

“Attaining the Edge in Your Claims Program”
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Cutting Edge: An effective quality or element; the position of greatest advancement or importance; the forefront

The principles necessary to attain the cutting edge in our claims programs are simple – but achieving them is not easy. It takes commitment, energy and a passion for excellence.

The challenges to effective claims management change as our ways of doing business change.

- Employee benefits are being lost – employees and third-party claimants have learned that they can easily have their medical treatment covered by workers compensation, premises medical payments and liability coverage.
- Our vendors often do not keep their end of the bargain. Even with solid indemnification language, companies often end up paying for their vendor's mistakes. Inefficiencies in claims administration is costing everyone money.
- We are still a long way from truly integrating our occupational and non-occupational programs. As we spread across the globe, integration becomes a greater challenge.
- The result of downsizing, rightsizing and merger-mania have changed our culture and resulted in decreased employee loyalty while increasing a sense of entitlement
- In this age of cell phones and blackberries – true communication with our employees has actually declined
- Claims management just has not been at the top of the list for most CEO's and COO's - and we need it to be! Our best successes occur when our leadership gets behind claims management.

When conducting our Edge™ surveys, we too often find that claims are being monitored and not managed. Individuals responsible for managing claims must be identified, their roles and responsibilities established and processes and procedures developed, communicated, executed and measured. Our goal is to assist all team members to work smarter – not harder - utilizing appropriate tools such as automation and data analysis.

The entire team must be precisely focused, but at the same time able to comprehend the big picture. Too often the focus is on the up front costs of claims administration and program risk transfer fees which usually account for less than 20% of total claims costs. Managing claims requires that we take a holistic business approach - tying a business plan around all the factors that effect claim outcomes

One of the factors is hiring practices. Employers must take advantage of state of the art tools to objectively screen and hire applicants. With the understanding that psychological disabilities are the fastest growing type of disability claim, employers must also be diligent in identifying and resolving issues that could result in or precipitate claims. Experts warn that many human resource programs are not equipped to deal with the psychological issues in the workplace today. Employers must ensure that they have programs and processes in place to deal with these issues before they become our workers' compensation and employment practices nightmares.

Effective communication is another area of focus. Studies increasingly show the impact that communication and language have on safety and claim outcomes. Communicating effectively to employees and customers across all demographics must be a top priority.

Employers must also focus on meeting the challenges of an aging workforce and understanding new and challenging diagnosis. According to studies by the Workers Compensation Research Institute, the number of workers age 55 and older is projected to grow by 49% over the next decade - four times the growth rate projected for the overall U.S. labor force. These workers bring with them all the normal issues of aging including chronic illness and social challenges. Employers must develop effective strategies to meet this challenge head on.

Most experts will tell you that your greatest opportunity for managing workplace injuries is an early and effective return to work program. In this area, team concepts work. Remember that this is about being good stewards of our corporate assets – the most important being our people. Claims and injury management initiatives require involvement by all team members to ensure consistent compliance with basic best practices. Employers must measure and document compliance to ensure consistency.

In the thousands of files I review every year, litigation management is continually identified as an area for improvement. Companies must get their arms around litigation with formal litigation management procedures. Expectations for claim administrators and defense counsel must also be formally outlined, communicated and measured.

Development, implementation and measurement of best-practice policies and procedures are fundamental, but the proof is in the execution. Remember, what gets measured gets done - so make sure that measurements drive the right behaviors. Another goal of measurement should be to provide management with the information necessary to truly manage.

The data and measurements must be communicated to senior management in language that provides the foundation for relating claims to the overall business/issues of the organization. Data mining and analysis will take us to the next level. But only when we effectively interpret the data and apply it in a continuous improvement framework will we achieve the cutting Edge in injury prevention and claims management.

Excellence can be attained if you care more than others think is wise, risk more than others think is safe, dream more than others think is practical and expect more than others think is possible.