

WC Benchmarking Study – Normalizing Discomfort: 5 Ways to Future-Proof Your Organization

RISK & INSURANCE



A FEW THINGS TO KNOW

- Volume: Be sure to have the volume turned up on your computer to hear the audio for this webinar.
- Questions: To ask a question about the content of the presentation during the event, you may use the Q&A panel widget located on your screen. We'll be leaving time at the end of the presentation to answer them.
- Problems: If you encounter a problem during today's webinar, please send us a message in the Chat panel located on your screen.
- Presentation and Recording: A copy of the slides and a recording of today's webinar will be posted at www.riskandinsurance.com. We will email links to all attendees.

SPONSOR: RISING MEDICAL SOLUTIONS

- Rising Medical Solutions (Rising) is a national medical cost containment and care management firm.
- Rising serves payers of medical claims in the workers' compensation, auto, liability and group health markets.
- Rising directs and publishes the annual Workers' Compensation Benchmarking Study that focuses on the complex factors impacting claims management today.
- Visit www.risingms.com to learn more about Rising's portfolio of products and services.

PRESENTERS



Denise Zoe Algire

Director of Risk Initiatives & National
Medical Director
Albertsons Companies



Vickie Kennedy

Assistant Director of Insurance Services
Washington State Department of Labor
and Industries



Linda Butler

Director, Claims Management
Walt Disney World Resort



Rachel Fikes

Chief Experience Officer & Director,
Workers' Comp Benchmarking Study
Rising Medical Solutions

Moderator:



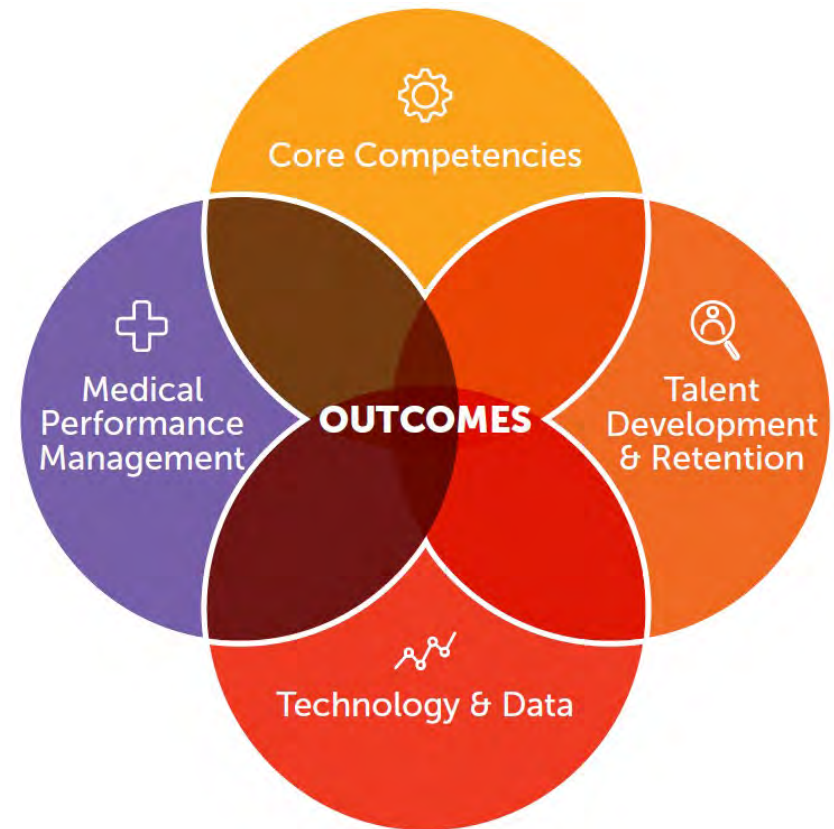
Dan Reynolds

Editor-in-Chief
Risk & Insurance®

2020 WORKERS' COMPENSATION BENCHMARKING STUDY

- Eighth year of conducting annual study
- Surveyed claims leaders to see how they responded to the perspectives shared by frontline staff in the 2019 survey
- Secured 337 valid survey responses
- Identifies operational alignment & gaps in thinking to highlight opportunities to advance entire industry

4 Major Drivers of Claims Outcomes



STUDY TAKEAWAYS – 2020 & Prior Years' Research

Study results show **31%** of organizations are high performers, how do the other **69%** catch up?

Key Differentiators:

Best performers focus more on what's most important

- Outpace lower performers when it comes to measuring core competencies and outcomes.

