Training
Segmented by Organization Type
- C-4:** Provision of Formal Training Program to New Hire Claims Staff
Segmented by Organization Type
- C-4.1:** Length of Training Program for New Hire Claims Staff
- C-4.2:** Hours of Formal / Classroom Training Included in New Hire Training Program
Segmented by Organization Type
- C-4.3:** Confidence Level in Training Program to Prepare New Hire Claims Staff for a Caseload
Segmented by Hours of Formal / Classroom Training for New Hire Claims Staff
- C-4.4:** ROI Considered Reasonable for Training Provided to New Hire Claims Staff
- C-5:** Speed of Assigning Claims to New Hire Claims Staff
Segmented by Organization Type
- C-6:** Collaboration with Colleges / Universities for Training or Degree Programs
- C-7:** Provision of Training & Development Programs for Senior Claims Adjusters
Segmented by Organization Type
- C-7.1:** Frequency of Training & Development Participation by Senior Claims Adjusters
- C-8:** Use of Formal Process for Knowledge Transfer from Senior Staff to Less Experienced Staff
- C-9:** Use of Benefit Initiatives Outside of Salary & Standard Benefits
Segmented by Organization Type
- C-10:** Use of Formal Career Path Program
- C-11:** Turnover Rate at Claims Adjuster Level in Last 12 Months

⁷ <http://www.griffithfoundation.org/uploads/Deloitte-on-Ins-Talent-Crisis.pdf>

⁸ Ray, Rebecca, Mitchell, Charles, Lui Abel, Amy, and Phillips, Patti. "The State Of Human Capital 2012." McKinsey & Company and The Conference Board. (2012.) <http://www.conferenceboard.org>

⁹ *Harvard Business Review*, "Building a Game-Changing Talent Strategy." (Jan-Feb, 2014.) <https://hbr.org/2014/01/building-a-game-changing-talent-strategy>

¹⁰ Holden, Dan. "The Aging Workforce & Succession Plans." (Oct, 2014.) <http://insurancethoughtleadership.com/the-aging-workforce-and-succession-planning>



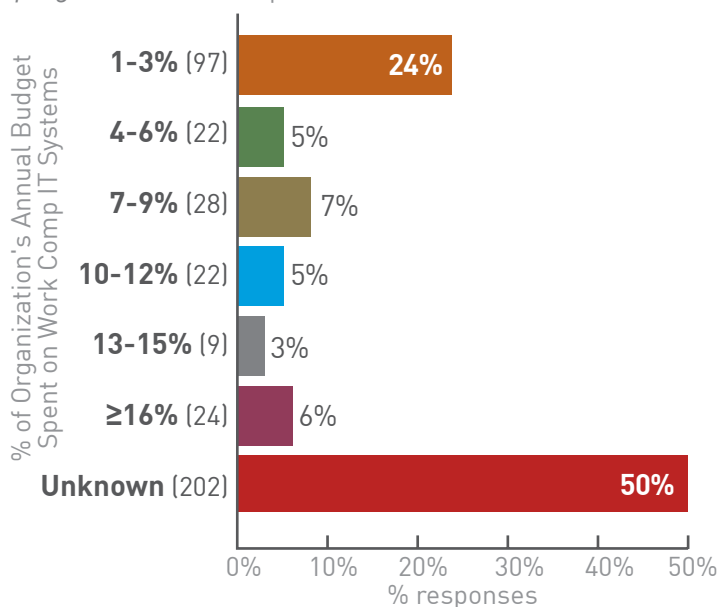
Operational Challenge: Impact of Technology & Data

Using technology to impact operations

Many organizations are challenged with IT infrastructure and budget limitations. With so many technologies and competing priorities, how do claims leaders identify what initiatives to undertake that will generate the greatest ROI and drive the most value? A study completed by Gartner, Inc., an information technology research company, identified the top ten “disruptive” technologies that will have the greatest impact for the property and casualty insurance industry. The Gartner study indicates there are many technologies that can improve business processes; however, not all will have a significant effect on claims outcomes and many offer limited or no return on investment. Their listing of the most impactful technologies include business intelligence and analytics through the use of data warehousing, predictive modeling, and advanced fraud detection solutions.¹¹

Figure 15 / Survey Question:

What percentage of your organization's annual budget is spent on IT systems for workers' compensation programs? (404 Responses)



Key Considerations

How do organizations utilize data to impact / manage operations?

What strategies are used to ensure data integrity?

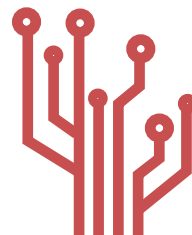
What key systems are integrated with claim systems?

How do organizations balance process with strategy metrics?

How are advanced analytics such as predictive modeling used to enhance operations?

Are metrics helping or hindering operational effectiveness?

How can organizations use technology to drive high performance?



"Disruptive technology" refers to any enhanced or completely new technology that replaces and disrupts an existing technology with new ways of doing things that disrupt or overturn traditional methods and practices.

This area of the 2014 Study focuses on how organizations are using technology to enhance operations and impact claim outcomes.

See **Appendix D** for all results related to "Impact of Technology & Data"

Affirming the 2013 Study findings, a cross-section of the data demonstrates that organizations with a greater IT budget are more likely to have systems in place such as workflow automation, predictive analytics, and performance measures to gauge medical provider outcomes. However, the 2014 results also reflect a declining use of these *disruptive* technologies compared to the 2013 results, which represents an opportunity for the industry.

Tables 14 & 15 / Survey Question:

What percentage of your organization's annual budget is spent on IT systems for workers' compensation programs?

(404 Responses)

Responses Segmented by Organization's Use of Systems to Drive Best Practices

Answer	Claims System Workflow Automation	Predictive Analytics	Other	Not Applicable
1 - 3%	21%	20%	2%	67%
4 - 6%	55%	32%	-	45%
7 - 9%	46%	36%	4%	43%
10 - 12%	73%	36%	5%	18%
13 - 15%	89%	33%	11%	11%
≥ 16%	58%	17%	4%	46%
Unknown	44%	23%	1%	50%

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

Responses Segmented by Organization's Use of Medical Provider Outcomes / Performance Measures

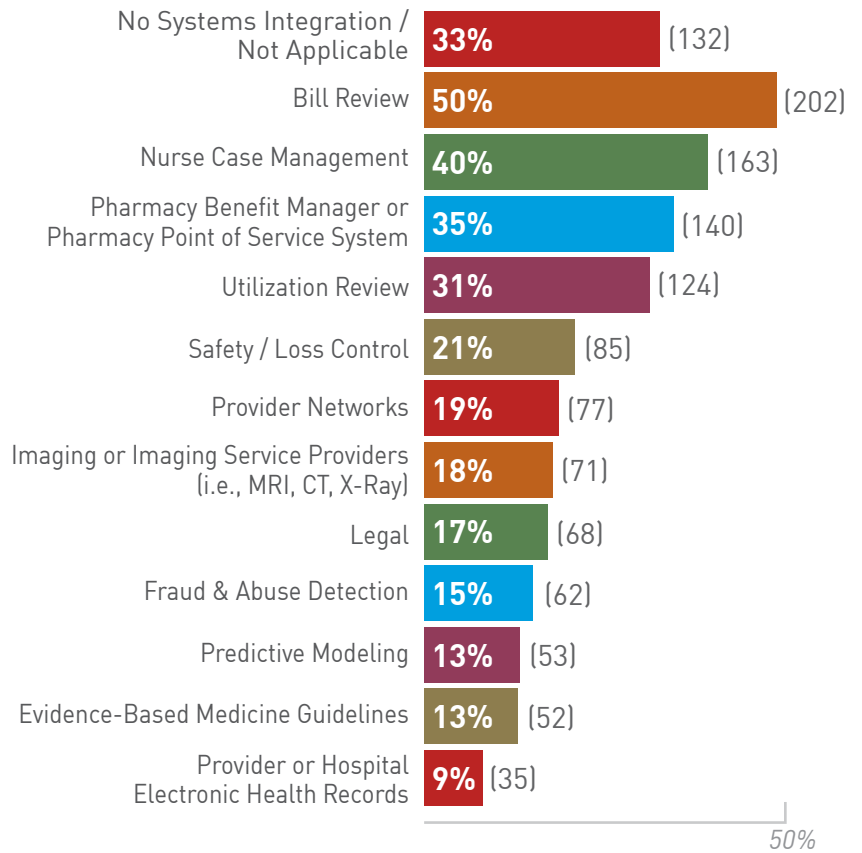
Answer	Provider Outcomes / Measures Used	Provider Outcomes / Measures Not Used	Unknown
1 - 3%	24%	72%	4%
4 - 6%	9%	86%	5%
7 - 9%	54%	43%	3%
10 - 12%	55%	32%	13%
13 - 15%	67%	22%	11%
≥ 16%	21%	75%	4%
Unknown	27%	60%	13%

Systems integration

Technology remains a major factor for improving the claims process and outcomes. Most claims organizations use multiple isolated systems, often capturing duplicate information in the daily management of claims. This results in ineffective and inefficient business practices that can lead to higher costs, and more importantly, delayed care for injured workers. Unfortunately, the legacy claims systems many organizations use today have limited capabilities. A research study published by the Katie School of Insurance and Financial Services reported that the inability of legacy systems to work with new technology and the costs associated with integration is the most significant barrier to implementing technology changes in the workers' compensation space.¹² Additionally, and perhaps not yet fully realized, is the impact of industry consolidation on legacy systems and integration capabilities across multiple platforms. Most organizations are focused on two primary concerns with the significant increase in industry consolidation: fewer options and decreased price competition.

Similar to the 2013 Study, the results here reflect that true systems integration is limited, particularly across the core areas participants rank as important to claim outcomes. Participants were asked to identify which systems are integrated and the functional nature of that integration with their claims system. Thirty-three percent report no systems integration, and many report a web-link or manual copy-and-paste of information as "integrated" (see Table 16).

Figure 16 / Survey Question:
Do any of the following systems or programs integrate with your claims system? (404 Responses)



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

Table 16 / Survey Question:
Indicate how each selected system or program integrates with your claims system. (Conditional Question for respondents who selected a system(s) or program(s) in Figure 16.) (272 Responses)

Answer	Total Count	The system contains a web link to the claims system	Staff manually copies and pastes data into the claims system	Data populates the claims system through a scheduled file upload / flat file transfer	Data populates the claims system in real time	Health Level 7 (HL7) integration	Other
Bill Review	202	12%	5%	56%	21%	1%	5%
Nurse Case Management	163	6%	26%	20%	35%	2%	11%
Pharmacy Benefit Manager or Pharmacy Point of Service System	140	14%	8%	56%	11%	2%	9%
Utilization Review	124	12%	14%	33%	35%	2%	4%
Safety / Loss Control	85	14%	21%	20%	26%	1%	18%
Provider Networks	77	25%	6%	23%	26%	4%	16%
Imaging or Imaging Service Providers (i.e., MRI, CT, X-Ray)	71	17%	10%	17%	41%	1%	14%
Legal	68	27%	25%	13%	16%	1%	18%
Fraud & Abuse Detection Systems	62	21%	21%	27%	16%	2%	13%
Predictive Modeling	53	8%	17%	30%	28%	-	17%
Evidence-based Medicine Guidelines	52	54%	10%	4%	13%	2%	17%
Provider or Hospital Electronic Health Records	35	14%	14%	29%	20%	9%	14%

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

Strategies to improve claims examiner efficiency

Many activities completed by the claims examiner during and immediately following claims intake are considered administrative in nature, often requiring a "checklist" of questions. In the majority of claims these details are largely insignificant. However, in workers' compensation claims, the ability to identify the small, minority percentage of claims that drive the majority of the costs is not always as easy as completing a "checklist." Claim outcomes are significantly impacted by the claims management activities that occur at the outset of the claim. This is why it is so important for organizations to consider how they are using technology to enhance traditional claims activities.

A study by Accenture, entitled "*Unlocking the Value in Claims*," analyzed over 7,000 settled claims and identified that claims examiners spend nearly half their time on non-core, routine administrative items that do not directly affect the quality or outcome of claims. The study indicates that claims costs could be reduced by 15 percent by utilizing technology solutions such as workflow automation.¹³

Taking a closer look at industry initiatives, the 2014 Study examined what organizations are doing to improve claims examiner efficiency. Almost half of the survey respondents report an increased investment in IT resources to integrate systems, as well as implementing workflow automation, as key strategies.

Table 17 / Survey Question:
What initiatives / strategies is your organization undertaking to streamline / improve claims adjuster efficiency?
 [404 Responses]

Answer	count	%
No Initiatives / Not Applicable	122	30%
Increased investment in IT resources to integrate systems	196	49%
Workflow Automation	192	48%
Administrative Support / Offload Admin Tasks	149	37%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	130	32%
Increased Specialization	42	10%
Other	12	3%

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

Using analytics in workers' compensation

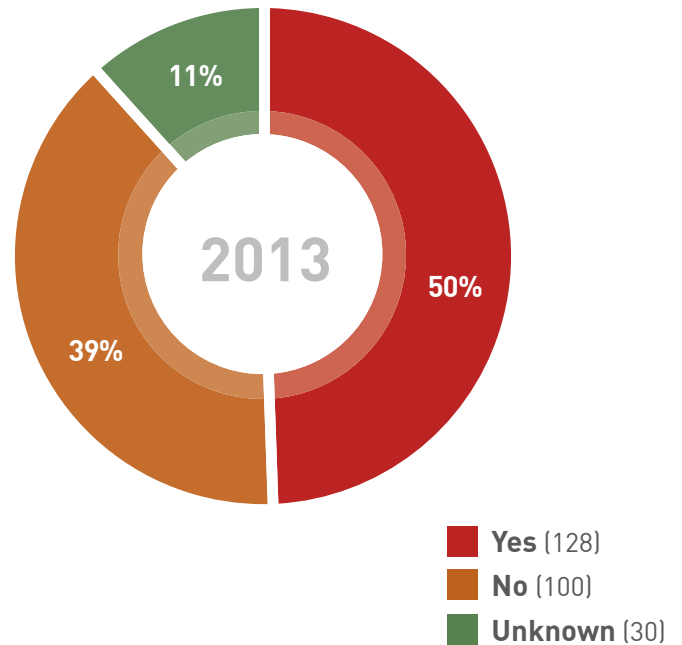
Data analytics are successfully applied in many industries, including some lines of insurance. However, the practice is slowly gaining traction in the workers' compensation industry. The Claims & Litigation Management Alliance (CLM) highlights one of the most pervasive reasons for late adoption: "resistance to change, and the leap of faith required to integrate advanced analytics into ongoing business operations."¹⁴ The CLM article asks a very pointed question, "Given the volume of data in workers' comp and the technology now available to analyze the data, why are decisions still being made subjectively" with often manual processes?¹⁵

Manual integration and technology workarounds are generally related to two primary issues – either a lack of system capabilities to integrate across multiple platforms, or workflow roadblocks introduced by existing technology and organizational processes that aren't reengineered to effectively integrate with newer technologies. This is why many legacy systems have ad hoc "patch" programs with limited to no ability to analyze data across disparate systems.

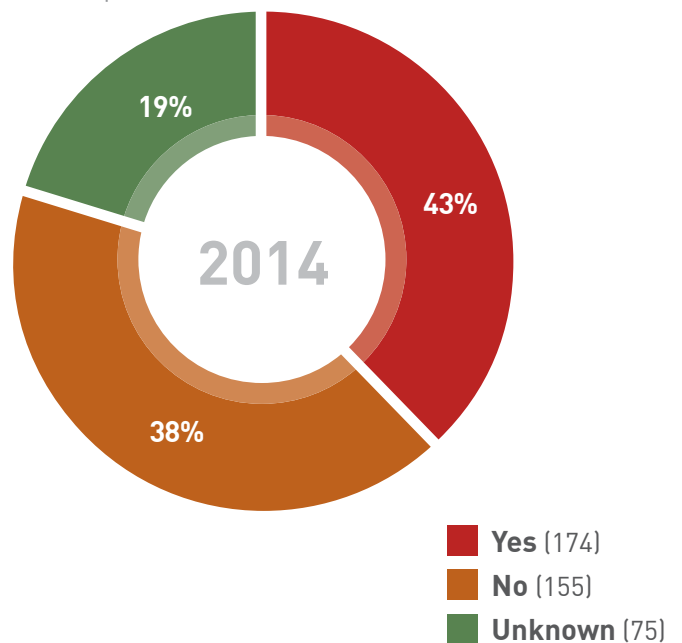
A possible solution for organizations hamstrung by legacy systems is utilizing a data warehouse to aggregate and produce meaningful data intelligence. The 2014 Study results reflect that 43 percent of participants are using a data warehouse to integrate systems, which represents a decline from the 2013 Study.

Figures 17 & 18 / Survey Question: *Does your organization use a data warehouse to consolidate or integrate systems for reporting purposes?*

(258 Responses)



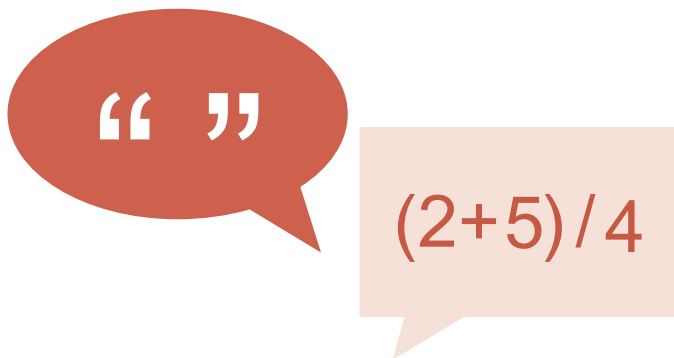
(404 Responses)



Using outcome-based measures to manage operational performance

Any performance measurement system must be able to correlate cause and effect by providing an appropriate balance of quantitative and qualitative activity-based metrics, which represent the means to achieve desired goals or objectives. Outcome-based metrics, on the other hand, represent the goals or objectives themselves. These metrics must be quantitative in nature, even if they evaluate qualitative variables (e.g., client satisfaction). The quantitative data is hard, rigorous, credible, and scientific. The qualitative data is nuanced, detailed, and contextual. This is what makes qualitative and outcomes-based metrics more difficult for organizations to operationalize.

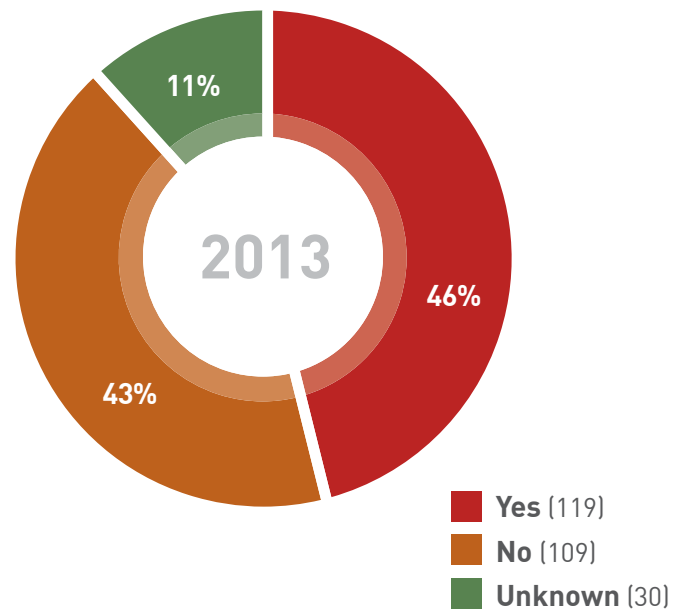
Balancing Qualitative & Quantitative Measures



Less than 40 percent of organizations report using outcome-based measures to manage performance, a decline from the 2013 Study. Participants rate their organizations' current metrics as having a moderate impact on claim performance and outcomes, with quantitative measures being the most common and qualitative and outcome-based measures being used by a small percentage of participants (see Table 18).

