

# Managing a Workers' Compensation File in 2025

WC Center of Excellence

February 12, 2025

A business of Marsh McLennan



# Moderator

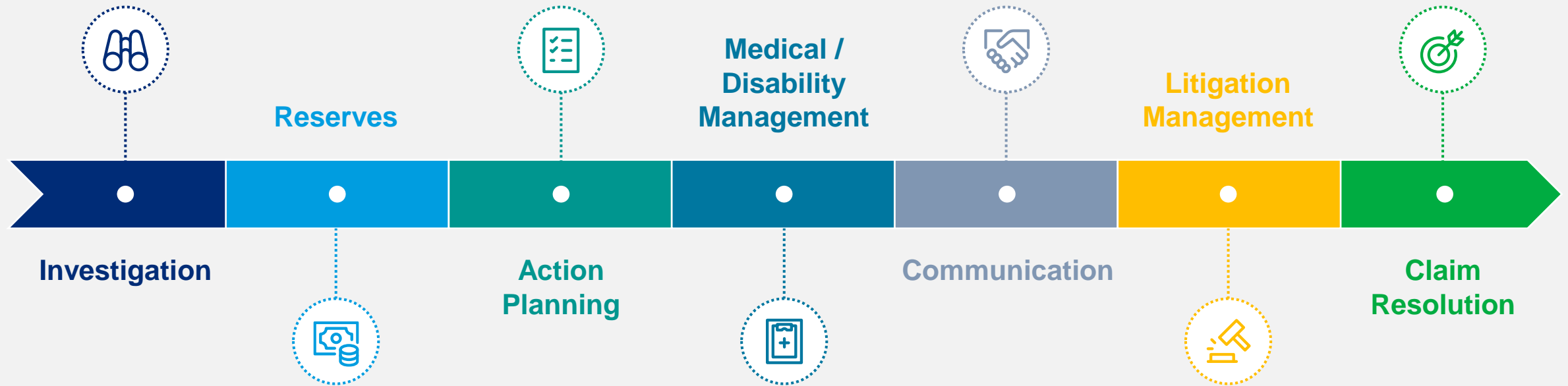


**Christine Williams**

**Marsh**

Workers' Compensation  
Center of Excellence

# Managing a WC File in 2025



# Panelists



**Claude Howard**

**Travelers**  
Vice President  
Workers' Compensation



**Suzette Tierney**

**ADP TotalSource**  
Senior Director  
of Claims



**Suzanne McTeague**

**Sedgwick**  
VP Client Services



**Dennis Tierney**

**Marsh**  
National Director  
of WC Claims

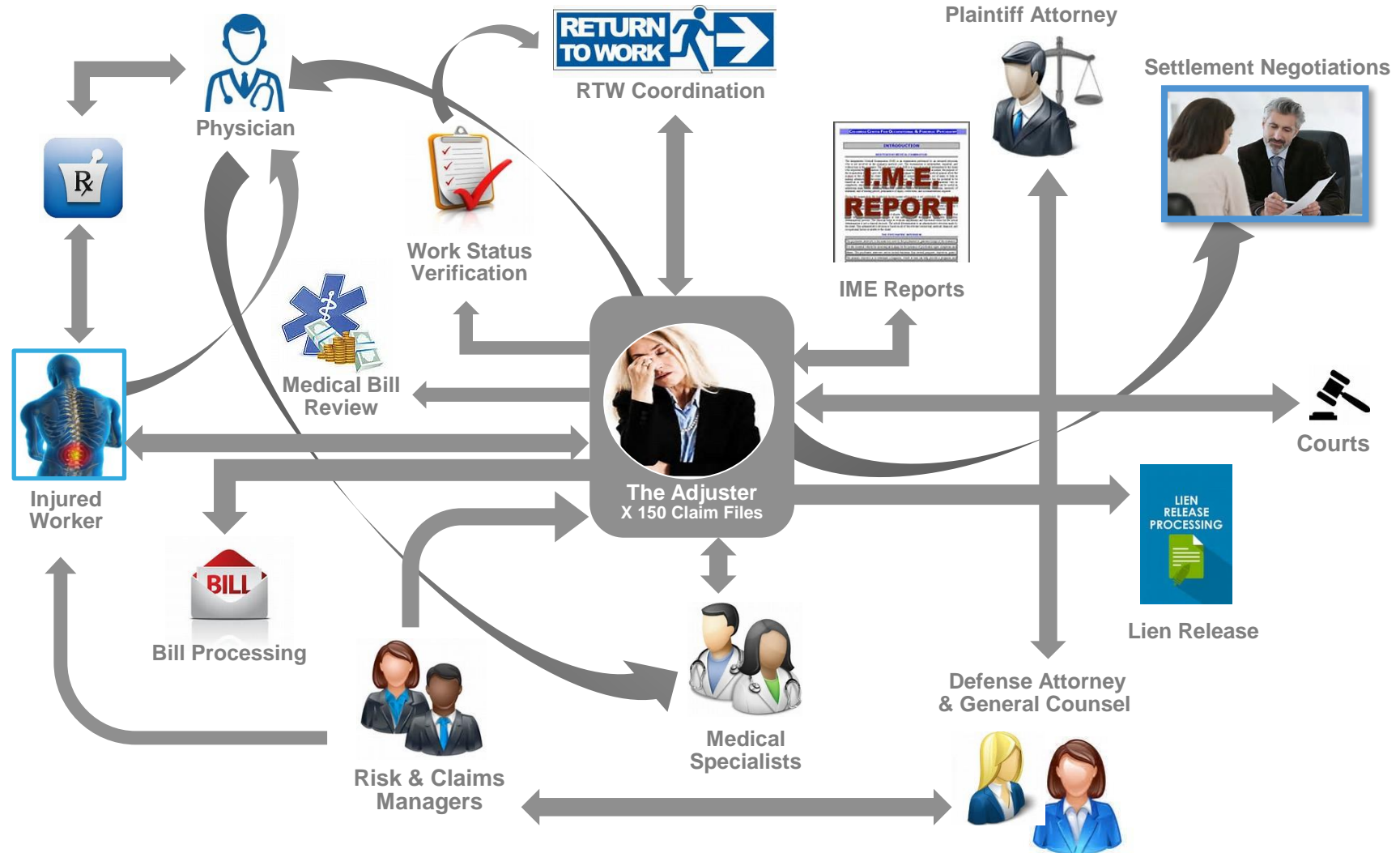
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## Estimated total US workers' compensation costs

(i.e., cost of claims, claims administration, and premium)



# Claims Handling Can Be a Chaotic and Demanding Process



# Claim Investigations

## Basic Blocking and Tackling

- Employers should report claims in a timely manner and give claims providers as much information as possible, including identifying potential red flags.
  - TPAs and claims providers must gather and review all information provided by employers and establish contact with the employee, medical provider, and witnesses as soon as possible.
- If an investigation leads to raised suspicions, continue to gather facts.
  - Express any concerns to insurers and keep them informed of new developments.
  - Subrogation opportunities
    - Investigations do not stop once the claim is accepted as being compensable.

## New Age Thinking

- **Informed Decision-Making:** Detailed investigations provide management with the necessary information to make informed decisions regarding claims. This includes determining whether to accept, deny, or negotiate a claim, as well as understanding the potential impact on insurance premiums.
- **Support for Employee Recovery:** A thorough investigation can help identify the appropriate support and accommodations needed for the injured employee's recovery and return to work. This can lead to better outcomes for the employee and the organization.
- **Risk Management:** Understanding the circumstances surrounding a claim allows employers to assess their risk exposure better. This knowledge can inform risk management strategies and help in developing training programs to mitigate future risks.

