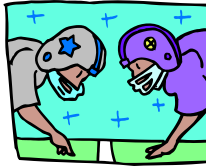


# The Day of Injury Study 2005



Day of Injury

“Controlling the workers’  
comp line of scrimmage”

Public Entity Risk Institute (PERI)

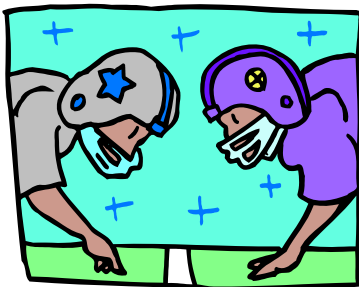


## **“THE DAY of INJURY” STUDY EXECUTIVE SUMMARY**

**The first moments following a worker’s comp incident go largely unnoticed by most public entities.** Claims get reported and filed, the organization and their service providers file the necessary forms to initiate and manage the claim. Generally, unless there is a medical emergency, there is no sense of urgency on the employer’s part. It’s just another comp claim. That’s the way it was at Schools Insurance Authority until 1999-2000. They were an average performing pool of thirty-four school districts, 19,500 employees and 550M in payroll. It is unfortunate that they were located in one of the country’s “top five” worst comp states category, namely California. But the old adage, nothing good comes easy, played out here.

But there was plenty of good fortune to follow. Schools Insurance Authority (SIA) pledged to get down to bedrock in rebuilding their worker’s comp program. It took courage to strip away the layers of their years of claims experience and see their mistakes. All of the core processes of claims management were subjected to a continual forensic analysis. They dedicated themselves to research and study of existing models and followed their instincts under the motto of “plan fast, fail fast and adjust fast.” The SIA primary processes reported in this PERI study include what could/should happen on the day of injury. As SIA has learned, the day of injury offers the employer a unique opportunity to control their workers’ comp fate.

The study surrounded the three primary processes that SIA engaged on the day of injury. These are injury reporting, directing medical care, and early return to work. The result of their re-engineered process offers public entities a decidedly different view of the first moments following a worker’s comp incident.



### **Controlling the Worker’s Comp Line of Scrimmage:**

Comp and football comparisons just make sense. Both are team sports, except in comp the employer always plays defense. In football, the team that controls the line of scrimmage usually wins. The strategy at SIA was to find the line of scrimmage. Where is the point at which the employer can exercise the greatest control on the comp game? As SIA discovered, the line of scrimmage is the day of injury. This is the point in time where their team could line up their skilled players to change the nature of the game. So this study is all about the first few moments following an incident. In football and in comp, if you do not react immediately to the snap of the ball (incident), then you are always catching up to the play (claim). So for most organizations playing comp football, the game strategy is to keep it to a short gain, prevent the long gain and touchdowns. In other words, keep a lid on it the best you can!

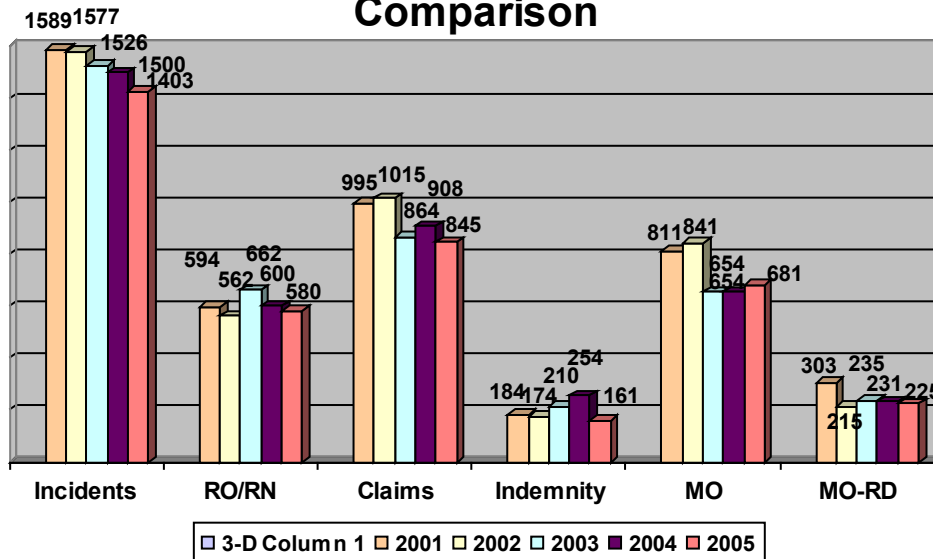
At SIA, the game strategy is to stop a play for no gain. Now that's like a "zero defects" strategy in a manufacturing environment. Not always possible, right? The following is a summary of the SIA and other entities' experience in "hunkering down" on the day of injury to provide the best service possible to their 19,500 employees.

