

Risk Manager

Answers, resources and information to help assess and reduce risk

Timely Reporting of Workers' Compensation Claims What are the Benefits? By Sharon Orr

2 hours, 2 days, 2 weeks – what is the difference? It can be very substantial on numerous levels when the subject is timely reporting of workers' compensation claims. The sooner the employee reports the incident to the employer, the better for all parties involved. And reporting works both ways - the employer must make every effort to report the claim promptly to the carrier. Timely reporting benefits the employee and the employer in many ways.

Prompt reporting allows the employer to provide direction to the injured worker as it relates to utilization of the designated Provider Panel of physicians. This facilitates early accurate diagnosis and medical treatment at clinics familiar with treating workers' compensation injuries with the focus on promoting quicker healing and a more rapid Return to Work. For the injured employee, timely reporting equates with timely benefits payments, improved communication with the employer and insurer and less fear of the unknown, which often results in needless litigation.

Prompt reporting assists in the detection of “red flag” indicators for fraud. It also lays the groundwork for discovering if there is an opportunity for subrogation and aids in meeting State reporting requirements. Some studies suggest that the sooner case and claims management begins; the faster the claim is resolved with a minimum of conflicts. For example, loss costs associated with claims reported within one week

are 8% higher than those reported on the day of the incident; claims reported after one month are 37% higher than those reported on the day of the incident. There is also a significant correlation between “lag time” (time between injury and first report) and the likelihood a claim will be litigated. Claims reported after one month are three times more likely to be litigated than same day incident reporting.

The quicker the claim reaches the insurance claims adjusters, the better the opportunity to ensure key evidence is preserved and witnesses can be interviewed through completion of a timely investigation of the loss. This will also aid in determining compensability and appropriate action for resolution. Improved coordination of care between the employer, medical provider, insurance carrier and nurse case manager can better drive injury management and claim resolution outcomes. Additionally, it would also assist in determining appropriate modified duty assignments for Return to Work. A small percentage of medical only claims can turn into indemnity cases due to unforeseen complications resulting from underlying health risks or unusual circumstances. Timely reporting equals timely medical care, thereby reducing the potential for a minor injury to bloom into a major medical incident.

Finally, remember to report all claims, regardless of the perceived lack of severity – “record only” claims are “warning bells” or early indicators of

potential underlying deficiencies in safety management that, if corrected, may assist in reducing both the frequency and severity of similar claims in the future. Chipping away at the underlying safety system weaknesses through timely reporting, thorough accident investigations and addressing recommendations for corrective action may result in reduced claim costs and fewer losses. Over time, this directly affects the calculations as it relates to the experience modification rating equating with a lower workers' compensation premium for the employer.

Remember, timely claim reporting is the first key step in the injury management process. Your attention to this area will benefit the school district, your employees and allow everyone involved to "Take PART" in Pro-actively Addressing Risks Together!

For additional information or training on best practices and safety management within your school entity, please contact Director of Risk Management Sharon Orr at (866) 401-6600, ext. 7152 or sorr@cmregent.com.