



Fiscal First Aid Quick Reference

Auditing Workers' Compensation Claims Patterns

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Introduction

Auditing workers' compensation claims details allows an organization to find patterns or trends that might reveal opportunities to reduce the frequency and length of workers' compensation claims.

Steps to Take

- I. **Gather historical data.** Several years of data will need to be analyzed. Comparing multiple years will highlight changes in patterns and also point out areas that need more concentrated evaluation.
- II. **Analyze patterns of exposure.** Don't limit yourself to obvious sources of exposure such as highly physical activities. Consider other job stressors as well. For instance, the Marion Superior Courts in Indianapolis, Indiana, experienced a 40% reduction in worker's comp claims from carpal tunnel injuries and back pains when they invested in ergonomically correct chairs and desks for their support staff.¹
- III. **Get employees involved.** Convene a safety committee of key employees from each department to talk about workers compensation costs and what can be done to reduce them.
- IV. **Conduct safety inspections.** Inspect employee working environments, looking for occupational hazards. Your workers compensation insurance provider may be able to help with inspection protocols.
- V. **Invest in proper equipment.** Safety committee meetings and inspections will suggest the need for equipment that will reduce claims (e.g., safety goggles, shoes, face masks, hard hats) where appropriate. This really is an investment because it should improve your claims experience and, therefore, overall costs of risk.
- VI. **Consider an on-site (or nearby) employee health services clinic.** A clinic provides quick response and resolution for minor work-related accidents. It also provides a convenient location for any screening requirements for existing or new employees. In addition, a clinic can help advance more proactive wellness programs such as weight-reduction seminars, healthy exercise clinics, or health fairs to keep employees informed of available services. Since introducing an employee health clinic, the City of Roanoke, Virginia, has experienced fewer total claims, lower costs, and less loss of productive employee time.² The clinic has improved and shortened workers comp claims, and also decreased the city's total cost of health insurance.

Using Shared Risk Management Expertise

Smaller agencies can work with local risk pools to improve their workers comp claims experience. Kevin Kenzenkovic, former City Manager of a small town in Connecticut, organized a safety committee and found that the Connecticut Interlocal Risk Management Agency, which provides insurance for municipalities, school districts, and local public agencies, and risk management services to self-insured municipalities, of great assistance. The safety committee activities reduced claims, and costs dropped dramatically in the following years.



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Evaluating Success

A reexamination of worker's compensation claims patterns will be successful if:

- Employees become more cognizant of safety issues and become active participants in the safety program. Employees also need to become aware that the organization takes worker's compensation claims seriously and that it actively investigates claims. This could help reduce fraudulent claims.
- There is an improvement in claims experience, fewer injuries, and fewer hours of lost time.
- The cost of worker's compensation insurance decreases.

Notes

¹ Interview with Susan Patterson, Director of Finance, Marion Superior Courts, Indianapolis, Indiana.

² Interview with Ann Shawver, Director of Finance, City of Roanoka, Virginia .