

# Managing the medical cost crisis

A workers' compensation story **Interviewed by Elizabeth Grace Saunders**

**E**ach year employers and employees find themselves faced with larger and larger medical bills. But the increase in medical costs reaches beyond employer-sponsored personal health plans.

With workers' compensation injuries, employers are required to cover all of the injured employees' medical expenses. Medical treatment amounts to roughly 40 percent of the total workers' compensation expenses, says Lynn Abrams, claims workers' compensation team leader at Westfield Insurance.

*Smart Business* spoke with Abrams about how businesses can control the medical cost portion of their workers' compensation programs.

## What steps can business owners take to manage workers' compensation medical costs?

Managing the medical costs associated with workers' compensation is much like managing a company's overall health costs. It's important that businesses take a proactive approach by having safety programs, educating their employees on the benefits of safety programs and tracking the results of the programs.

There also needs to be a medical emergency response system. When accidents happen, supervisors must know how to obtain the appropriate emergency care as soon as possible. Employers need to report all of their workers' compensation claims to their workers' compensation insurance company immediately. This ensures that employees receive prompt, quality medical care; that injured employees' workers' compensation benefits begin quickly; and that there is a lower chance of litigation.

## What services are available to help business owners with medical cost risk management?

Workers' compensation insurance providers that have a proactive, comprehensive approach can help businesses best manage their medical costs. Comprehensive workers' compensation plans include loss-control programs, proactive risk management, medical management, medical cost containment and return-to-work assistance.



**Lynn S. Abrams**

Claims workers' compensation team leader  
Westfield Insurance

A crucial element of taking a holistic approach to workers' compensation is medical management. This involves a nurse case manager who oversees the process as soon as the insurance company is notified. The nurse case manager acts as an advocate for the injured employee and a liaison between the employee, the employer, the physicians and the insurance company.

Other cost saving strategies available in some jurisdictions include the ability to direct employees to certain medical providers. This allows employees to receive treatment from physicians specializing in occupational medical treatment. Also, insurance companies can often negotiate discounts with doctors and encourage them to join their PPO network. Business owners need to look for insurance providers that work with companies that specialize in pharmaceuticals, durable medical products, prostheses and diagnostic sources to receive discounts.

## How do review programs aid in containing workers' compensation medical costs?

Comprehensive case review programs help define appropriate medical treatments for different workers' compensation injuries and apply these standard medical procedures to

injured employees' situations. This allows an efficient, systematic approach to ensuring employees receive the right type and correct amount of medical care. If necessary, second medical opinions and modifications to the programs can be made to meet individual needs.

Also, insurance companies need to have a medical bill reviews program. This compares the physicians' bills to the state's fee schedules or usual and customary charges for the geographic region. These reviews ensure that medical bills don't exceed acceptable levels. Accessing a workers' compensation-oriented PPO also reduces health care expenses.

## Why is it important to focus on early return to work?

Having the perspective that you want employees to return to work as soon as possible minimizes costs. It's essential to keep in touch with employees throughout the process and allow employees to return to work in a modified capacity before they have completely recovered.

Looking at different opportunities, like a job where an employee could work sitting down or work part-time, helps reduce the risk of losing employees, the chance of permanent partial disability, the threat of litigation and the burden of huge medical costs. Having updated job descriptions assists physicians, nurses and employers in properly accommodating injured workers.

## How often should business owners assess their risk from rising workers' compensation health costs?

On an ongoing basis. When business owners consider the direct costs of workers' compensation from loss of time, rehabilitation benefits, disability payments and medical payments, and the indirect costs of hiring and training temporary or new employees, the case for day-by-day prevention is unbeatable. **LYNN S. ABRAMS** has more than 25 years of experience in the insurance industry, handling claims, risk management and international risk management. He works for Westfield Insurance in a line management role as claims workers compensation team leader. Reach him at (800) 243-0210, ext. 2792, or at [lynnabrams@westfieldgrp.com](mailto:lynnabrams@westfieldgrp.com).

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