

# Maine's 100

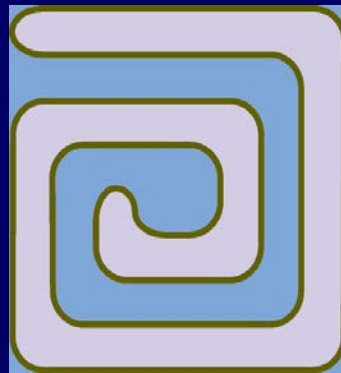
## Most Costly Workers' Compensation Claims

1994-1998

### Investigative Research on Workers' Compensation Board (WCB) Claims Files

What do they tell us?

Jeff Levesque & Lynne Lamstein

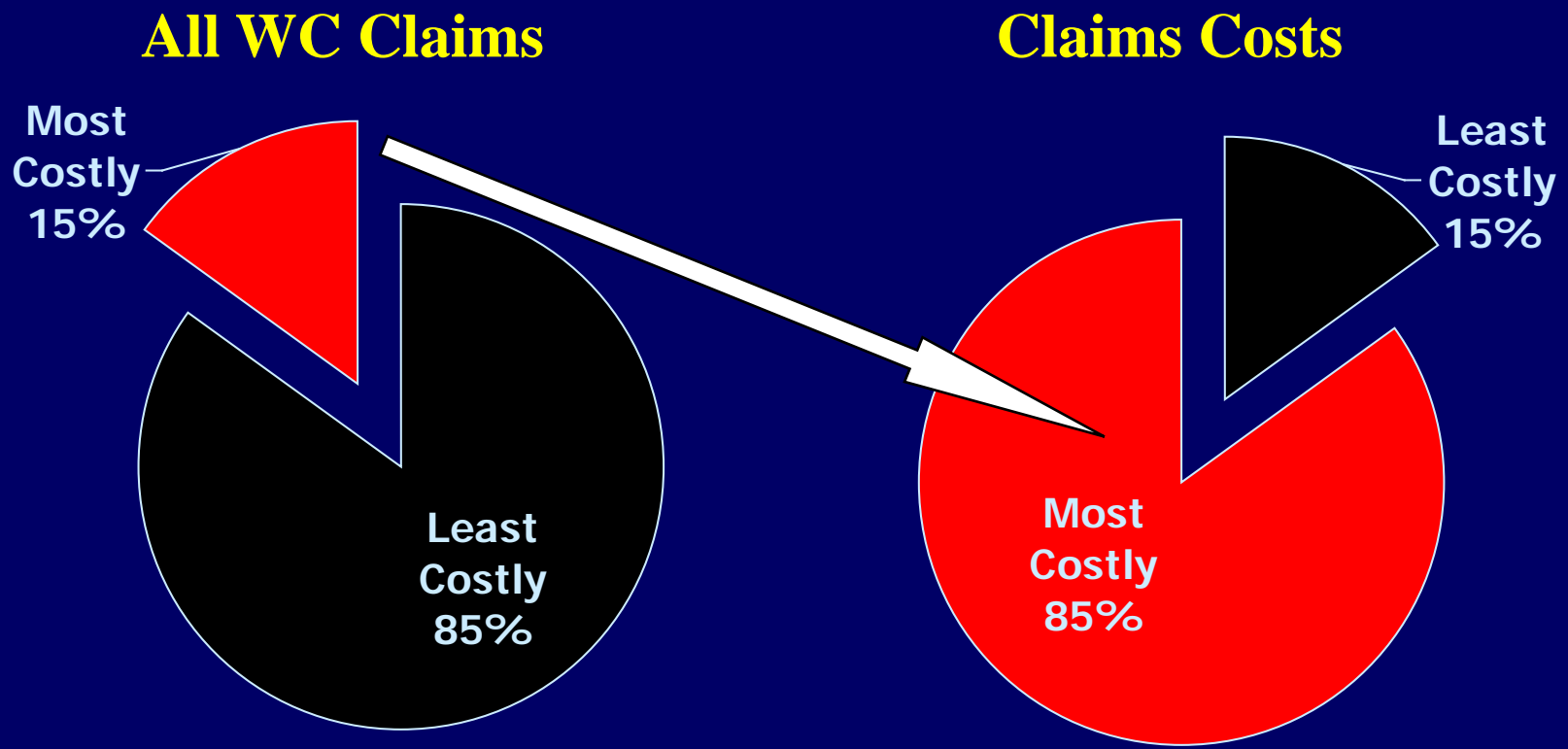


**MAINE  
OCCUPATIONAL  
RESEARCH  
AGENDA**

# Why is Looking at the Most Expensive Claims Important?

- Traditional approaches to workplace loss prevention and safety focused on decreasing the number (frequency) of accidents to reduce the costs of WC.
- Data from Insurers and State Agencies indicates that more effective prevention and cost control might come from identifying and preventing those factors (costs) that turn an average claim into one of the most costly.
- This study is a first step in identifying those factors.