Figures 19 & 20 / Survey Question:
Does your organization use outcome-based data / metrics to manage operational performance?
(404 Responses)

(258 Responses)



(404 Responses)

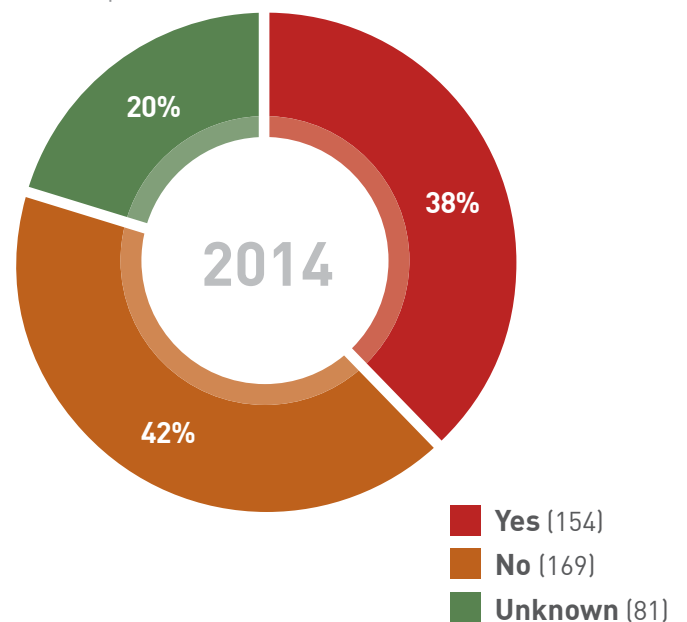


Table 18 / Survey Question:

What outcome-based systems or data do you utilize to manage operational performance? (Conditional Question for those who answered "yes" in Figure 20) (154 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Claim quantitative measures of performance based on our company policies / best practices	123	80%	30%
Claim quality measures of performance based on internal / external quality assurance review	104	68%	26%
Claim outcome measures based on evidence-based medicine medical treatment guidelines	47	31%	12%
Claim outcome measures based on evidence-based medicine disability duration guidelines	46	30%	11%
Other	2	1%	< 1%

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

Appendix D Index – Impact of Technology & Data

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix D. » Go There**

- D-1:** Percentage of Annual Budget for IT Systems for Workers' Compensation Programs
Segmented by Organization's Use of Systems to Drive Best Practices
Segmented by Organization's Use of Medical Provider Outcomes / Performance Measures
Segmented by Organization Type
- D-2:** Number of Systems Adjusters Use in Daily Claims Management
Segmented by Organization Type
- D-3:** Number of Systems Considered Efficient for Adjusters' Daily Claims Management
- D-4:** Strategies / Initiatives Organizations are Undertaking to Improve Claims Adjuster Efficiency
Segmented by IT Budget
Segmented by Claims Closure Ratio
Segmented by Claims Caseload
- D-5:** Prevalence of Claims System Integrations with Other System Types
Segmented by Organization Type
- D-5.1:** Nature of Claims System Integrations with Other System Types
- D-6:** Number of Different Systems from which Data / Metrics Reports are Received
- D-7:** Use of Data Warehouse to Consolidate Systems for Reporting Purposes
Segmented by Organization Type
- D-8:** Use of Outcome-Based Data / Metrics to Manage Operational Performance
Segmented by Organization Type
- D-8.1:** Type of Outcome-Based Systems / Data Used to Manage Operational Performance
Segmented by Organization Type
- D-8.2:** Segmentation of Outcome-Based Data / Metrics Used to Manage Operational Performance
- D-9:** Impact Rating of Organization's Metrics on Claims Performance / Outcomes

¹¹ Gartner, "Top 10 Technologies with the Greatest Impact for the Property and Casualty Insurance Industry." (Mar, 2010.) <http://www.gartner.com>

¹² Jones, James R. and Williams, Michael R. "The Effect of Technology and Automation on Workers' Compensation Claims Practices." Katie School of Insurance & Financial Services. (2004.)

¹³ Accenture, "Unlocking the Value in Claims." (2001.)

^{14,15} Floeck, Nicholas. "Workers' Comp and Predictive Modeling." CLM. (2012.) <http://claims-management.theclm.org/home/article/Workers-Comp-Predictive-Modeling>

Operational Challenge: Medical Performance Management

Measuring medical management and provider outcomes

Measuring outcomes is central to assessing the quality of care. Traditional medical management strategies in workers' compensation are based on a fee-for-service model with discount methodology. Providers are selected based on their willingness to treat workers' compensation patients and, often, other subjective factors. Due to the significant rise in medical costs, many organizations are considering quality and outcome models to gauge provider performance. Organizations are looking to group health strategies where value-based medical models are more widely used. According to a recent article in Modern Healthcare, health plans that cover two-thirds of commercially insured Americans use incentive-based contracts to motivate providers to improve quality and manage costs.¹⁶ Implementing these strategies in workers' compensation, however, presents some significant challenges. One major difference is that group health outcomes are generally based on discrete episodes of care. In workers' compensation, the episode of care lasts the life of the claim, which often can be years long.

Top 3 Medical Management Programs Ranked Most Critical to Claim Outcomes

- 1 Nurse Case Management
- 2 Return-to-Work Services
- 3 Nurse / Claims Triage

Key Considerations

Are organizations utilizing medical management outcome measures?

How is provider quality measured?

With the prevalence of outsourcing medical management to vendor partners, how do organizations measure outcomes and ROI?

Is the industry utilizing risk / reward contracting strategies with providers or vendor partners?

What is the impact of the Affordable Care Act (ACA) on workers' compensation claims?

There is no single value that measures provider quality. Common measures relevant to workers' compensation are: treatment within evidence-based medicine, benchmarking return-to-work outcomes, administrative measures (e.g., timely report submissions), and patient satisfaction. Organizations that utilize these performance strategies are building the foundation not only for value-based medicine models in workers' compensation, but also a partnership with employers and healthcare providers to improve the health and productivity of the US workforce.¹⁷

[See **Appendix E** for all results related to "Medical Performance Management"]

This area of the 2014 Study focuses on the industry's use of medical management performance and outcome measures.

The results indicate that a small number, 29 percent of survey participants, measure provider performance and outcomes; and very few, less than 5 percent, use risk/reward-based contracting strategies with medical providers. A cross section of the data demonstrates little difference across organizational type and size. Similar results were observed in the 2013 Study.

The 2014 Study was expanded to identify the primary factors affecting the limited use of provider performance and outcome measures. The results show that the most significant factors are: data and systems limitations, and uncertainty about how to operationalize provider performance measures. Surprisingly, 28 percent of respondents report that measuring provider performance and outcomes is not a business priority.

Table 19 / Survey Question:
What are the primary limitations / reasons for not using provider outcomes / performance measures?
 (250 Responses)

Answer	Count	% of Sub-Sample Responses	% of Entire Response Sample
Data / System Limitations	108	43%	27%
Unsure How to Operationalize	92	37%	23%
Not a Business Priority	71	28%	18%
Other	53	21%	13%
Financial Limitations	44	18%	11%
Litigation Concerns	17	7%	4%

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

Figure 21 / Survey Question:
Does your organization use medical provider outcomes / performance measures? (404 Responses)

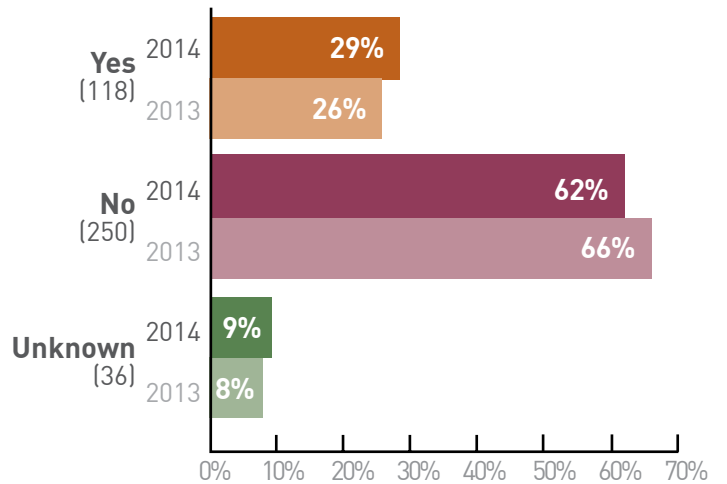
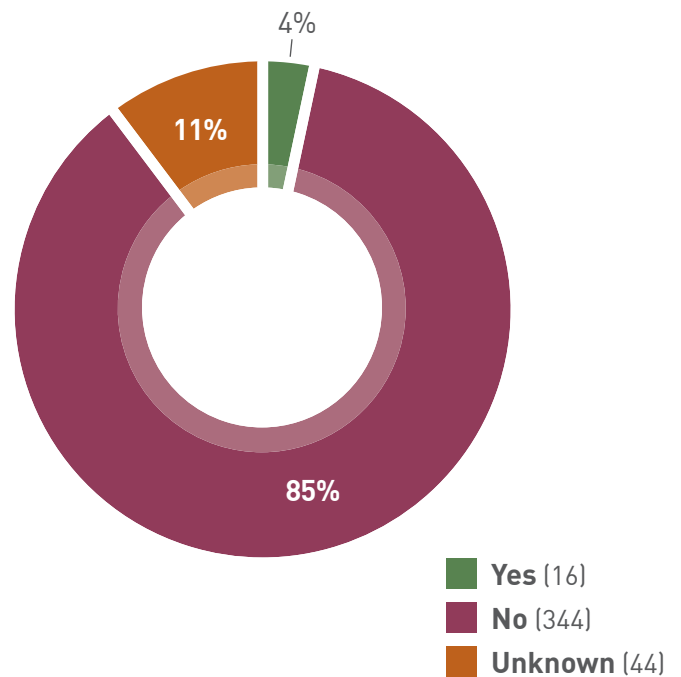
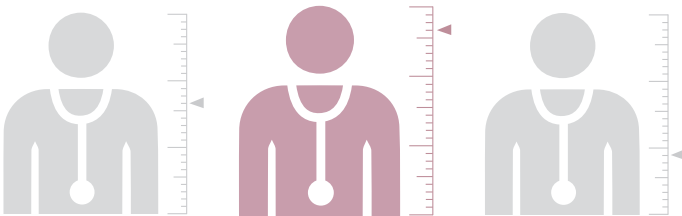


Figure 22 / Survey Question:
Does your organization use risk / reward-based contracting with medical providers? (404 Responses)



Focusing on provider quality and outcomes rare in workers' compensation

The science of measuring medical performance in the workers' compensation industry is still in its infancy. As previously stated, system limitations and uncertainty about how to measure provider performance are significant challenges that survey respondents report.



The 2014 results indicate that less than half of participants leverage provider performance measures, such as return-to-work and treatment within evidence-based guidelines. Additionally, less than half report using more common measures, such as average medical spend and disability days (see Table 21). Finally, less than a quarter of participants measure average narcotic use – a figure that may be inconsistent with the great emphasis now placed on curbing painkiller misuse and abuse. The results reflect an overall decline from the 2013 Study. These findings suggest a need for the industry to deploy many of the common tools already available to gauge provider performance.

Table 20 / Survey Question:

Are you using any of the following data points to measure provider outcomes / performance? (404 Responses)

Answer	2014 %	2013 %
No, none currently in place / Not Applicable	43%	41%
Total Claim Costs	46%	45%
RTW Outcomes	41%	45%
Quality & Timely Submission of Reports	25%	24%
Treatment within Evidence-based Guidelines	23%	30%
Efficiency Measures, Average Number of Evaluation & Management (E&M) Visits per Claim by Diagnosis Code	6%	7%
Other	3%	1%
NCQA Cost of Care Measures	3%	2%
AHRQ Clinical Quality / Appropriate Care Measures	2%	2%

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

Table 21 / Survey Question:
Are you using any of the following measures to gauge overall provider performance? (404 Responses)

Answer	2014 %	2013 %
No, none currently in place / Not Applicable	50%	53%
Average Claim Costs	41%	39%
Average Medical Spend	38%	31%
Average Number of TTD Days	31%	32%
Average Narcotic Use	21%	20%

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

Medical management programs most critical to claim outcomes

The challenge of managing rising medical costs in workers' compensation has been a catalyst for integrating medical management resources with traditional claims models. For example, some organizations utilize nurse case management resources for triage and early intervention. Industry best practices also include utilizing nurse resources for early care coordination based on triage assessments/risk indicators and to facilitate evidence-based treatment throughout the claim lifecycle to drive optimal results. For many organizations with limited internal resources, medical management programs are provided by vendor partners.

The study examined the medical management programs considered most critical to claim outcomes, as well as which programs are insourced or outsourced to vendor partners. Given the industry's intense focus on medical costs and disability management, it's no surprise that the three medical management programs participants rank most critical to claim outcomes are nurse case management, return-to-work services, and nurse/claims triage.

Table 22 / Survey Question:
Please rank in the order of impact the programs you believe are most critical to claim outcomes, with 1 having the "greatest impact" and 10 having the "least impact." (404 Responses)

Answer	Overall Rank	Mean
Nurse Case Management	1	3.61
Return-to-Work Services	2	3.97
Nurse / Claims Triage	3	4.20
Pharmacy Benefit Manager / Network	4	5.29
Utilization Review	5	5.39
Bill Review	6	5.51
Physician Case Management	7	5.91
Peer Review	8	6.76
Company Developed / Owned Provider Network	9	7.15
Outsourced / Leased Provider Network	10	7.22

Table 23 / Survey Question:

Indicate if any of the following medical management programs are currently in place and if they are insourced or outsourced. (404 Responses)

Answer	Not Currently in Place / N/A		Insourced		Outsourced		Combination Insourced & Outsourced		Unknown	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Nurse Case Management	7%	8%	20%	27%	50%	46%	21%	19%	2%	<1 %
Return-to-Work Services	18%	17%	42%	42%	19%	18%	19%	22%	2%	1%
Nurse / Claims Triage	22%	35%	26%	29%	38%	31%	11%	5%	3%	<1 %
Pharmacy Benefit Manager / Network	13%	13%	5%	6%	74%	76%	4%	5%	4%	<1 %
Utilization Review	11%	15%	20%	16%	55%	54%	11%	14%	3%	1%
Bill Review	5%	4%	23%	20%	59%	63%	11%	13%	2%	<1 %
Physician Case Management	34%	35%	12%	10%	39%	40%	8%	12%	7%	3%
Peer Review	20%	20%	17%	14%	51%	54%	8%	9%	4%	3%
Company Developed / Owned Provider Network	48%	43%	18%	17%	19%	28%	10%	10%	5%	2%
Outsourced / Leased Provider Network	35%	36%	5%	4%	44%	49%	9%	6%	7%	5%

Using risk/reward strategies with vendor partners

As more and more claims departments are outsourcing medical management functions to vendor partners, two major concerns have emerged for claims leaders. How will the industry's rapid consolidation impact 1) service delivery and 2) price competitiveness among vendor resources? Given these significant concerns, there is a growing industry need to leverage risk/reward performance strategies.

The results indicate that 24 percent of respondents are using risk/reward strategies with medical management vendor partners, which is a slight increase from the 2013 Study (see Figure 23). Considering the prevalence of medical management outsourcing, with eight of the ten programs surveyed being most commonly outsourced, there is a significant opportunity for the industry to improve medical management effectiveness by implementing performance strategies with vendor partners.

Figure 23 / Survey Question:

Do you use performance strategies to incentivize or hold medical management vendor partners accountable?
 (404 Responses)

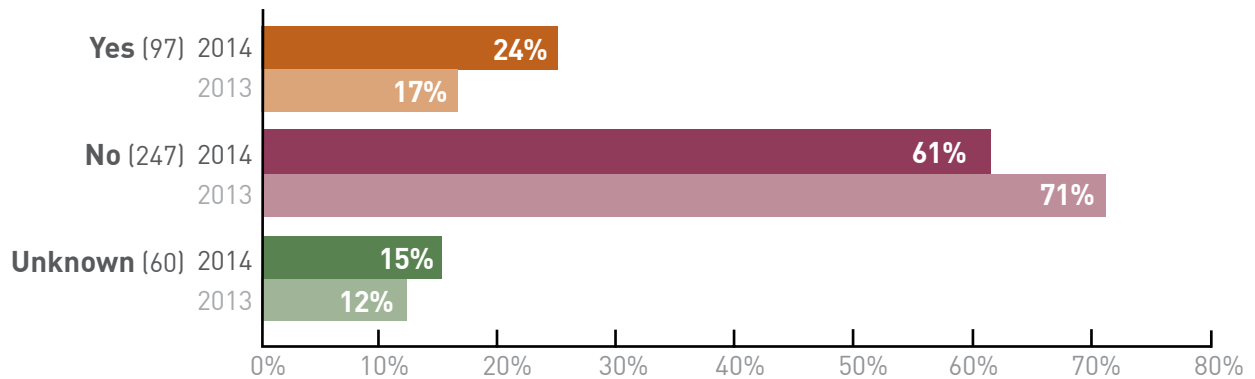


Table 24 / Survey Question:

What performance strategies are used to incentivize or hold medical management vendor partners accountable?
 (Conditional Question for those who answered "yes" in Figure 23) (97 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Service Level Agreement (SLA) with Performance Standards & Financial Commitments	54	56%	13%
Increased Volume Based on Performance	54	56%	13%
Decreased Volume Based on Performance	38	39%	9%
Fast-Track Payments	17	18%	4%
Limited Bill Review	13	13%	3%
Pay-for-Performance Measures	13	13%	3%
Decreased UR Requirements	12	12%	3%
Other	0	-	-

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

Top medical cost drivers

Medical severity in workers' compensation claims is on the rise. This is primarily due to macroeconomic factors: the aging workforce and the prevalence of co-morbidities such as obesity, diabetes, and hypertension. These all have a significant impact on medical costs. According to an NCCI study, claims with a co-morbidity diagnosis have twice the medical costs of otherwise comparable claims, and the frequency of claims involving co-morbidities has nearly tripled over the past decade.¹⁸ Knowing your organization's top medical cost drivers is imperative to effectively manage and implement meaningful programs.

Participants rank medical providers as the top cost driver, followed closely by in-patient / hospital and pharmacy costs.

Table 25 / Survey Question:
Considering the Medical Cost Drivers impacting your organization's medical spend, rank in order of greatest total dollars spent, with 1 being the "highest cost driver" and 10 being the "lower cost driver." (404 Responses)

Answer	Overall Rank	Mean
Medical Provider / Physicians	1	2.87
In-Patient / Hospital	2	3.58
Pharmacy	3	4.00
Physical / Occupational Therapy Services	4	4.13
Diagnostics (i.e., MRI, CT, X-Ray)	5	4.60
Ambulatory Surgery Centers / Out-Patient Surgery Centers	6	4.67
Medical Cost Containment Services	7	7.24
Durable Medical Equipment	8	7.36
Home Health Care	9	8.12
Medical Transportation	10	8.44

Top 3 Ranked Medical Cost Drivers

- 1 Medical Provider / Physicians
- 2 In-Patient / Hospital
- 3 Pharmacy

Impact of pharmacy on overall medical costs

Another area impacting overall medical costs is the treatment of chronic pain with prescription painkillers. According to the 2013 NCCI Workers' Compensation Prescription Drug Study, narcotics account for 25 percent of total pharmacy spend.¹⁹ The annual NCCI Study has reported year after year that utilization, as opposed to price, is the driving force behind total per-claim pharmacy cost increases. The cost of the medications is not always the primary concern, but rather the pharmaceutical side effects, co-morbidities and ongoing disability as a result of long-term narcotic use. Also on the rise, according to NCCI, is physician dispensing of drugs which entails doctors filling prescriptions from their offices rather than a pharmacy. This practice is associated with significant increases in drug costs per claim.

On the horizon, and of concern, is the projected acceleration in prescription drug costs highlighted in the National Health Expenditure Projections for 2013–2023 from The Office of the Actuary of the CMS. The report projects a drug spending growth of over 6 percent in 2014 and 2015. According to William Wilt, an Actuary and President of Assured Research, if the costs accelerate as forecasted, workers' compensation will undoubtedly be impacted.^{20,21}

Survey participants in aggregate report that pharmacy costs represent 22 percent of their overall medical spend (see Table 26).

Table 26 / Survey Question:
What percentage of your overall medical spend is attributable to pharmacy? (404 Responses)

Answer	count	%
1 to 5%	32	8%
6 to 10%	45	11%
11 to 15%	51	13%
16 to 20%	34	8%
21 to 25%	20	5%
26 to 30%	25	6%
31 to 35%	15	4%
36 to 40%	17	4%
41 to 45%	9	2%
46 to 50%	4	1%
≥ 51%	22	6%
Not Applicable / Unknown	130	32%

Mean=22%

Impact of the Affordable Care Act (ACA)

The Patient Protection and Affordable Care Act (ACA) was enacted into law in 2010 with the aim of making health care accessible to all Americans while also improving quality and containing costs. Public opinion is divided but there is no doubt that the ACA has changed and will continue to reshape the health care industry.

There are no major elements of the ACA specifically directed at workers' compensation medical care. However, many industry leaders and economists indicate factors affecting workers' compensation could include accelerated medical inflation, provider access issues, and cost shifting. Mandating

health insurance coverage will result in millions of previously uninsured individuals seeking medical care. According to an Assured Research Brief, this increasing demand on an already shrinking supply of medical providers will certainly cause prices to rise.²²

Other predictions suggest that expanding health care coverage and preventative services under ACA, alongside employer-sponsored wellness initiatives, should make the overall working population healthier. The impact of obesity and co-morbidities has a significant impact on national health care costs and the workers' compensation system. A healthier workforce should eventually lead to a reduction in claim frequency and faster recovery when an injury occurs.

The survey asked respondents to evaluate three potential areas of impact the ACA is having within their organizations, including impact on claims, headcount, and medical management programs. The findings reflect that 27 percent of survey participants are experiencing some impact on claims as a result of the ACA.