There are two pertinent reports by INTRACORP referenced in the study.<sup>1</sup> The gist of these studies supports those employers that go the extra distance in reaching out to their employees; they get to keep their comp gold. Higher employee satisfaction levels lead to less costs, less litigation, and faster return to work. So, if you were thinking that SIA employed some off-handed strategies to prevent their employees from filing a claim, you forgot. . . . They're in California! Need we say more?

### The Day of Injury at SIA: Injury Reporting

The scope of work of this study is to identify best practices and measure the results of an integrated employer response on the day of injury. The findings will conclude that the day of injury is the most critical stage of a worker's compensation claim. The nature, duration, cost and eventual outcome of a claim can be largely shaped and controlled by the employer's response on the day of injury. A major component of the Day of Injury Study is to examine the data of the telephonic nurse injury reporting/triage since July 1, 2000. The following charts provide the baseline support for the study.

### W.C. Incidents & Claims / Types Comparison



**INCIDENTS** = All telephonic reports; **RO/RN**= Calls were either a Report Only or a Nurse First Aid, i.e. not referred to medical treatment, no claim filed. **CLAIMS**= New claims during year; **Indemnity**; **MO**= Medical Only; **MO-RD**= Medical Only-Restricted Duty, employee unable to RTW full duty but returned to modified/restricted duty within 3 calendar days to prevent an indemnity claim.

## Significant Findings: Injury Reporting

1. The nurse injury report line promotes the reporting of all incidents. All incidents are recorded in the claims database. The nurse triage process goes well beyond other methods of injury reporting. Many methods are “high tech” solutions and score high in ease of use and reducing lag time issues. The nurse triage injury reporting is “high touch” often stopping a claim from being filed because of the nurse advice to the injured employee. A lot of “TLC” certainly helped SIA keep employee satisfaction levels high.
2. The lag time between the employee’s notification to their supervisor and the report of injury filed with a call to the nurse was usually the same day. Overall lag time for the five year period was less than 1.5 days.
3. The nurse triage process is highly effective in assisting the employee in the decision to seek medical treatment on the day of injury:
  - 39.36% of all calls (incident reports) over five (5) years did not result in medical treatment; therefore, **no claim was filed**. 5 year totals: 7,617 incidents; 2,998 RO/RN cases
  - 94% of all RN/FA calls remained in a “no claim/no medical treatment” status at 90-days post call. This is an unexpected finding. The assumption was that a much higher percentage of calls/incidents would result in medical only or indemnity claims. This finding also supports the overall satisfaction of the employee with the nurse triage services (self-care advice) given to the employee on the day of injury.

### RN First Call Results

- During the last 3 years, 1826 injury reports were handled as RN Self-care/First Aid.
- 94 % of those incidents remained as RN Self-care/First Aid reports (no further medical treatment) after 90 days.
- Top three nature of injury categories were: strain/sprain, bruise/contusion, & laceration.