# Why is Looking at the Most Expensive Claims Important? National Data

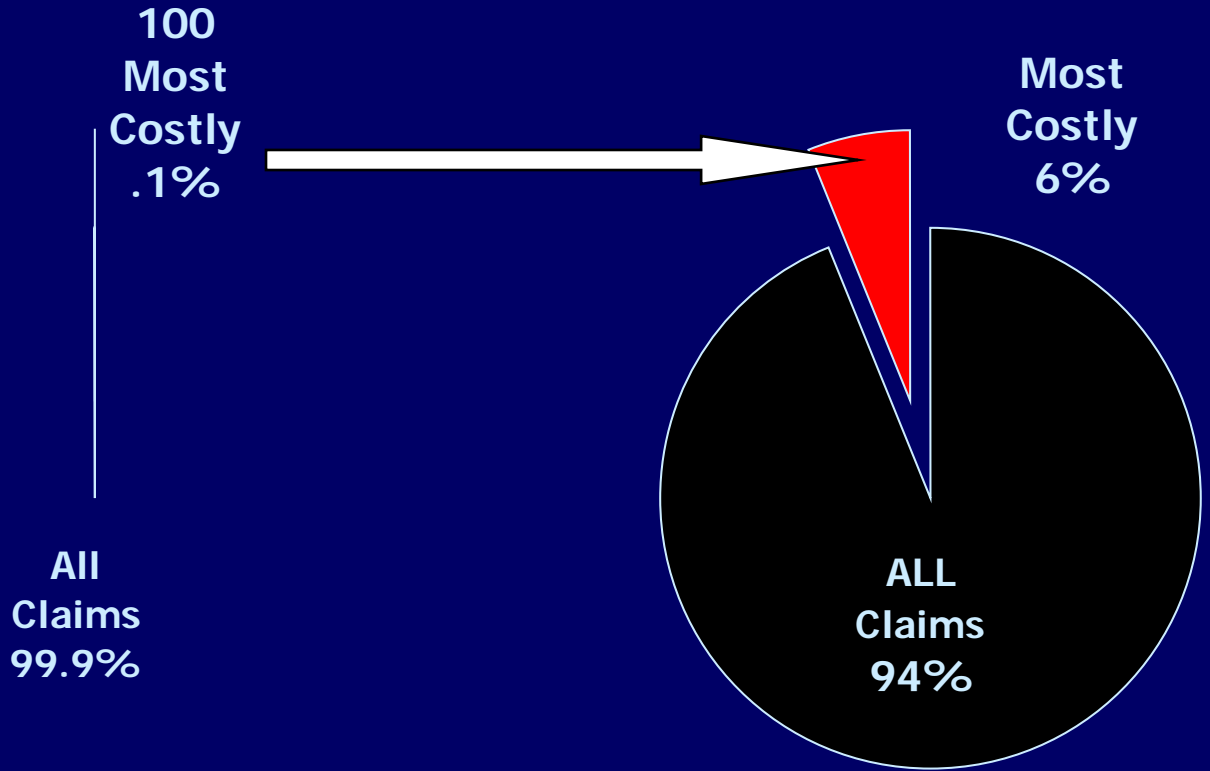


**Insurer data indicates that the 15% of WC Claims that are the most costly make up 85% of the total Comp. Costs**

# Why is Looking at the Most Expensive Claims Important? Maine Data

## All Claims 94 - 98

## All Claims Costs 94-98



Maine Data tells us a similar cost story.

# 100 Most Costly Method

- 100 most expensive claims from 1994 to 1998 were selected for review.
- Costs were determined by WCB-11 (Statement of Compensation Paid) submitted by Insurers to WCB.
- Each file was manually reviewed by WCB staff.
- Elements of claims file available for Review:
  - All WCB Filings
  - (First Reports, Denials, Payments)
  - Original injury claim info.
  - Some legal papers (Settlements, Correspondence)
  - Limited medical info. (Med exams & Reports.)

# 100 Most Costly Facts

- Many had noted Surgery Issues:

- Multiple Surgeries
- Failed Surgeries
- Predominance of Back Surgery

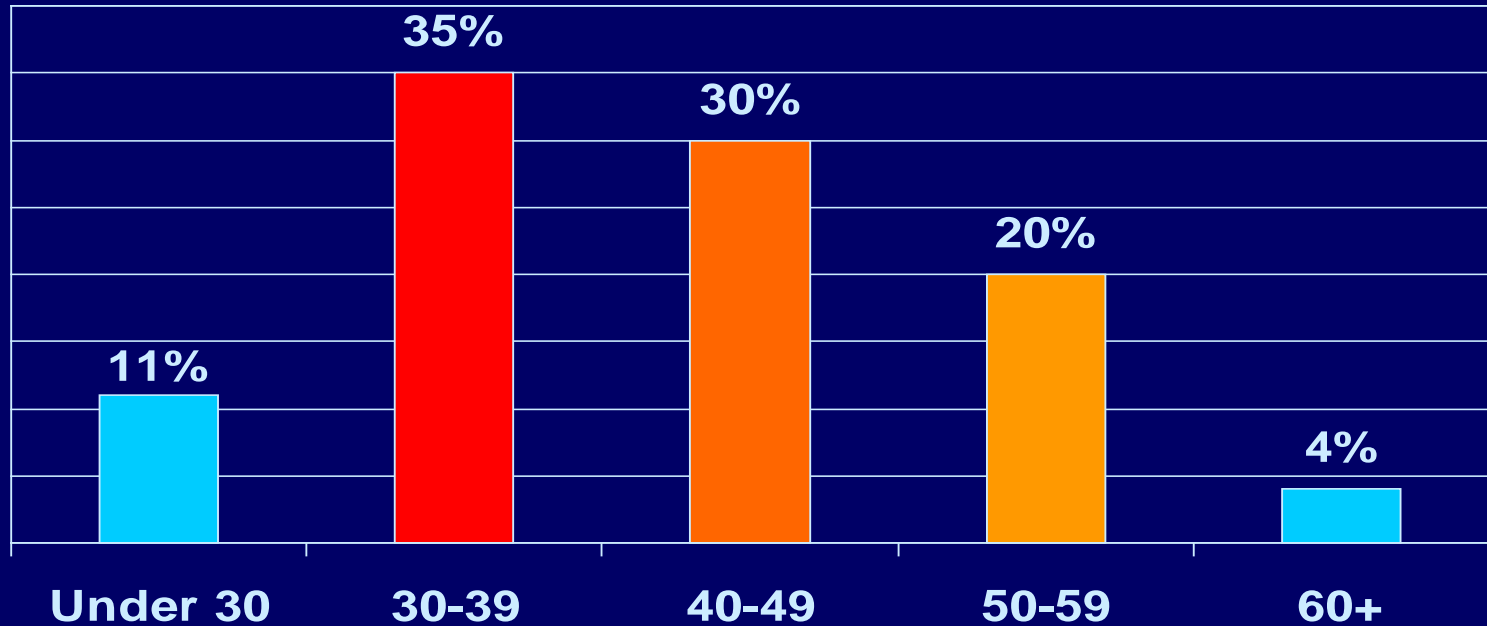
- Many noted Psychological Elements:

