

Workers' Compensation: Rules and Responsibilities in the Life Cycle of a Claim

Workers' compensation insurance covers employees who sustain an injury while in the course and scope of their employment and is designed to compensate employees for lost wages and related medical care. The injured employee, the employer and the insurer all hold roles and responsibilities in the life cycle of a workers' compensation claim. Most critical are claim reporting (and the timeliness thereof), claims investigation, disability and medical management and a safe return to work.

It is pivotal that all employees are aware that they must report a work related injury, however minor it may be, immediately to their supervisor or manager. Prompt claims reporting will ensure that the employee can receive immediate appropriate medical care which may accelerate their return to work within the first five calendar days. Indemnity payments (compensation for lost wages) do not commence until an injured employee loses more than five calendar days. On average, claims that are reported immediately generate lower claims cost. You may report a workers' compensation claim to MIIA online (via RiskConsole) or telephonically (1-800-799-6442).

Upon receipt of the claim, the MIIA Senior Claims Adjuster will commence an initial investigation. All claims, whether lost time or medical only, are investigated by the Senior Claims Adjuster to determine compensability. Simultaneously, it is encouraged that the supervisor or department head conduct an internal investigation. A thorough internal investigation by the MIIA member will assist the Senior Claims Adjuster determine compensability; identify any potential safety hazards; and help identify any potential third party responsibility.

Prompt claim reporting and claims investigation also allows the Senior Claims Adjuster the ability to challenge a questionable claim. Some indicators of a questionable claim include but are not limited to: unspecific event; unwitnessed accident; late report of the claim; an alleged work related injury for a medical

condition for which the employee has been treating but now is trying to relate to a work activity; personnel issues and/or abuse of sick time.

Once a claim has been deemed to be compensable, the Senior Claims Adjuster will communicate regularly with the injured employee, their treating providers and the MIIA member. When possible, the Senior Claims Adjuster will work with the MIIA member to provide transitional duty. A transitional duty Return to Work program is designed to return an injured employee to the workplace as soon as it is medically reasonable to do so. A Return to Work program is designed to break the standard disability cycle by rehabilitating and returning the injured employee to productive work in the shortest possible time.

MIIA encourages its members to consider a formal initiative, however informal Return to Work programs deal with situations on a case by case basis. Fifty percent (50%) of injured employees do not return to work at all once they have been out of work for more than six months. Transitional duty helps retain productive employees and controls and reduces workers compensation costs. It also improves employee morale as the injured employee feels positive about their contributions while they continue to rehabilitate. Everyone benefits from balancing quality medical care and transitional duty based on the treating provider's recommendations.

The direct costs of a workers' compensation are well known and include indemnity (lost wage) benefits and medical benefits. However, the indirect costs associated with workers' compensation claims may be three to five times the direct claim costs. The indirect costs are, perhaps, more important as they are not covered by insurance and impact departments directly. Some of the indirect costs include overtime salaries (for other employees covering the work of the injured employee); reduced productivity; hiring/training costs; and managers/supervisors being pulled in to cover work and thus losing time from their administrative duties.