ACA Impact

- ◆ **27%** report some impact on claims
- ◆ **11%** report staffing changes
- ◆ **11%** report changes to medical management programs

Table 27 / Survey Question:

What impact, if any, has the Affordable Care Act (ACA) had on claims in your organization? (404 Responses)

Answer	count	%
No Impact	295	73%
Cost Shifting to Workers' Compensation	70	17%
Increased Overall Claim Costs	48	12%
Increased Number of Claims	36	9%
Limited Access to Medical Providers	34	8%
Increased Emergency Room Utilization	15	4%
Decreased Number of Claims	4	1%
Decreased Overall Claim Costs	4	1%
Improved Workforce Health	3	1%

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

Table 28 / Survey Question:

Has your organization made any staffing / headcount changes as a result of the ACA? (404 Responses)

Answer	count	%
No staffing changes / Not Applicable	359	89%
Reduce employee hours to limit mandatory health insurance requirements	14	3%
Use of Consulting and/or Outside resources	13	3%
Increase staff and/or Allocate existing staff to manage regulatory requirements / manage medical programs	13	3%
Increase staff and/or Allocate existing staff to develop strategic plan around ACA's potential impact	11	3%
Increase staff and/or Allocate existing staff to assess potential ACA impact	7	2%
Reduce headcount / conduct layoffs	7	2%
Other	5	1%

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

Table 29 / Survey Question:

Has your organization made any changes to medical management programs as a result of the ACA? (404 Responses)

Answer	count	%
No changes to medical management programs / Not Applicable	359	89%
Provider Reimbursement Strategies – Other than Standard Fee for Service	6	1%
Case Management – Implementation of Care Coordination Medical Home Model	4	1%
Partner / Direct Contracts with Providers to Ensure Access to Care	9	2%
Systems / IT Enhancements to Access / Integrate with Electronic Health Records (EHRs)	8	2%
Collaborate / Integrate with Group Health Programs	11	3%
Implement Employee Wellness Programs with Risk / Reward Strategies	20	5%
Changes to Medicare-Set-Aside Settlements	8	2%
Changes to Utilization Review Programs	8	2%
Other	8	2%

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

Appendix E Index – Medical Performance Management

For more information on all survey question results and additional benchmark analyses related to this focus area, please refer to the below tables and figures in **Appendix E. » Go There**

- E-1:** Use of Medical Provider Outcomes / Performance Measures
Segmented by Organization Type
 - E-1.1:** Prevalence of Sharing Outcomes / Performance Measure Results with Providers
 - E-1.2:** Primary Reasons for Not Using Provider Outcomes / Performance Measures
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 - E-5:** Type of Model Used for Various Medical Management Programs - Insourced / Outsourced
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 - E-6:** Ranking of Medical Management Programs Most Critical to Claim Outcomes
Rank Detail
 - E-7:** Ranking of Medical Cost Drivers Impacting Medical Spend
Rank Detail
 - E-8:** Percentage of Medical Spend Attributed to Pharmacy
 - E-9:** Use of Performance Strategies to Incentivize / Penalize Medical Management Vendor Partners
Segmented by Organization Type
Segmented by Performance Strategy Use Among Organization Types
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 - E-10:** Impact of the Affordable Care Act on Claims
Segmented by Organization Type
 - E-11:** Impact of the Affordable Care Act on Staffing / Headcount
 - E-12:** Impact of the Affordable Care Act on Medical Management Programs
-

¹⁶ Modern Healthcare, "Incentive-Based Contracts Thriving in Commercial Insurance Market." (Sept 2014.)
<http://www.modernhealthcare.com/article/20140930/NEWS/309309931/>

¹⁷ Oliver Wyman, "Bringing Value-Based Healthcare to Workers' Compensation." (Jan 2014.)
<http://www.oliverwyman.com/insights/publications/2014/jan/bringing-value-based-healthcare-to-workers-compensation.html>

¹⁸ NCCI Research Brief, "Comorbidities in Workers Compensation." (Oct 2012.)
<https://www.ncci.com/documents/Research-Brief-Comorbidities-in-Workers-Compensation-2012.pdf>

¹⁹ NCCI Research Brief, "Workers' Compensation Prescription Drug Study: 2013 Update." (Sept 2013.)
https://www.ncci.com/documents/Prescription_Drugs-2013.pdf

²⁰ CMS, The Office of the Actuary. "National Health Expenditure Projections 2013–2023."
<http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Proj2013.pdf>

^{21,22} Assured Research, LLC. *Assured Briefing*, "Medical Inflation: The ACA is a Public Good, Use it Without Recourse!" (October, 2014.)

Conclusion

This study represents a comprehensive analysis of the operational challenges facing workers' compensation claims organizations today. The project includes a national survey of claims leaders from a broad range of organizations. The study's primary objectives are documenting industry practices and providing organizations the opportunity to evaluate strategic aspects of their claims operations alongside industry peers. The 2014 Study Report is the second Workers' Compensation Benchmarking Study published by Rising Medical Solutions. To access the Study's Resource Center or to request a copy of the first Study Report, please go to: www.risingms.com/wcbenchmark

Contact:

We welcome your insight and reaction to the 2014 Workers' Compensation Benchmarking Study. Please let us know if you find the study useful, have questions, or would like to participate in future studies by contacting Rachel Fikes, VP & Study Program Director, at Rising Medical Solutions: wcbenchmark@risingms.com.

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- A-9:** Organization Size – Total Employee Headcount
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- A-11:** Tail Claims Inventory
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- C-9:** Use of Benefit Initiatives Outside of Salary & Standard Benefits
Segmented by Organization Type
- C-10:** Use of Formal Career Path Program
- C-11:** Turnover Rate at Claims Adjuster Level in Last 12 Months

Appendix D - Impact of Technology & Data » [Go There](#)

- D-1:** Percentage of Annual Budget for IT Systems for Workers' Compensation Programs
Segmented by Organization's Use of Systems to Drive Best Practices
Segmented by Organization's Use of Medical Provider Outcomes / Performance Measures
Segmented by Organization Type
- D-2:** Number of Systems Adjusters Use in Daily Claims Management
Segmented by Organization Type
- D-3:** Number of Systems Considered Efficient for Adjusters' Daily Claims Management
- D-4:** Strategies / Initiatives Organizations are Undertaking to Improve Claims Adjuster Efficiency
Segmented by IT Budget
Segmented by Claims Closure Ratio
Segmented by Claims Caseload

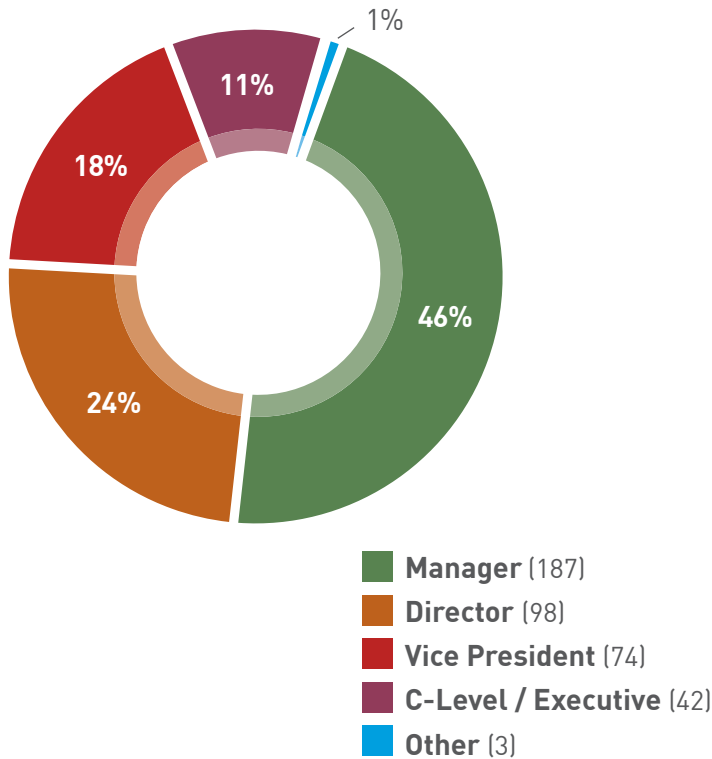
- D-5:** Prevalence of Claims System Integrations with Other System Types
Segmented by Organization Type
- D-5.1:** Nature of Claims System Integrations with Other System Types
- D-6:** Number of Different Systems from which Data / Metrics Reports are Received
- D-7:** Use of Data Warehouse to Consolidate Systems for Reporting Purposes
Segmented by Organization Type
- D-8:** Use of Outcome-Based Data / Metrics to Manage Operational Performance
Segmented by Organization Type
- D-8.1:** Type of Outcome-Based Systems / Data Used to Manage Operational Performance
Segmented by Organization Type
- D-8.2:** Segmentation of Outcome-Based Data / Metrics Used to Manage Operational Performance
- D-9:** Impact Rating of Organization's Metrics on Claims Performance / Outcomes

Appendix E - Medical Performance Management » [Go There](#)

- E-1:** Use of Medical Provider Outcomes / Performance Measures
Segmented by Organization Type
- E-1.1:** Prevalence of Sharing Outcomes / Performance Measure Results with Providers
- E-1.2:** Primary Reasons for Not Using Provider Outcomes / Performance Measures
- E-2:** Type of Data Points Used to Measure Provider Outcomes / Performance
- E-3:** Type of Measures Used to Gauge Overall Provider Performance
- E-4:** Use of Risk / Reward-Based Contracting with Medical Providers
- E-4.1:** Type of Risk / Reward Strategies Used with Medical Providers
- E-5:** Type of Model Used for Various Medical Management Programs - Insourced / Outsourced
Segmented by Organization Type
- E-6:** Ranking of Medical Management Programs Most Critical to Claim Outcomes
Rank Detail
- E-7:** Ranking of Medical Cost Drivers Impacting Medical Spend
Rank Detail
- E-8:** Percentage of Medical Spend Attributed to Pharmacy
- E-9:** Use of Performance Strategies to Incentivize / Penalize Medical Management Vendor Partners
Segmented by Organization Type
Segmented by Performance Strategy Use Among Organization Types
- E-9.1:** Type of Performance Strategies Used to Incentivize / Penalize Medical Management Vendor Partners
- E-10:** Impact of the Affordable Care Act on Claims
Segmented by Organization Type
- E-11:** Impact of the Affordable Care Act on Staffing / Headcount
- E-12:** Impact of the Affordable Care Act on Medical Management Programs

Appendix A - Survey Participant Demographics

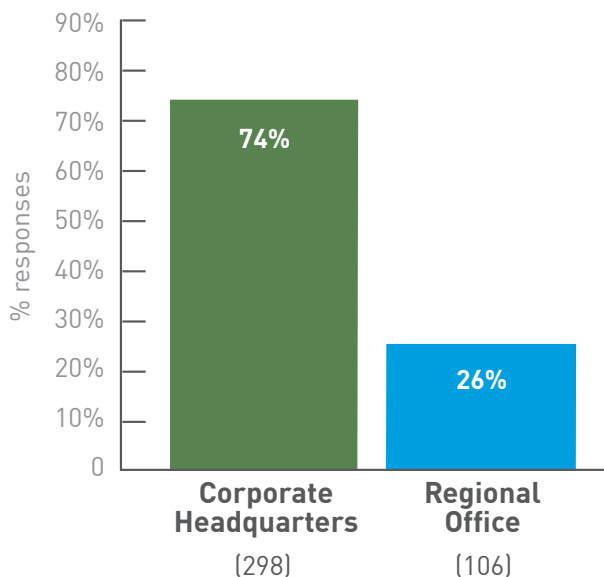
1 Role / Level of Responsibility: (404 Responses)



2 Organization Type: (404 Responses)

Answer	2014		2013	
	count	%	count	%
Self-Insured Employer	95	24%	61	24%
Insurance Company	92	23%	77	30%
Third Party Administrator	78	19%	36	14%
Insured Employer	63	16%	30	12%
Governmental Entity	29	7%	25	10%
Risk Pool	22	5%	11	4%
Other	14	3%	11	4%
State Fund / Mutual Fund	7	2%	4	2%
Reinsurance Company / Excess Insurance Company	4	1%	3	1%

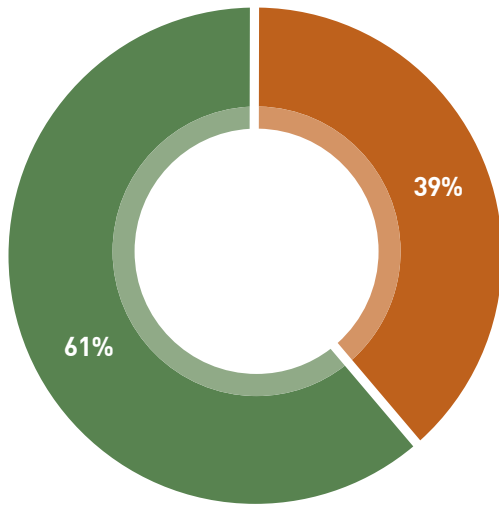
3 Location: (404 Responses)



4 My organization's workers' compensation claims are predominately managed by a(n): (404 Responses)

Answer	count	%
Third Party Administrator	182	45%
Insurance Company / State Fund / Mutual Fund	134	33%
Self-Insured / Self-Administered	88	22%

5 Business Focus:
(404 Responses)



- **Multi-Line** (248)
- **Mono-Line**, i.e. workers' compensation exclusively (156)

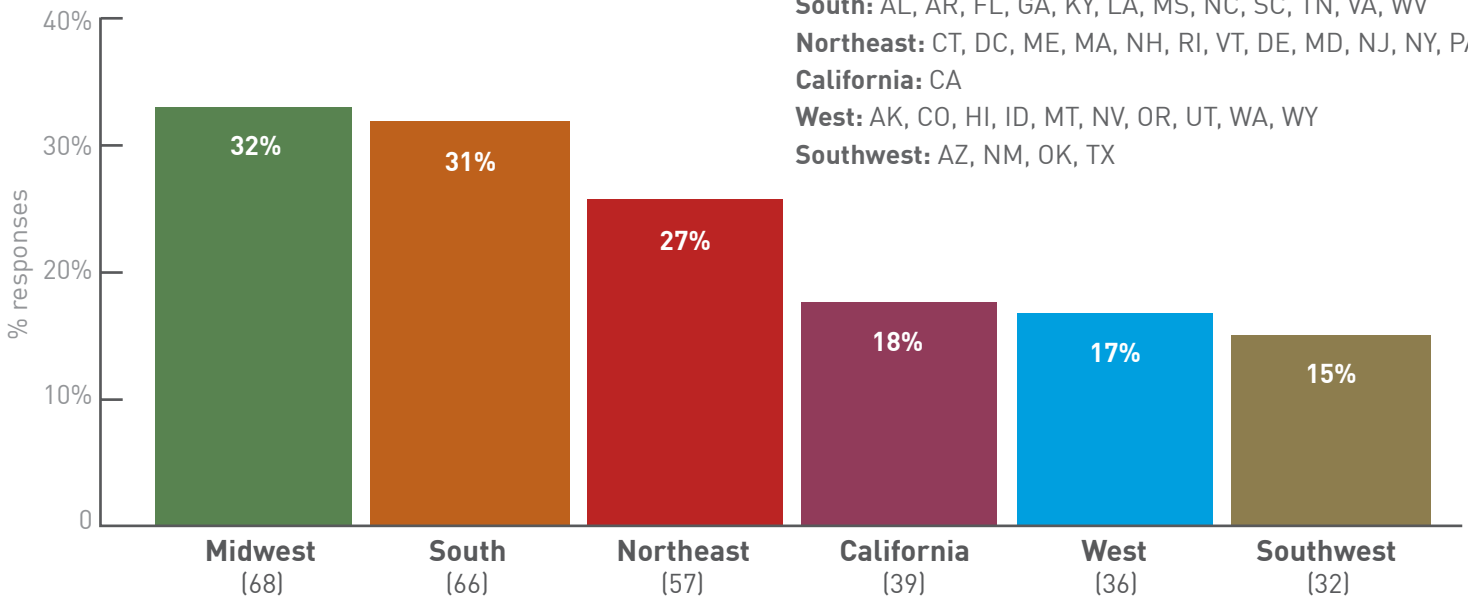
6 Geographic Focus:
(404 Responses)

Answer	count	%
Regional in Scope	214	53%
National in Scope	190	47%

Conditional Question for those who selected "Regional in Scope" in Question 6

6.1 Indicate the Regions where your company currently manages workers' compensation claims. Select all that apply:
(214 Responses)

- Midwest:** IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI
- South:** AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV
- Northeast:** CT, DC, ME, MA, NH, RI, VT, DE, MD, NJ, NY, PA
- California:** CA
- West:** AK, CO, HI, ID, MT, NV, OR, UT, WA, WY
- Southwest:** AZ, NM, OK, TX



NOTE: Participants were allowed to pick more than one answer for this question

7 Organization Size - Total Annual Claims Dollars Paid: (404 Responses)

Overview - All Responses

Answer	count	%
< \$100 Million	181	45%
>\$100 Million to \$350 Million	59	15%
>\$350 Million to \$750 Million	27	7%
> \$750 Million	45	11%
Unknown	92	22%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
< \$100 Million	26%	25%	21%	61%
>\$100 Million to \$350 Million	22%	25%	9%	15%
>\$350 Million to \$750 Million	12%	-	14%	3%
> \$750 Million	11%	-	17%	8%
Unknown	29%	50%	39%	13%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
< \$100 Million	57%	73%	29%	79%	36%
>\$100 Million to \$350 Million	13%	5%	43%	10%	14%
>\$350 Million to \$750 Million	-	5%	-	4%	-
> \$750 Million	13%	5%	14%	7%	14%
Unknown	17%	12%	14%	-	36%

8 Organization Size - Total Annual Premium:

(404 Responses)

Overview - All Responses

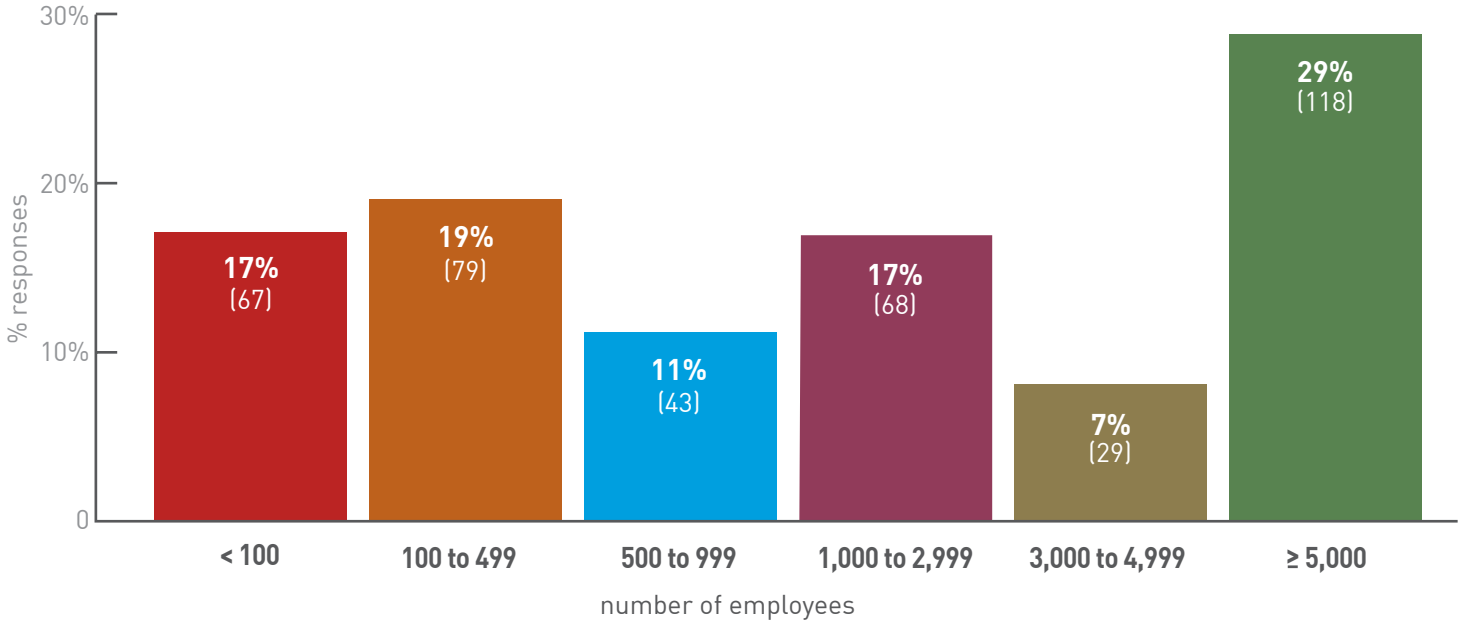
Answer	count	%
< \$100 Million	115	28%
>\$100 Million to \$350 Million	43	11%
>\$350 Million to \$750 Million	28	7%
> \$750 Million	32	8%
Unknown	90	22%
Not Applicable	96	24%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
< \$100 Million	13%	-	9%	32%
>\$100 Million to \$350 Million	26%	25%	5%	4%
>\$350 Million to \$750 Million	15%	25%	5%	3%
> \$750 Million	20%	50%	4%	-
Unknown	25%	-	32%	20%
Not Applicable	1%	-	45%	41%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
< \$100 Million	54%	68%	-	48%	22%
>\$100 Million to \$350 Million	5%	5%	72%	-	7%
>\$350 Million to \$750 Million	8%	-	-	-	7%
> \$750 Million	6%	5%	14%	4%	14%
Unknown	24%	13%	-	7%	21%
Not Applicable	3%	9%	14%	41%	29%

9 Organization Size - Total Employee Headcount:
 (404 Responses)



10 What is your organization's average Lost Time caseload per Lost Time Claims Examiner?
 (If unknown, select "Unknown") (404 Responses)

Overview - All Responses

Answer (# of cases)	count	%
< 80	95	24%
80 to 100	40	10%
100 to 125	55	14%
125 to 150	102	25%
150 to 175	23	6%
175 to 200	12	3%
200 to 225	3	1%
225 to 250	3	1%
250 to 275	1	< 1%
275 to 300	0	-
≥ 300	2	< 1%
Unknown	68	16%

(10 cont'd)

(10 cont'd) What is your organization's average Lost Time caseload per Lost Time Claims Examiner?