4. The RN injury report process promotes positive communication with employees. The overwhelming response from employees has been very positive. During the first year of the EIN/SRTW Program, claims litigation rates dropped 67% and have remained well below CA litigation rates for the past five years. SIA average claim litigation rate for the past 5 years is 7% of all claims. The CA statewide average is approximately 20% of all claims.<sup>2</sup>
5. The RN injury report process integrated well with the early intervention return to work program in the twenty-eight (28) school districts. The results over the five year period demonstrate that 26% of claims were classified in a medical only/restricted duty status. These injured employees had medical work restrictions that precluded a full duty return to work. In California, if the employee has not returned to work within 3 calendar days, the claim is classified as indemnity. The employee is eligible for wage replacement payments. In a 90-day follow-up review of these MO-RD claims during FY-03, FY-04, and FY-05, 92% of these claims remained in a medical only status
6. The nurse injury intake process facilitates speedy claims decisions. In California, since the 2004 reform, employees have access to medical treatment up to \$10,000 while the claim is in a pending status, awaiting a compensability decision. The quality of information exchanged between the employee and the intake nurse promotes an expedited claims decisions process

### Other Supporting Data

The study also examined two similar programs in school districts in Northern California. Both organizations presented some differences in program design and resources. Sacramento City Unified School District (SCUSD) is a large urban, inter-city district employing approximately 5,000 employees. SCUSD implemented a similar program utilizing a nurse injury report line and an early intervention return to work program. Their program was implemented in 2002. The following program evaluation encompasses the first two years.

#### S a c r a m e n t o C i t y U S D

	2002	2003	2004	Results '02 vs. '03	Results '02 vs. '04
Claims	732	467	390	36%Decrease	40% Decrease
Indemnity (% Claims)	261 (36%)	160 (34%)	125 (32%)	39%Decrease	52% Decrease
Medical Only (% Claims)	471 (64%)	307 (66%)	265 (68%)	35%Decrease	44% Decrease
Report Only/RN-FA	33	201	213	609%Increase	645%Increase
Litigated Claims	43	30	13	30%Decrease	70% Decrease

### **Sacramento Unified School District**

- 31% of all calls were handled as Report Only/Nurse First Aid
- 38% claim reduction for two years from the previous year
- Litigation dropped 70% over two year period

**Redwood Empire Schools Insurance Group (RESIG)** is similar to SIA. RESIG represents forty-five (45) school districts in Sonoma County (Northern California) with approximately 13,500 employees. RESIG implemented a nurse injury report process and early intervention return to work program in 2003. Their results following the first year of operation show:

### **Redwood Empire Schools Insurance Group, Windsor** First Year Evaluation, 2004 vs. 2003

- Total Incurred costs decreased 42%.
- Total Indemnity paid costs decreased 35%.
- 871 incidents reported, 503 claims filed, 42% of all incidents did not result in opening a claim.
- 148 claims were placed in modified duty within the first 3 days to avoid an indemnity lost time claim.

### **City of Little Rock.**

In 2001 the City incorporated into their comp system the Company Nurse™ program, similar in operation to the nurse injury intake process at SIA. According to the City, they experienced a 20+ day reporting lag time. The largest city in Arkansas was using 3 different documents to report a claim. This procedure led to a major inefficiency in proper reporting protocol. The excessive lag time was a large contributor to rising comp costs. After the Company Nurse injury management program was implemented, reporting lag time decreased from 20+ days to 2!<sup>3</sup> The City of Little Rock experienced a 44% reduction their Total Cost from 2000 to 2001. This downward trend continued through 2004.

