



WORKERS' COMPENSATION BENCHMARKING STUDY

Claims Management
Operational Study

2013 STUDY HIGHLIGHTS

Introduction

Rising Medical Solutions (Rising) undertook in 2013 a major survey of workers' compensation claims leaders. The survey arose from discussions with industry executives regarding a gap in current research about how claims organizations deal with daily operational challenges. Working with an independent researcher and select industry experts, the published Study captured responses representing every major type of claims organization.

The results reveal critical challenges related to talent, technology, and performance faced by industry leaders. We summarize the 107-page Study here by focusing on four topics of wide interest. Please refer to the 2013 Study for extensive respondent data on these and other topics.

Request the full 2013 Workers' Compensation Benchmarking Study at:
www.risingms.com



Rising's 2014 Study, to be released in the fall, will continue to uncover pressing industry issues.



Focus on Building Mastery among Claims Adjusters

Why It's Important: Adjusters are called upon to engage well with employees, employers and clinicians, be cool headed under pressure, make timely decisions, continuously grow their knowledge in law and medicine, use sound judgment, negotiate effectively, reserve accurately, manage costs and produce positive claim outcomes.

What We Found: There is broad consensus among respondents about what matters most in claims management. For instance, the top two most valued core competencies are disability management and medical management. However, formal training programs are modest relative to the complexity of these and other tasks.

Less than half of respondents provide training to senior level claims staff and a smaller percentage, 42%, invest in training new hires. Among those who have formal training for new hires, 39% say that training ends within three months and another 28% say it ends four to six months post-hire.

The majority of respondents say it takes up to four years for new employee investment in training to pay off. Specifically, 32% expect a reasonable ROI within two years and another 44% within three to four years.



Focus on Systems Integration

Why It's Important: The industry has struggled to bring technology tools to the adjuster in a streamlined, user-friendly way. Unfortunately, systems can be very difficult to integrate. A symptom of sub-optimal solutions can be called the "three screen scenario," wherein adjusters might use three computer screens to access multiple systems throughout the day as they manage streams of phone calls and emails.

Take bill review. Claims payers not only need to ensure their payments agree with state regulations, fee schedules, and the complex logic applied in medical reimbursement. They also need to monitor bills, individually and in patterns, within tight timeframes for medical necessity, fraud detection and case management intervention. Therefore, it's highly valuable to share time-sensitive medical bill information among in-house teams and external partners.

What We Found: Again looking at bill review, integration translates in virtually all cases to bill data being shared among systems such as bill review, utilization review, case management, and the main claims system. Overall, 46% of respondents report that their bill review system is integrated with their claims system. Insurer and TPA respondents report higher rates of integration among the myriad of systems than do other respondents.

Only 17% of respondents who report a bill review integration with their claims system do so on a real-time basis. Another 53% reported linking by scheduled data uploads. Of the remaining respondents, some resort to adjuster searches of online databases, cut-and-paste workarounds, and other makeshift methods.

 **Focus on the “Buy versus Build” Decision**

Why It’s Important: Workers’ compensation payers need to acquire subject matter expertise in vast and diverse areas. One solution is to outsource functions. Claims organizations have shown an appetite to outsource even highest priority competencies, such as medical management.

What We Found: Claims payers follow strikingly varied approaches to buying or building their own internal managed care solution. The table below illustrates the outsourcing patterns for the top three managed care initiatives respondents rank as having the most impact on claims outcomes. Only a minority report using vendor performance measures for these and other outsourced programs.

 **Focus on Evaluating Provider Performance**

Why It’s Important: There is ample evidence that some providers outperform others in timely injury recovery and economic utilization of medical resources. Claims payers have an increasing need to identify these high quality medical providers. To do so, they must address data challenges, such as how to uniquely identify individual providers, and how to use medical data early in an employee’s recovery to highlight risk factors, such as opioid prescribing.

What We Found: Less than a third of respondents say they measure provider performance. This low rate extends across all classes of respondents. When provider performance measures are used, return-to-work outcomes and claim costs are most common, while less than quarter of respondents measure average narcotic use.



Degree of Reported Integration of Select Services with Claims System

Type of Service	All Respondents	Self-Insured Employer	Insurer	TPA
Bill Review	46%	31%	61%	78%
Nurse Case Mgmt	35%	26%	44%	50%
Pharmacy Benefit Mgmt	33%	25%	48%	56%
Utilization Review	28%	25%	35%	44%
Provider Networks	22%	16%	25%	31%

Percentage of Organizations that Fully Outsource High-Value Managed Care Services

Organization Type	Return to Work Services	Nurse Case Mgmt	Nurse Triage
Insurer	32%	42%	23%
TPA	14%	31%	22%
Self-Insured Employer	7%	41%	28%

Moving Forward

The 2013 Benchmarking Study reflects a commitment to share insights with the industry about claims operation trends and best opportunities for improvement. Rising, along with our distinguished advisors, will continue this important research in 2014.

