

# Grabbing Control of Workers' Compensation and Litigation

*Step back and assess the problem to ensure the proper people, following the proper procedures, can deliver consistency and completeness.*

By Rebecca Shafer

Employers often don't know what is causing their workers' comp costs to rise. They assume that the injury-management program they have in place is a solid one. They think rising costs are a fact of life and attribute rate increases to the rising cost of living. Looking closer, employers are surprised to find that there are actually several pre- and post-loss areas that, singly or together, drive up their workers' comp costs.

Risk managers should be looking at *all* areas to determine the real cause for increased costs—including return to work, management commitment, medical cost containment, medical care coordination, fraud, employee communication, training, claims handling, performance, and post-injury response including rapid reporting and thorough accident investigation.

Many risk managers would also be surprised to discover that there are tools right at their fingertips that they can use to reduce these costs. In fact, employers can begin to see a difference in a matter of weeks, once they

take a multi-pronged approach to workers' comp management.

## **Step back and assess the problem: Review Data, Procedures and Personnel for overall comparison to Best Practices**

First, perform a thorough assessment. Previously, employers looked at one or two causal areas, such as fraud and insurance. A comprehensive assessment requires to look at practices in every key areas, including loss prevention, benchmarking, performance goals, and communication. Assessments identify procedural gaps that exist between the employer's existing workers' comp management practices and best practices for their industry.

An assessment gives employers the opportunity to compare their workers' comp data to national figures to determine how well (or how poorly) they are doing. Risk managers can then discover that they may be doing really well in some areas, and need improvement in other areas. Based on this outcome of strengths and weaknesses, they can identify process

*“Make sure you thoroughly assess the cost drivers to ensure that most problems are identified at the beginning of the process. As implementation proceeds, further opportunities for cost savings will be found, and the program will be fine-tuned.”*

gaps. It may be that a company has strong communications but weak modified-duty programs.

Armed with the knowledge of process gaps and opportunities for improvement, employers can take the recommendations generated from the assessment to build a cost-containment program that dovetails with their company's specific needs.

And, simply taking an assessment provides an education to the broad spectrum of workers' comp management options open to them, such as medical cost containment strategies, rules of engagement for treating

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physicians, and how to drive relationships with insurers or TPAs.

Often, an assessment will reveal a problem in a specific area that requires immediate concentrated attention. For example, if open workers’ comp claims files have not been reviewed for more than six months, the employer should spearhead a file-review initiative where an inter disciplinary team would review open files and develop action plans for claims resolution. Having experts review files provides a wealth of information about what improvements need to be made.

### **Standardized Documentation Ensures Consistency and Completeness**

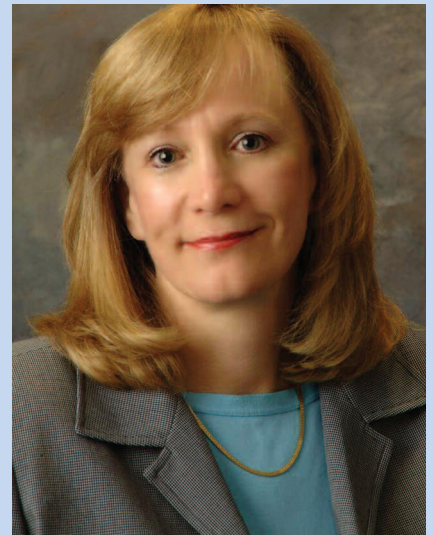
At the heart of all strong workers’ comp management programs, though, are company procedures that are practiced and documented every day. Thorough accident investigations, for example, give risk managers the ability to defend against litigation, make third-party recoveries and have correct facts when negotiating settlements. It’s crucial to get the information when it’s fresh in everyone’s mind. Don’t

forget to preserve evidence *immediately* after an incident. Making sure there is standardized documentation is key to getting the information needed.

Adherence to safety principles, a well-established post-injury response program and an active transitional-duty program also require standardized documentation to ensure consistent information is gathered for all incidents.

Companies should launch and maintain a strong communication program early on that brings employees into the safety/injury-management loop and provides the opportunity for all employees to incorporate healthy practices into their everyday routines so that safety/injury management becomes second nature. Heightened awareness of injury prevention begins when an employee walks into the workplace and continues throughout the day with a strong communication program that can include poster programs, incentive programs, and lost workday reduction goals.

Preventing injuries and managing the injury process after an accident occurs are equally essential and proven best practices exist for both. Identify your organization’s weaknesses then systematically apply solutions that have proven to work.



**Rebecca Shafer** is an attorney and risk consultant specializing in workers' compensation cost containment and litigation management systems. She was one of the early developers of the Injury Management Program. Ms. Shafer consults with national, mid-market and local companies to develop benchmarking comparisons, assess key cost drivers, structure strategies and design training to reduce workers' compensation and risk management costs. As former CEO of Aon Management Institute, she has extensive experience developing training programs for employers in all industries. Her cost containment programs typically reduce a companies cost by 20-50%. She is a frequent writer and speaker on the subject of workers' compensation.

## **Amaxx Risk Solutions, Inc.**

Phone: 860-456-55400 • Fax: 860-456-5541 • [info@WorkersCompKit.com](mailto:info@WorkersCompKit.com)

**[www.WorkersCompKit.com](http://www.WorkersCompKit.com)**