### **Company Nurse™**

Company Nurse™ provides nurse triage injury report services to employers throughout the U.S. The firm reports a 32% non-referred rate. In their study of 11,775 calls, the nurse triage service handled 32% of the calls as a Nurse-First Aid. These calls did not require further medical treatment, hence no claim filed.<sup>4</sup>

The **keys to a successful injury reporting process** as modeled by SIA/others are:

- **Keep it simple**, have a single point of contact to keep the process uniform.
- **Staff the injury reporting process with an experienced triage nurse**, either in-house or using a contracted service. The quality of information derived from this process greatly impacts the claims management function and builds a positive relationship with the employee.
- **Make it easy to use for employee and supervisor**; a phone call is efficient and personal especially when talking to a medical professional.
- **Immediately integrate the injury reporting process with access to qualified medical care**. Employees that receive medical treatment on the day of injury have much higher satisfaction levels.
- **Set an expectation of early return to work** with prior targeted communications and reinforce it on day of injury.

Ask yourself, what is the financial impact of 25-40% of the reported incidents not becoming a workers' comp claim? There is a significant economic opportunity to be explored with a Nurse "First Call" injury reporting process. SIA stands by it.

### **Day of Injury- Partnering With the Medical Providers**

Under the context of a day of injury early intervention initiative, communication with the medical provider is essential. What actions can the employer utilize to develop better working relationships with local medical providers? The goal of the study was to provide some specific strategies and the necessary tools for employers to build better relationships with their medical providers.

A resource manual of best practices was developed in conjunction with the study. This is available from PERI. This manual offers additional training, process tools, targeted communications, checklists and forms. This portion of the study examined the reluctance of employers to develop partnering strategies with comp medical providers. The study offers employers some practical steps to evaluate and open the communication doors to the medical community.

The physician is a key player; they often start & stop the claims process. The employer must recognize their responsibilities and role to assist in the medical treatment process. Employers do have an opportunity to develop better working relationships with their local medical community. Those employers who develop communication lines with physicians better control their own bottom line. There are simple, effective strategies outlined in the study and the accompanying workbook for employers to adopt. At SIA, having trained medical staff in-house is certainly an enhancement to assist with medical provider relations but not a requirement for success. The area of provider relations is indeed fertile ground for employers to further control workers' compensation costs and enhance existing employee relations.

## Day of Injury- Early Return to Work Programs

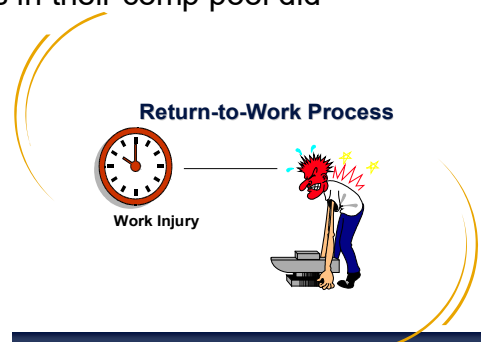
In the past fifteen years, various models of return to work programs have surfaced. There is an undeniable body of evidence that supports the use of RTW programs to control disability costs. These programs not only provide an economic opportunity to reduce the employer's costs but can resolve the employee's insecurities surrounding a disability claim. As reported by INTRACORP, 1997, the primary issues facing employees are related to medical treatment, financial and job loss, and the emotional issues associated with the disability. The survey further reported that employees who were satisfied with their employer's response to their injury/illness returned to work 50% faster.<sup>5</sup> In other words, organizations that provide programs and information to their employees at critical points in a disability claim reduce those employee insecurities. This in turn leads to markedly increased employee satisfaction levels. Many organizations after implementing RTW programs have experienced significant reductions, 25-50%, in indemnity/time loss payments and lost days due to workplace injuries. How big is the economic opportunity presented here?

