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[METHODS NECESSARY TO ANSWER RESEARCH QUESTIONS FOR JLARC WC MANAGEMENT EVALUATION]

Note to potential bidders on RFP 13-1: This document contains the methodology that was designed to answer the research questions contained in the RFP, Section II. It is a companion to Table 1 in the RFP if bidders are interested in knowing why certain methods were chosen. In addition, it contains a listing of resources needed (as of late 2012) and a table showing the data elements needed and if they exist in the L&I data base. Also note that surveys of physicians were eliminated from the final study and the “other state comparisons” were reduced in activity and scope in the final RFP.

Methods Necessary to Answer Research Questions for JLARC – WC Claims Management Study

Introduction

In order for consultants to answer the over one hundred questions outlined in the document entitled “Research Questions for JLARC WC Management Evaluation”¹, multiple methods of information gathering are necessary. These will include: review of Washington state workers compensation and insurance statutes, administrative rules, and policies and procedures; interviews of department personnel as well as retrospective employers and account plan managers; surveys of workers, employers and physicians; data analysis from claims data provided by the department; claim file reviews; exploration of and evaluation of publically available data from other jurisdictions; review of and comparisons with current literature; review and evaluation of currently available information from the department and from the Board of Industrial Insurance Appeals; use of information already provided by other studies; as well as the application of methods described here and the development of a number of algorithms to estimate data that is not directly available to the consultants.

This document details the methods to be used to answer each research question and outlines some of the more challenging issues to be faced in this evaluation, making a number of recommendations for how to overcome those challenges. Since the actual evaluation is to take place in 2013 through 2015, additional literature and data may be available to the consultants that were not available or known at the time of the development of these methodologies. Any such additional references should make the evaluation easier, rather than more difficult.

Organization of this report

The methods described in this chapter are organized by type of method to be used to gather information necessary to answer the research questions under each topic as described in “Research Questions for JLARC WC Management Evaluation”². The chapter includes a lengthy table that describes both the method to be used in gathering information for the evaluation of each topic (organized by research question number) and the internal and external comparisons to be made on each research question (see Table 1). Table 1 refers to “comparison states” which are identified in a document entitled “Criteria and Comparisons to be used in the

¹ This was the second deliverable under this contract and was submitted in June of 2012

² This was the second deliverable under this contract and was submitted in June of 2012

Evaluation”³ which is needed to understand which states have been chosen to use for comparison of specific Washington outcomes and why. Also included in this document is a listing of data elements needed for the claims management analysis and explanation of how that data is to be obtained if they do not exist in the L&I data system (Table 2). And lastly, this document includes a listing of claim data bases or spreadsheets that will need to be created by the consultant in order to answer the claim management outcome measures (Distributions Needing to Be Created for Analysis of Claim Management Outcome Measures on page 11) and a listing of references that the consultant will need to appropriately carry out their responsibilities for this evaluation (Table 3 -References Needed to Complete the Evaluation, page 19).

Review of Washington state workers compensation and insurance statutes administrative rules, and policies and procedures

In order to understand the current Washington system, the current statutes covering the insurance and benefits available need to be reviewed and the appropriate administrative rules promulgated by the department for the administration of these statutes and the related department policies and procedures. A listing of these can be found in Table 3 entitled “References Needed to Complete the Evaluation”.

Interviews of department personnel as well as retrospective employers and account plan managers

A listing of interview questions will need to be developed and appointments made to interview the following individuals to enable the charting of processes and documentation of interactions that may affect claim outcomes and resulting measures to properly evaluate the systems and processes used in both the claim and premium rating processes:

1. The individual in charge of claims for both state fund claims and self insured claims oversight;
2. The individual in charge of and at least one or more claim managers in the file fast unit;
3. At least two or more claim managers in traditional claim units;
4. The individual in charge of retrospective rating plans and non-retrospective rating plans;
5. One or more account managers working with the file fast unit and traditional claim units;
6. At least two administrators for retrospective group accounts who have responsibility for managing the retrospective group’s claims and have regular contact with the state fund account manager or claims manager.
7. Several retrospective group employers

³ This was the third deliverable under this contract and was submitted in July of 2012