Best performers invest more in people

- Provide soft skills training more than lower performers.
- Cultivate career-long claims mastery among their teams more.
- Use advocacy-based claims models more.

Best performers invest more in advanced tools and techniques

- Leverage predictive technologies more than lower performers.
- Use outcome-based systems and data more.
- Use a data warehouse more.

PILLAR # 1: NORMALIZE DISCOMFORT

Whether it's global level uncertainty like new disease variants or industry level disruption like adopting new claims models, resilient organizations encourage employees to embrace continual change as the business standard not the exception.

PILLAR # 2: DEVELOP A STRONG RISK CULTURE

Fostering a culture where employees feel safe taking risks and doing the uncomfortable, such as volunteering an unsolicited idea, admitting a mistake or pointing out a process that's not working, paves the way for needed course corrections and innovation.

2020 & PRIOR YEARS' STUDY FINDINGS

*Advancing an advocacy-based, employee-centric claims model as a core operational strategy:
High Performance Differentiator*

Do you know what an advocacy-based claims model is?

Answer	2020	2019	2017
	Claims Leaders	Frontline Claims Professionals	Claims Leaders
Yes	80%	28%	50%
No	20%	72%	50%

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
Yes	73%	89%
No	27%	11%

2020 STUDY FINDING

Engaging frontline claims professionals in claims advocacy: High Performance Differentiator

The 2019 survey of frontline claims professionals identified many do not know what an advocacy-based claims model is. What actions has your organization undertaken to engage frontline claims professionals in advocacy-based claims management?

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
None/Not Applicable	41%	22%
Communicate/reiterate leadership's commitment to an advocacy-based claims model	47%	62%
Implement training focused on advocacy	29%	44%
Engage frontline claims professionals in the design and/or implementation of an advocacy-based claims model	22%	27%
Seek frontline claims professionals' feedback on advocacy-based claims model	22%	20%

2020 STUDY FINDING – Tactical vs. Transformational Change

Advocacy impact on claims practices: High Performance Differentiator

What claims practices have changed in your organization as a result of an advocacy-based claims model?

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
None/Not Applicable	36%	16%
Communication with injured workers	59%	73%
Disability/Return-to-Work (RTW) management	44%	50%
Frontline claims professional training	33%	51%
Claim resolution/ Settlement strategy	34%	47%
Compensability investigations	24%	33%

2020 & PRIOR YEARS' STUDY FINDINGS

*Measuring best practices / performance within core competencies:
High Performance Differentiator*

Claims Leaders & Frontline Staff collectively and consistently rank the same Top 3 core competencies most critical to claims outcomes

- 1 Medical Management
- 2 Disability / RTW Management
- 3 Compensability Investigations

Does your organization measure best practices / performance within core competencies?

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
Yes	68%	91%
No	26%	6%

PILLAR # 3: CULTIVATE DIVERSE TALENT

Creative problem solving requires varied viewpoints. Not only do organizations need to address a much documented talent shortfall, but they must prioritize diversity of thought, background, experience and cognitive profiles while doing so.

2020 STUDY FINDING

*Defined career path for claims professionals: **High Performance Differentiator***

**Does your organization offer a formal career path program
with growth opportunities for claims staff?**

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
Yes	46%	57%
No	44%	38%

2020 STUDY FINDING

Bonusing claims professionals: High Performance Differentiator

**Does your organization offer bonus/profit sharing for
frontline claims professionals?**

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
Yes	35%	54%
No	59%	43%

PILLAR # 4: DEPLOY TECHNOLOGICAL DEXTERITY

Automating data collection, compliance tasks, and intervention alerts should enable claims teams to engage in greater critical thinking. The more bandwidth they have to solve problems, the more resilient they and their organizations will be.

2020 STUDY FINDING

*Streamlining compliance and administrative burden: **High Performance Differentiator***

In the 2019 survey, frontline claims professionals report spending a considerable amount of time on compliance and administrative activities. What strategies has your organization implemented to minimize compliance and administrative activities?

