

# The Right Prescription for Lowering Workers' Comp Costs

By David Leng, Vice President, Duncan Financial Group

Let's face it. Navigating the workers' compensation process can be painful for both the employee and the manager. If an employee is injured on the job and is making a workers' compensation claim, he or she must be medically evaluated by a doctor who will determine if they can return to work, stay home, or return to work with modified duty. The process can be more frustrating if you do not work with a doctor who understands this process.

The National Council of Compensation Insurance (NCCI) has been tracking workers' compensation costs for decades. And what those studies reveal is a significant change in how the costs line up. For example, in 1987, medical costs represented 46 percent of all injury costs and indemnity (wages) payments were 54 percent. Fast forward to 1997, and medical costs were 53 percent compared to wages at 47 percent. In 2007, medical costs went up to a whopping 59 percent while wages reduced to 41 percent.

The results could be viewed as companies doing a better job of returning employees to work. But in reality, the amount paid to those employees out of work due to an injury is actually up – while the amount spent on medical care is also on the rise. This is why health insurance premiums are also increasing.

Insurance companies and third-party administrators have been increasing their focus on reducing medical costs, particularly through the reduction of fees to doctors and facilities. The insurance companies even tout the “savings” to their clients as a way of showing where their medical cost containment programs have benefitted them.

medical treatment the employee receives *and* how the employee is treated by the employer.

Your borough needs to take charge of the process so the decisions aren't left to the whim of the doctor, the insurance company, or the employee as to when the injured employee is fit to return to work. Municipalities



## Taking Charge of the Process

Interestingly enough, at the 2012 NCCI Conference, the council announced that these fee reductions have had little impact on curtailing medical costs. Focusing on medical fees is really not the solution – employers need to focus on having the injured employee receive the best treatment as quickly as possible. This includes both the quality of

also often rely on the insurance company adjuster for input as to when to bring the employee back to work.

The “best” insurance companies say their average claims per adjuster are around 100 claims or fewer, which means they would have more time to focus on managing your claims as compared to an adjuster with over 250 claims. However, if you

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ask them how many total claims the insurance company has, and how many trainee adjusters they have working on cases, you find that the seasoned adjusters are still probably handling 150 or more claims. The problem ends up being that your priority – which is your claim – may not necessarily be the priority for that adjuster.

So, who are the three most important people when it comes to having a better outcome?

### *Is it the doctor?*

The doctor can understand that an employee being at work recovers quicker than one who is sitting at home. They can understand that not being sedentary is actually good for an employee's healing process. Or, they can send the injured employee home.

### *Is it the employer?*

The employer can be caring and can permit the employee to return to work on regular or modified duty. The employer can accommodate any variety of conditions and provide meaningful work so that the employee feels valued and a part of the team. Or, they can have the employee stay home for his or her safety.

### *Is it the employee?*

The employee could follow the recommendations of the doctor and try to recover as quickly as possible and return to work, or he or she could choose to be disrup-

tive. An employee could seek out an attorney, and in some scenarios, perhaps exaggerate the seriousness of a condition to receive additional time off from work.

You may notice the adjuster is missing from this group because in reality, that decision can only be managed based on the decisions of the doctor, employer, and employee. If the doctor says the employee is to be off work, the adjuster must wait for the doctor to release the employee to full or modified duty, or order an independent medical evaluation and fight to bring the employee back sooner. If the employee wants to get an attorney, an adjuster cannot stop it. In any case, it's best to work with your borough solicitor.

### *Choosing a Doctor*

The doctor is critical in this process so you need to choose one wisely, so here are some things to consider.

- Do you know if an employee should see a primary care physician or a panel of workers' comp specialists? Is there contact information and location handy?
- Should you rely on a doctor that the insurance company provided to you?
- Do you know what experience the doctor has in treating workers' compensation injuries? Many doctors seek to



treat workers' compensation injuries because it is currently more lucrative.

- What is your doctor's return-to-work philosophy?
- How will the doctor communicate with you and how often?
- What kind of wait times does the doctor have?
- What are the doctor's competencies? Is he or she able to provide sutures and take x-rays, for example? Or, will you have to send the employee to the emergency room for some basic services?
- Did the doctor tour your borough's work spaces to understand



the physical risks and requirements of the job?

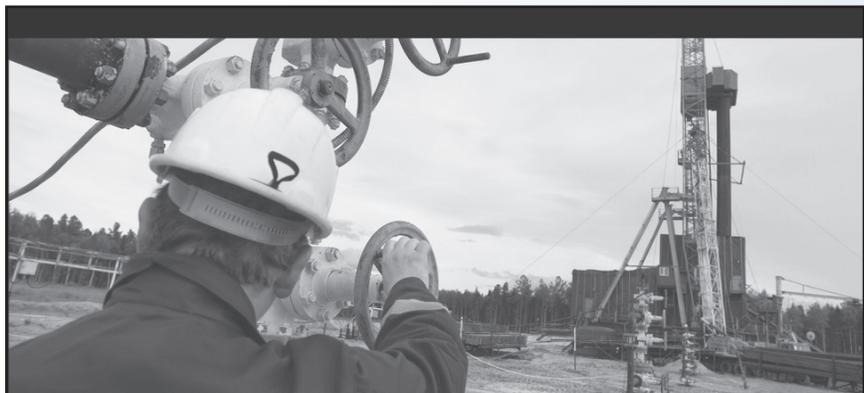
- Is the doctor related by ownership or contract with secondary facilities such as physical therapy or imaging facilities? In some cases, there is a higher than average utilization of those facilities.
- Does the doctor follow American College of Occupational and Environmental Medicine (ACOEM) standards? By following the ACOEM standards, the doctor has best practices guidelines to follow for each type of injury rather than doing multiple tests that most likely have no bearing on the injury.

In addition to making sure you have the right doctor, consider it your borough's best practice to also have detailed job descriptions, including the functional requirements, for each job task. These job descriptions can be incredibly useful to your borough in deciding to bring an injured employee back to work, even if he or she is not 100 percent, but can do so with modification. Plus, a detailed job description can provide the doctor with a better understanding as to what the injured employee will be doing, including the physical requirements of that job, or any modified work assignments. Following these guidelines will help to make the process less painful.

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