# Investigative Tools



**Recorded  
statements**



**Medical  
reports**



**Index bureau  
checks**



**Medical  
canvas**



**Independent  
medical exams**



**Background  
check**



**Drug and  
alcohol testing**



**Social  
media**



**Surveillance**



**Reviewing  
data**



**Predictive  
Models**

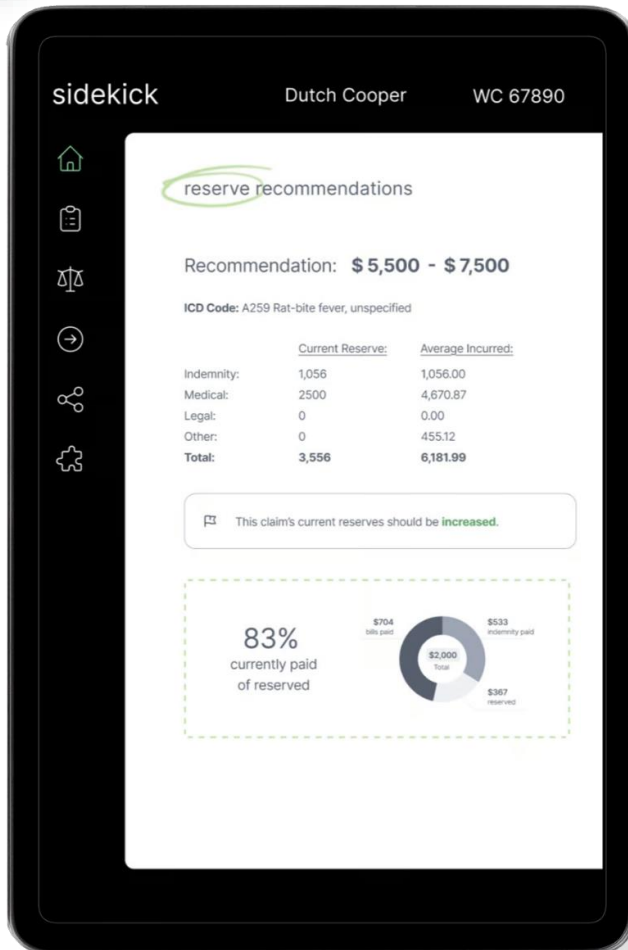


# Key considerations for reserving a file

- 1 Initial Assessment
- 2 Medical / Indemnity Costs
- 3 Expenses (Legal, Investigation services etc.)
- 4 Vocational Rehabilitation
- 5 Claim Duration
- 6 State Regulations
- 7 Historical Data
- 8 Regular Review and needed adjustments
- 9 Reserving Models

Reserves should reflect the ultimate, probable outcome of the claim based on the information known at the time.

Accurate reserving is critical for financial stability, regulatory compliance, and effective claims management.



## RESERVING

### LEVERAGING THE RIGHT RESOURCES

- Medical/wage inflation
- Healthcarebluebook.com
- Official Disability Guidelines (ODG)
- Historical treatment costs
- State fee schedule
- SME roundtables

### AUTOMATED MEDICAL-ONLY RESERVING

- Leveraging data drives better service and outcomes for clients
- Our knowledge of each state combined with nature of injury, cause of injury and body part data allows us to provide accurate initial reserve estimates and predict outcomes

# Action planning

The claim file contains a current and appropriate plan of action to resolve outstanding issues that lead to claim closure.

The claim handler should follow through with the actions in the plan.

An expected date of resolution must be obtained.

The claim handler should update the action plan when new or additional information is received, but no less than 90 day intervals.

Action plan must be appropriate for the current status of the claim and sufficiently contains information supporting the plan.

Initial action plan should be documented in the claim system within 30 days.

## Advancing Claims Processes with AI

Investing in industry leading capabilities designed to combine personal connection, process automation and intelligent analytics to drive optimal outcomes.

### Better Data

### Better Decisions

#### Predictive Models Trained on People's Expertise

Our models learn from decades of Claim handling decisions and historical data – helping to inform future Claim outcomes.



##### Severity Determination

Thoughtful orchestration of predictive models helps us identify severity sooner so we can assign the claim to the most appropriate Claim professional, intervene quickly when circumstances change, and engage the right resource to assist with recovery.

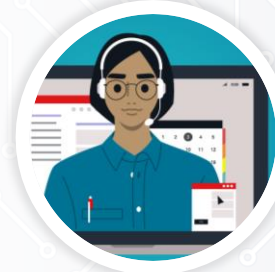


##### Provider Analytics Model

We analyze claim outcomes to help injured employees find the best-performing doctors and clinics - **Travelers Preferred<sup>SM</sup>** providers.

#### Generative AI

We follow a [Responsible AI Framework](#) that consists of principles for how we use AI: **people-centric, fair, responsible and trustworthy.**



##### Claim Knowledge Virtual Assistant

Claim Knowledge Virtual Assistant harness the power of our data, technology and AI to support decisions and workflows throughout the entire claim lifecycle.