- Stress
- Anxiety
- Suicide
- Chronic Pain Syndrome
- Insomnia

# 100 Most Costly Facts

- 91 of 100 files available for review
- 70 of 91 had medical history available
- 76 were closed via Lump Sum/Structured Settlements or Decree
- 15 were open
- 61 of 91 had PI (Permanent Impairment) Rating (Avg. 25.48%)
- Frequency and cost data different than "all" claims analysis

# Most Costly 100 Age Distribution



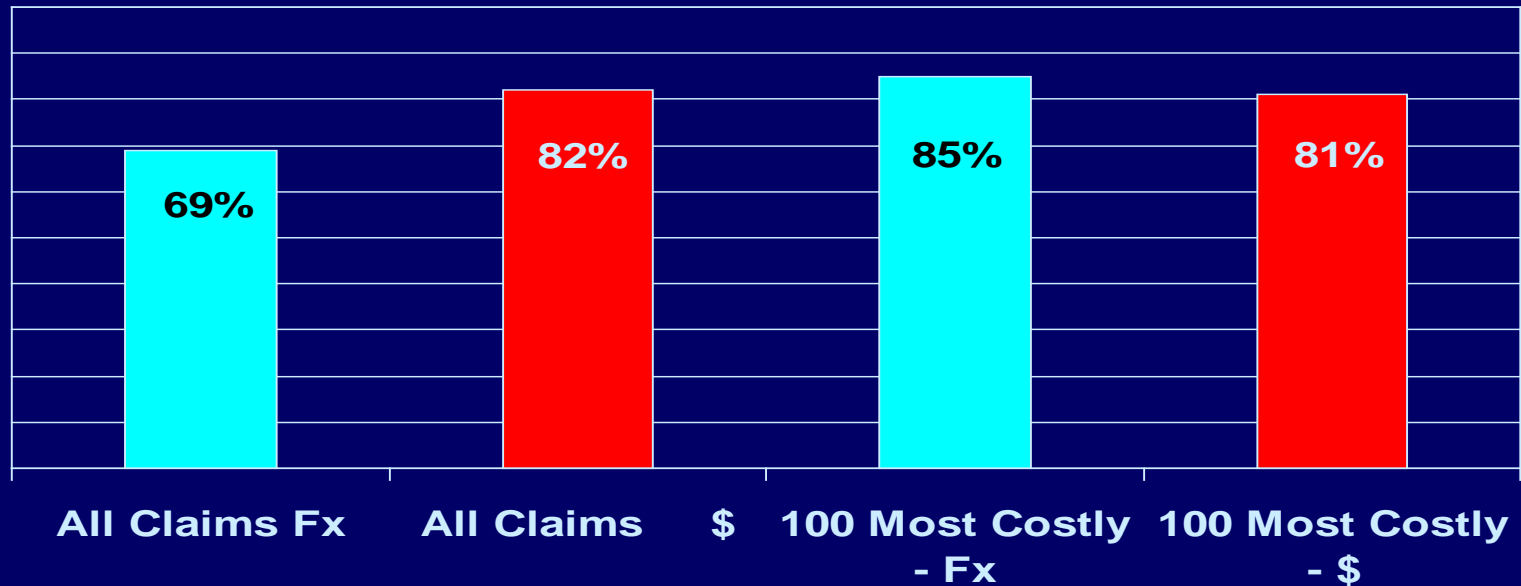
- Age range is 24-63 Average age is 41 Median age is 40
- The age group of 30 - 39 represents over 1/3 of the costliest cases.



