

CREATING AN ADVOCACY-BASED CLAIMS MODEL

Business leaders in the healthcare industry invest significant time and resources to create positive corporate cultures, engage employees, and earn their trust and commitment to success. Yet in the workers' compensation segment of our industry, all too often the focus seems to be on conflict instead of caring.

We are in the business of delivering benefits...so, how do we get back to the basics of what workers' compensation was founded on and change the conversation from adversary to advocate? How do we ensure that the treatment of injured workers aligns with our corporate values and culture? And how could changing the mindset from a cost protection model to a patient protection model improve outcomes--not only for injured workers but for employers as well?

The Alliance of Women in Workers' Compensation hosted an industry collaboration event entitled "Creating an Advocacy-based Claims Model." The purpose of the event was to bring together workers' compensation stakeholders and thought leaders to discuss these questions as part of the timely topic of advocacy, promoting collaboration to identify the foundational concepts essential to creating an advocacy-based claims model.

The following is a summary of key findings from discussions held during the event.

*- Artemis Emslie – CEO, myMatrixx,
Co-President, The Alliance of Women in Workers' Compensation*



THE ALLIANCE
OF WOMEN
IN WORKERS' COMPENSATION

Creating an advocacy-based claims model

“We are on the leading edge of a significant paradigm shift within the claims industry. When we are able to answer questions, simplify a very complex system, and provide quality medical care to injured employees, they can be assured their needs and recovery are our top priorities. An advocacy-based claims model will place this consumer experience at the forefront of the claims process and benefit employees and employers alike.”

Kimberly George – Senior Vice President, Corporate Development, M&A, and Healthcare, Sedgwick

Why is it time for us to consider an advocacy-based claims model? Consumer experience drives engagement – this is true when referring to health, employment, retail shopping and much more. Businesses today address consumer experience and engagement as a key performance indicator; it stands to reason that understanding and achieving consumer satisfaction will lead to improved business performance, and employers are evolving their approach to reflect this truth. Based on these observations, the time is right for an advocacy-based workers' compensation claims model that takes into account the consumer experience of the injured worker.

Undoubtedly, advocacy has become one of the most talked about topics among workers' compensation stakeholders. While advocacy is a long-standing concept in business circles, it represents a change in philosophy for many as it relates to workers' compensation. Advocacy may sound simple, but it manifests itself in many complex and diverse ways. Notably, this philosophical approach is producing great workers' compensation results for those effectively employing advocacy measures.

What is advocacy?

- Communication
- Transparency
- Expectation-setting
- Objectivity
- Generational awareness

A historical challenge to workers' compensation has been creating a consistent approach to communicating in a way that reinforces transparency and puts an injured worker's needs first. Such communications should reassure injured workers that their claims and clinical teams are working in their best interests.

Admittedly, workers' compensation is a foreign concept to many employees. Workers' compensation is a social system that is more than 100 years old, statutory in nature, varies from state to state, and includes a lot of processes that can appear detailed, outdated and confusing to injured workers. Relatively few have filed claims or have had exposure to the system. In the current system, the person communicating with the injured employee is also the individual charged with investigating the accident and making such crucial decisions as compensability of the claim and which medical providers can be seen for treatment. It is easy to see why potential conflict could exist and a circle of mistrust created. By realigning responsibilities, adding transparency to the process, and refocusing on the injured employee's needs and the overall customer experience within the system, advocacy can help alleviate these types of inherent conflicts and uncertainties.

“Many issues and frustrations we see in the workers' compensation system, and many administrative barriers to providing ongoing care, occur when stakeholders don't trust each other. There is much to recommend in keeping an open mind. Assuming the worst about others and letting that guide interactions creates an adversarial atmosphere. A climate of suspicion and cynicism makes it difficult for stakeholders to work well together, and bad outcomes become a self-fulfilling prophecy.”

Dr. Maja Jurisic – Vice President, Medical Director Strategic Accounts, Concentra, Inc.