## PREDICTIVE MODELING

- Assign claim to appropriate resource during onset of process
- Auto-adjudication of high-frequency, low-severity claims

## SUMMARIZING INFORMATION WITH GENERATIVE AI

- Sidekick+ summarizes medical records and claims notes to allow examiner team to focus on complex claims, claim resolution

The image shows a screenshot of a medical record interface. On the left, there is a patient information section for Robert Smith, a 60-year-old male, with a chief complaint of shoulder pain. Below this is a History of Present Illness (HPI) section. On the right, there is a 'REVIEW OF SYSTEMS' section. A blue callout box on the right side of the screenshot contains a summary of the patient's condition: '60-year-old male reported shoulder pain. He denies any other joint pain symptoms. He has a history of Type 2 diabetes and hypertension. He presently takes Metformin 500mg to keep his diabetes under control and Lisinopril 10mg to control hypertension along with dietary restrictions.' The screenshot also shows various other medical notes and a 'MUSCULOSKELETAL' section highlighting 'Shoulder pain'.

# Medical / Disability Management



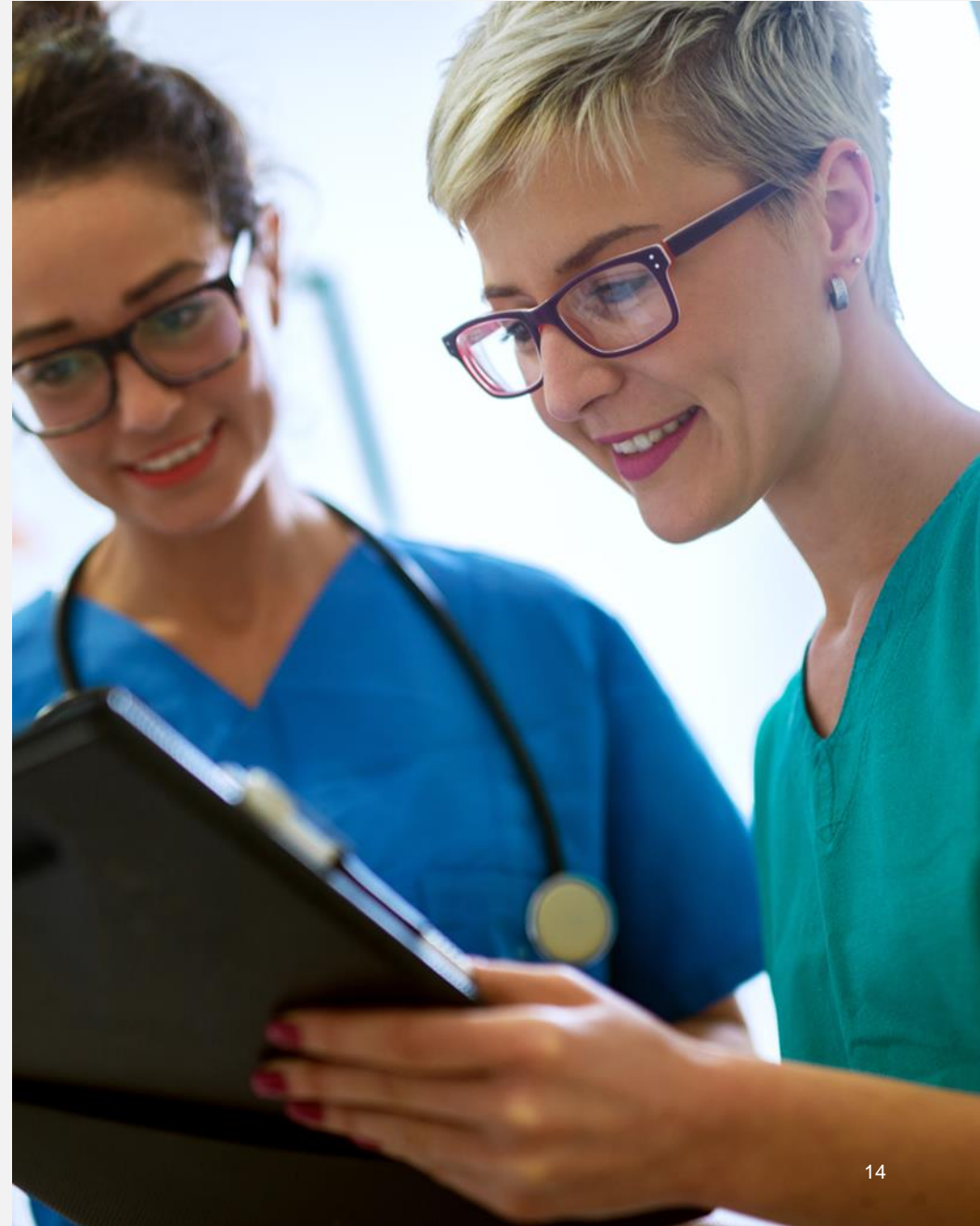
## Medical Management

- Initial Evaluation
- Establishing Treatment plan
- Coordination of Care
- Monitoring Progress