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
None/Not Applicable	24%	18%
Increased automation of administrative activities	44%	45%
Increased automation of compliance activities	36%	46%
Increased administrative support for frontline claims professionals	34%	36%
Decreased caseloads to offset compliance and administrative activities	21%	37%
Implemented a third-party/vendor partner to assist with compliance activities	22%	26%

2020 STUDY FINDING

*Use of analytics to improve claims efficiency: **High Performance Differentiator***

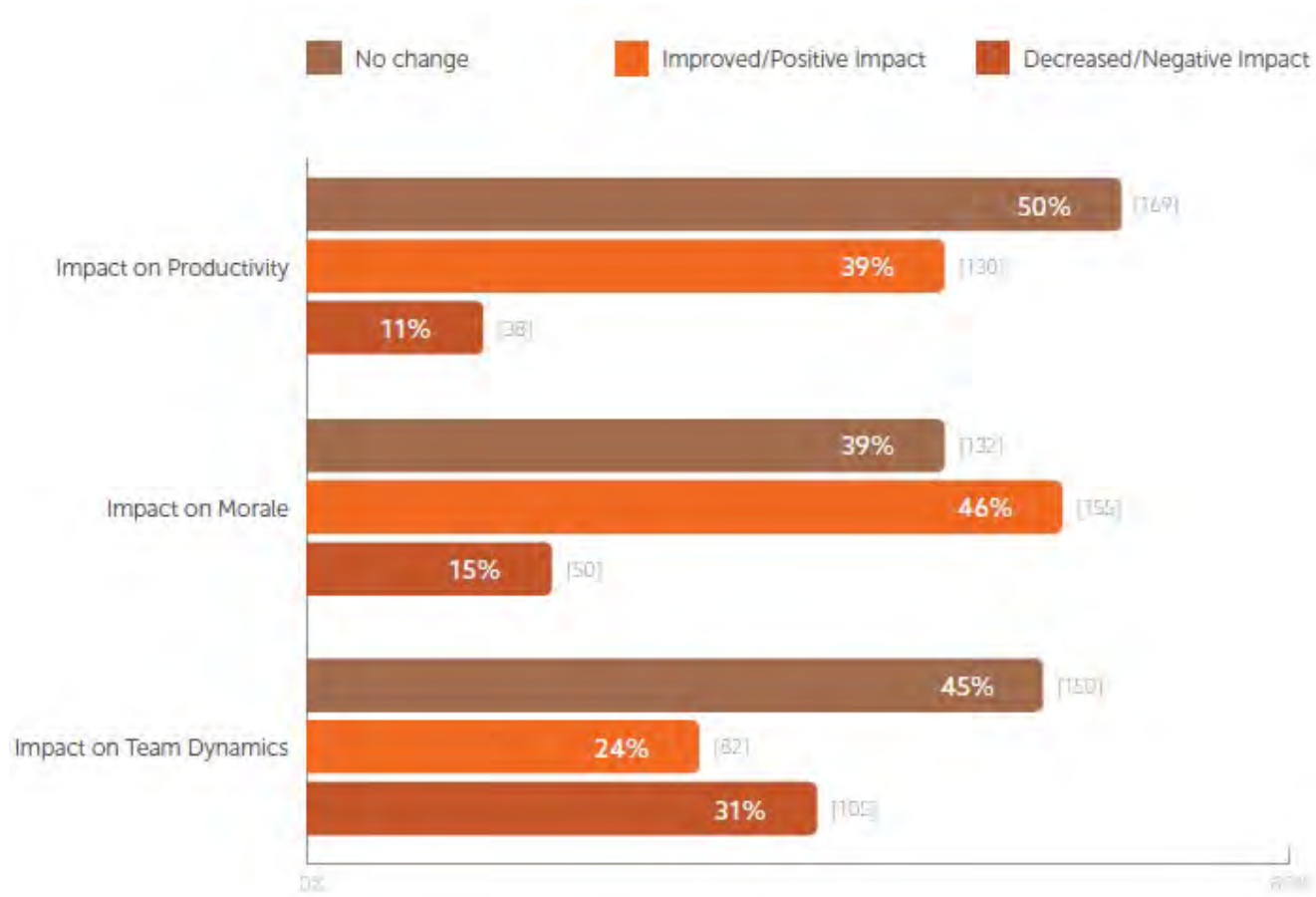
How does your organization integrate analytics into claims systems with alerts/workflow automation to leverage claims resources more effectively?

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance (≤ 100%)	Higher Performance (≥ 101%)
None/Not Applicable	30%	16%
Frequency and severity prediction	36%	56%
Reserving	37%	40%
Detect medical treatment/utilization outside of evidence-based medicine (EBM)	30%	36%
Benefit calculations	32%	35%
Compliance activities	24%	44%
Detect return-to-work/disability durations outside of EBM benchmarks	29%	28%
Subrogation detection	28%	28%
Fraud detection	23%	32%
Litigation detection	22%	30%
Claims resource assignment	20%	21%

2020 STUDY FINDING

How has remote work from home impacted the claims operation productivity, morale, and team dynamics?



PILLAR # 5: MEASURE THE PAST, AND THE FUTURE

We must go beyond measuring backward-looking performance to measuring forward-looking resilience in order to continually improve an organization's capacity to withstand adversity, and emerge stronger.