# Age Comparison

## All Claims vs. Most Costly 100

### Dominance of 30 - 59 Age Group

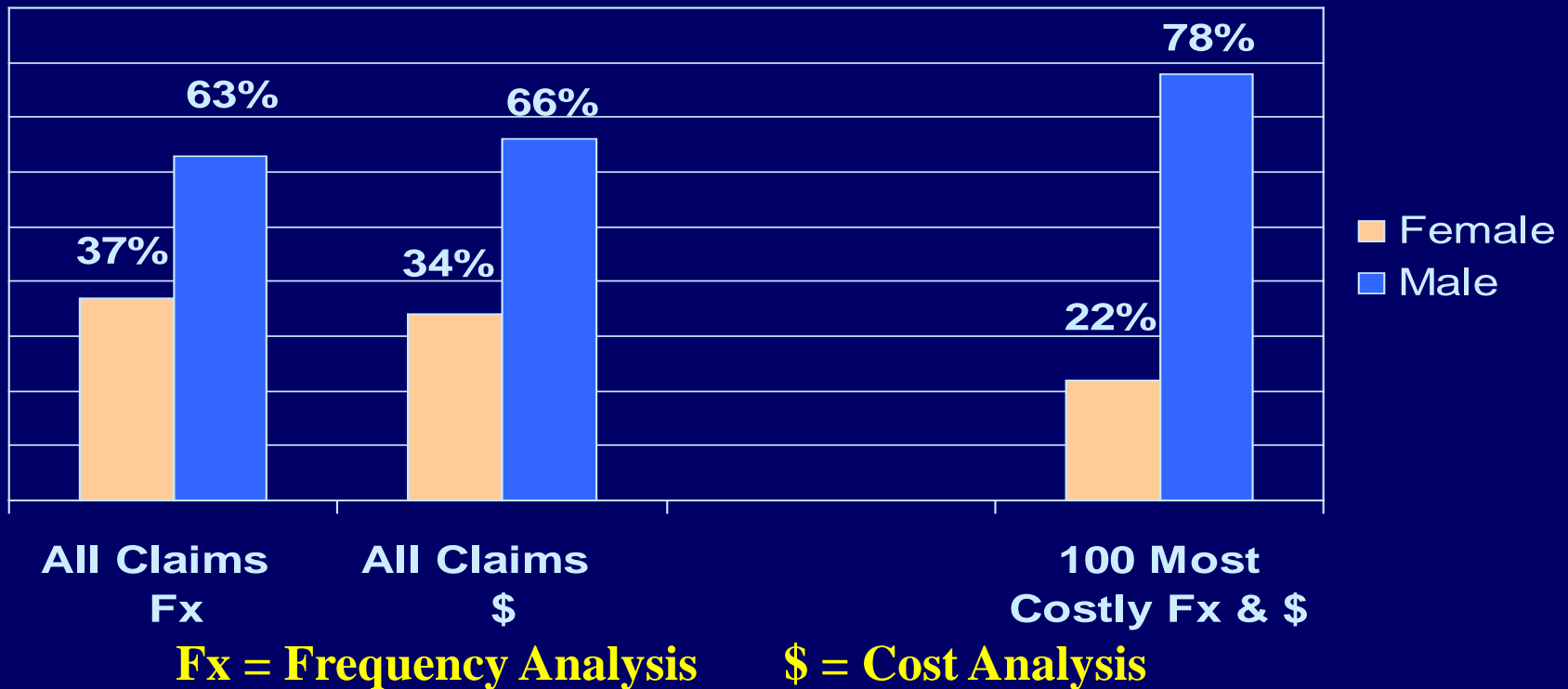


**Fx = Frequency Analysis**     **\$ = Cost Analysis**

- Is it significant that claimants between 30 and 60 account for over 80% of all claims costs?
- Can research on the factors impacting this age group tell us where the higher costs are coming from?

# Gender Comparison

All Claims 94-98 vs. Most Costly 100  
Frequency (Fx) and Cost (\$)

