

Claims

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National Report

SPEAKING OF | **WORKERS' COMPENSATION**

With Kevin Turner, Executive Vice President, Cambridge Integrated Services

A new year is here, and with it comes fresh speculation on what workers' compensation claim professionals can expect over the next 12 months. In order to separate wheat from chaff, *Claims'* Eric Gilkey spoke with Kevin Turner, executive vice president for Cambridge Integrated Services — a company that minimizes claim and loss costs — to find out what will shape the workers' compensation industry in the near future.

What's on the horizon for property/casualty claim professionals in 2008?

Clients are looking for innovation and technology from their third-party administrators and seek differentiators that provide options and reduce overall risk. There is great focus on seeking a change to the workers' compensation intake model with the belief that the first point of contact — oftentimes a call to an intake center — can be better utilized. Other areas of concern remain in medical expenses, which continue to increase and are outpacing indemnity costs in most programs.

Using technology and skilled resources is key to controlling these costs. This is not a revelation to anyone in the industry, however. The traditional approach adopted by many administrators and insurers often involves the reporting of a claim electronically or telephonically. And while there are aggressive procedures in place thereafter to quickly manage the medical and indemnity aspects of a claim, often the injured person has already been sent for medical treatment, received prescriptions, or even undergone diagnostic testing. The period between the actual incident and the time the claim is reported is controlled by local personnel who often do not have the skill set to direct the situation and, in many instances, clients do not want to put managers and supervisors in a medical decision-making position.

The paradigm shift is to move towards telephonic reporting that places the injured worker in direct contact with a triage nurse. The triage nurse is able to assess the extent of the injury, collect basic information, and refer the individual to appropriate in-network medical providers. In some instances, professional medical treatment can even be avoided. It's a "one and done" approach that removes the rote intake process, puts first-response medical decisions in the hands of a professional, and triggers claim investigations at the earliest possible time.

What role do you see predictive analytics playing for adjusters and claim managers?

The industry has utilized the concept of red flags as its non-scientific means of alerting claim professionals to future problems and in essence is a form of predicting the future. The Monday morning injury report is a good example of the industry's use of a red flag, with the underlying belief that there is a greater chance of fraudulent reporting of an alleged work-related injury just after the injured worker returns from the weekend.



▲ Turner has more than 25 years of experience in workers' compensation and risk management.

True predictive modeling and the vast amount of data required to formulate outcomes based on a set of facts known early in a claim, however, may tell us that it's the Thursday morning injury that is most likely to have a higher exposure. It may also tell us that an injured worker's marital status, sex, distance from work, county in which he lives, and a host of other items not typically considered in the adjusting process are relevant in determining the course of action and resources applied to a claim.

Applying predictive modeling in the industry requires certain practices and processes to undergo radical change. There can be no distinction between medical-only and lost-time claims in the initial handling of a claim. All claims must be subject to the model as the model itself tells us the lag between the injury date and the first day of disability is an extremely strong indicator of increased exposure.

Continuing to treat medical-only claims with limited attention until traditional red flags are evident defeats the underlying premises supporting predictive modeling. But predictive modeling is a major investment for insurers and third-party administrators. Insurers who embrace predictive modeling must also be willing to pay for the service and move away from traditional medical-only and lost-time claim pricing. We are in the infancy of applying the model to the world of claims and the model, like any other, will be scrutinized accordingly. Those providers of claim services who are able to articulate the value proposition and implement staffing changes, quickly will reap the benefits of reduced loss costs and differentiate themselves in the marketplace. ■

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