Follow-Up on Workers' Compensation Claim Management for State Funded Claims

2021 JLARC STUDY

A 2016 JLARC report found that L&I was not following best practices for workers' compensation claim management. JLARC directed its staff to follow up on three recommended actions from that report.

WHAT IS WORKERS' COMPENSATION? Workers' Compensation protects workers and employers when injuries occur on the job. The Dept. of Labor & Industries (L&I) manages claims paid from the state industrial insurance fund.

L&I partially implemented 2016 Legislative Auditor recommendations

RECOMMENDED ACTION: Contact worker & employer within 2 business days of claim receipt.	RECOMMENDED ACTION: Institute claim planning and standardize documentation.	RECOMMENDED ACTION: Integrate predictive analytics into claim management.
Partially implemented	Partially implemented	Not implemented
✓ Set standard to call within 2 days, updated technology, hired and trained staff.	✓ Updated software and planning templates.	✓ Ongoing use of established models to review new claims and estimate future claim costs.
✗ No routine data collection or reporting to measure compliance.	✗ Has not measured whether planning and documentation improved.	✗ No new uses, pending long-term IT system update.

Few injured workers or employers are called within two business days of claim assignment

4% of workers

22% of employers

L&I data, Oct 2019-April 2020, claims with payments for lost wages.

Some return to work measures have improved since 2014

2016 recommendations were based on best practice and intended to improve return to work.

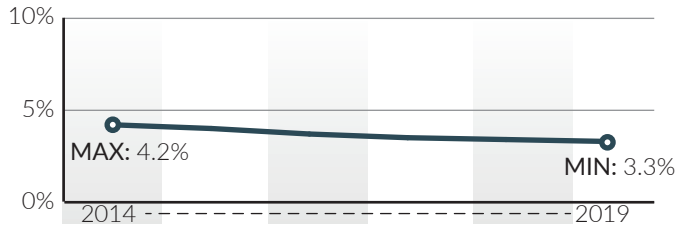
Determining the cause of return to work outcomes is complicated. Outcomes are influenced by L&I, employers, employees, and economy.

- As a result, it is unclear how L&I's efforts alone may have affected workers' outcomes.

Source for graphs: L&I data presented to the Workers' Compensation Advisory Committee.

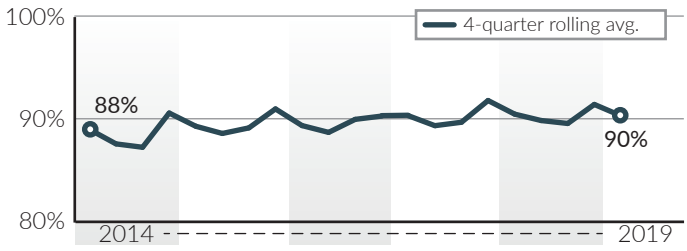
Long-term disability rate: **Improved**

Description: Claims with at least 12 months of time loss as a percent of total accepted claims.



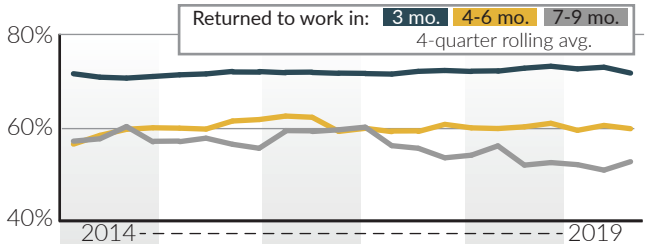
Return to work within 9 months: **Improved**

Description: Percent of injured workers who receive wages within 9 months of injury.



Durable employment after one year: **Results vary**

Description: Percent of returning injured workers who stay employed for one year after returning to work.



L&I refers some workers to vocational recovery (VR) counselors to address barriers. While overall return to work increased by 2%, the percent of workers who return to work after VR services rose from 11% to 32% (2014-2019).

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc

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