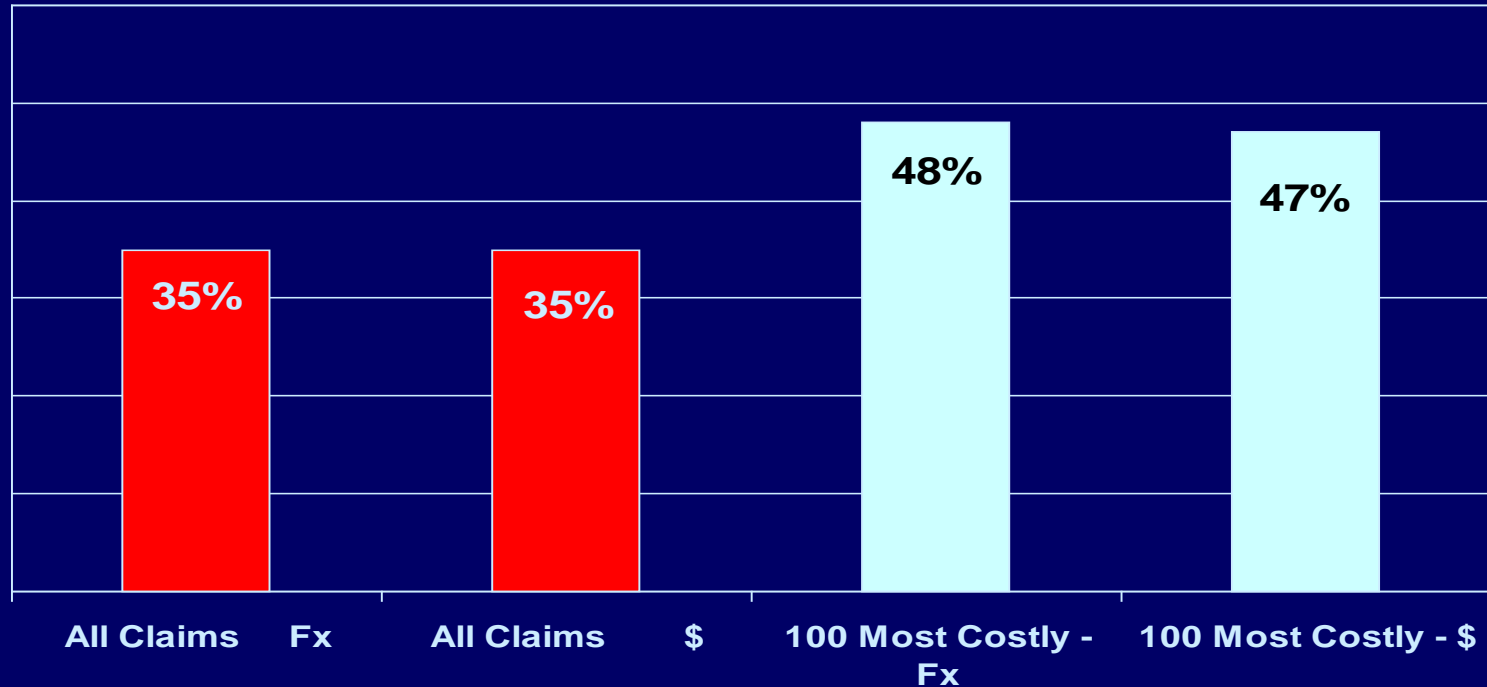


- When comparing cost to frequency, why do men make up a greater proportion of the most expensive claims?
- Can research on this trend tell us how to reduce costs?

# Comparison by Occupation

All Claims vs. 100 Most Costly

Operators, Fabricators and Laborers



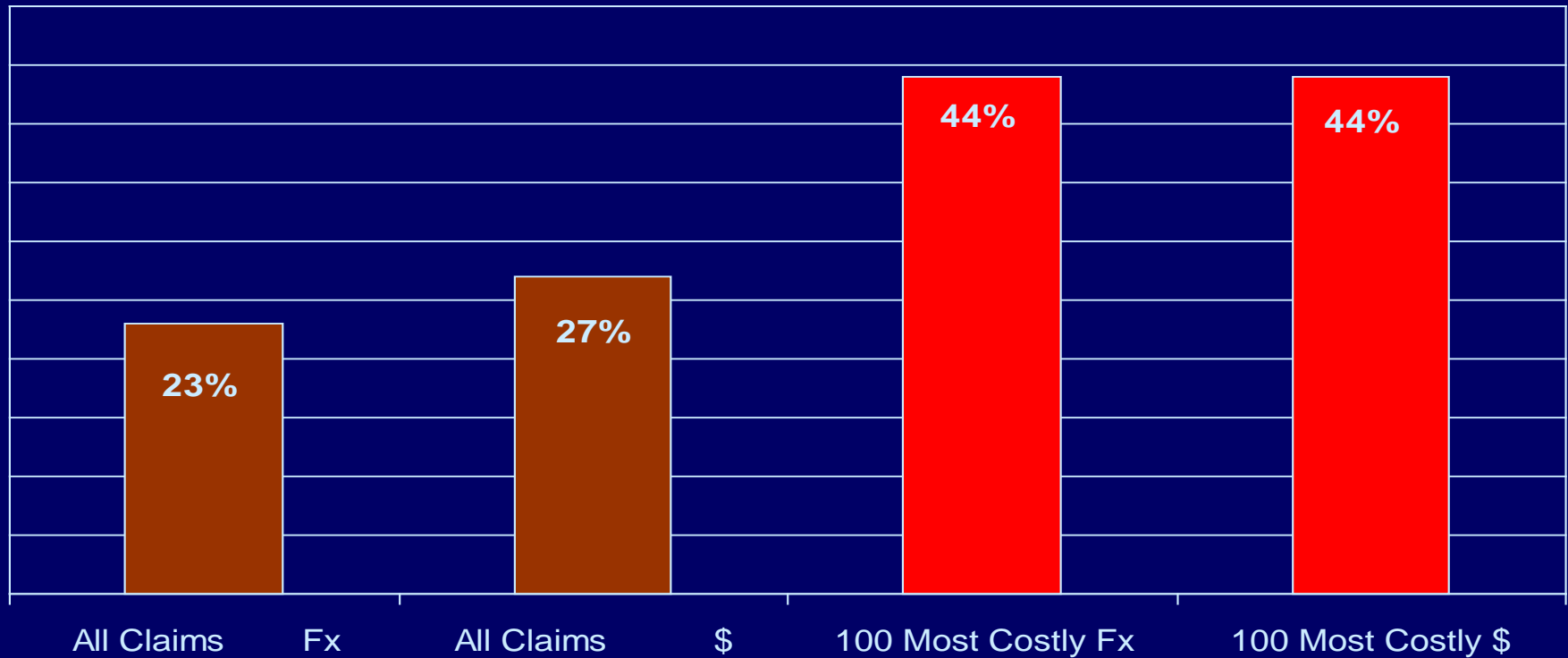
**Fx = Frequency Analysis**      **\$ = Cpst Analysis**

- Why do Operators, Fabricators and Laborers account for almost half of the most expensive claims?
- Can research and focus on these job types reduce costs?