## Disability Management

- Assessment of Disability
- Return to Work Facilitation
- Vocational Rehabilitation
- Communication



The screenshot displays the Sedgwick Claims Management System interface. At the top, there is a search bar and a user profile for Susan Smith. The main section is titled 'Claims' and shows a list of 115 claims. The first claim is selected, showing details for claim # 30154109571-001. The claim status is 'OPEN - ACCEPTED'. The details include: Date of injury: Jan 23, 2024; Diagnosis: Left hand laceration; Jurisdiction: Tennessee; Reason for referral: Similar claims with the same diagnosis benefit from nurse case managers; Claimant: Female, General warehouse, Off-work; Client: ABC Company, 20960045633. A timeline shows the claim status changing from 'OPEN - PENDING' to 'OPEN - ACCEPTED' between Jan 24, 2024 and Feb 2, 2024.

## IDENTIFYING CLAIMS FOR EARLY CLINICAL INTERVENTION

AI care guidance reviews data and identifies claims that benefit from early clinical intervention

- Identifying subtle patterns in claims data
- Detecting the warning signs of claim severity early in process
- Facilitating prompt referrals to appropriate clinical resources

## BEHAVIORAL HEALTH SPECIALISTS

- Patient advocates identifying and addressing psychosocial barriers to ease return to work
- Early intervention and expertise for claims involving trauma, mass casualty, catastrophic incidents or when psychosocial flags are noted, such as drug abuse, stress or fear of returning to work

# Improving outcomes by helping injured employees overcome barriers to recovery

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1

## Better Engagement

Tools to help the injured employee remain an active participant in their recovery.



2

## Better Experiences

Support from a nurse case manager and access to better-performing medical providers.



3

## Better Insights

Models to identify intervention points sooner.

Proprietary and Confidential





# Communication

## Some key communication protocols

- Ongoing constant interaction with injured workers that are not represented
- Claim Status updates with Key Stakeholders
- Collaboration with Medical Providers
- Establish Open Lines of Communication with all parties
- Encourage interaction, questions etc.

Implementing effective communication protocols in handling Workers' Compensation claims is vital for ensuring a smooth process for all parties involved. By fostering open communication, providing regular updates, and maintaining sensitivity to the needs of injured employees, organizations can enhance the claims management process, promote recovery, and facilitate a successful return to work.

# Claims Advocacy – Employee Centric Approach

## Key Principles



Communication



Education



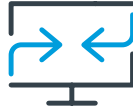
Transparency

## Establishing trust between employers and employees can:

- Make employees less inclined to commit fraud.
- Improve WC claim process for injured worker.
- Lead to better outcomes for employee and improved claim outcomes for employer.
- Help manage employee stress inside and outside of work.
- Convey a sense of empathy.



## COMMUNICATION



### AUTOMATED INITIAL CONTACT

Initial contact questionnaire provided to injured employees via link in text message



### MYSEDGWICK COMMUNICATION METHODS

- Communication center allows injured employees to contact examiners electronically
- Live chat provides real-time communication with qualified claims professionals

# Impact of Attorney Representation on WC Indemnity Payments – WCRI Study\*



Of the claims with more than seven days of lost time, 34% involved an attorney, which also found that of those with permanent partial disability, 64% involved an attorney.



Injuries that had high attorney involvement, with 61% of those with “neurological spine pain” seeking litigation. Forty percent or more of workers with “inflammations” and carpal tunnel syndrome sought attorney representation.



Worker tenure also stood out as a factor, with 39% of claimants with less than six months tenure seeking an attorney. That figure gradually drops to 32% for employees with more than 10 years on the job.



Of workers with legal representation, the average indemnity benefit per claim was \$41,148, compared with the average \$7,957 paid to injured workers without an attorney involved.