Responses Segmented by Organization Type

Answer (# of cases)	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
< 80	15%	-	8%	34%
80 to 100	13%	-	8%	14%
100 to 125	24%	-	14%	13%
125 to 150	24%	-	46%	18%
150 to 175	6%	-	10%	5%
175 to 200	1%	-	5%	5%
200 to 225	-	25%	-	1%
225 to 250	-	-	1%	1%
250 to 275	-	-	-	-
275 to 300	-	-	-	-
≥ 300	1%	-	-	-
Unknown	16%	75%	8%	9%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
< 80	30%	27%	29%	48%	14%
80 to 100	3%	14%	29%	4%	7%
100 to 125	2%	23%	14%	10%	-
125 to 150	27%	9%	14%	24%	-
150 to 175	3%	5%	-	4%	7%
175 to 200	-	9%	-	-	-
200 to 225	-	-	-	-	7%
225 to 250	-	-	14%	-	-
250 to 275	2%	-	-	-	-
275 to 300	-	-	-	-	-
≥ 300	-	-	-	4%	-
Unknown	33%	13%	-	6%	65%

11 Tail Claims - What percentage of your open claims inventory has been open for more than five years? (If unknown or not applicable, select "Not Applicable / Unknown") (404 Responses)

Overview - All Responses

Answer	count	%
1 to 5%	65	16%
6 to 10%	73	18%
11 to 15%	39	10%
16 to 20%	35	9%
21 to 25%	19	5%
26 to 30%	17	4%
31 to 35%	11	3%
36 to 40%	12	3%
41 to 45%	5	1%
46 to 50%	9	2%
≥ 51%	22	5%
Not Applicable / Unknown	97	24%

Mean = 20%

12 Claims Resolution - What is your current claims closure ratio? (If unknown, select "Unknown") (404 Responses)

Overview - All Responses

Answer	count	%
≤ 50%	12	3%
51 to 60%	8	2%
61 to 70%	13	3%
71 to 80%	17	4%
81 to 90%	34	8%
91 to 100%	67	17%
101 to 110%	72	18%
111 to 120%	15	4%
121 to 130%	2	< 1%
131 to 140%	2	< 1%
141 to 150%	0	-
≥ 151%	6	2%
Unknown / Not Applicable	156	39%

Mean = 95%

(12 cont'd)

(12 cont'd) Claims Resolution - What is your current claims closure ratio?

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
≤ 50%	3%	-	1%	5%
51 to 60%	-	25%	-	2%
61 to 70%	2%	-	3%	4%
71 to 80%	4%	-	-	4%
81 to 90%	6%	50%	10%	10%
91 to 100%	30%	-	12%	18%
101 to 110%	25%	25%	33%	13%
111 to 120%	2%	-	6%	5%
121 to 130%	-	-	-	1%
131 to 140%	1%	-	-	1%
141 to 150%	-	-	-	-
≥ 151%	1%	-	5%	-
Unknown / Not Applicable	26%	-	30%	37%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
≤ 50%	2%	5%	-	4%	-
51 to 60%	6%	5%	-	-	-
61 to 70%	2%	9%	-	7%	-
71 to 80%	8%	5%	-	4%	14%
81 to 90%	10%	5%	-	10%	-
91 to 100%	6%	14%	29%	17%	-
101 to 110%	5%	14%	14%	10%	-
111 to 120%	-	9%	14%	-	-
121 to 130%	-	5%	-	-	-
131 to 140%	-	-	-	-	-
141 to 150%	-	-	-	-	-
≥ 151%	2%	-	-	-	-
Unknown / Not Applicable	59%	29%	43%	48%	86%

Appendix B - Prioritizing Core Competencies

- 1 Rank in order of highest priority the core competencies most critical to claim outcomes, with 1 being the "highest priority" and 10 being the "lower priority."

(404 Responses)

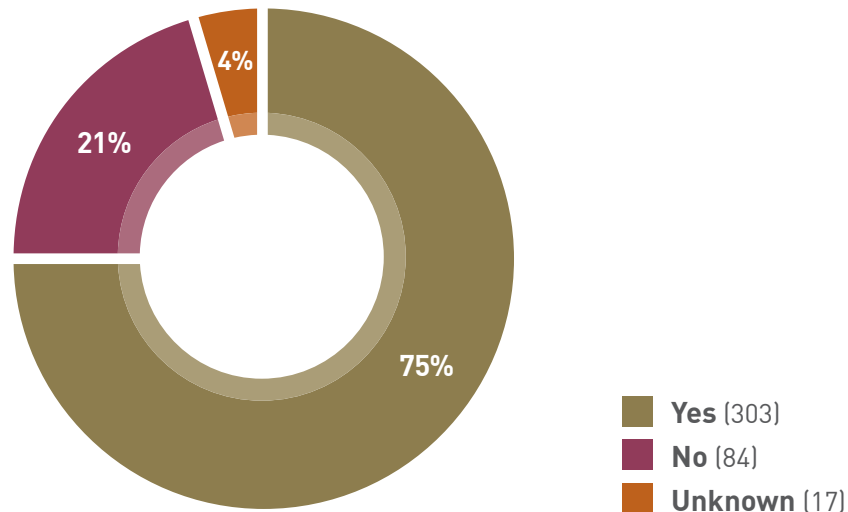
Overview - All Responses

Answer	Overall Rank	Mean
Medical Management	1	3.14
Disability / RTW Management	2	3.21
Compensability Investigations	3	3.47
Claim Resolution	4	4.37
Case Reserving	5	5.54
Litigation Management	6	6.30
Oversight Governance / Supervisory Oversight	7	6.31
Bill Review	8	6.91
Fraud & Abuse Detection	9	7.18
Vocational Rehabilitation	10	8.58

Rank Distribution by Response Count

Answer	Mean	Ranking									
		Highest Priority	1	2	3	4	5	6	7	8	9
Medical Management	3.14	78	103	71	68	42	19	12	8	3	-
Disability / RTW Management	3.21	67	104	99	53	32	23	7	9	7	3
Compensability Investigations	3.47	130	55	61	34	36	24	24	16	18	6
Claim Resolution	4.37	65	41	53	56	60	43	39	27	13	7
Case Reserving	5.54	21	45	40	53	44	44	45	39	45	28
Litigation Management	6.30	6	5	20	45	59	77	80	58	33	21
Oversight Governance / Supervisory Oversight	6.31	22	27	24	36	42	45	50	49	55	54
Bill Review	6.91	3	8	11	31	46	57	77	77	52	42
Fraud & Abuse Detection	7.18	10	12	19	16	31	51	44	72	90	59
Vocational Rehabilitation	8.58	2	4	6	12	12	21	26	49	88	184

2 Does your organization measure best practices / performance within core competencies?
(404 Responses)



Conditional Question for those who answered "Yes" in Question 2

2.1 Considering the following core competencies, please indicate in which areas your organization measures best practices / performance. Select all that apply: (303 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Disability / RTW Management	251	83%	62%
Medical Management	247	82%	61%
Claim Resolution	245	81%	61%
Case Reserving	234	77%	58%
Compensability Investigations	202	67%	50%
Litigation Management	193	64%	48%
Bill Review	183	60%	45%
Oversight Governance / Supervisory Oversight	167	55%	41%
Fraud & Abuse Detection	122	40%	30%
Vocational Rehabilitation	67	22%	17%

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

Conditional Question for those who answered "Yes" in Question 2, and then segmented by their responses in Question 2.1

2.2 Indicate, on average, how often your organization measures best practices / performance within core competencies for each area. (303 Responses)

Answer	Total Count	Real Time /Daily	Weekly	Monthly	Semi-Monthly	Quarterly	Biannually	Annually
Disability / RTW Management	251	31%	7%	31%	2%	18%	2%	9%
Medical Management	247	24%	10%	30%	3%	22%	2%	9%
Claim Resolution	245	16%	11%	39%	0%	19%	6%	9%
Case Reserving	234	20%	7%	36%	2%	22%	5%	8%
Compensability Investigations	202	29%	10%	29%	1%	17%	4%	10%
Litigation Management	193	15%	6%	36%	1%	26%	4%	12%
Bill Review	183	23%	7%	33%	2%	22%	3%	10%
Oversight Governance / Supervisory Oversight	167	23%	8%	28%	2%	20%	5%	14%
Fraud & Abuse Detection	122	25%	7%	30%	1%	21%	4%	12%
Vocational Rehabilitation	67	11%	10%	30%	3%	24%	10%	12%

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

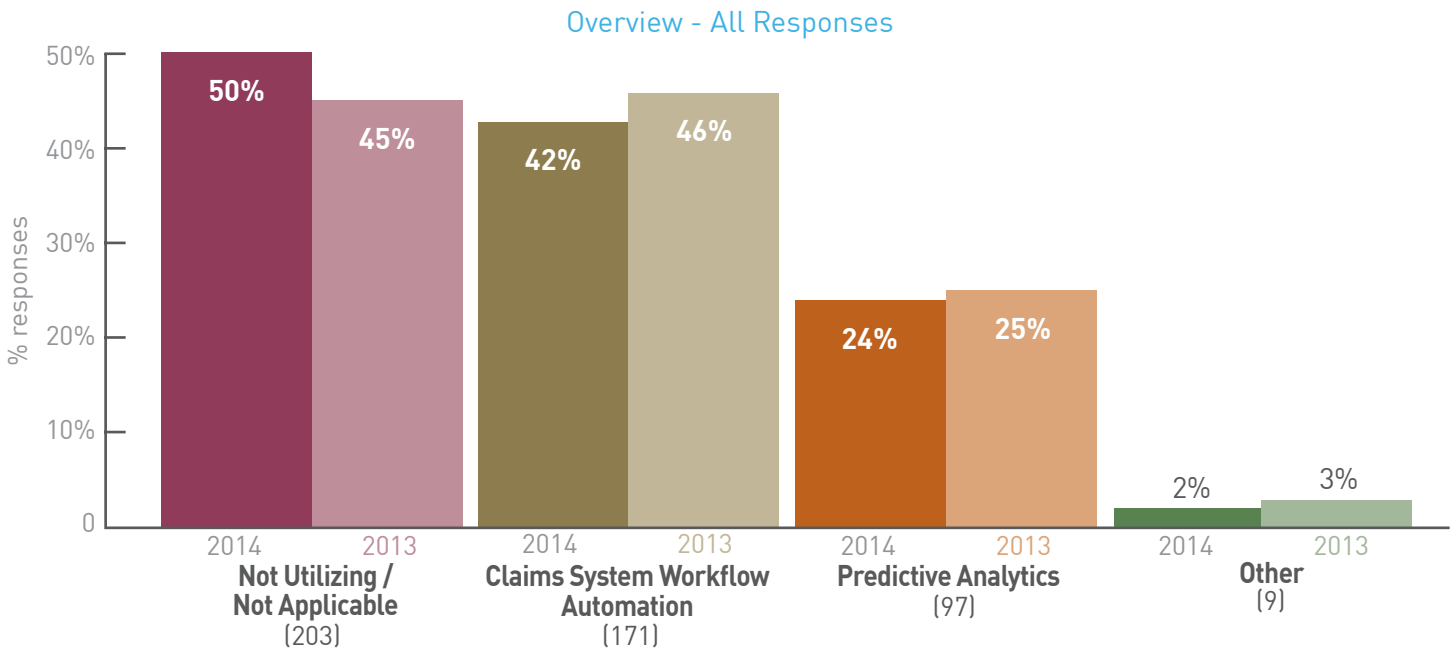
Conditional Question for those who answered "No" in Question 2

2.3 What are the primary limitations / reasons for not measuring best practices / performance within core competencies? Select all that apply: (84 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Not a Business Priority	31	37%	8%
Data / System Limitations	31	37%	8%
Unsure How to Operationalize	28	33%	7%
Financial Limitations	9	11%	2%
Other	13	15%	3%

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

3 Does your organization utilize any of the following systems to direct or manage tasks within best practices? Select all that apply: (If no, select "Not Applicable") (404 Responses)



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

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Not Utilizing / Not Applicable	38%	25%	33%	60%
Claims System Workflow Automation	58%	75%	59%	36%
Predictive Analytics	28%	50%	28%	23%
Other	3%	-	1%	1%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Not Utilizing / Not Applicable	62%	64%	29%	69%	64%
Claims System Workflow Automation	21%	41%	57%	24%	14%
Predictive Analytics	21%	5%	43%	14%	29%
Other	5%	-	-	3%	-

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

(3 cont'd)

(3 cont'd) Does your organization utilize any of the following systems to direct or manage tasks within best practices? Select all that apply...

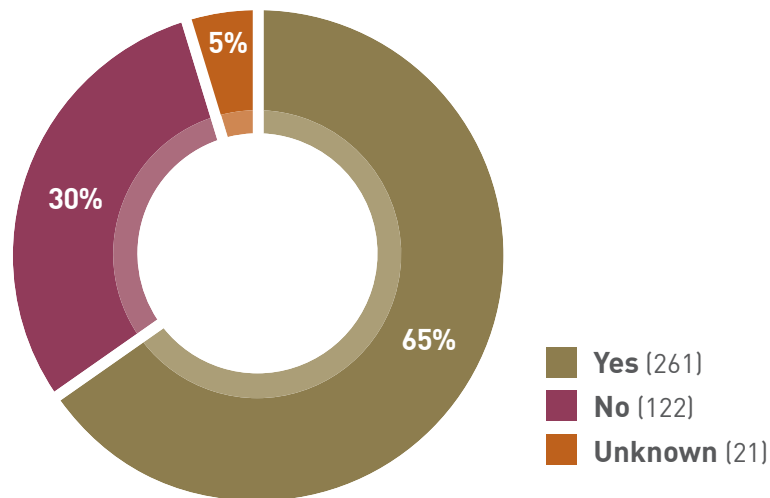
Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	count	≤ 50%	51 to 60%	61 to 70%	71 to 80%	81 to 90%	91 to 100%
Not Utilizing / Not Applicable	203	2%	2%	5%	5%	7%	14%
Claims System Workflow Automation	171	2%	1%	2%	5%	9%	22%
Predictive Analytics	97	3%	2%	1%	5%	12%	20%
Other	9	11%	11%	-	-	11%	22%

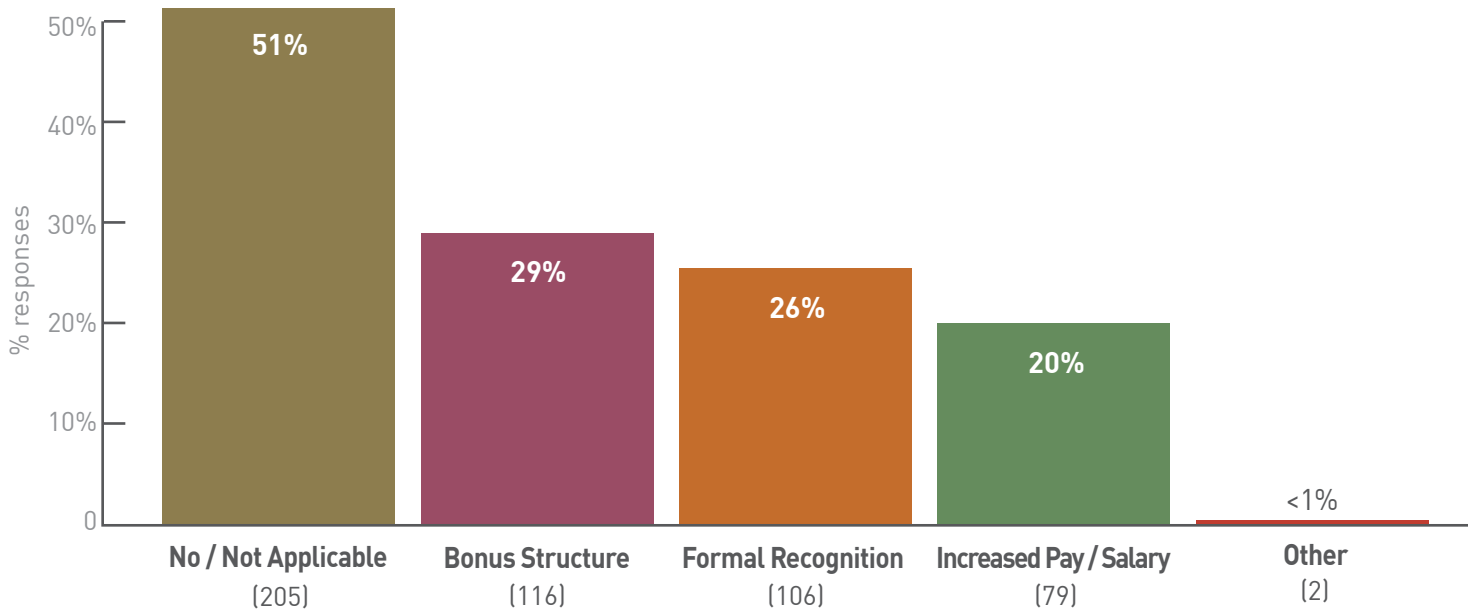
		101 to 110%	111 to 120%	121 to 130%	131 to 140%	141 to 150%	≥ 151%	Unknown / Not Applicable
Not Utilizing / Not Applicable	14%	2%	1%	1%	-	-	1%	46%
Claims System Workflow Automation	25%	6%	-	1%	-	-	2%	25%
Predictive Analytics	19%	3%	-	-	-	-	4%	31%
Other	22%	-	-	-	-	-	-	23%

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

4 Does your organization use an audit or quality assurance program focused on claim outcomes for operational performance? (404 Responses)

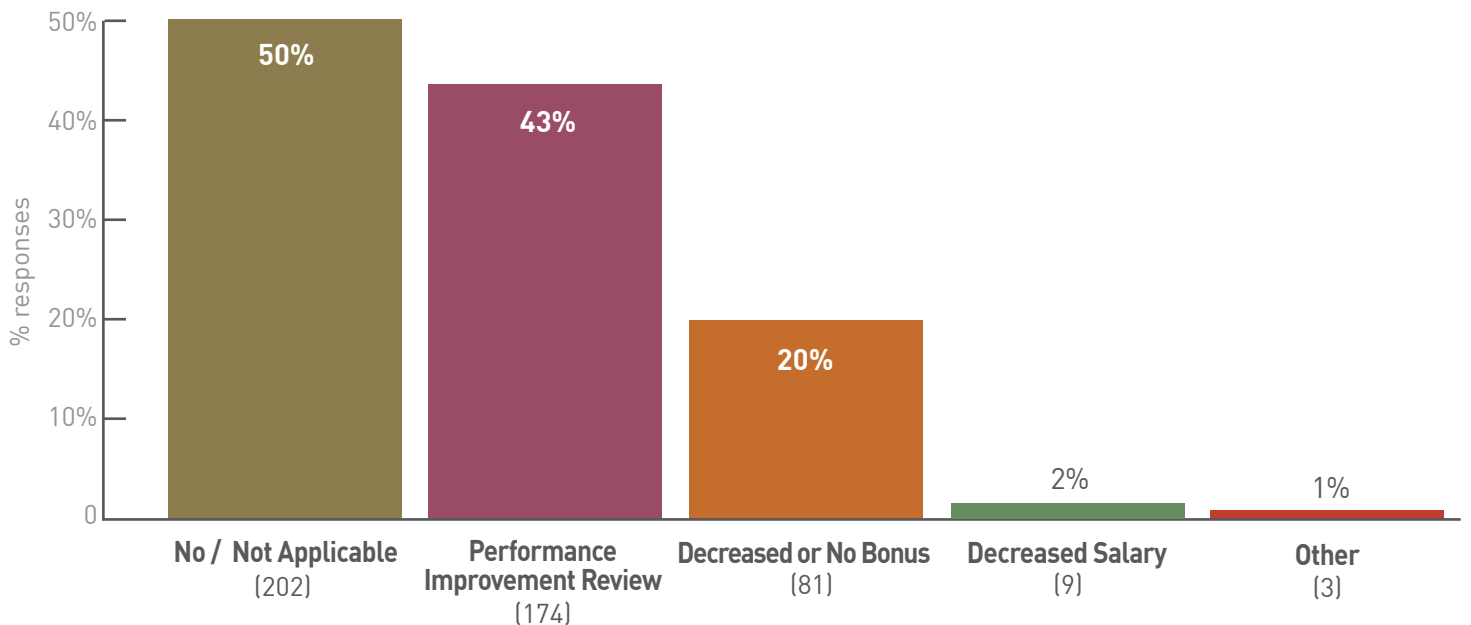


5 Does your organization utilize incentives for staff to achieve best practices / performance measures? Select all that apply: (If no, select "Not Applicable") (404 Responses)