# The Most Costly Industry

## The Manufacturing Sector

(Standard Mfg., Publishing, Logging, Paper Ind., Boat Building & Repair)

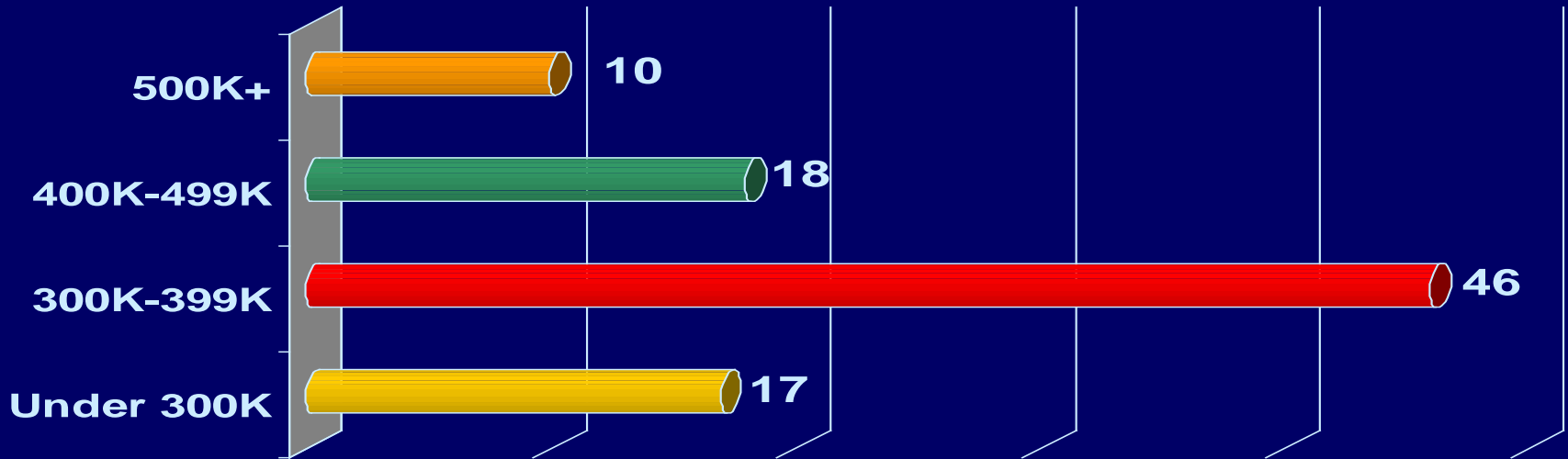


**Fx = Frequency Analysis    \$ = Cost Analysis**

- Why does the manufacturing industry account for almost half of the top 100 most costly claims?
- Can research tell us how to reduce costs in this industry?

# Most Costly 100

## Cost Distribution by Number of Cases



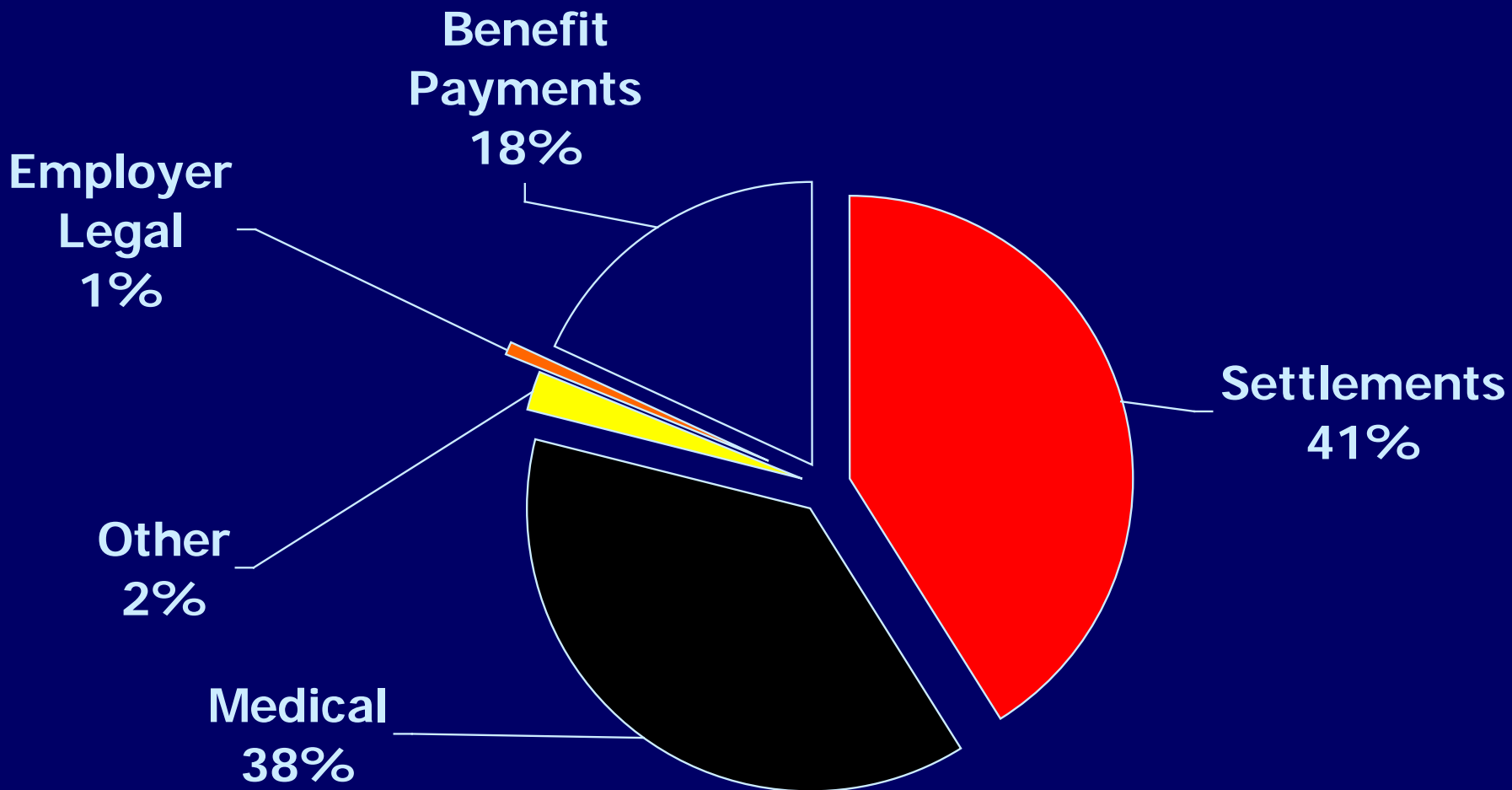
- Case cost ranged from \$284K to \$1044K
- Average cost was \$388
- Median cost was \$343K
- **Why do over half of the 100 most expensive claims range between \$300K and \$400K??**