Advocacy has also been shown to positively impact workers' compensation programs and influence employee satisfaction and engagement. One of the primary reasons it is gaining traction is because of the more holistic approach it builds around employee health, wellness and productivity.

Defining advocacy

So the question becomes – what is advocacy as it relates to workers' compensation?

First, advocacy is communicating more effectively with the injured or ill worker from the very first interaction. Second, it incorporates transparency throughout the overall workers' compensation process. Third, advocacy involves setting expectations with the injured employee on day one so they know what to expect and who to contact throughout the claims process. Fourth, it includes the insertion of an objective person who is familiar with the workers' compensation process but is not necessarily the same individual who will be adjudicating the claim. Finally, advocacy offers a generationally aware approach to the process.

The next question to be addressed is – why advocacy?

First and foremost, advocacy makes sense for the injured employee and is the right thing to do. In addition to helping injured employees navigate a complex workers' compensation system, advocacy also helps lessen their uncertainties, anxieties and fears.

“The current workers' compensation system is frequently described as adversarial, litigious, overwhelming, confusing and contentious. It is time the workers' compensation industry moves from a cost-based approach to a value-based system.”

Mark Walls – Vice President, Communications & Strategic Analysis, Safety National Casualty Corporation

Consider the typical scenario: an injured worker comes into the high-stakes workers' compensation system with no understanding of what will happen or with whom they will be dealing. They are concerned with such issues as securing medical treatment, keeping their job, paying for their day-to-day expenses, and returning to work. Despite these concerns, for some payers, claims adjudication is treated like a process in which claim adjusters simply convey responses, issue decisions, make payments, or check boxes within a stated timeframe. In this light, there is no question that an advocacy approach could be valuable in simplifying and humanizing the process. It is the right thing to do.

Empirical studies

There are a substantial number of studies that address advocacy as a predictor of outcomes, and the findings boil down to a very simple set of if/then statements. If

the process is positive, then most workers' compensation stakeholders will achieve good outcomes. If the process is negative, then outcomes will most likely be poor.

If we consider litigation as a measure of dissatisfaction or negativity in the process, then we can start to dig into research that helps build the case for advocacy. When an injured worker files a claim, he or she may not hear from someone immediately or understand the process. When contacted, the person may be asked to provide a recorded statement, cooperate with the claims investigation, or see an unknown doctor. If an injured worker feels anxiety, is dissatisfied with the quality of medical care, or does not understand the next steps in the process, there is a higher likelihood of litigation.

Industry studies support this conclusion and can be very instructive. For example, the Workers Compensation Research Institute (WCRI) 2010 study, *Avoiding Litigation: What Can Employers, Insurers, and State Workers' Compensation Agencies Do?*, focused on predictors of outcomes offering guidance on how to avoid litigation. The study showed that when an employee feels threatened, he or she tends to get an attorney. This perceived threat might be the result of an existing negative relationship with the employer or a misunderstanding about what workers' compensation is designed to do. The WCRI study further found that after a loss occurs, injured workers tend to litigate if they feel their claim may possibly be denied or if they feel their employment is jeopardized.

Top 10 reasons injured workers retain an attorney:

1. Claim denial
2. No contact by employer or carrier
3. Overbearing and intrusive contact
4. Bills unpaid, total temporary disability (TTD) check is late
5. Attorney solicitation
6. Advice of friends, family, medical provider or coworkers
7. Lack of modified duty, hostility of coworkers
8. Employer and worker dissatisfaction
9. Loss of health insurance and other benefits, utilization review process
10. Loss prevention that should have happened

Alan Pierce, J.D. – Pierce, Pierce & Napolitano

Litigation is unnecessary in cases where the injured employee would have received the same benefits without an attorney. In those cases, legal services were likely procured because the individual harbored concerns or doubts about the claims process, rather than because there were additional benefits to gain. When an injured worker turns to litigation for resolution but receives the same benefits to which he or she was originally entitled, the added time, cost and frustration is an unfortunate and avoidable side effect.