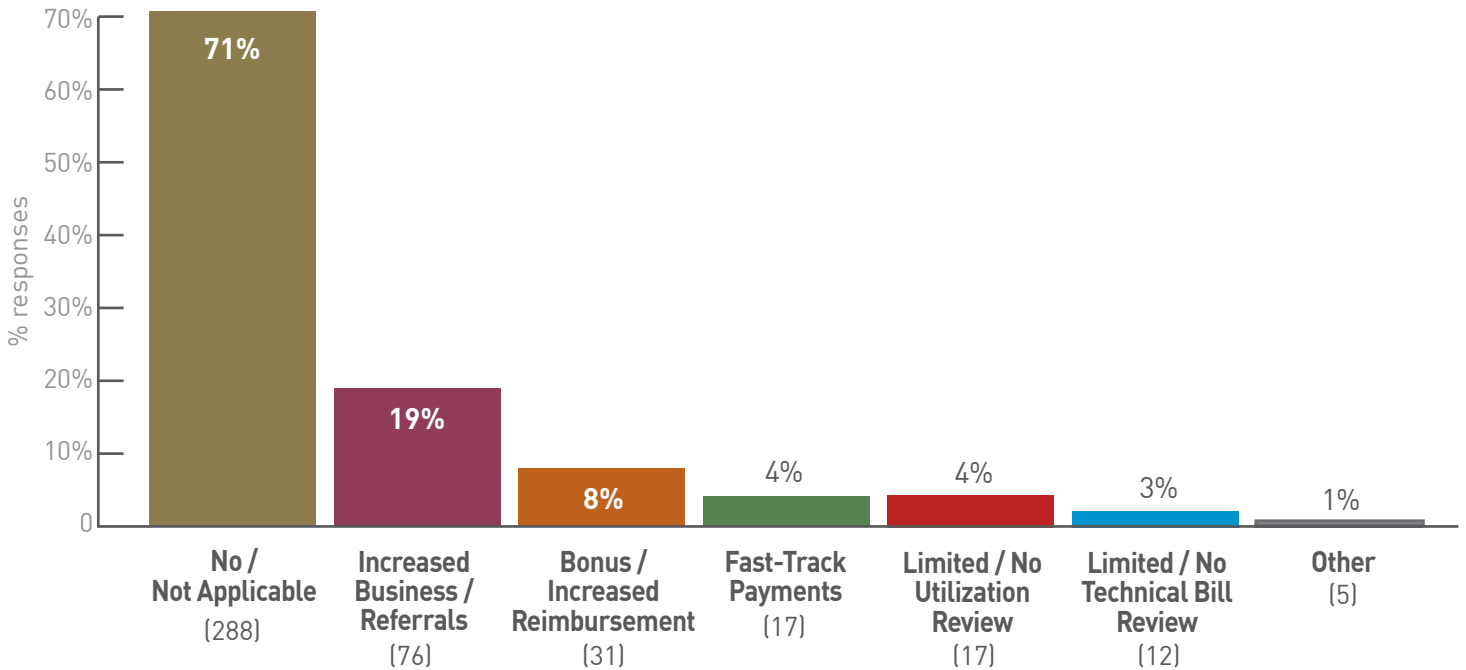
NOTE: Participants were able to select more than one answer for this question

6 Does your organization utilize penalties for staff when best practices / performance measures are not met? Select all that apply: (If no, select "Not Applicable") (404 Responses)



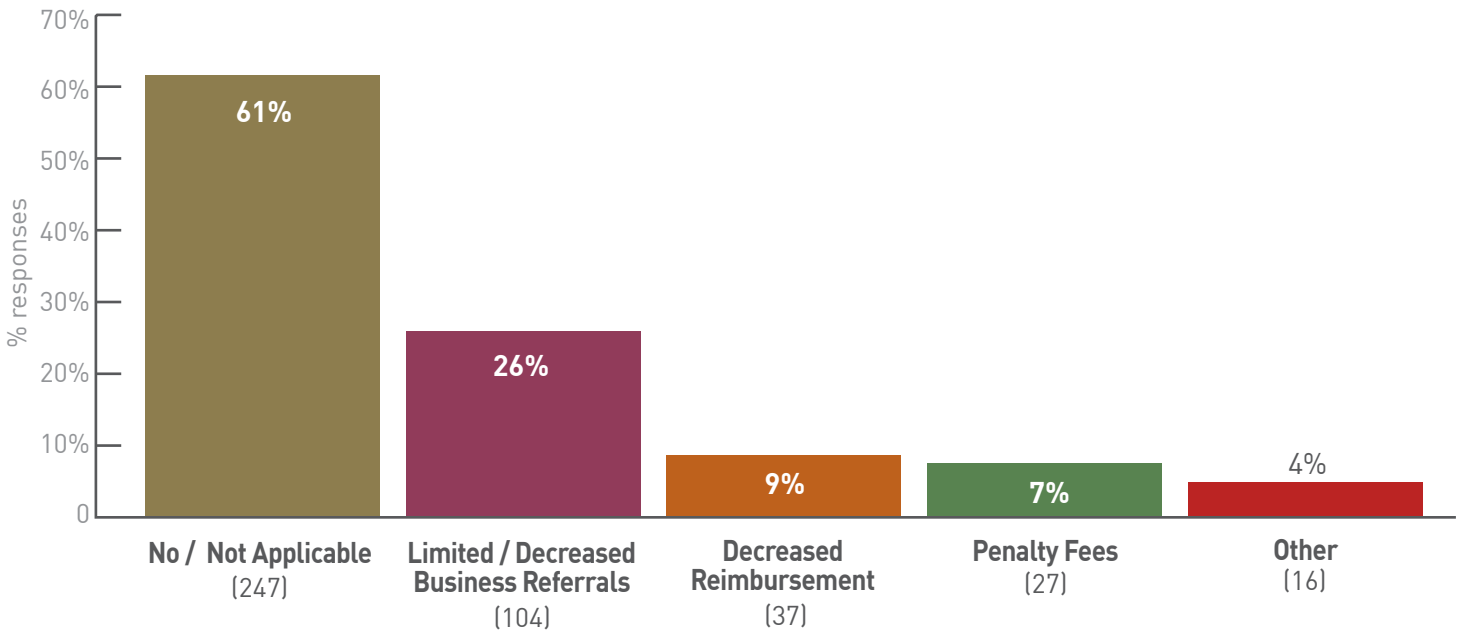
NOTE: Participants were able to select more than one answer for this question

7 Does your organization utilize incentives for vendor partners to achieve best practices / performance measures? Select all that apply: (If no, select "Not Applicable") (404 Responses)



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

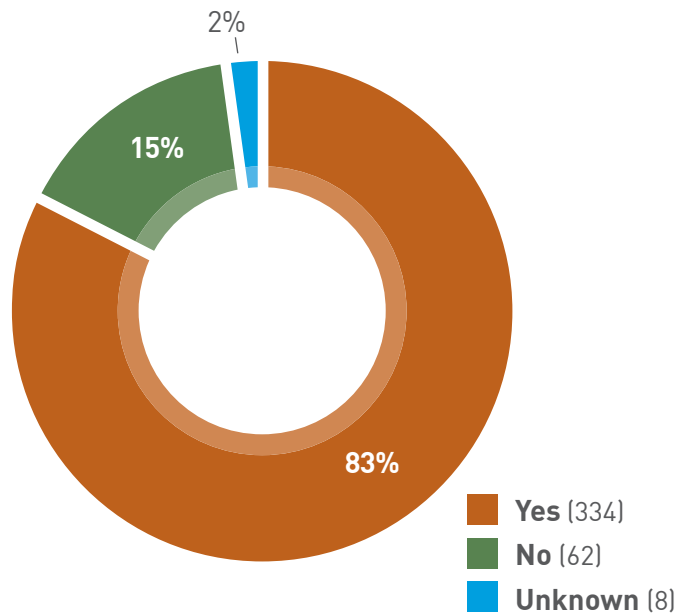
8 Does your organization utilize penalties for vendor partners when best practices / performance measures are not met? Select all that apply: (If no, select "Not Applicable") (404 Responses)



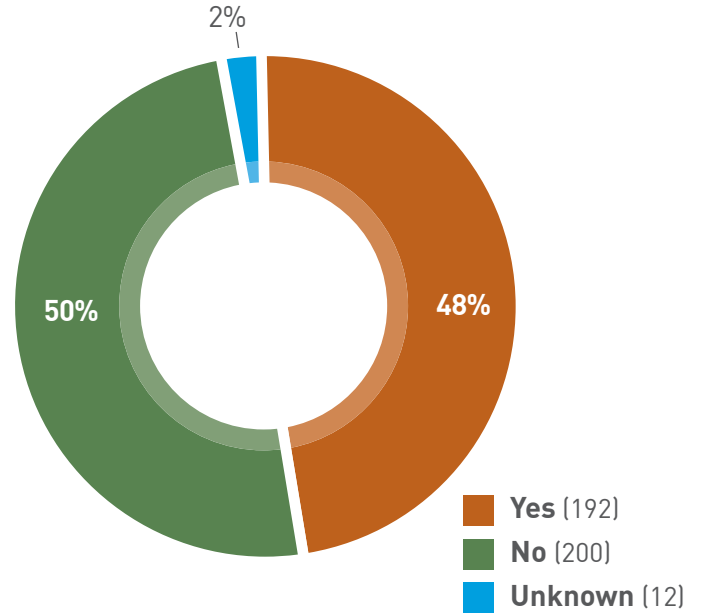
NOTE: Participants were able to select more than one answer for this question

Appendix C - Talent Development & Retention

1 Is staff development included in your organizational / departmental strategic goals? (404 Responses)



2 Does your organization have a dedicated training and development group? (404 Responses)



(2 cont'd)

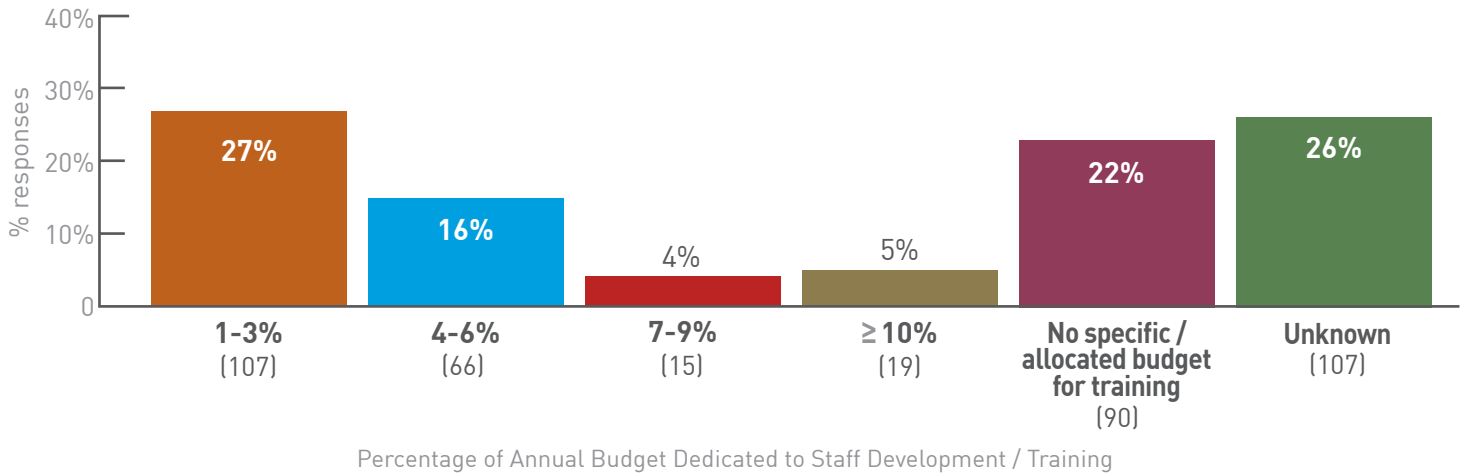
Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Yes	61%	-	42%	43%
No	38%	100%	55%	56%
Unknown	1%	-	3%	1%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Yes	54%	18%	71%	52%	29%
No	41%	77%	29%	48%	43%
Unknown	5%	5%	-	-	28%

3 What percentage of your annual budget is dedicated to staff development and training?
(404 Responses)

Overview - All Responses

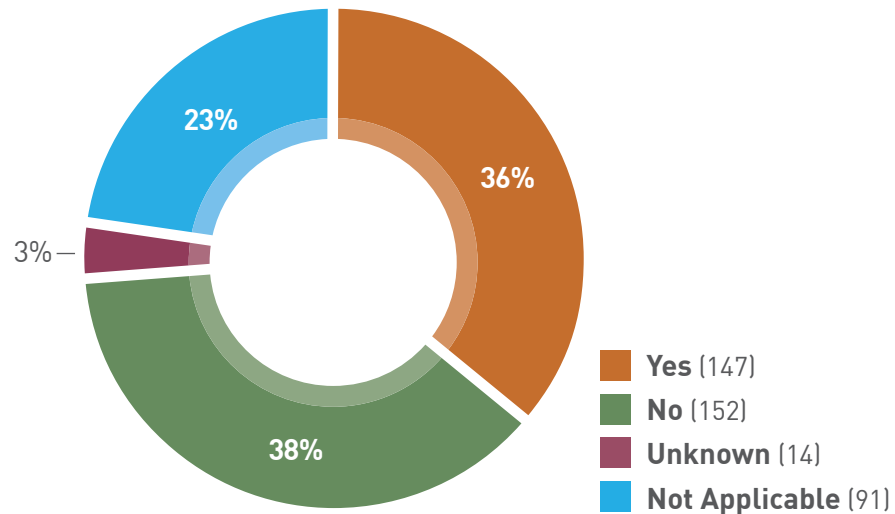


Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
1-3%	12%	50%	28%	27%
4-6%	21%	50%	17%	13%
7-9%	4%	-	6%	4%
≥ 10%	5%	-	5%	4%
No specific / allocated budget for training	22%	-	17%	31%
Unknown	36%	-	27%	21%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
1-3%	33%	50%	-	45%	7%
4-6%	8%	9%	14%	28%	29%
7-9%	2%	-	-	-	7%
≥ 10%	5%	9%	-	3%	-
No specific / allocated budget for training	27%	18%	-	14%	21%
Unknown	25%	14%	86%	10%	36%

4 Does your organization have a formal training program for new hire claims staff with little to no experience? (404 Responses)



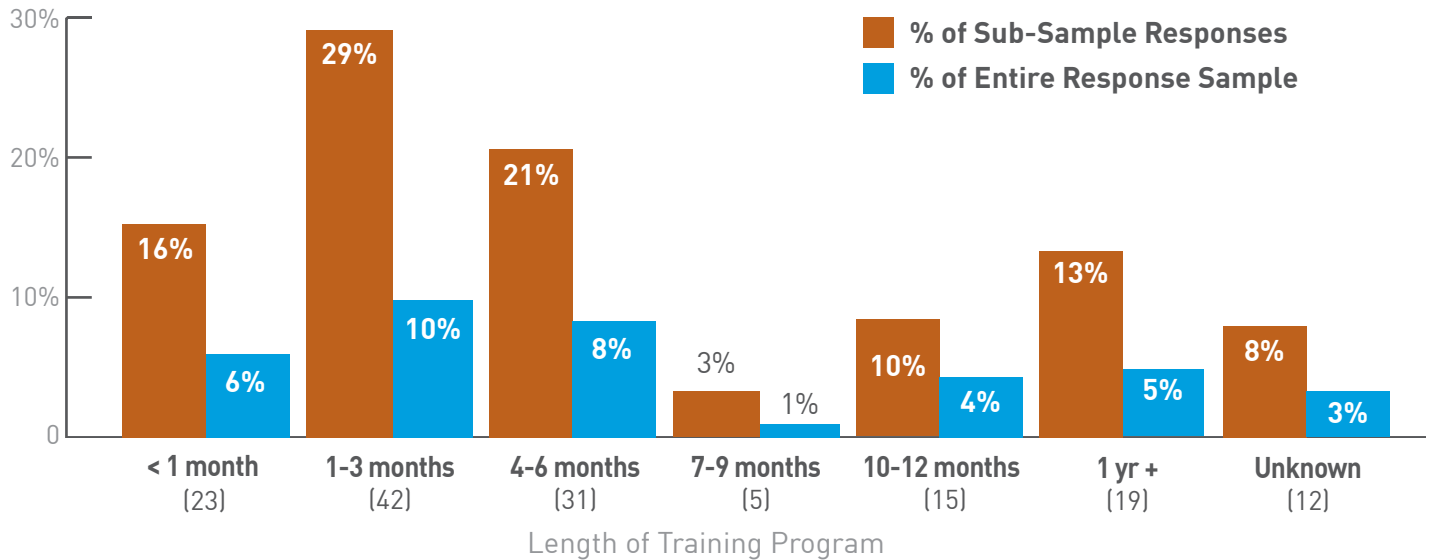
Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Yes	64%	-	42%	19%
No	28%	25%	50%	44%
Unknown	2%	-	1%	4%
Not Applicable	6%	75%	7%	33%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Yes	17%	23%	100%	24%	50%
No	30%	54%	-	31%	29%
Unknown	5%	9%	-	4%	7%
Not Applicable	48%	14%	-	41%	14%

Conditional Question for those who answered "Yes" in Question 4

4.1 What is the length of the training program for new hire claims staff with no experience to minimal experience? (147 Responses)



Conditional Question for those who answered "Yes" in Question 4

4.2 Considering your new hire claims staff training program, how many hours of formal / classroom training are dedicated to the program? (147 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
1 - 20 hours	30	20%	7%
20 - 40 hours	33	22%	8%
40 - 60 hours	18	12%	4%
60 - 80 hours	11	8%	3%
80 - 100 hours	2	1%	< 1%
100 - 120 hours	9	6%	2%
120 - 140 hours	2	1%	< 1%
140 - 160 hours	4	3%	1%
160 - 180 hours	1	1%	< 1%
200 - 220 hours	1	1%	< 1%
≥ 250	10	7%	2%
Unknown	26	18%	6%

(4.2 cont'd)

(4.2 cont'd) Considering your new hire claims staff training program, how many hours of formal / classroom training are dedicated to the program?

Responses Segmented by Organization Type

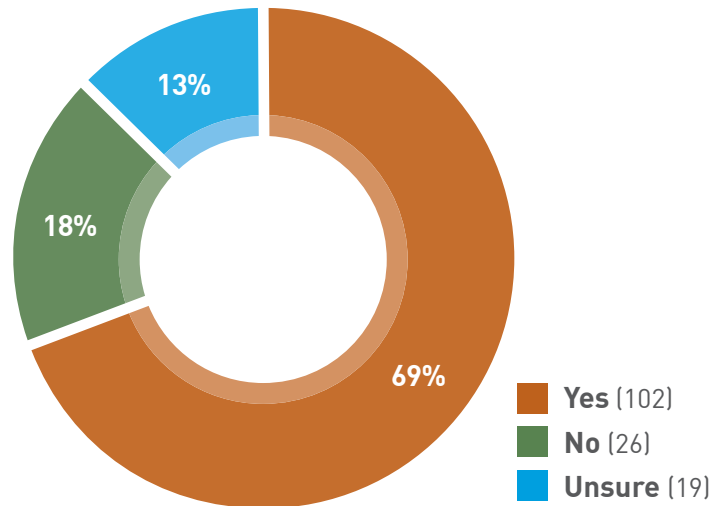
Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	59	0	33	18
1 - 20 hours	12%	-	25%	33%
20 - 40 hours	27%	-	21%	6%
40 - 60 hours	10%	-	21%	17%
60 - 80 hours	8%	-	3%	17%
80 - 100 hours	2%	-	3%	-
100 - 120 hours	8%	-	9%	-
120 - 140 hours	2%	-	-	6%
140 - 160 hours	5%	-	-	-
160 - 180 hours	2%	-	-	-
200 - 220 hours	-	-	-	-
≥ 250	7%	-	6%	-
Unknown	17%	-	12%	21%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	11	5	7	7	7
1 - 20 hours	36%	20%	14%	14%	29%
20 - 40 hours	27%	20%	29%	29%	14%
40 - 60 hours	9%	20%	-	-	-
60 - 80 hours	-	20%	-	14%	-
80 - 100 hours	-	-	-	-	-
100 - 120 hours	-	-	-	14%	-
120 - 140 hours	-	-	-	-	-
140 - 160 hours	-	-	14%	-	-
160 - 180 hours	-	-	-	-	-
200 - 220 hours	-	-	14%	-	-
≥ 250	-	-	29%	14%	14%
Unknown	28%	20%	-	15%	43%

Conditional Question for those who answered "Yes" in Question 4

4.3 Overall, do you believe completion of the new hire training prepares claims staff to carry a caseload?
 (147 Responses)

Overview - All Responses



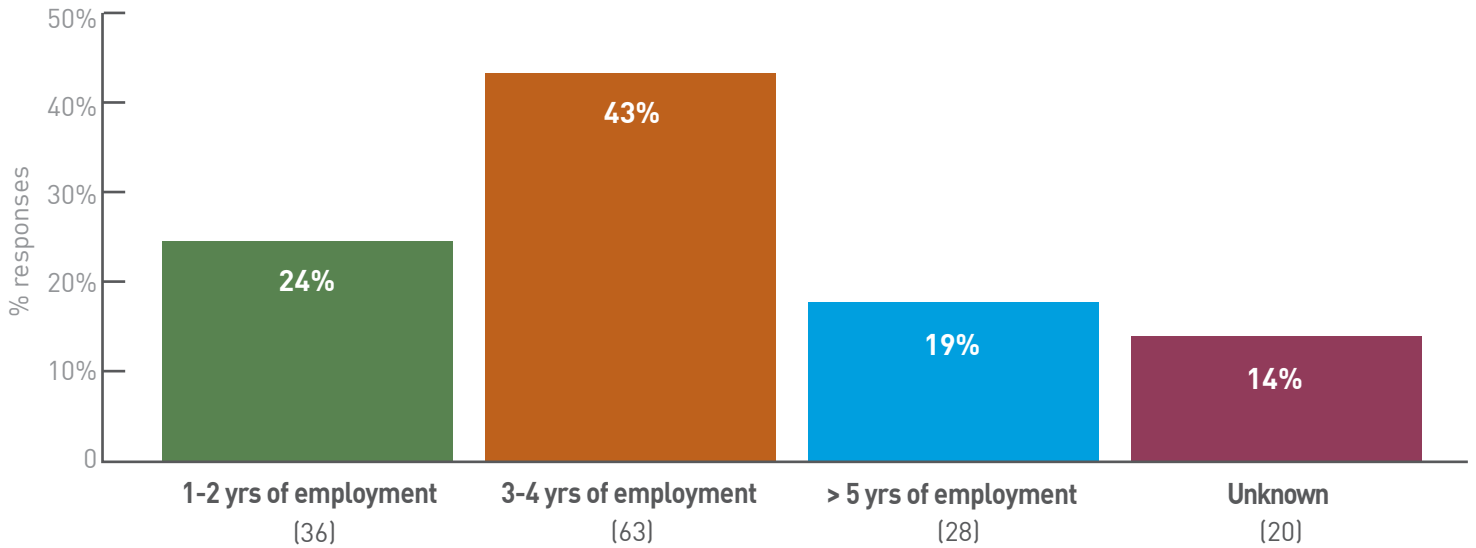
Responses Segmented by Hours of Formal / Classroom Training for New Hire Claims Staff

Answer	1-20 hrs	20-40 hrs	40-60 hrs	60-80 hrs	80-100 hrs	100-120 hrs
Yes	57%	58%	94%	73%	100%	67%
No	30%	24%	-	18%	-	33%
Unsure	13%	18%	6%	9%	-	-

Answer	120-140 hrs	140-160 hrs	160-180 hrs	200-220 hrs	≥ 250 hrs	Unknown
Yes	100%	100%	100%	100%	90%	62%
No	-	-	-	-	10%	12%
Unsure	-	-	-	-	-	26%

Conditional Question for those who answered "Yes" in Question 4

4.4 What do you consider a reasonable ROI for the training provided to new hire claims staff?
 (147 Responses)



5 When do you assign claims to new hire claims staff with no experience to minimal experience?
 (404 Responses)

Answer	Responses	%
Within two weeks of date of hire	50	12%
Four to six weeks after date of hire	71	18%
Three months after date of hire	40	10%
Four months after date of hire	10	2%
Five months after date of hire	4	1%
Six months or more after date of hire	24	6%
Unknown	23	6%
Not Applicable	182	45%

(5 cont'd)

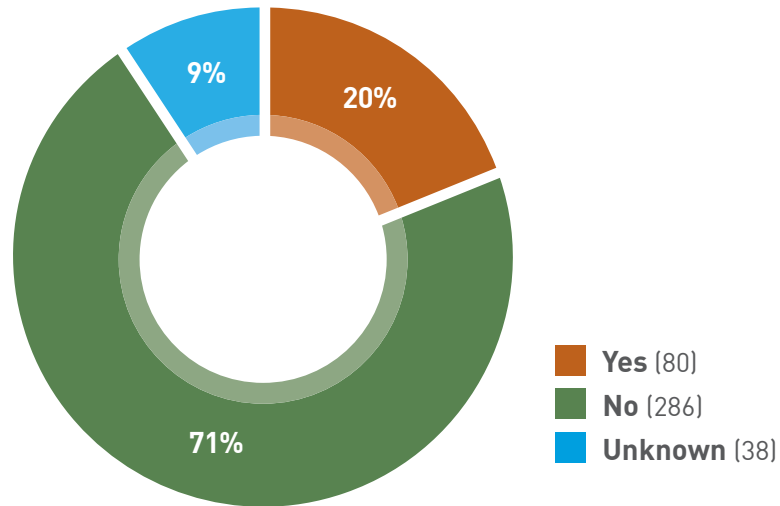
(5 cont'd) When do you assign claims to new hire claims staff with no experience to minimal experience?

