

Proposed Final Report:

Workers' Compensation Claims Management

Legislative Auditor's Conclusion:

Claims management by L&I is unbiased and decisions are generally timely.

Outcomes could be improved if systems were more focused on prompt and safe return to work.

JLARC Staff

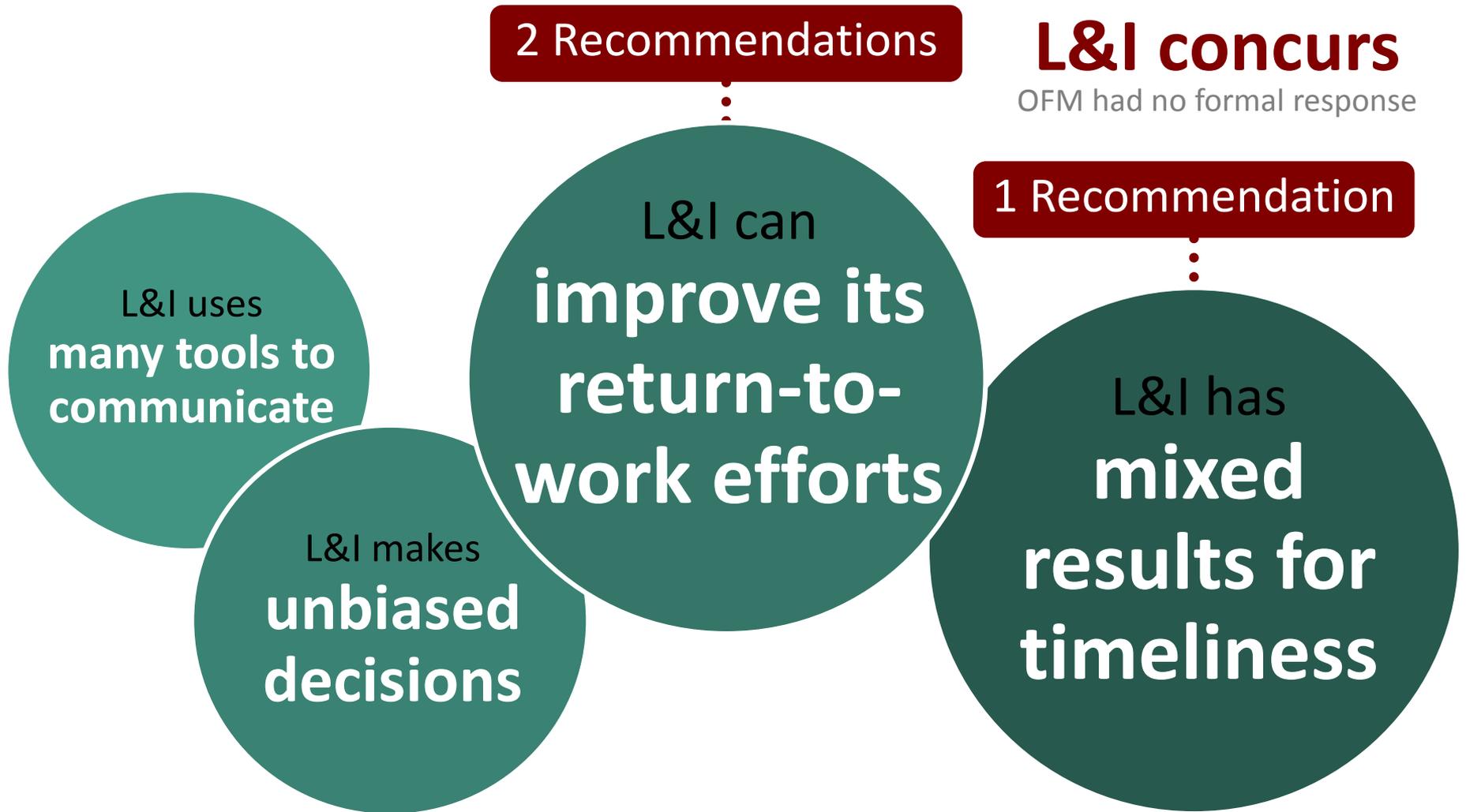
John Bowden • Rebecca Connolly

Staff to the Joint Legislative Audit & Review Committee

September 2015



Four major themes in the report



L&I is responsible for managing the workers' compensation system

State Fund

L&I Managed

Includes Retrospective Rating
Optional program, potential for refunds

Self-Insurance

Employer Managed

L&I Oversight
360 employers statewide



166,000
employers



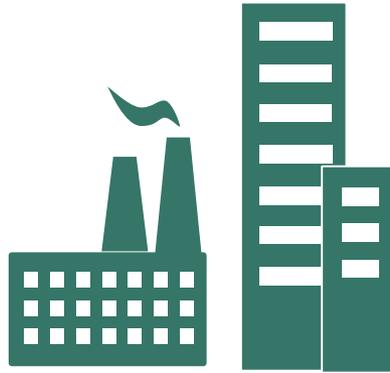
2 million
workers



87,000
claims accepted

Prompt and safe return to work

Employers



- ✓ Stable workforce
- ✓ Limited effect on premiums

Workers



- ✓ Fewer health impacts
- ✓ Less risk of new injury
- ✓ Less income loss

Many return to work paths, but not always prompt

80%

little or no time away from work

AVERAGE COST:
\$1,300

20%

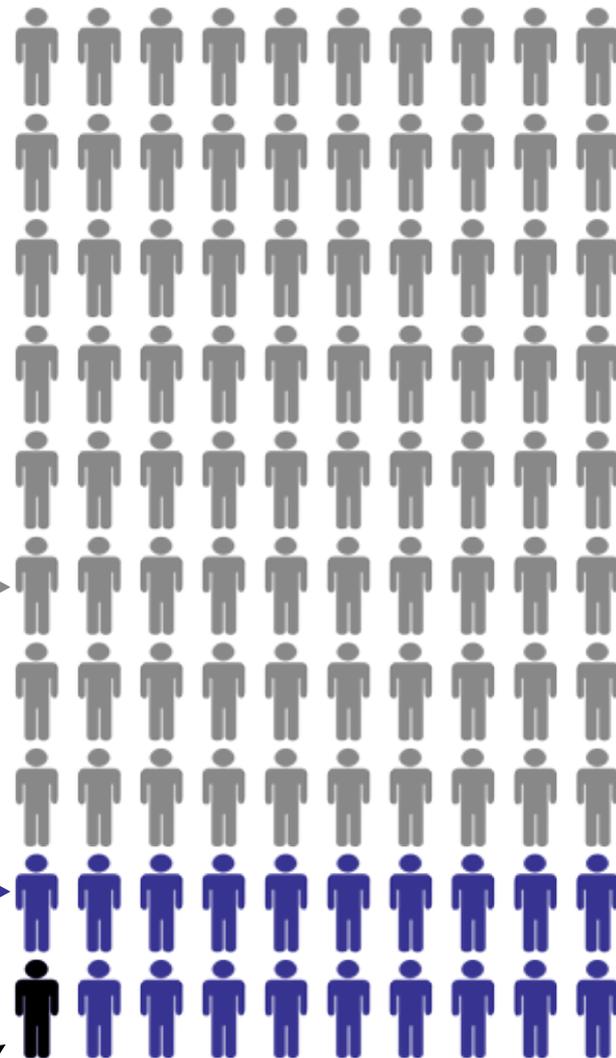
away from work, receiving lost wages

AVERAGE COST:
\$11,000

1%

unable to return to work, may get pension

AVERAGE COST:
\$760,000



L&I Management of Lost Time Claims Did Not Reflect Key Best Practices

Best Practice, Industry Standards

Claim manager (CM) calls within 1-2 days

CM develops written claim plan

CM documents actions and results



15% called within 30 days

Few claims have a written claim plan

Minimal documentation, not standardized

Observed L&I Practice for Claims with Lost Time