### Types of Return to Work Programs

RTW programs vary in their structure, deployment and performance. The study examines three RTW program models; basic, intermediate and advanced. The models are compared as to philosophy, structure and staffing. The key element is deployment. **The earlier the intervention begins the more impact to the claim.** SIA intervention began on the day of injury with immediate coordination of the employee back to modified duty. The resource manual that accompanies the study offers a best practice model and numerous training guides, sample forms, checklist and resources for public entities. **The glue that binds continued success to RTW programs is the RTW Coordinator**

### SIA Structured Return to Work Program

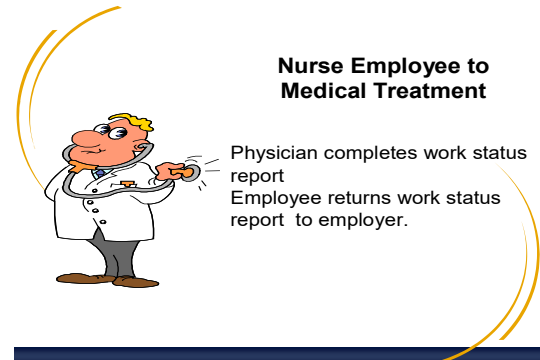
Prior to 2000, most of SIA's twenty eight school districts in their comp pool did not participate in a formalized return to work program. Many of the districts permitted modified duty return to work but lacked policy and procedures and a systematic approach. A Structured Return to Work (SRTW) Program was implemented during the 2000-2001 school year. SIA contracted with Dennis Chandler, Day-1 Systems, to assist their staff in developing an integrated process combining the nurse injury report line, return to work, and claim management. At that time, SIA had a staff of three nurses that were assigned largely to medical management functions. The nurses' role was redesigned to accommodate the staffing of the injury report line and coordinating an early intervention return to work effort. Nurses were assigned various districts to manage the return to work process and to provide medical case management services.





The SRTW Program design had to span the differences in the twenty-eight school districts. SIA prototyped the SRTW Program at seven selected districts representing differences in size of operations and span amongst geographic areas containing urban and rural districts. All twenty-eight districts utilized the nurse injury report line, replacing their customary process of a paperwork form. One of the issues to resolve was the lag time of injury/illness occurrence and notification to claims management. The SRTW Program was fully implemented at all districts within a seven month period during 2000-2001.

The initial challenge encountered was to get all twenty-eight school districts on the same page as it pertained to setting “a shared expectation of return to work”. Meetings were conducted throughout each district to provide training to administrators, union representatives, supervisors and employees. SIA used targeted communications that included color worksite posters that portrayed the injury reporting and return to work process. Employees received injury reporting instructions on wallet cards and brochures detailing the SRTW Program. The nurse assigned to the district began to actively liaison with district management. Each district had a worker’s compensation liaison that would receive notification from the EIN on new injuries and updates on cases in modified duty.



As reported earlier, SIA received 4,636 claims during the five year period between FY-01 thru FY-05. Medical Only (MO) and Medical Only Restricted Duty (MO-RD) claims comprised 79% of claims. The MO-RD claims accounted for 1,209 cases, 26% of all claims. These cases involved physician work restrictions placed on the employees to preclude a full duty return to work. If these employees had not returned to a full modified duty work assignment within 3 calendar days, these cases would result in an indemnity time loss status. This is strong evidence to support the effectiveness of an early intervention process by the nurse working with individual districts.





### Employee/Supervisor & RTW Coordinator

Review work status report  
Assign modified duty/TWA  
Complete RTW agreement



In a follow-up evaluation conducted during the study, these cases remained in a medical only status ninety days later. This evaluation looked at MO/RD cases during the FY 03-FY 05. During this three year period, 691 cases were classified MO/RD, 637

(92%) remained in a medical only status 90 days later. Not only was SIA effective in preventing the initial indemnity time loss, but they resolved those cases long term in a medical only status. During FY 01-02 for example, 47% of all MO/RD cases closed with an average cost per claim of \$501.00.

The basic principles of SIA SRTW are:

- Systematic return to work process to evaluate each worker's comp case for early return to work within 1-3 days following injury.
- A shared expectation on the part of employees, supervisors, district management, and physicians that supports early return to work.
- Pre-identified modified duty options that "stand ready" to be utilized for return to work. The SRTW Program identified over 100 Temporary Work Assignments available throughout all classifications.
- Dedicated Return to Work Coordinator to manage, problem solve, and report on cases in modified duty.
- Case management information system to track, diary, and report case management activities.
- Continual training throughout all districts on the EIN/SRTW Program.