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Within two weeks of date of hire	21%	-	12%	10%
Four to six weeks after date of hire	34%	-	18%	15%
Three months after date of hire	16%	-	18%	2%
Four months after date of hire	4%	-	4%	3%
Five months after date of hire	2%	25%	-	-
Six months or more after date of hire	4%	-	14%	4%
Unknown	6%	-	7%	5%
Not Applicable	13%	75%	27%	61%

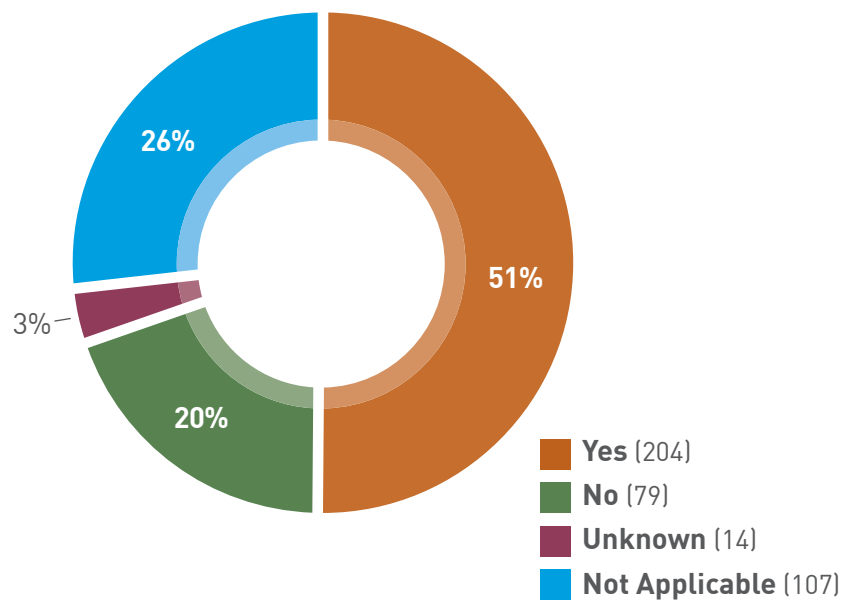
Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Within two weeks of date of hire	3%	18%	-	10%	29%
Four to six weeks after date of hire	5%	9%	43%	7%	14%
Three months after date of hire	3%	-	57%	7%	7%
Four months after date of hire	-	-	-	-	-
Five months after date of hire	-	5%	-	-	-
Six months or more after date of hire	-	14%	-	7%	-
Unknown	2%	4%	-	10%	14%
Not Applicable	87%	50%	-	59%	36%

6 Does your organization collaborate with colleges or universities to conduct training, either through custom training programs or degree programs? (404 Responses)



7 Does your organization provide skills training and development programs for senior-level claims adjusters? (404 Responses)

Overview - All Responses



(7 cont'd)

(7 cont'd) Does your organization provide skills training and development programs for senior-level claims adjusters?

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Yes	76%	75%	78%	33%
No	15%	25%	17%	28%
Unknown	5%	-	2%	1%
Not Applicable	4%	-	3%	38%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Yes	5%	46%	86%	52%	36%
No	17%	27%	14%	21%	-
Unknown	3%	9%	-	-	21%
Not Applicable	75%	18%	-	27%	43%

Conditional Question for those who answered "Yes" in Question 7

7.1 On average, how often do senior-level claims adjusters participate in technical training and development? (204 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Less than once per year	7	4%	2%
Monthly	51	25%	13%
Quarterly	62	30%	15%
Twice a year	51	25%	13%
Annually	33	16%	8%

8 Are formal processes in place to ensure knowledge transfer from senior-level staff to new / less experienced staff? Select all that apply: (If no, select "Not Applicable") (404 Responses)

Answer	count	%
No Processes in Place / Not Applicable	180	45%
Oversight Governance / Supervisory Oversight	148	37%
Cross-Training Program	100	25%
Regular Multidisciplinary Strategy / Staffing Sessions	93	23%
Mentoring Program	9	2%
Other	1	< 1%

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

9 Other than salary and standard benefits, what initiatives are in place for non-management staff? Select all that apply: (If none, select "Not Applicable") (404 Responses)

Overview - All Responses

Answer	count	%
No initiatives currently in place / Not Applicable	94	23%
Tuition Reimbursement	199	49%
Wellness Programs	195	48%
Professional Conference fee reimbursement	192	48%
Professional Membership dues reimbursement	184	46%
Recognition / rewards for industry designations (i.e. AIC, CPCU, CRM)	126	31%
Time for staff to participate in community outreach programs	122	30%
Profit sharing / bonus	118	29%
Work from home option	102	25%
On-site exercise programs	100	25%
Flextime for exercise during the workday	84	21%
Four day work-week or other alternative scheduling arrangement	79	20%
Gym Memberships	66	16%
Stock options	26	6%
Other	4	1%

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

(9 cont'd)

(9 cont'd) Other than salary and standard benefits, what initiatives are in place for non-management staff?

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
No initiatives currently in place / Not Applicable	7%	25%	6%	34%
Tuition Reimbursement	77%	75%	41%	47%
Wellness programs	65%	75%	54%	45%
Professional Conference fee reimbursement	63%	25%	60%	34%
Professional Membership dues reimbursement	70%	75%	56%	32%
Recognition / rewards for industry designations (i.e. AIC, CPCU, CRM)	64%	25%	47%	14%
Time for staff to participate in community outreach programs	57%	50%	33%	18%
Profit sharing / bonus	57%	75%	36%	19%
Work from home option	38%	-	37%	19%
On-site exercise programs	42%	50%	14%	21%
Flextime for exercise during the workday	36%	25%	24%	14%
Four day work-week or other alternative scheduling arrangement	18%	25%	33%	18%
Gym Memberships	30%	25%	17%	12%
Stock Options	9%	-	10%	4%
Other	-	-	4%	1%

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

(9 cont'd)

(9 cont'd) Other than salary and standard benefits, what initiatives are in place for non-management staff?

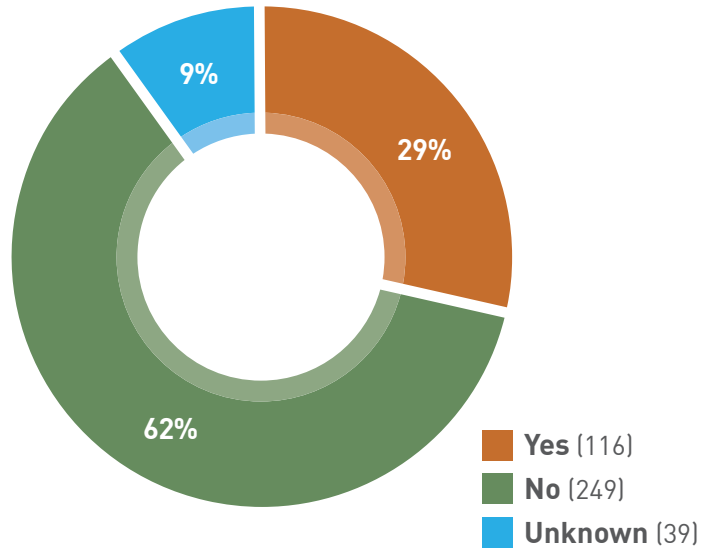
Responses Segmented by Organization Type [cont'd]

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
No initiatives currently in place / Not Applicable	46%	27%	-	34%	36%
Tuition Reimbursement	33%	18%	100%	48%	14%
Wellness programs	33%	36%	86%	38%	7%
Professional Conference fee reimbursement	35%	45%	71%	45%	29%
Professional Membership dues reimbursement	29%	32%	71%	41%	7%
Recognition / rewards for industry designations (i.e. AIC, CPCU, CRM)	8%	14%	57%	10%	7%
Time for staff to participate in community outreach programs	19%	5%	29%	24%	21%
Profit sharing / bonus	16%	5%	29%	7%	14%
Work from home option	19%	5%	29%	7%	21%
On-site exercise programs	24%	23%	43%	17%	-
Flextime for exercise during the workday	16%	18%	14%	10%	-
Four day work-week or other alternative scheduling arrangement	8%	27%	43%	10%	7%
Gym Memberships	11%	9%	43%	3%	-
Stock Options	8%	-	-	-	7%
Other	-	-	-	-	-

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

10 Does your organization offer a formal career path program with growth opportunities for claims staff??
 (404 Responses)

Overview - All Responses



11 What is your organization's turnover rate at the claims adjuster level in the last 12 months? (If not applicable or unknown, please select "Not Applicable / Unknown")
 (404 Responses)

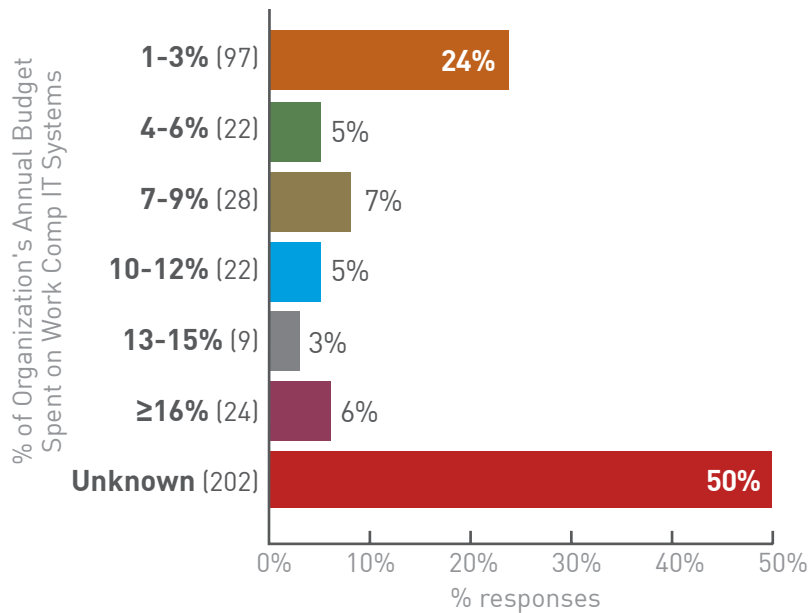
Overview - All Responses

Answer	count	%
< 10%	122	30%
> 10 to 20%	46	11%
> 20 to 30%	10	2%
> 30 to 40%	6	2%
> 40 to 50%	2	1%
> 50%	7	2%
Not Applicable / Unknown	211	52%

Appendix D - Impact of Technology & Data

- 1 What percentage of your organization's annual budget is spent on IT systems for workers' compensation programs? (404 Responses)

Overview - All Responses



Responses Segmented by Organization's Use of Systems to Drive Best Practices

Answer	Claims System Workflow Automation	Predictive Analytics	Other	Not Utilizing / Not Applicable
1 - 3%	21%	20%	2%	67%
4 - 6%	55%	32%	-	45%
7 - 9%	46%	36%	4%	43%
10 - 12%	73%	36%	5%	18%
13 - 15%	89%	33%	11%	11%
≥ 16%	58%	17%	4%	46%
Unknown	44%	23%	1%	50%

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

(1 cont'd)

(1 cont'd) What percentage of your organization's annual budget is spent on IT systems for workers' compensation programs?

Responses Segmented by Organization's Use of Medical Provider Outcomes / Performance Measures

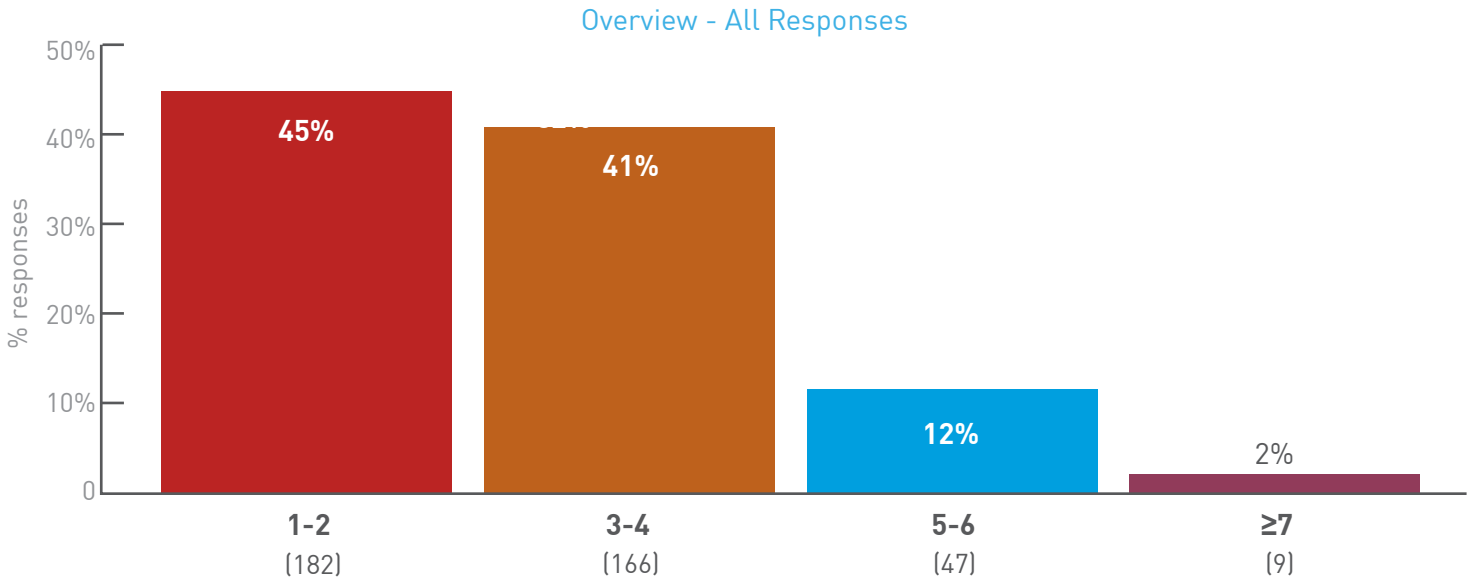
Answer	Provider Outcomes / Measures Used	Provider Outcomes / Measures Not Used	Unknown
1 - 3%	24%	72%	4%
4 - 6%	9%	86%	5%
7 - 9%	54%	43%	3%
10 - 12%	55%	32%	13%
13 - 15%	67%	22%	11%
≥ 16%	21%	75%	4%
Unknown	27%	60%	13%

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
1 - 3%	14%	-	4%	35%
4 - 6%	5%	25%	8%	10%
7 - 9%	7%	-	10%	4%
10 - 12%	5%	-	10%	4%
13 - 15%	3%	-	5%	-
≥ 16%	7%	50%	8%	5%
Unknown	59%	25%	55%	42%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
1 - 3%	43%	27%	-	48%	7%
4 - 6%	-	-	-	-	7%
7 - 9%	2%	18%	-	10%	14%
10 - 12%	2%	5%	-	7%	7%
13 - 15%	-	5%	-	4%	-
≥ 16%	2%	-	14%	10%	-
Unknown	51%	45%	86%	21%	65%

2 Including internal and external programs / systems, how many systems do your claims adjusters utilize in the daily management of claims? (i.e. claims system, UR, legal, bill review, payment systems)
 (404 Responses)



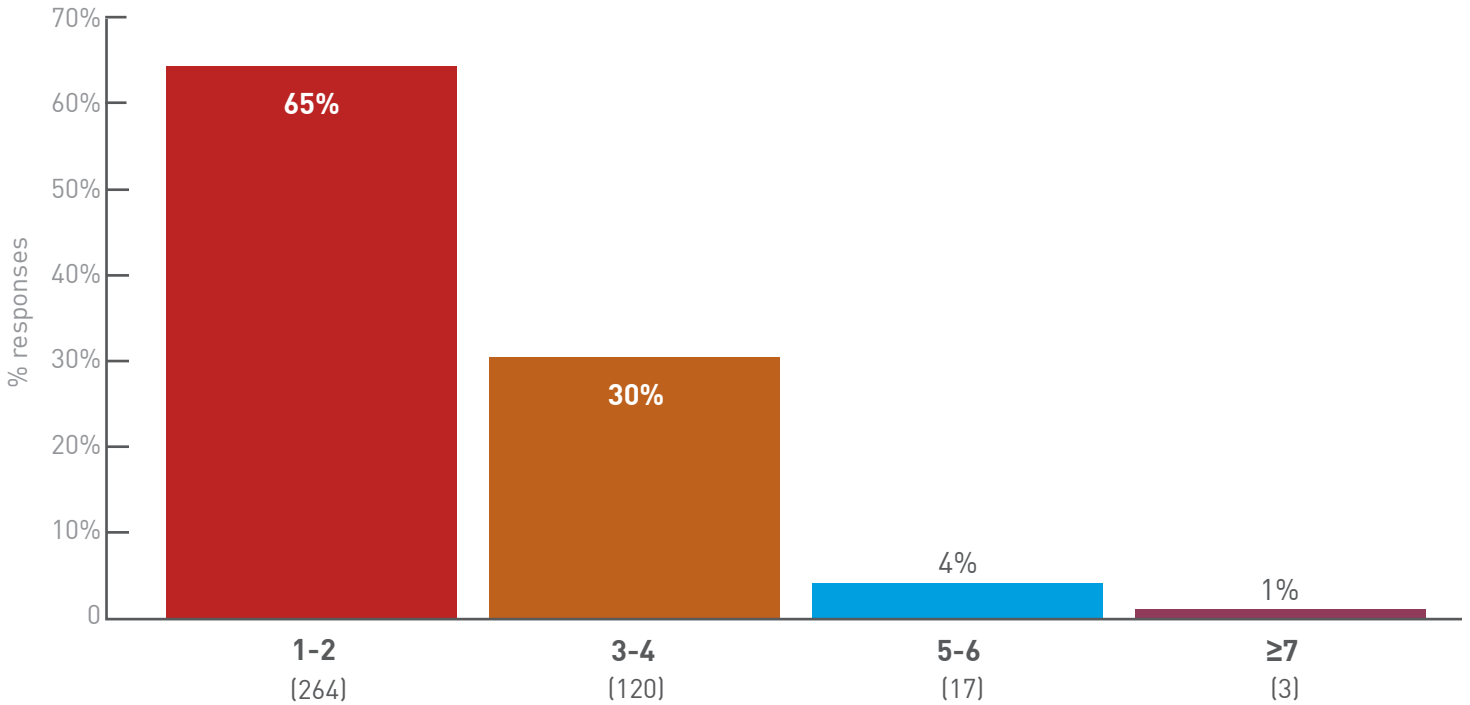
Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
1 - 2	27%	50%	50%	47%
3 - 4	44%	50%	42%	39%
5 - 6	25%	-	8%	11%
≥ 7	4%	-	-	3%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
1 - 2	70%	36%	43%	45%	22%
3 - 4	27%	59%	43%	41%	64%
5 - 6	3%	5%	14%	10%	7%
≥ 7	-	-	-	4%	7%

3 How many systems do you consider efficient for a claims adjuster to utilize in the daily management of claims? (404 Responses)

Overview - All Responses



4 What initiatives / strategies is your organization undertaking to streamline / improve claims adjuster efficiency? Select all that apply: (If none, select "Not Applicable") (404 Responses)

Overview - All Responses

Answer	count	%
No Initiatives / Not Applicable	122	30%
Increased investment in IT resources to integrate systems	196	49%
Workflow Automation	192	48%
Administrative Support / Offload Admin Tasks	149	37%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	130	32%
Increased Specialization	42	10%
Other	12	3%

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

(4 cont'd)

(4 cont'd) What initiatives / strategies is your organization undertaking to streamline / improve claims adjuster efficiency? Check all that apply:...