2020 STUDY FINDING

*Tackling claim outcomes greatest obstacles: **High Performance Differentiator***

What initiatives has your organization implemented to address psychosocial and/or co-morbidity issues?

Answer	%
None/Not Applicable	33%
Increased frontline claims professional training on co-morbidities (i.e., obesity, diabetes, hypertension) with recommended claim strategies/interventions	38%
Increased frontline claims professional training on psychosocial issues with recommended claim strategies/interventions	33%
Technology to identify psychosocial and/or co-morbidity risk factors	28%
Implemented clinical resources to assess and mitigate psychosocial risk factors such as Cognitive Behavioral Therapy (CBT)	26%

2020 STUDY FINDING

Considering the following performance metrics, please identify the top three measures of claims management effectiveness, with 1 being the “most effective” and 3 being “less effective.”

Based on your prior response, does your organization utilize the following performance metrics to measure claims management effectiveness?

Sorted by Utilization of Performance Metrics

Answer	Overall Rank	Yes	No
Total claim costs	2	87%	13%
Average claim costs	4	87%	13%
Claims resolution ratio	5	85%	15%
Indemnity claims ratio	7	84%	16%
Average Temporary Total Disability (TTD)/time loss days per claim	8	83%	17%
Litigation rate	9	77%	23%
Claims reopening ratio	10	72%	28%
Percentage of claims that Return-to-Work (RTW) at or below industry benchmarks	1	71%	29%
Injured worker satisfaction	6	63%	37%
Percentage of claims that return to the same or better pre-injury functional capabilities	3	54%	46%

2017 STUDY FINDING

*Use of predictive technologies to drive best practices: **High Performance Differentiator***

Does your organization utilize any of the following systems to direct or manage tasks within best practices?

Responses Segmented by Claims Closure Ratio / Claims Resolution

Answer	Lower Performance ($\leq 100\%$)	Higher Performance ($\geq 101\%$)
Not Utilizing / Not Applicable	49%	31%
Claim System Workflow Automation	36%	56%
Predictive Analytics	30%	45%

RECOMMENDATION – RISK CULTURE SURVEYS

10 Scoring Dimensions of Risk Cultures

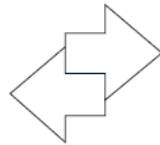
Source: [McKinsey & Company](#)

Acknowledgement



Confidence

An assured understanding of an organization's exposure to risk without any false sense of security



Openness

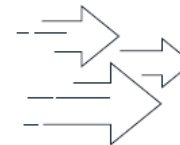
The degree to which management and employees exchange bad news or learnings from mistakes



Challenge

Scrutiny of the quality, appropriateness, and accuracy of others' attitudes, ideas, and actions

Responsiveness



Speed of response

Perception of external changes and reaction speed to innovation or change



Level of care

Responsibility to care about the outcome of actions and decisions

Transparency



Communication

The degree to which warning signs of both internal and external risks are shared



Tolerance

Understanding of risk appetite and its linkage to overall strategy and decision making



Level of insight

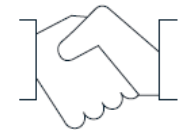
Identification and understanding of risks present in the business

Respect



Adherence to rules

Alignment of individuals' risk appetites to the organization's



Cooperation

Consideration of broader organizational consequences and impact on overall risk appetite when any one team acts or makes decisions

KEY TAKEAWAYS

KEY TAKEAWAYS

- **Linda:** Keep the annual Benchmarking Study close at hand. It can truly serve as a resource for Workers' Compensation leaders to gain insight and inspiration to adopt creative and innovative best practices.
- **Rachel:** High-resilience organizations are high-trust organizations. "A team is not a group of people who work together. A team is a group of people who trust each other." – Simon Sinek
- **Vickie:** Successful leaders provide the safe environment for their staff to innovate and take risks. Trust your people, and encourage them to question and test new ideas; often "failing fast" is a successful outcome.
- **Denise:** Capitalize on lessons learned to incorporate dynamic and integrated risk management in strategic core competencies to ensure organizational resilience.

SPONSOR: RISING MEDICAL SOLUTIONS

- Rising Medical Solutions (Rising) is a national medical cost containment and care management firm.
- Rising serves payers of medical claims in the workers' compensation, auto, liability and group health markets.
- Rising directs and publishes the annual Workers' Compensation Benchmarking Study that focuses on the complex factors impacting claims management today.
- Visit www.risingms.com to learn more about Rising's portfolio of products and services.