Monitor Employee's Progress to Full Duty



During this five year period, SIA committed to a forensic analysis of their workers compensation data. SIA developed a series of user-friendly management reports/charts/graphs that provide each district an accurate picture of their specific workers compensation programs. In addition, since this is a self-insured pool, reports/charts/graphs show each district's performance as measured against other district pool members.

## RTW Conclusions

First, a significant economic opportunity exists for organizations, which control worker's compensation and disability costs through the use of RTW programs. This fact has been firmly established and widely proven throughout all employment sectors. The extent of the economic opportunity varies from organization to organization. The essential ingredient is willingness to change the organizational culture to support RTW activities and the commitment of the necessary resources to ensure success.

All too many organizations have hastily crafted and under-resourced their return to work initiatives. These half-baked efforts did not go the distance for an effective, performing return to work program. Effective RTW programs are multi-faceted and require a long-term commitment for continued success. These programs address many of the root cause issues in worker's compensation claims. Many of these issues lie in the relationship between the employer, employee and the worker's compensation system.

Too many studies have reached the same conclusion: this "no fault system" is really a "your fault system", one where too few cooperative efforts are minimized by a culture of adversarial overtones. The best way to work with attorneys is..... only when all your best efforts have failed. Cool Hand Luke summed it up, "What we have here is a failure to communicate!"


Success in the RTW endeavor is guaranteed if you include the right ingredients. As with all business problems, find a mentor or an organizational model and blend/refine it within your organization. Then resource it properly and stay the course. When you have implemented an effective RTW process, **mind the process, mend the problems.**

## Final Thoughts

The Day of Injury Study serves as a significant project in demonstrating the power of the employer's role in workers' comp. Too few employers recognize the full significance of early opportunities to control comp costs. At Schools Insurance Authority, their focus is now refined to follow the money trail. What are the key cost drivers in comp? Sloppy processes, sloppy practices, and an overextended staff, significantly contribute to the problem. The other driver is believing that you can't do anything about it. This leaves many organizations staying the course on this slippery slope.

What was learned at SIA over the past 5-6 years is that organizations can dig out of sizeable holes. It all starts with defining the problems and implementing corrective actions. Workers' comp is just like any business problem. With good science/rationale to derive at good models, diligent effort and a dedicated team, the problem will cease over time. The key is where to apply the effort. The Day of Injury is the most important play for the organization to call.

The Day of Injury Study and the resource manual offer entities a detailed play book. SIA is willing to let you come and stand on their sidelines and learn from their coaches. You need only to get your head in the game and call the right plays.



**DAY of INJURY**

**The most important play to execute.**

The employer's response on the day of injury significantly determines the nature, duration, cost and eventual outcome of a claim.

## Endnotes

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<sup>1</sup> INTRACORP, A Study of Injured Workers and Their Experiences with the Worker's Compensation System, Communication, Concern, Caring, Surprisingly Simple Keys to Effective Worker's Comp Programs (INTRACORP, Philadelphia: 1997) 1-24.

INTRACORP, The Disability Experience, What Helps and Hinders Return to Work (INTRACORP, Philadelphia: 2001) 1-13.

<sup>2</sup> Nicholas Pace, Improving Dispute Resolution for California's Injured Workers, Rand Study (Santa Monica: Rand 2003)xxvii.

<sup>3</sup> M. Knott, City of Little Rock Workers' Compensation Report (Little Rock, AR:2005) 1-4.

<sup>4</sup> P. Binsfeld, Company Nurse™ Report (Scottsdale, AZ :2005) 1.

<sup>5</sup> INTRACORP 8.