The Johns Hopkins School of Medicine conducted a study in 2008 based on claims paid by the Louisiana Workers' Compensation Corporation. The study, *The Relationship Between Attorney Involvement, Claim Duration, and Workers' Compensation Costs*, examined 738 claims with attorney involvement and 6,200 paid claims without attorney involvement. The Johns Hopkins study demonstrated empirically that in those cases where there was no need for/ additional benefits to be gained by engaging an attorney, claims durations were in fact longer and claims costs higher.

The California Workers' Compensation Institute (CWCI) also published findings involving litigated claims in that state, specifically the Los Angeles basin. The study, *Attorney Involvement in California Workers' Compensation*, compared the average cost of a litigated case of \$62,652 to the average cost of a non-litigated case of \$8,251. Of all the claims reviewed, including medical-only claims, 11.65% involved an attorney. If a claim involved an indemnity payment, then 38% of the claims involved an attorney. The findings indicated the cost of claims grew exponentially because of attorney involvement.

“Communication is key to an effective advocacy program and trust must be established. A communication vacuum will not be sustained. If you do not provide accurate and timely information to fill the communication void among injured workers, someone else will.”

Lisa Hannusch – CEO & Owner, UniMed Direct

In the studies mentioned above, we see a consistent thread. Excessive litigation often results in poor outcomes, including longer claims duration, and it exponentially raises the cost of the claim. Therefore, understanding the motivation behind litigation decisions can be very valuable to employers and can shed insight on how to best tailor an advocacy program for any given organization. An advocacy approach helps put employee needs at the center of the process, avoiding miscommunication and frustration, while staying attuned and adapting as changes come can, in turn, ensure costs become more predictable, reasonable and sustainable.

Opportunities for improvement

The statistics presented in this document show that employers and claims administrators can absolutely influence claims outcomes. Their actions can impact improvements in the injured worker's health, functionality and earnings recovery. Recognition of these factors offers employers and claims administrators an outstanding opportunity to employ advocacy measures to influence the process and achieve more positive outcomes. There is an opportunity to improve the overall experience and achieve customer satisfaction by offering an immediate response, answering questions, and providing assistance when needed.

Three factors contributing to an individual's commitment to an organization:

1. Relationship with manager
2. Trust in leadership
3. Pride in the organization

Angie Schaefer – Vice President, Human Resources,
Safety National Casualty Corporation

Claims administrators should be trained that payments should be made as quickly as possible if benefits are due. They should be advised to treat indemnity benefits like a paycheck and ensure payments are made on time.

Claims administrators are also responsible for obtaining medical treatment for injured workers. High quality doctors should be secured to ensure injured workers receive effective treatment with the goal of returning to full functionality or achieving the maximum recovery possible. If there is dissatisfaction with care, this should be discussed and resolved in a timely manner.

The studies referenced here highlight an opportunity for employers to take action before a loss ever occurs and improve management practices or pre-loss communication strategies. Their findings also point to an opportunity for employers to focus on population demographics and find unique ways to help individuals with different challenges through any anxieties and issues they may be facing. The Johns Hopkins study found that injured employees over 45 years of age were three times more likely to engage an attorney than a younger individual. However, the claims examined showed no significant differences between genders in terms of distinguishing who was more likely

to obtain an attorney. Other predictors studied by WCRI centered on comorbid conditions, level of education and language spoken. For instance, hypertension was usually a strong predictor of claims having poor outcomes. Further, when an employee had a high school education or above, he or she was more likely to litigate.

Employers and claims administrators can take data and make it actionable information to help injured employees, curtail litigation, and ultimately improve outcomes. Wellness and employee assistance programs are some ways employers can assist those with specific conditions, concerns or trepidations. Even the types of messages and the way they are communicated can be tailored to meet the needs and preferences of different groups of the population.

Additional considerations

In examining current advocacy programs and strategies, several themes have emerged that offer additional insight for future application. These are listed and described below.