# 100 Most Costly

## Cost Data

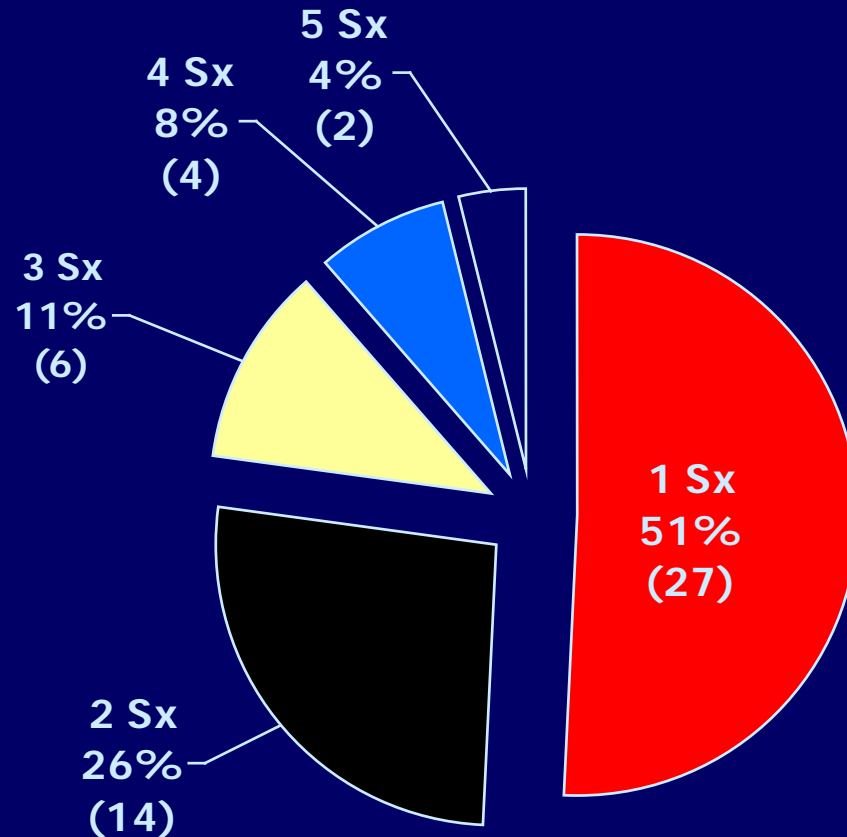
<u>Cost</u>				
	Total Range		\$284,742 - \$1,044,983	
			Avg.	Total
	<u>Total</u>		\$388,650	\$35,367,187
	<u>ER Legal</u>		\$3,476	\$316,279
	<u>Indemnity</u>		\$67,570	\$6,148,830
	<u>Lump Sum</u>		\$155,585	\$14,158,245
	<u>Medical</u>		\$146,740	\$13,353,369
	<u>Other</u>		\$9,296	\$845,952

