Six Best Practices For Effective WC Management

An ever-changing healthcare landscape keeps workers comp managers on their toes.

By: Helmsman Management Services | October 15, 2014

It’s no secret that the professionals responsible for managing workers compensation programs need to be constantly vigilant.

Rising health care costs, complex state regulation, opioid-based prescription drug use and other scary trends tend to keep workers comp managers awake at night.

“Risk managers can never be comfortable because it’s the nature of the beast,” said Debbie Michel, president of Helmsman Management Services LLC, a third-party claims administrator (and a subsidiary of Liberty Mutual Insurance). “To manage comp requires a laser-like, constant focus on following best practices across the continuum.”

Michel pointed to two notable industry trends — rises in loss severity and overall medical spending — that will combine to drive comp costs higher. For example, loss severity is predicted to increase in 2014-2015, mainly due to those rising medical costs.

The nation’s annual medical spending, for its part, is expected to grow 6.1 percent in 2014 and 6.2 percent on average from 2015 through 2022, according to the Federal Government’s Centers for Medicare and Medicaid Services. This increase is expected to be driven partially by increased medical services demand among the nation’s aging population – many of whom are baby boomers who have remained in the workplace longer.
Other emerging trends also can have a potential negative impact on comp costs. For example, the recent classification of obesity as a disease (and the corresponding rise of obesity in the U.S.) may increase both workers comp claim frequency and severity.

“The true goal here is to think about injured employees. Everyone needs to focus on helping them get well, back to work and functioning at their best. At the same time, following a best practices approach can reduce overall comp costs, and help risk managers get a much better night’s sleep.”
- Debbie Michel, President, Helmsman Management Services LLC (a subsidiary of Liberty Mutual)

“These are just some factors affecting the workers compensation loss dollar,” she added. “Risk managers, working with their TPAs and carriers, must focus on constant improvement. The good news is there are proven best practices to make it happen.”

Michel outlined some of those best practices risk managers can take to ensure they get the most value from their workers comp spending and help their employees receive the best possible medical outcomes:

**Pre-Loss**

1. **Workplace Partnering**

Risk managers should look to partner with workplace wellness/health programs. While typically managed by different departments, there is an obvious need for risk management and health and wellness programs to be aligned in understanding workforce demographics, health patterns and other claim red flags. These are the factors that often drive claims or impede recovery.

“A workforce might have a higher percentage of smokers or diabetics than the norm, something you can learn from health and wellness programs. Comp managers can collaborate with health and wellness programs to help mitigate the potential impact,” Michel said, adding that there needs to be a direct line between the workers compensation goals and overall employee health and wellness goals.

2. **Financing Alternatives**

Risk managers must constantly re-evaluate how they finance workers compensation insurance programs. For example, there could be an opportunity to reduce costs by moving to higher retention or deductible levels, or creating a captive. Taking on a larger financial, more direct stake in a workers comp program can drive positive changes in safety and related areas.
“We saw this trend grow in 2012-2013 during comp rate increases,” Michel said. “When you have something to lose, you naturally are more focused on safety and other pre-loss issues.”

3. TPA Training, Tenure and Resources

Businesses need to look for a tailored relationship with their TPA or carrier, where they work together to identify and build positive, strategic workers compensation programs. Also, they must exercise due diligence when choosing a TPA by taking a hard look at its training, experience and tools, which ultimately drive program performance.

For instance, Michel said, does the TPA hold regular monthly or quarterly meetings with clients and brokers to gauge progress or address issues? Or, does the TPA help create specific initiatives in a quest to take the workers compensation program to a higher level?

Post-Loss

4. Analytics to Drive Positive Outcomes, Lower Loss Costs

Michel explained that best practices for an effective comp claims management process involve taking advantage of today’s powerful analytics tools, especially sophisticated predictive modeling. When woven into an overall claims management strategy, analytics can pinpoint where to focus resources on a high-cost claim, or they can capture the best data to be used for future safety and accident prevention efforts.

“Big data and advanced analytics drive a better understanding of the claims process to bring down the total cost of risk,” Michel added.

5. Provider Network Reach, Collaboration

Risk managers must pay close attention to provider networks and specifically work with outcome-based networks – in those states that allow employers to direct the care of injured workers. Such providers understand workers compensation and how to achieve optimal outcomes.

Risk managers should also understand if and how the TPA interacts with treating physicians. For example, Helmsman offers a peer-to-peer process with its 10 regional medical directors (one in each claims office). While the medical directors work closely with claims case professionals, they also interact directly, “peer-to-peer,” with treatment providers to create effective care paths or considerations.

“We have seen a lot of value here for our clients,” Michel said. “It’s a true differentiator.”
6. Strategic Outlook

Most of all, Michel said, it’s important for risk managers, brokers and TPAs to think strategically – from pre-loss and prevention to a claims process that delivers the best possible outcome for injured workers.

Helmsman, which provides claims management, managed care and risk control solutions for businesses with 50 employees or more, offers clients what it calls the Account Management Stewardship Program. The program coordinates the “right” resources within an organization and brings together all critical players – risk manager, safety and claims professionals, broker, account manager, etc. The program also frequently utilizes subject matter experts (pharma, networks, nurses, etc.) to help increase knowledge levels for risk and safety managers.

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“At the same time, following a best practices approach can reduce overall comp costs, and help risk managers get a much better night’s sleep,” she said.

To learn more about how a third-party administrator like Helmsman Management Services LLC (a subsidiary of Liberty Mutual) can help manage your workers compensation costs, contact your broker.

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