Responses Segmented by Percentage of Organization's Annual Budget Spent on Work Comp IT Systems

Answer	1 to 3%	4 to 6%	7 to 9%
No Initiatives / Not Applicable	44%	27%	7%
Increased investment in IT resources to integrate systems	35%	50%	57%
Workflow Automation	29%	64%	68%
Administrative Support / Offload Admin Tasks	29%	50%	57%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	24%	32%	43%
Increased Specialization	5%	14%	14%
Other	2%	-	4%

Answer	10 to 12%	13 to 15%	≥16%	Unknown
No Initiatives / Not Applicable	5%	-	4%	34%
Increased investment in IT resources to integrate systems	86%	89%	79%	44%
Workflow Automation	73%	67%	71%	46%
Administrative Support / Offload Admin Tasks	59%	56%	42%	33%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	41%	67%	63%	29%
Increased Specialization	32%	11%	8%	10%
Other	9%	-	-	3%

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

(4 cont'd)

(4 cont'd) What initiatives / strategies is your organization undertaking to streamline / improve claims adjuster efficiency? Check all that apply:...

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	≤50%	51 to 60%	61 to 70%	71 to 80%	81 to 90%	91 to 100%
No Initiatives / Not Applicable	25%	38%	46%	47%	38%	24%
Increased investment in IT resources to integrate systems	42%	38%	38%	35%	47%	54%
Workflow Automation	58%	38%	23%	35%	35%	55%
Administrative Support / Offload Admin Tasks	33%	-	31%	41%	50%	40%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	17%	38%	15%	35%	32%	36%
Increased Specialization	-	-	8%	12%	12%	9%
Other	8%	-	8%	-	3%	1%

Answer	101 to 110%	111 to 120%	121 to 130%	131 to 140%	141 to 150%	≥151%	Unknown / NA
No Initiatives / Not Applicable	13%	33%	-	50%	-	-	37%
Increased investment in IT resources to integrate systems	69%	47%	50%	50%	-	33%	41%
Workflow Automation	67%	67%	-	50%	-	50%	40%
Administrative Support / Offload Admin Tasks	53%	47%	50%	50%	-	33%	26%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	38%	20%	100%	50%	-	50%	29%
Increased Specialization	19%	7%	-	-	-	50%	7%
Other	4%	-	-	-	-	-	3%

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

(4 cont'd)

(4 cont'd) What initiatives / strategies is your organization undertaking to streamline / improve claims adjuster efficiency? Check all that apply...

Responses Segmented by Avg Lost Time caseload per Lost Time Claims Examiner

Answer	Number of Cases					
	< 80	80 to 100	100 to 125	125 to 150	150 to 175	175 to 200
No Initiatives / Not Applicable	33%	15%	18%	27%	26%	25%
Increased investment in IT resources to integrate systems	47%	55%	55%	51%	61%	58%
Workflow Automation	43%	60%	58%	50%	52%	42%
Administrative Support / Offload Admin Tasks	38%	48%	47%	40%	39%	50%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	34%	45%	38%	34%	13%	25%
Increased Specialization	7%	15%	22%	12%	4%	-
Other	1%	10%	2%	2%	-	-

Answer	Number of Cases					
	200 to 225	225 to 250	250 to 275	275 to 300	≥ 300	Unknown
No Initiatives / Not Applicable	67%	-	-	-	50%	51%
Increased investment in IT resources to integrate systems	-	67%	100%	-	50%	32%
Workflow Automation	33%	67%	100%	-	50%	32%
Administrative Support / Offload Admin Tasks	-	33%	-	-	50%	15%
Added Hardware / Tools (i.e. additional computer monitors, mobile devices)	-	-	-	-	50%	25%
Increased Specialization	33%	33%	-	-	50%	1%
Other	-	33%	-	-	-	4%

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

- 5 Do any of the following systems or programs integrate with your claims system? Check all that apply: (If no systems are integrated, select "Not Applicable") (404 Responses)

Overview - All Responses

Answer	count	%
No Systems Integration / Not Applicable	132	33%
Bill Review	202	50%
Nurse Case Management	163	40%
Pharmacy Benefit Manager or Pharmacy Point of Service System	140	35%
Utilization Review	124	31%
Safety / Loss Control	85	21%
Provider Networks	77	19%
Imaging or Imaging Service Providers (i.e., MRI, CT, X-Ray)	71	18%
Legal	68	17%
Fraud & Abuse Detection Systems	62	15%
Predictive Modeling	53	13%
Evidence-based Medicine Guidelines	52	13%
Provider or Hospital Electronic Health Records	35	9%

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

(5 cont'd)

(5 cont'd) Do any of the following systems or programs integrate with your claims system? Check all that apply:...

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
No Systems Integration / Not Applicable	25%	50%	5%	38%
Bill Review	57%	-	83%	46%
Nurse Case Management	48%	-	67%	32%
Pharmacy Benefit Manager / Pharmacy Point of Service System	47%	-	63%	22%
Utilization Review	36%	-	55%	19%
Safety / Loss Control	14%	-	27%	24%
Provider Networks	24%	-	35%	14%
Imaging or Imaging Service Providers (i.e., MRI, CT, X-Ray)	29%	25%	27%	12%
Legal	24%	-	18%	14%
Fraud & Abuse Detection Systems	29%	-	19%	11%
Predictive Modeling	15%	25%	21%	12%
Evidence-based Medicine Guidelines	15%	-	18%	12%
Provider or Hospital Electronic Health Records	8%	-	15%	12%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
No Systems Integration / Not Applicable	70%	23%	-	34%	57%
Bill Review	8%	59%	57%	48%	36%
Nurse Case Management	14%	45%	71%	28%	36%
Pharmacy Benefit Manager / Pharmacy Point of Service System	3%	55%	43%	24%	21%
Utilization Review	5%	50%	71%	28%	21%
Safety / Loss Control	17%	23%	-	31%	21%
Provider Networks	6%	27%	-	7%	21%
Imaging or Imaging Service Providers (i.e., MRI, CT, X-Ray)	2%	18%	43%	7%	7%
Legal	5%	9%	43%	28%	21%
Fraud & Abuse Detection Systems	5%	9%	-	14%	7%
Predictive Modeling	8%	-	29%	10%	7%
Evidence-based Medicine Guidelines	5%	14%	57%	7%	7%
Provider or Hospital Electronic Health Records	3%	5%	-	7%	-

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

Conditional Question for those who selected a system(s) or program(s) in Question 5

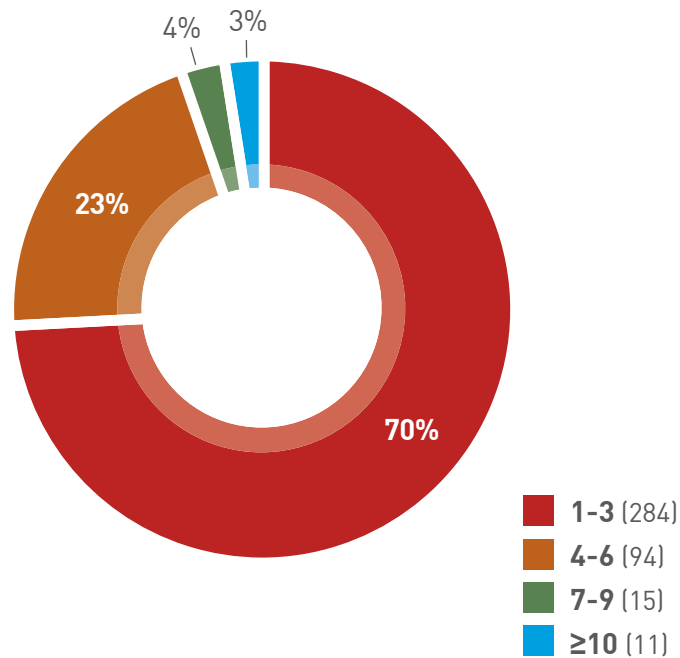
5.1 Indicate how each selected system or program integrates with your claims system. (272 Responses)

Answer	Total Count	The system contains a web link to the claims system	Staff manually copies and pastes data into the claims system
Bill Review	202	12%	5%
Nurse Case Management	163	6%	26%
Pharmacy Benefit Manager or Pharmacy Point of Service System	140	14%	8%
Utilization Review	124	12%	14%
Safety / Loss Control	85	14%	21%
Provider Networks	77	25%	6%
Imaging or Imaging Service Providers (i.e., MRI, CT, X-Ray)	71	17%	10%
Legal	68	27%	25%
Fraud & Abuse Detection Systems	62	21%	21%
Predictive Modeling	53	8%	17%
Evidence-based Medicine Guidelines	52	54%	10%
Provider or Hospital Electronic Health Records	35	14%	14%

Answer	Data populates the claims system through a scheduled file upload / flat file transfer	Data populates the claims system in real time	Health Level 7 (HL7) integration	Other
Bill Review	56%	21%	1%	5%
Nurse Case Management	20%	35%	2%	11%
Pharmacy Benefit Manager or Pharmacy Point of Service System	56%	11%	2%	9%
Utilization Review	33%	35%	2%	4%
Safety / Loss Control	20%	26%	1%	18%
Provider Networks	23%	26%	4%	16%
Imaging or Imaging Service Providers (i.e., MRI, CT, X-Ray)	17%	41%	1%	14%
Legal	13%	16%	1%	18%
Fraud & Abuse Detection Systems	27%	16%	2%	13%
Predictive Modeling	30%	28%	-	17%
Evidence-based Medicine Guidelines	4%	13%	2%	17%
Provider or Hospital Electronic Health Records	29%	20%	9%	14%

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

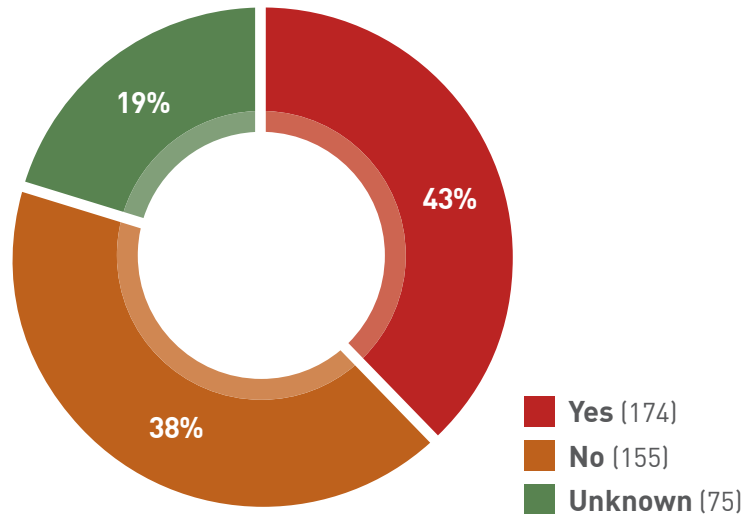
6 How many different systems do you receive data / metrics reports from?
(404 Responses)



(6 cont'd)

7 Does your organization use a data warehouse to consolidate or integrate systems for reporting purposes? (404 Responses)

Overview - All Responses



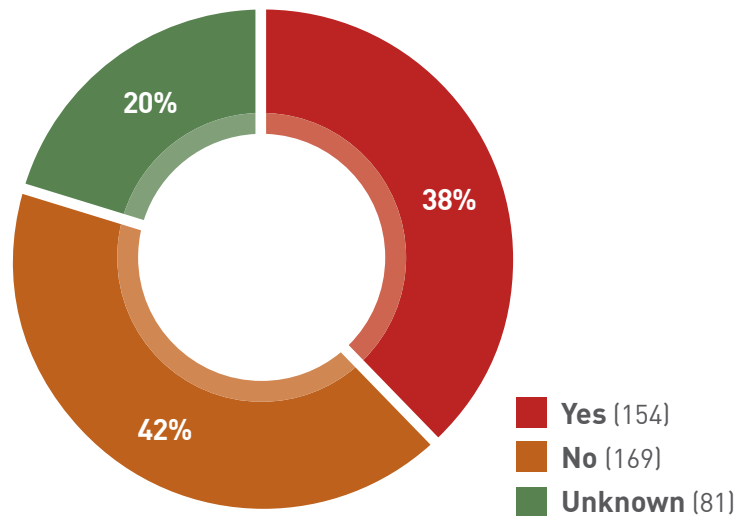
Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Yes	64%	100%	49%	33%
No	22%	-	29%	45%
Unknown	14%	-	22%	22%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Yes	30%	23%	86%	28%	29%
No	52%	55%	14%	59%	43%
Unknown	18%	22%	-	13%	28%

8 Does your organization use outcome-based data / metrics to manage operational performance?
(404 Responses)

Overview - All Responses



Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Yes	47%	50%	32%	39%
No	32%	50%	44%	44%
Unknown	21%	-	24%	17%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Yes	40%	23%	43%	31%	36%
No	41%	59%	29%	59%	29%
Unknown	19%	18%	28%	10%	35%

Conditional Question for those who answered "Yes" in Question 8

8.1 What outcome-based systems or data do you utilize to manage operational performance? Select all that apply: (154 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Claim quantitative measures of performance based on our company policies / best practices	123	80%	30%
Claim quality measures of performance based on internal / external quality assurance review	104	68%	26%
Claim outcome measures based on evidence-based medicine medical treatment guidelines	47	31%	12%
Claim outcome measures based on evidence-based medicine disability duration guidelines	46	30%	11%
Other	2	1%	< 1%

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

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	43	2	25	37
Claim quantitative measures of performance based on our company policies / best practices	81%	100%	92%	81%
Claim quality measures of performance based on internal / external quality assurance review	79%	50%	80%	54%
Claim outcome measures based on evidence-based medicine medical treatment guidelines	40%	-	24%	27%
Claim outcome measures based on evidence-based medicine disability duration guidelines	42%	-	36%	27%
Other	2%	-	-	-

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	25	5	3	9	5
Claim quantitative measures of performance based on our company policies / best practices	76%	60%	67%	67%	60%
Claim quality measures of performance based on internal / external quality assurance review	52%	100%	67%	56%	80%
Claim outcome measures based on evidence-based medicine medical treatment guidelines	16%	40%	67%	33%	60%
Claim outcome measures based on evidence-based medicine disability duration guidelines	12%	20%	33%	22%	40%
Other	-	-	-	11%	-

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

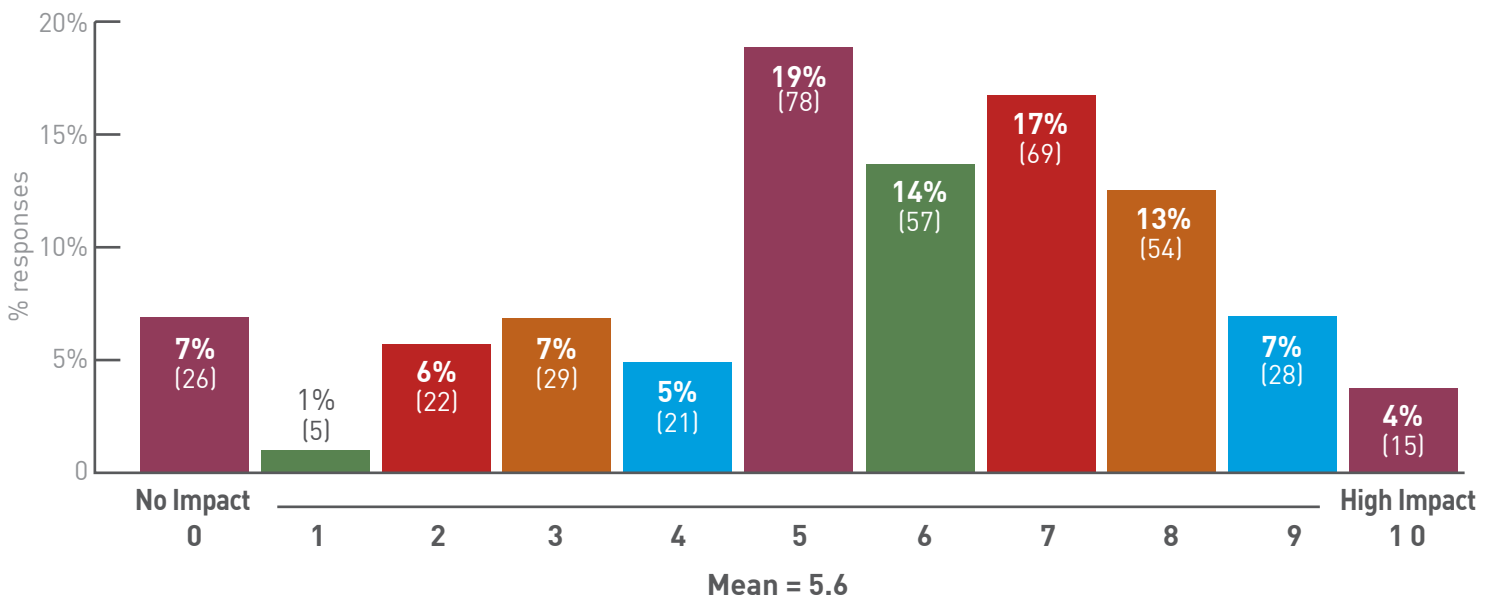
Conditional Question for those who answered "Yes" in Question 8

8.2 Your outcome-based data / metrics are segmented or measured by which of the following? Select all that apply: (154 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Claims Adjuster	95	62%	24%
Office / Operation	78	51%	19%
Jurisdiction	77	50%	19%
Frontline Supervisor	50	32%	12%
Nurse Case Manager	46	30%	11%
Vendor Service Provider	43	28%	11%
Medical Provider	30	19%	7%
Other	12	8%	3%

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

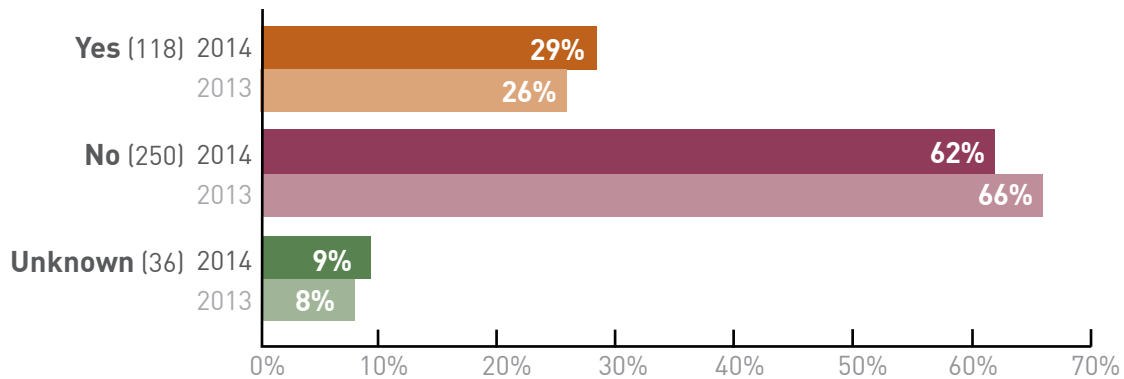
9 In your opinion, what is the impact of your organization's overall metrics on claims performance / outcomes? (with a rating of 0 being "no impact" and a rating of 10 being "high impact") (404 Responses)



Appendix E - Medical Performance Management

1 Does your organization use medical provider outcomes / performance measures? (404 Responses)

Overview - All Responses



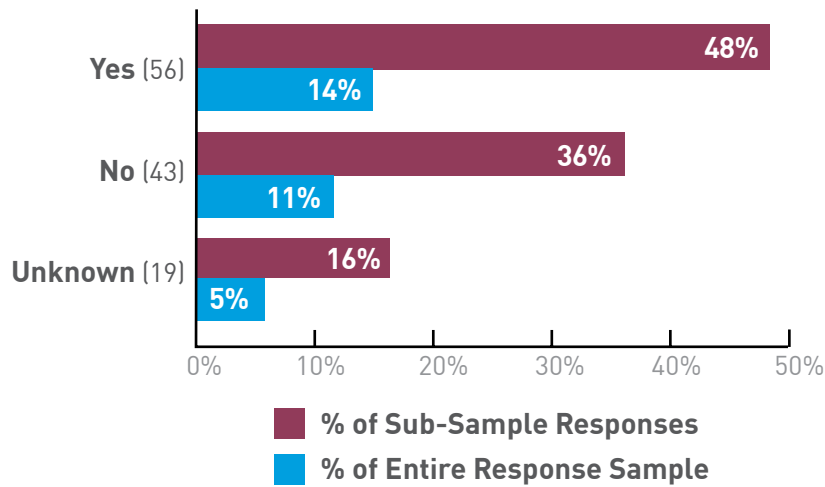
Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Yes	32%	25%	28%	27%
No	58%	75%	55%	68%
Unknown	10%	-	17%	5%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Yes	27%	32%	29%	28%	43%
No	65%	68%	71%	72%	29%
Unknown	8%	-	-	-	28%