Keep the injured worker, the consumer, at the center of all claims. Historically, the claims process has tended to be much more transactional than employee-centric. The goal of an advocacy approach should be to foster a positive experience and recovery rather than to be focused on cost containment. Some advocacy programs are moving from using generalists to specialists to best ascertain the needs of the employee as a consumer of overall benefits services and to determine how to respond. If the injured worker is not entitled to workers' compensation, an employee advocate can help guide them to other benefits to which they may be entitled in the spirit of care and continuity.

“While advocacy has been shown to positively impact workers' compensation programs, it has also been shown to influence employee satisfaction and engagement. Advocacy applies a more holistic approach to employee health, wellness and productivity. It has an employee-centric focus and communication is paramount to success.”

Kathy Tazic – Senior Vice President, Client Services, Sedgwick

Evaluate data before establishing an advocacy program to ensure it addresses those elements most important to employees. Sometimes, people state that they want one thing, but their actions and behaviors indicate a desire for something else.

Communicate expectations, actions needed and next steps for the claims process in a manner that is easy to grasp and understand. Be available to assist and answer questions as needed. Content and distribution of information should be consistent with the culture of the organization and refined to meet the needs of the individual. Some employees may prefer virtual communication and only want to talk with someone when questions arise; others may prefer a more personal connection.

“Address each injured employee from a position of care, compassion and concern. Simplify the language used in the process and empower each individual to make responsible choices. Engagement never ends.”

Adrienne Paler – Director, Integrated Disability and Absence Management, Sutter Health

Remove barriers that might hinder a positive experience. For example, communicate with injured employees in their native language to provide a sense of familiarity and reassurance and to ensure any nuances associated with the process can be easily understood.

Communicate in a way that takes into account all generations in the workforce and recognize their differences and preferences. Millennials may prefer to exchange information using texts, online chats or social media while baby boomers may prefer letters, phone calls or email.

“Communication preferences of millennials are frequently discussed as they relate to digital and social media. But, an effective advocacy program should consider and meet the needs of all the generations gainfully employed in the U.S. today.”

Scott Rogers – Executive Vice President, Casualty Operations, Sedgwick

Ensure information is readily available and answers are accessible at all times. Portals, websites and push technology are becoming increasingly popular communication tools for providing claim updates and status alerts for employees of all ages. Self-service options are becoming more prevalent as employees look for on-demand, customized access to their information beyond traditional business hours. Some organizations believe claims intake should be accomplished in two minutes or less; self-service programs allow employees to take care of their own business at their convenience and reach out

when they need support. Direct deposit of indemnity checks is another readily available option that offers added convenience and value for its transparency.

Carefully consider vernacular and approach in establishing an advocacy-based claims model. Terminology used under the current system – such as “recorded statement,” “accident investigation” or “claims examiner” – can appear threatening or carry a negative connotation. This is very different than using such phrases as “employee advocate,” “benefits coordination” or “care conference.” A hospital visit from the department manager or a get-well card from the team can produce a different response than receiving a packet of forms in the mail or answering a call from an accident investigator.

Common advocate traits:

- Collaborative stance and the ability to disagree agreeably
- Compassion
- Common sense
- Emotional intelligence
- Respect for all stakeholders

Effective advocacy programs must have key measurements to determine effectiveness. What we measure drives behavior. Responsiveness and turnaround time are key. Some organizations look at the time from when an injury is reported to the time action is taken to the time a decision is reached. It is important that the measurements selected reflect the organization's culture and capture those elements most meaningful to employees.

Employee satisfaction should be measured continuously. Some employers measure employee satisfaction throughout the process and at claims closure. It is important to understand what causes claim escalations and make changes accordingly. Employee feedback can be obtained in person, telephonically or using online surveys. Input from surveys can be revealing and may result in changing benefits, adding options, or increasing flexibility.

Maximum recovery and return to functionality are important outcomes for injured employees. Return to work and earnings recovery are essential to that process. Make sure employees know their jobs will be waiting for them. Employees should be included in the conversation and information should be readily available. Restoring an injured employee's sense of purpose is important both physically and emotionally as part of the overall recovery process.

Advocacy in action

Early adopters of an advocacy-based claims model are already seeing success. During our collaboration event, stories were shared of increased consumer engagement and satisfaction, reduced litigation and additional positive trends.

