

Decisions, decisions

Know what is available in your toolbox for managing claims

When an employee alleges an injury, there are many directions that the claim can go. When a claim does head in a potentially negative direction, there are resources and strategies available to help identify issues early on to get the claim back on a positive track.

Smart Business spoke with Lynnae MaGinn, client services representative at CompManagement, about the resources employers have at their disposal.

What tools can help contain claim costs?

There are three main cost containment solutions for workers' compensation claims: transitional duty, salary continuation and vocational rehabilitation.

Transitional duty keeps an employee with restrictions at work allowing for a safe return to full duty while avoiding any compensation benefits being applied to the claim.

Salary continuation allows an employee to receive full pay while off work, but allows an employer a reduction in compensation benefits paid to reduce annual premiums.

Vocational rehabilitation assists an injured worker in returning to employment either with the current employer or a new one.

Many of the costs involved are absorbed by the Ohio Bureau of Workers' Compensation's (BWC) surplus fund. It provides a potential reduction or elimination of compensation benefits paid, and safe return to work for the injured worker and resolution of the claim.

What medical reviews are available?

Independent Medical Exam: a physical examination is conducted by an independent physician or specialist to help determine the extent of disability, work capabilities, causal relationships and ease any suspicions regarding the description of the accident.

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Failure of the injured worker to attend may result in claim suspension by BWC.

Independent Medical Review: a review of existing medical records to determine claim allowance, appropriateness of treatment and clarify contrasting medical opinions.

Functional Capacity Evaluation: an evaluation of injured workers' level of function that measures and predicts task performance and is performed when workers are medically stable, but cannot return to their former position.

Drug Utilization Review: a review of prescription medications by the BWC's pharmacy department based on one of 10 allowed reasons for the request by BWC.

What can be done if there are credibility concerns regarding the injured worker?

Background checks, such as Insurance Services Office (ISO) checks, can help to identify prior claims filed. Additionally, online 'footprint' searches can help guide the monitoring of social media sites. Employers could also consider professional surveillance for a designated period of time looking for questionable actions and demonstrations of physical capabilities.

An employer may want to consider legal representation on certain claim-related or credibility issues. Before getting started, analyze the cost/benefit by determining the cost impact of the claim, condition or benefit

at dispute and compare that to the cost of the defense intervention being considered.

How can companies reduce claim costs?

For state-funded employers, the most effective ways to reduce claims costs are handicap reimbursements and settlements.

Handicap reimbursement is a re-insuring fund that allows employers to request a reduction in the cost of the claim being charged to their premium experience.

Reduction can be awarded if the claimant has one of the 26 recognized pre-existing conditions, and if that condition is related to the allowed claim conditions, it contributed to increased costs or delayed recovery.

The handicap percentage that is awarded by the BWC is applied to medical costs, reserves and any reducible compensation charged to the claim. Those reduced costs are then used in the experience calculation for the employer, and their rates and premium are reduced accordingly.

Claim settlements can help reduce claims costs and realize premium savings. If a claimant and the employer agree on a settlement amount and the BWC approves it, it is paid by BWC and charged to the employer's premium experience as an indemnity charge. The claim remains on the premium experience, but no future reserves or payments will be assessed and it ceases all future claim activity. ●