Recommendation
#1

L&I should institute standards for **early phone contact, claim management planning, and clear documentation** in claims management.

Response

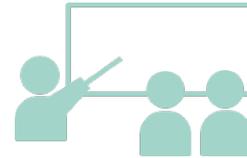
L&I **Concurs**

Pilot programs and support systems could improve return-to-work focus



Pilot Programs

Existing programs to provide key return-to-work services are not standard practice



Training

Newly focused on skills that improve return to work outcomes



Performance Measurement

Return to work not reflected in claims management measures



Technology

Complex and not integrated with planning and documentation

Recommendation
#2

L&I should **expand pilot programs** and **enhance claims management support systems** with a focus on return to work.

Response

L&I **Concurs**

L&I review of employer acceptance decisions adds time and little value

Self-Insured
Employer
Accepts
Claim

Statute requires L&I review

L&I Process Adds
30-45 Days

L&I
Issues
Formal
Order

99%

L&I Agreement with
Employer Decision

Recommendation
#3

The Legislature should allow **self-insured employers to issue formal acceptance orders.**

L&I should incorporate a **review of the orders** in its audits of self-insured claims management.

Requires Statutory Change

Contact Information

John Bowden, Project Leader

john.bowden@leg.wa.gov

360-786-5298

Rebecca Connolly, Research Analyst

rebecca.connolly@leg.wa.gov

360-786-5175

Valerie Whitener, Project Supervisor

valerie.whitener@leg.wa.gov

360-786-5191

<http://leg.wa.gov/jlarc/reports/2015/WorkersCompPhase2/pf/default.htm>

www.jlarc.leg.wa.gov

JLARC