“Our commitment to improving the experience of injured associates has resulted in higher retail sales. Simplifying the process has enabled sales associates to spend more time on the store floor assisting customers and selling merchandise.”

Ann Schnure – Vice President, Risk Management, Macy's Inc.

“Our cast members are at the center of our advocacy program. We approach each injury situation from a position of care and concern. Should a cast member suffer a serious injury requiring hospitalization, our expectation is that our team leader will meet that cast member at the hospital and deliver the first benefit check.”

Michele Adams – Vice President of Risk Management Services, Walt Disney World Resort

“Starbucks has created a one-stop-shop for any injured employee partners. Our young workforce has many questions about healthcare, and we work hard to anticipate their needs and respond proactively. Two key features of our claims model are access to online self-reporting of injuries and direct bank deposits for indemnity benefits.”

Noreen Olson – WC Claims Manager, Starbucks Corporation

Advocacy adages:

- Lead with care
- Promote employee engagement
- Know what matters
- Remember the human element
- Call a person by name
- Be a guide and not a gatekeeper
- Address psychosocial barriers
- Care first and then investigate
- Word choice is important
- Regulations are a minimum standard
- Work is part of the recovery process
- Include the employee in the conversation
- Get to win sooner

Conclusion

"In our roles, we are responsible for overseeing and supporting a benefits delivery system for our injured workers. The industry tends to manage the majority with many rules, procedures and processes that have been put in place to identify and deal with only a small minority of claims. Break the circle of mistrust among employers, payers, providers and employees by doing the right thing."

Denise Algire – Director of Managed Care and Disability, Albertsons, Safeway, Inc.

While the workers' compensation system was originally designed as the "grand bargain" that would benefit the employer and employee, many stakeholders today find workers' compensation overly complex, burdensome and confusing. An advocacy-based claims model shows much promise and potential for transforming the more than 100-year-old social system into an easy to use, transparent and consumer-friendly system for those it serves.

By placing an injured employee's needs and concerns at the center of the claims process, great benefits can be achieved by both the employer and the employee. By having open access to accurate and timely information, the injured employee can become engaged and make responsible choices that will expedite a speedy recovery and return to work. The employer, in turn, can benefit from lower costs and reduced rates of litigation while increasing workforce health and productivity.

Repeatedly, improved customer service has translated into higher levels of organizational performance. The same holds true for the claims process as it relates to workers' compensation. Creating an advocacy-based claims model is proving to be one of the more profound transformations impacting the claims industry in decades. Undoubtedly, a more responsive and transparent workers' compensation system makes advocacy an objective we can all support.

*The Alliance of Women in Workers' Compensation
Creating an advocacy-based claims model
2016 Workers Compensation Research Institute
Pre-Conference*

We wish to thank all of our event speakers for their insights, knowledge and support of this effort.

"Building the Business Case"

- Noreen Olson – WC Claims Manager, Starbucks Corporation
- Adrienne Paler – Director, Integrated Disability and Absence Management, Sutter Health
- Angie Schaefer – Vice President, Human Resources, Safety National Casualty Corporation
- Ann Schnure – Vice President, Risk Management, Macy's Inc.

"Model Change Considerations"

- Denise Algire – Director of Managed Care and Disability, Albertsons, Safeway, Inc.
- Lisa Hannusch – CEO & Owner, UniMed Direct
- Dr. Maja Jurisic – Vice President, Medical Director Strategic Accounts, Concentra, Inc.
- Alan Pierce, J.D. – Pierce, Pierce & Napolitano
- Kathy Tazic – Senior Vice President, Client Services, Sedgwick
- Mark Walls – Vice President, Communications & Strategic Analysis, Safety National Casualty Corporation

"Proposed Model"

- Michele Adams – Vice President of Risk Management Services, Walt Disney World Resort
- Artemis Emslie – CEO, myMatrixx
- Scott Rogers – Executive Vice President, Casualty Operations, Sedgwick



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