*WCRI examined more than 950,000 claims of workers injured between October 1, 2012, and September 30, 2019, in the 31 states covered by its database.*

**\*September 2024**

[Impact of Attorney Representation on Workers' Compensation Payments | WCRI - Workers Compensation Research Institute \(wcrinet.org\)](#)

# Litigation Avoidance

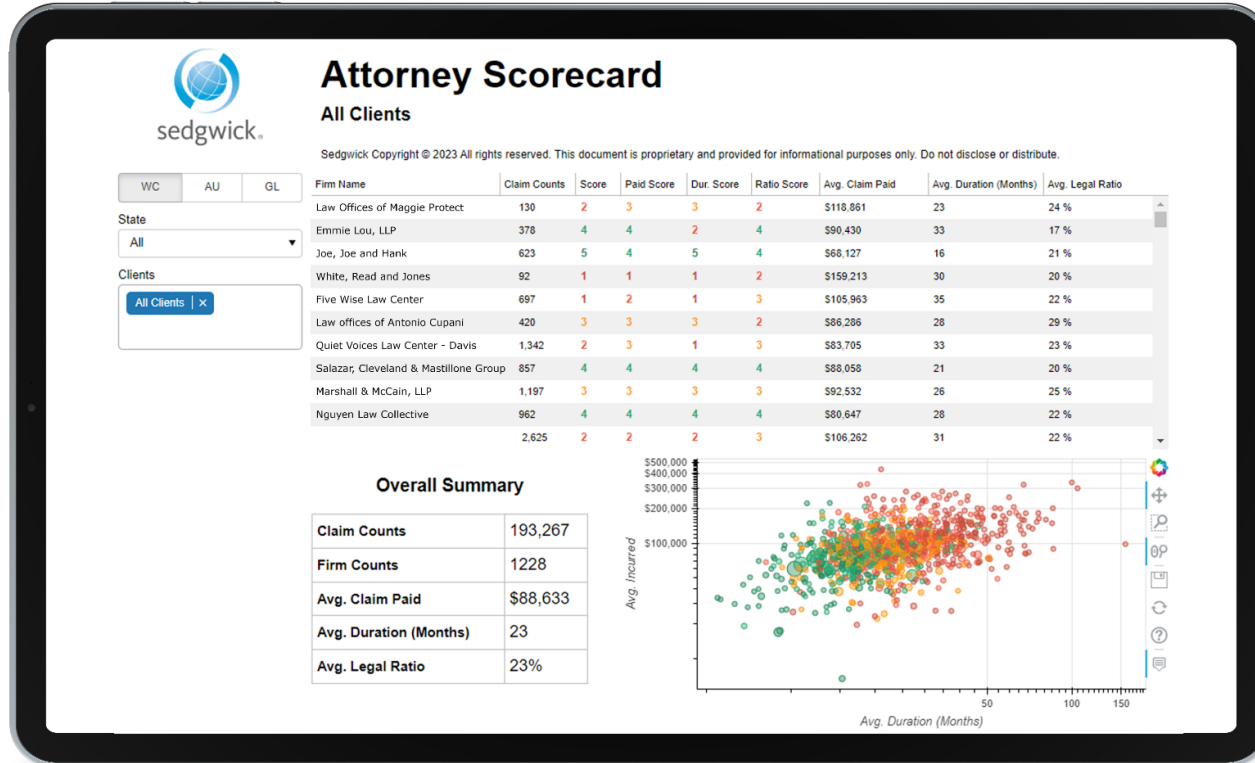
Taking proactive steps to prevent a work-related injury claim from escalating to a point where an attorney is retained:

- Maintaining open communication with the injured employee
- Promptly addressing their concerns
- Providing necessary medical treatment
- Facilitating a smooth return-to-work process

This process aims to resolve claims fairly without the need for legal intervention.