Conditional Question for those who answered "Yes" in Question 1

1.1 Are the outcomes / performance measures results shared with providers? (118 Responses)



Conditional Question for those who answered "No" in Question 1

1.2 What are the primary limitations / reasons for not using provider outcomes / performance measures?
Select all that apply: (250 Responses)

Answer	Count	% of Sub-Sample Responses	% of Entire Response Sample
Data / System Limitations	108	43%	27%
Unsure How to Operationalize	92	37%	23%
Not a Business Priority	71	28%	18%
Other	53	21%	13%
Financial Limitations	44	18%	11%
Litigation Concerns	17	7%	4%

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

2 Are you using any of the following data points to measure provider outcomes / performance? Select all that apply: (If no, select "Not Applicable")

(404 Responses)

Answer	count	%
No, none currently in place / Not Applicable	174	43%
Total Claim Costs	187	46%
RTW Outcomes	167	41%
Quality & Timely Submission of Reports	101	25%
Treatment within Evidence-based Guidelines	91	23%
Efficiency Measures, Average Number of Evaluation & Management (E&M) Visits per Claim by Diagnosis Code	25	6%
Other	12	3%
NCQA Cost of Care Measures	11	3%
AHRQ Clinical Quality / Appropriate Care Measures	10	2%

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

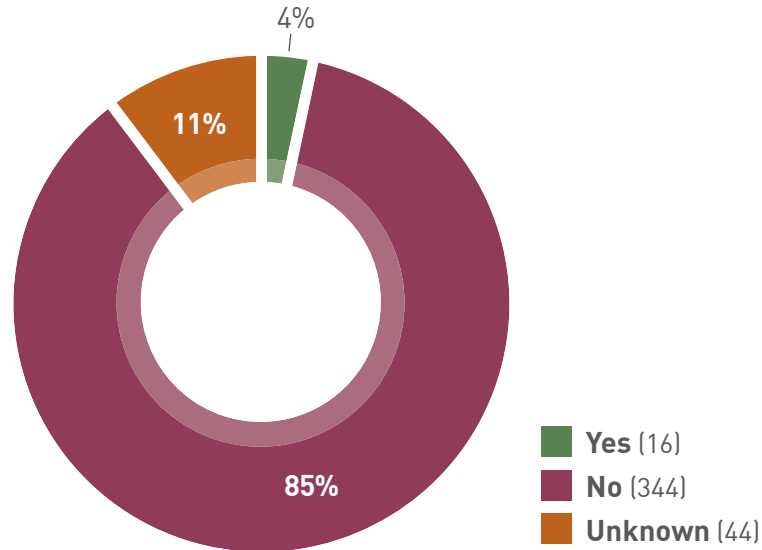
3 Are you using any of the following measures to gauge overall provider performance? Select all that apply: (If no, select "Not Applicable")

(404 Responses)

Answer	count	%
No, none currently in place / Not Applicable	202	50%
Average Claim Costs	164	41%
Average Medical Spend	152	38%
Average Number of TTD Days	126	31%
Average Narcotic Use	85	21%

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

4 Does your organization use risk / reward-based contracting with medical providers?
 (404 Responses)



Conditional Question for those who answered "Yes" in Question 4

4.1 What risk / reward strategies are used with medical providers? Select all that apply:
 (16 Responses)

Overview - All Responses

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Decreased / No Utilization Review	7	44%	2%
Referral or Patient Channeling	7	44%	2%
Fast Track Payments	6	38%	1%
Pay for Performance / Higher Reimbursement Rate	6	38%	1%
Limited Bill Review	3	19%	1%
Other	3	19%	1%

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

5 Indicate if any of the following medical management programs are currently in place and if they are insured or outsourced. (If not currently in place, select "Not Applicable")

(404 Responses)

Overview - All Responses

Answer	Not Currently in Place / N/A		Insourced		Outsourced		Combination Insourced & Outsourced		Unknown	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Nurse Case Management	7%	8%	20%	27%	50%	46%	21%	19%	2%	<1 %
Return-to-Work Services	18%	17%	42%	42%	19%	18%	19%	22%	2%	1%
Nurse / Claims Triage	22%	35%	26%	29%	38%	31%	11%	5%	3%	<1 %
Pharmacy Benefit Manager / Network	13%	13%	5%	6%	74%	76%	4%	5%	4%	<1 %
Utilization Review	11%	15%	20%	16%	55%	54%	11%	14%	3%	1%
Bill Review	5%	4%	23%	20%	59%	63%	11%	13%	2%	<1 %
Physician Case Management	34%	35%	12%	10%	39%	40%	8%	12%	7%	3%
Peer Review	20%	20%	17%	14%	51%	54%	8%	9%	4%	3%
Company Developed / Owned Provider Network	48%	43%	18%	17%	19%	28%	10%	10%	5%	2%
Outsourced / Leased Provider Network	35%	36%	5%	4%	44%	49%	9%	6%	7%	5%

Responses Segmented by Organization Type

Insurance Company (92 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	5%	23%	41%	27%	4%
Return-to-Work Services	16%	30%	25%	25%	4%
Nurse / Claims Triage	16%	32%	35%	14%	3%
Pharmacy Benefit Manager / Network	7%	2%	84%	3%	4%
Utilization Review	9%	15%	52%	20%	4%
Bill Review	3%	16%	55%	21%	5%
Physician Case Management	27%	18%	45%	4%	6%
Peer Review	12%	20%	60%	5%	3%
Company Developed / Owned Provider Network	52%	20%	18%	5%	5%
Outsourced / Leased Provider Network	25%	8%	54%	7%	6%

(5 cont'd)

(5 cont'd) Indicate if any of the following medical management programs are currently in place and if they are insourced or outsourced.

Responses Segmented by Organization Type

Reinsurance / Excess Insurance Company (4 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	25%	50%	-	25%	-
Return-to-Work Services	50%	-	25%	25%	-
Nurse / Claims Triage	50%	50%	-	-	-
Pharmacy Benefit Manager / Network	25%	-	75%	-	-
Utilization Review	75%	-	-	25%	-
Bill Review	25%	-	50%	25%	-
Physician Case Management	-	50%	50%	-	-
Peer Review	-	25%	75%	-	-
Company Developed / Owned Provider Network	75%	25%	-	-	-
Outsourced / Leased Provider Network	100%	-	-	-	-

Third Party Administrator (78 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	1%	31%	36%	32%	-
Return-to-Work Services	18%	27%	23%	26%	6%
Nurse / Claims Triage	9%	41%	32%	15%	3%
Pharmacy Benefit Manager / Network	4%	6%	79%	8%	3%
Utilization Review	4%	38%	46%	12%	-
Bill Review	2%	40%	41%	17%	-
Physician Case Management	28%	9%	46%	12%	5%
Peer Review	5%	26%	54%	14%	1%
Company Developed / Owned Provider Network	44%	18%	15%	17%	6%
Outsourced / Leased Provider Network	19%	4%	51%	18%	8%

(5 cont'd)

(5 cont'd) Indicate if any of the following medical management programs are currently in place and if they are insured or outsourced.

Responses Segmented by Organization Type

Self-Insured Employer (95 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	6%	19%	58%	17%	-
Return-to-Work Services	12%	67%	9%	12%	-
Nurse / Claims Triage	24%	21%	41%	11%	3%
Pharmacy Benefit Manager / Network	16%	7%	69%	4%	4%
Utilization Review	11%	12%	64%	11%	2%
Bill Review	2%	18%	71%	7%	2%
Physician Case Management	40%	13%	32%	8%	7%
Peer Review	26%	12%	49%	6%	7%
Company Developed / Owned Provider Network	46%	25%	14%	11%	4%
Outsourced / Leased Provider Network	44%	7%	34%	6%	9%

Insured Employer (63 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	11%	10%	63%	14%	2%
Return-to-Work Services	22%	35%	22%	16%	5%
Nurse / Claims Triage	29%	10%	52%	8%	1%
Pharmacy Benefit Manager / Network	22%	6%	68%	-	4%
Utilization Review	13%	11%	67%	6%	3%
Bill Review	11%	11%	71%	3%	4%
Physician Case Management	40%	3%	41%	6%	10%
Peer Review	24%	8%	52%	11%	5%
Company Developed / Owned Provider Network	49%	6%	33%	10%	2%
Outsourced / Leased Provider Network	30%	2%	56%	6%	6%

(5 cont'd)

(5 cont'd) Indicate if any of the following medical management programs are currently in place and if they are insourced or outsourced.

Responses Segmented by Organization Type

Risk Pool (22 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	9%	23%	55%	9%	4%
Return-to-Work Services	18%	50%	18%	9%	5%
Nurse / Claims Triage	32%	23%	32%	9%	4%
Pharmacy Benefit Manager / Network	5%	5%	77%	5%	8%
Utilization Review	14%	27%	45%	9%	5%
Bill Review	5%	36%	54%	5%	-
Physician Case Management	50%	14%	27%	5%	4%
Peer Review	32%	18%	36%	9%	5%
Company Developed / Owned Provider Network	32%	23%	27%	9%	9%
Outsourced / Leased Provider Network	50%	5%	27%	9%	9%

State Fund / Mutual Fund (7 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	-	14%	43%	43%	-
Return-to-Work Services	-	57%	14%	29%	-
Nurse / Claims Triage	14%	57%	14%	14%	1%
Pharmacy Benefit Manager / Network	14%	-	86%	-	-
Utilization Review	-	29%	42%	29%	-
Bill Review	-	29%	57%	14%	-
Physician Case Management	14%	43%	29%	-	14%
Peer Review	-	14%	72%	14%	-
Company Developed / Owned Provider Network	42%	29%	29%	-	-
Outsourced / Leased Provider Network	29%	-	71%	-	-

(5 cont'd)

(5 cont'd) Indicate if any of the following medical management programs are currently in place and if they are insured or outsourced.

Responses Segmented by Organization Type

Government Entity (29 Responses)

Answer	Not Currently in Place / N/A	Insourced	Outsourced	Combination Insourced & Outsourced	Unknown
Nurse Case Management	3%	7%	83%	7%	-
Return-to-Work Services	21%	48%	14%	17%	-
Nurse / Claims Triage	34%	14%	45%	3%	4%
Pharmacy Benefit Manager / Network	21%	7%	66%	-	6%
Utilization Review	17%	24%	59%	-	-
Bill Review	3%	28%	69%	-	-
Physician Case Management	38%	3%	45%	10%	4%
Peer Review	41%	18%	41%	-	-
Company Developed / Owned Provider Network	66%	17%	14%	3%	-
Outsourced / Leased Provider Network	66%	-	31%	-	3%

6 Please rank in the order of impact the medical management programs you believe are most critical to claim outcomes, with 1 having the "greatest impact" and 10 having the "least impact."

(404 Responses)

Overview - All Responses

Answer	Overall Rank	Mean
Nurse Case Management	1	3.61
Return-to-Work Services	2	3.97
Nurse / Claims Triage	3	4.20
Pharmacy Benefit Manager / Network	4	5.29
Utilization Review	5	5.39
Bill Review	6	5.51
Physician Case Management	7	5.91
Peer Review	8	6.76
Company Developed / Owned Provider Network	9	7.15
Outsourced / Leased Provider Network	10	7.22

(6 cont'd)

(6 cont'd) Please rank in order of impact the programs you believe are most critical to claim outcomes, with 1 having the "greatest..."

Rank Distribution by Response Count

Answer	Mean	Ranking										
		Greatest Impact	1	2	3	4	5	6	7	8	9	10
Nurse Case Management	3.61	82	87	58	44	45	39	20	16	6	7	
Return-To-Work Services	3.97	92	58	55	47	44	26	29	26	14	13	
Nurse / Claims Triage	4.20	85	71	50	35	34	26	32	27	28	16	
Pharmacy Benefit Manager / Network	5.29	7	40	59	62	64	44	46	36	30	16	
Utilization Review	5.39	18	29	53	49	56	61	58	41	24	15	
Bill Review	5.51	39	36	28	49	41	54	48	42	37	30	
Physician Case Management	5.91	25	35	40	41	23	51	48	49	59	33	
Peer Review	6.76	4	10	21	36	47	49	59	75	72	31	
Company Developed / Owned Provider Network	7.15	33	23	20	16	23	23	26	44	60	136	
Outsourced / Leased Provider Network	7.22	19	15	20	25	27	31	38	48	74	107	

7 Considering the Medical Cost Drivers impacting your organization's medical spend, rank in order of greatest total dollars spent, with 1 being the "highest cost driver" and 10 being the "lower cost driver."
(404 Responses)

Answer	Overall Rank	Mean
Medical Provider / Physicians	1	2.87
In-Patient / Hospital	2	3.58
Pharmacy	3	4.00
Physical / Occupational Therapy Services	4	4.13
Diagnostics (i.e., MRI, CT, X-Ray)	5	4.60
Ambulatory Surgery Centers / Out-Patient Surgery Centers	6	4.67
Medical Cost Containment Services	7	7.24
Durable Medical Equipment	8	7.36
Home Health Care	9	8.12
Medical Transportation	10	8.44

(7 cont'd)

(7 cont'd) Considering the Medical Cost Drivers impacting your organization's medical spend, rank in order of greatest total dollars spent...

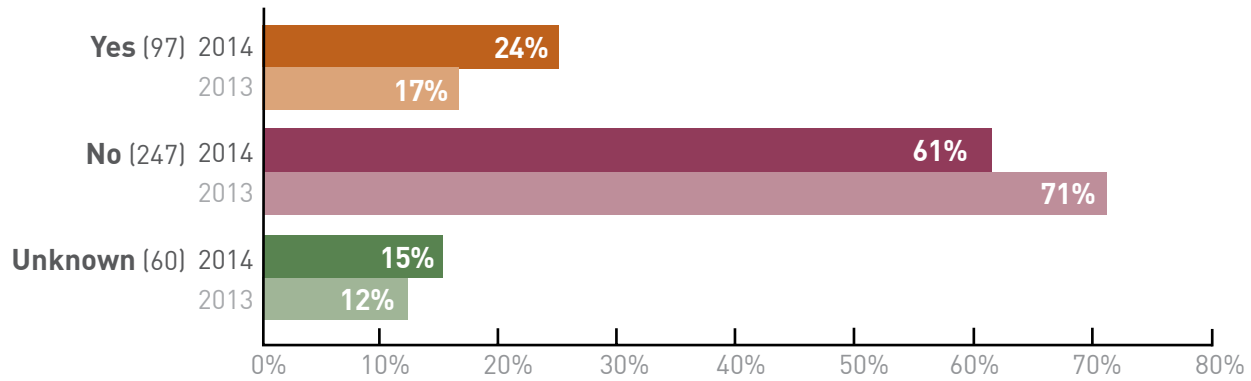
Rank Distribution by Response Count

Answer	Mean	Ranking										
		Highest Cost Driver	1	2	3	4	5	6	7	8	9	10
Medical Provider / Physicians	2.87	134	81	68	43	32	19	12	10	2	3	
In-Patient / Hospital	3.58	111	74	41	41	39	38	25	15	16	4	
Pharmacy	4.00	65	58	54	70	50	57	24	11	6	9	
Physical / Occupational Therapy Services	4.13	30	59	72	82	70	42	30	12	3	4	
Diagnostics (i.e., MRI, CT, X-Ray)	4.60	20	43	74	63	72	57	47	12	10	6	
Ambulatory Surgery Centers / Out-Patient Surgery Centers	4.67	25	62	60	53	54	67	34	17	20	12	
Medical Cost Containment Services	7.24	9	10	14	18	41	36	66	74	53	83	
Durable Medical Equipment	7.36	1	7	8	8	24	55	83	119	71	28	
Home Health Care	8.12	6	6	8	17	15	15	45	68	94	130	
Medical Transportation	8.44	3	4	5	9	7	18	38	66	129	125	

8 What percentage of your overall medical spend is attributable to pharmacy? (If not applicable or unknown, select "Not Applicable / Unknown") (404 Responses)

Answer	Count	Percentile
1 to 5%	32	8%
6 to 10%	45	11%
11 to 15%	51	13%
16 to 20%	34	8%
21 to 25%	20	5%
26 to 30%	25	6%
31 to 35%	15	4%
36 to 40%	17	4%
41 to 45%	9	2%
46 to 50%	4	1%
≥ 51%	22	6%
Not Applicable / Unknown	130	32%

9 Does your organization use performance strategies to incentivize or hold medical management vendor partners accountable? (404 Responses)



Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
Yes	32%	50%	36%	13%
No	58%	50%	44%	72%
Unknown	10%	-	20%	15%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
Yes	16%	23%	43%	17%	21%
No	68%	64%	57%	79%	43%
Unknown	16%	13%	-	4%	36%

(9 cont'd)

(9 cont'd) Does your organization use performance strategies to incentivize or hold medical management vendor partners accountable?

Responses Segmented by Performance Strategy Use Among Organization Types

Answer	Total Count	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
Yes	97	30%	2%	29%	13%
No	247	21%	1%	14%	28%
Unknown	60	17%	0%	27%	25%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
Yes	10%	5%	3%	5%	3%
No	17%	6%	2%	9%	2%
Unknown	17%	5%	0%	1%	8%

Conditional Question for those who answered "Yes" in Question 9

9.1 What performance strategies are used to incentivize or hold medical management vendor partners accountable? Select all that apply: (97 Responses)

Answer	count	% of Sub-Sample Responses	% of Entire Response Sample
Service Level Agreement (SLA) with Performance Standards & Financial Commitments	54	56%	13%
Increased Volume Based on Performance	54	56%	13%
Decreased Volume Based on Performance	38	39%	9%
Fast-Track Payments	17	18%	4%
Limited Bill Review	13	13%	3%
Pay-for-Performance Measures	13	13%	3%
Decreased UR Requirements	12	12%	3%
Other	0	-	-

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

10 What impact, if any, has the Affordable Care Act (ACA) had on claims in your organization? Select all that apply: (If none, select "No Impact") (404 Responses)

Answer	count	%
No Impact	295	73%
Cost Shifting to Workers' Compensation	70	17%
Increased Overall Claim Costs	48	12%
Increased Number of Claims	36	9%
Limited Access to Medical Providers	34	8%
Increased Emergency Room Utilization	15	4%
Decreased Number of Claims	4	1%
Decreased Overall Claim Costs	4	1%
Improved Workforce Health	3	1%

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

Responses Segmented by Organization Type

Answer	Insurance Company	Reinsurance / Excess Insurance Company	Third Party Administrator	Self-Insured Employer
respondent # by organization type	92	4	78	95
No Impact	76%	75%	65%	69%
Cost Shifting to Workers' Compensation	14%	25%	22%	20%
Increased Overall Claim Costs	8%	-	12%	16%
Increased Number of Claims	5%	-	9%	12%
Limited Access to Medical Providers	9%	25%	8%	9%
Increased Emergency Room Utilization	4%	25%	1%	4%
Decreased Number of Claims	2%	-	1%	1%
Decreased Overall Claim Costs	2%	-	1%	-
Improved Workforce Health	1%	-	-	2%

Answer	Insured Employer	Risk Pool	State Fund / Mutual Fund	Gov't Entity	Other
respondent # by organization type	63	22	7	29	14
No Impact	73%	82%	100%	76%	86%
Cost Shifting to Workers' Compensation	16%	18%	-	17%	7%
Increased Overall Claim Costs	16%	5%	-	17%	7%
Increased Number of Claims	11%	5%	-	14%	7%
Limited Access to Medical Providers	10%	5%	-	7%	7%
Increased Emergency Room Utilization	2%	9%	-	3%	7%
Decreased Number of Claims	-	-	-	-	-
Decreased Overall Claim Costs	-	-	-	-	7%
Improved Workforce Health	-	-	-	-	-

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

11 Has your organization made any staffing / headcount changes as a result of the ACA? Select all that apply: (If no, select "Not Applicable") (404 Responses)

Answer	count	%
No staffing changes / Not Applicable	359	89%
Reduce employee hours to limit mandatory health insurance requirements	14	3%
Use of Consulting and/or Outside resources	13	3%
Increase staff and/or Allocate existing staff to manage regulatory requirements / manage medical programs	13	3%
Increase staff and/or Allocate existing staff to develop strategic plan around ACA's potential impact	11	3%
Increase staff and/or Allocate existing staff to assess potential ACA impact	7	2%
Reduce headcount / conduct layoffs	7	2%
Other	5	1%

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

12 Has your organization made any changes to medical management programs as a result of the ACA? Select all that apply: (If no, select "Not Applicable") (404 Responses)

Answer	Response	%
No changes to medical management programs / Not Applicable	359	89%
Provider Reimbursement Strategies – Other than Standard Fee for Service	6	1%
Case Management – Implementation of Care Coordination Medical Home Model	4	1%
Partner / Direct Contracts with Providers to Ensure Access to Care	9	2%
Systems / IT Enhancements to Access / Integrate with Electronic Health Records (EHRs)	8	2%
Collaborate / Integrate with Group Health Programs	11	3%
Implement Employee Wellness Programs with Risk / Reward Strategies	20	5%
Changes to Medicare-Set-Aside Settlements	8	2%
Changes to Utilization Review Programs	8	2%
Other	8	2%

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



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