# 100 Most Costly Cost Data



# 100 Most Costly

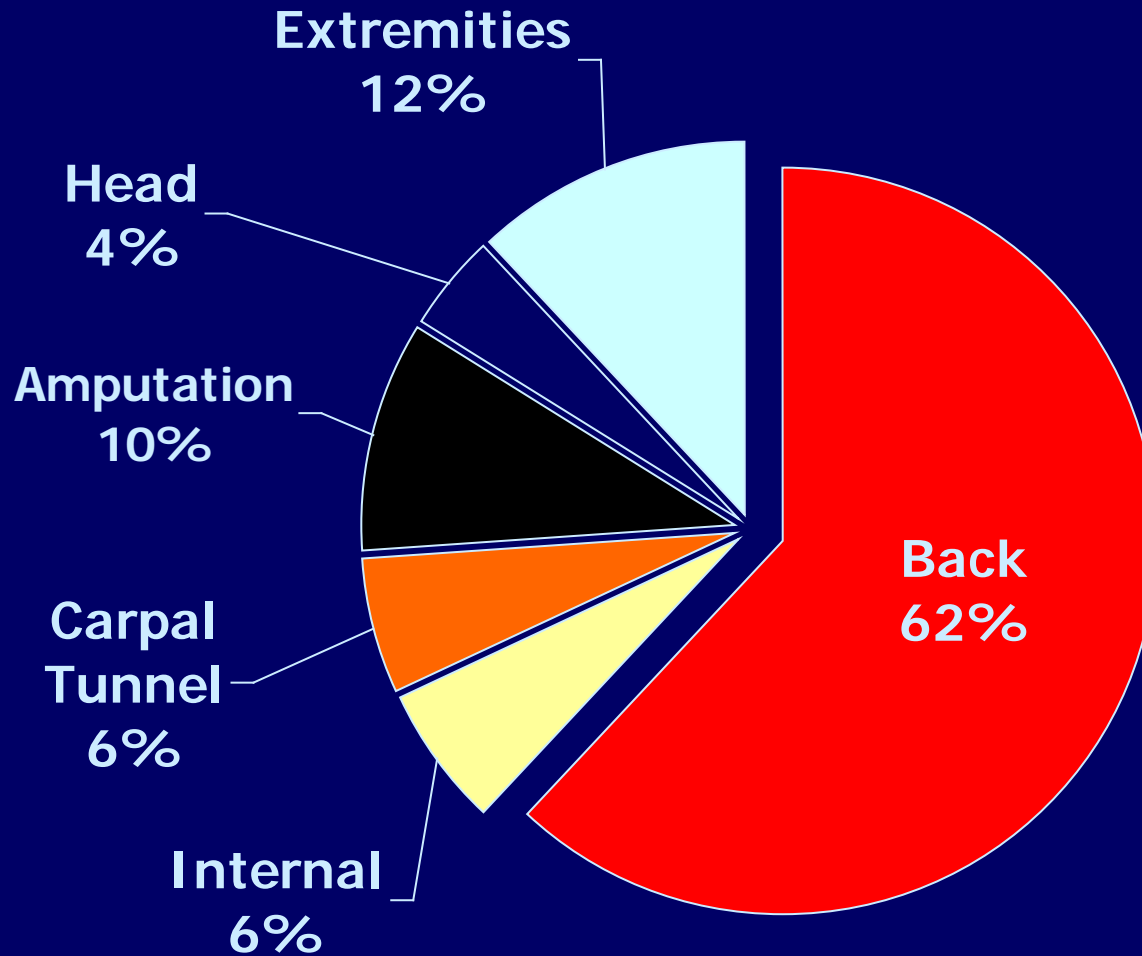
## The Role of Surgery



- Of the 70 claims with a medical history available for review - - 46 had Surgery Noted
- **Why is surgery so prevalent in expensive claims?**



# 100 Most Costly and Surgery



- Back surgeries were the most common among the most costly 100

# 100 Most Costly: Psychological Elements

- 46 claims had some "psych" issues noted in WCB claim file
- Post Traumatic Stress
- Anxiety
- Insomnia
- Depression
- Low Self-Esteem
- Suicidal Thoughts
- Hopelessness
- What role do psychological issues play in high cost claims?
- Is there any way to predict which claims will have psychological elements and those that will not?
- Can research into the psychology of Workers' Comp help us find ways to reduce costs?

# 100 Most Costly and Dispute Activity

- Of the 91 claims reviewed, 54 of the claimants had some kind of dispute between themselves and the insurer/employer.
- The NOC (Notice of Controversy) serves as notice that either benefits or other elements of the claim are in disputed pending WCB resolution.. There are many things that can be disputed:
- Causation - Service- Mileage
  - Treatment - Doctor's Services
  - Supplies
  - Diagnosis - Etc.

# 100 Most Costly and Dispute Activity

- How do disputes and denials impact Workers' Comp. Costs?
- What happens to the Employee/Employer relationship once a dispute or denial occurs?
- Can research into this issue tell us how to reduce costs that are attributed to this process?

# The 100 Most Costly - -What Now?

- Where do we go from here?
- Questions??? Questions?? Questions??
- Base for more research into the cost drivers in Workers' Comp.

# The 100 Most Costly - - Questions to Answer?

- **Why do men make up a greater proportion of the most expensive claims?**
- **Is it significant that claimants between 30 and 60 account for over 80% of all claims costs?**
- **As the workforce ages, will we see a shift in the frequency of claims to an older age group?**
- **Why do over half of the 100 most expensive claims range between \$300K and \$400K?**

# The 100 Most Costly - - Questions to Answer?

- **Why is surgery so prevalent in expensive claims?**
- **What role do psychological issues play in high cost claims?**
- **Is there any way to predict which claims will have psychological elements and those that will not?**
- **What happened to the worst 100 after the claims were settled?**

# Your Researchers



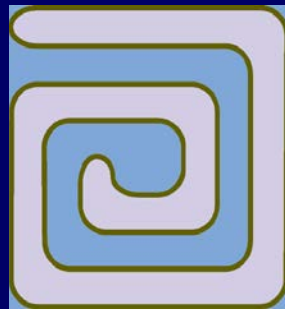


# Special Thanks

- John Rioux, Maine Department of Labor, Bureau of Labor Standards
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# Contact us

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