

A photograph of a laptop screen displaying a "Workers Compensation Claim Form". The form is titled "Workers Compensation Claim Form" and has a section for "General Questions". The form includes fields for "Insured's Name", "Date" (set to 01 January 2016), "Gender" (set to Male), "Address", "Phone Number", "Email Address", "Social Security Number", "ID Number", "Status" (with radio buttons for Single, Married, Divorced, Others), "Occupation", and "Are you a retiree?" (with radio buttons for Yes, No). A hand is holding a pen over the form, and another hand is typing on the laptop keyboard. There are also some sticky notes on the laptop screen.

ALLIANZ COMMERCIAL

Smartcare[®] timely reporting for workers' compensation claims

Allianz Risk Consulting

Risk bulletin

"Time is money" is an adage that expresses the idea that when you engage in something that takes time to do, that time is time that could – in principle – be used to earn money.¹ Also, time is a commodity in the sense that people have only so much of it to use, and the expectation is that one benefit from the time one expends on something.²

Origins of workers' compensation

Workers' Compensation was the first form of social insurance in the United States. The first U.S. workers' compensation law was enacted in 1908 to cover federal civilian employees engaged in hazardous work ... Today, each of the 50 states has its own program, as do the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.³

¹ Benjamin Franklin, 1748

² "Buying Time Promotes Happiness," published in the Proceedings of the National Academy of Sciences Journal

³ Social Security Office of Policy; Social Security Bulletin, Vol 67, No 1, 2007 Recent Trends in Workers' Compensation

In the 2018 AGCS Global Claims Review, it was reported that the United States is seeing a trend towards higher settlements and awards in personal injury cases, and many with high punitive damages. Examples cited are Monsanto and Johnson & Johnson totaling more than \$1 billion in 2017 and 2018.⁴

At Allianz, we believe the most effective way to control workers' compensation costs isn't just about working safely. It's about working smarter. When accidents happen, we can help you reduce medical costs, lost-work time, and litigation risk as well as maximize subrogation and recovery opportunities with SmartCARE®.⁵

Here are some recommendations that can help you and your employees:

Report accidents immediately

Whether you report online or by phone, statistics show the sooner the loss is reported, the more optimal the outcome and the greater the cost savings.

- While late reporting of workers compensation claims by the employee/employer does not affect the employee's benefits, it often causes issues with claims handling processes usually increases the cost to the employer. A study published in the National Council on Compensation Insurance indicates that claims reported two weeks after occurrence had 18 percent higher costs than those reported within the first week. Claims reported three or four weeks after the injury were 30 percent higher. Claims reported one month later averaged 45 percent higher in costs. The study also shows that claims costs in the first four days from the event are usually fairly consistent, but they spike in days 5-7, attributed to the injured workers' anxiety as they make multiple trips to the doctor and require more days away from work. The report concludes "reporting claims within the first 72 hours may result in lower overall costs."⁶

- Delayed reporting can jeopardize the investigation of workers compensation claims; as more time passes from the date of the event, it becomes harder to conduct a proper investigation to gather information on determining cause and extent of injury. If there are matters to dispute, or discover, it becomes more difficult as more time passes.

- Employee Morale can be directly affected with delayed reporting. The injured employee is more likely to feel that their claim is not being taken seriously, they may feel neglected, not a valued employee, and that their injury is seemingly not important to you. Timely reporting of claims can significantly reduce the chances of having a disgruntled employee who has even less motivation to return to work.

- Potential for litigation increases. The longer a claim drags on, studies have shown the potential for litigation increases exponentially. Also, the injured employee may seek additional medical opinions or treatment, or begin to wonder if the employer is possibly retaliating against them for their injury. Swift resolution of the claims is best for all parties involved.

- Reporting workers compensation claims too late may violate state law. Each state regulates workers compensation claim reporting. Check with your broker and state for specific requirements.⁷

Use Quality Medical Providers: Doctors who are selected for their expertise in treating occupational injuries and illness are better at recommending the right care at the right time.

Practical, Effective Return-To-Work: Using transitional work in the form of modified or alternative duty saves money through reduced health care costs and lost time, promotes improved morale, and reduces the need for training and temporary employees.

⁴ 2018 Global Claims Review

⁵ AGCS NA Claims Pitchbook

⁶ The relationship between accident report lag and claim cost in workers' compensation insurance NCCI

⁷ Reporting workers compensation claims: 5 reason to file em' fast hni