## Claim handler responsibilities:

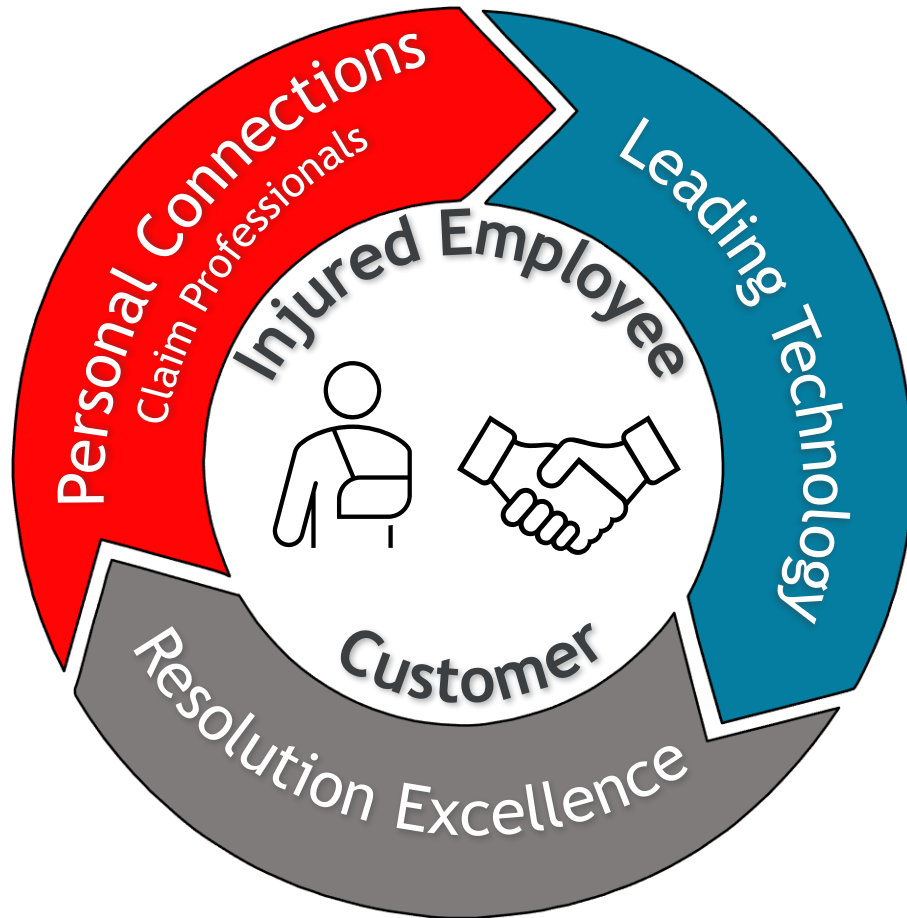
- Maintain control of the litigated claim by coordinating strategy with and directing defense counsel
- Conducting necessary investigations
- Participating in settlement negotiations
- Reviewing legal bills for appropriateness



## ATTORNEY SCORECARD

Objectively scores defense firms and individual attorneys, allowing customers to assess performance in aggregate by determining if firm/attorney has higher or lower than expected costs and/or if firm resolves claims in shorter/longer duration

Technology alone cannot make a great claim outcome...



### Personal Connection and Communication

- Tools that keep employees engaged throughout the claim process
- A case management approach that identifies barriers to recovery and helps employees overcome them
- Access to industry leading expertise for our customers

### Leading Technology

- Advanced analytics that identify severity sooner for earlier intervention
- Models to identify top-performing medical providers associated with consistently better outcomes
- Development of generative AI capabilities that make claim handling more efficient and focused

### Resolution Excellence

- Analytic tools for managers to identify outliers and advance resolution strategies
- Industry leading medical cost containment services
- Relentless focus on return to work as soon as medically appropriate

...great outcomes are about putting it all together

# Digital Workers' Compensation Claim Review

Leading the way by innovating and reforming the claims review process



- We begin our claim review process with a planning session with you.
- In preparation for the session, we use our industry-leading AI to identify the most complex claims to ensure we are discussing these files during the review.



- During the claim review meeting, we utilize our enhanced claim review questionnaire to gather relevant information from you and the carrier or TPA.



- At the conclusion of the claim review, we generate a recap of agreed to actions items and notes with the push of a button.
- The final output of the process is our new dynamic executive summary dashboard. This dashboard offers both micro and macro-level reporting capabilities, allowing for data-driven gainful insights.

## Benefits

- Efficient and timely closing of outstanding claims to help achieve positive claim outcomes
- Digitization and innovative technology delivers improved efficiency and consistency
- Integration of our deep claim expertise with insights from our comprehensive claims data drives value for you
- Insights gathered from the dynamic Client Exec Summary report can help drive down your total cost of risk





# Q&A

Audience members can submit questions for the panel by typing them into the window at the bottom of your computer screen.

If your question is not answered during today's program, someone will get back to you shortly.





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