8. Several non-retrospective state fund employers
9. Several self insured employers
10. Several union representatives

Surveys of workers, employers and physicians

Significant information will need to be obtained from samples of injured workers, employers and a lesser amount from physicians. These surveys will need to be developed and tested to ensure they result in the information necessary to evaluate the fairness and timeliness of specified department decisions. Additionally, the development of some of these questions need to be as closely written as possible and any rankings used need to be the same as those used in comparison survey results from other states or other like research⁴. Montana regularly surveys workers, employers and physicians but for very different reasons, those survey questions should be reviewed to determine if any appropriate comparisons can be made. Ipsos Reid has done a number of surveys for the department and for British Columbia, a comparison state chosen for this evaluation. Ipsos Reid may be a source for this survey research or a source for information on a particular research question for this evaluation (see methods for evaluating research questions related to topic 7, “Building a Better Customer Experience” on table 1.) Lastly, the department has previously contracted with the Gilmore Research Group out of Seattle, Washington to complete customer satisfaction surveys of workers and employers, the most recent of which was 2009. This should be reviewed to determine if any of those questions would be appropriate for this evaluation and may be useful for an updated comparison.

Selection of Survey Participants

In order to ensure that survey participants are representative of all the employers and workers involved in the Washington workers compensation system, they need to match as closely as possible to the demographics of the entire worker and employer population in the entire claims database for the years studied. An initial data run requested from the department should identify the numbers of claims from fiscal years 2010/2011, 2011/2012 and 2012/2013⁵ (sorted into self insured and state fund claims and then into medical only and lost time claims⁶) having the following attributes⁷:

⁴ The Workers’ Compensation Research Institute has done some surveys of injured workers for a number of states over the last few years, One such example publication is entitled *Comparing Surveys of Injured Workers in Nine Large States* by Shelton, Victor and Lui, published in 2007.

⁵ The total number of claims accepted in Washington for 2010 was 100,538 and for 2011 was 100,378 of which about 80% are usually medical only claims.

⁶ Note for self insurers any (KOS – kept on salary) claims categorized as medical only should be included in the lost time category for self insurers). Ipsos Reid used this in their methodology to ensure fair comparisons between

- Percentage of injured workers being male and female
- Percentage of injured workers aged <18; 18 to <56; 56 to 65; >65
- Percentage of claims with back injuries, with upper extremity injuries, lower extremity injuries and other injuries.
- Percentage of injured workers filing one of the following protests: allowance determinations, wage determinations; benefits denied, closing protests or reopening protests
- Percentage of claims where employer industry was: construction; agriculture and forestry; government, education and health services; professional, business and retail trade; in manufacturing; and other⁸
- Percentage of claims where the state fund claim was from a retrospective plan or a non-retrospective rating plan.
- The percentage of claims sorted by self insured, retro and non-retrospective rating plans with each of these breakdowns in 1 through 5.

The number of surveys necessary for all questions except 1F1a, 2F1a, 2T1, and 2T2a should be determined after eliminating any claims without a payment; any Longshore claims⁹; and all medical only claims. Once the total population is known, the number of claims needing to be reviewed to yield a 95% confidence level (assuming a response rate of 40%¹⁰) should be calculated.

To determine the number of surveys necessary for questions 1F1a, 2F1a, 2T1 and 2T2a, the total population would be only those claims with a protest as described above in #4. Once the estimated total population is known, the number of claims needing to be reviewed to yield a 95% confidence level (assuming a response rate of 40%) should be calculated.

state fund and self insured because sometimes self insured employers are paying full salaries for KOS claims where the injured worker is not working, but not filing the claim as a time loss claim, filing it as a medical only claim.

⁷ An alternative to the department doing these sorts is for the consultant to ask for a data dump or to access the data warehouse themselves for all lost time claims for fiscal years 2011, 2012 and 2013 and all the data elements and data definitions needed to do all the data manipulations and sorts for all research questions.

⁸ These are the top ten industries as listed by the Department of Employment Security at <http://www.esd.wa.gov/newsandinformation/fag/economic-and-laborinformation.php>. Due to the risks and nature of the industries of construction and manufacturing, these were kept separate, Ann then combined agriculture and forestry together; education and health services together; and business and retail trade together since they had similar exposures, Government was left separate due to the number of self insured accounts that are public entities to ensure a good representative sample of claims for comparison purposes between self insured and state fund insured claims. t

⁹ Longshore claims are covered by the federal Longshore and Harbor Workers law, not WA Industrial Insurance law. Different statutory requirements so not part of this study.

¹⁰ Recent survey research on Washington claims has yielded a 40% to 43% response rate.

Claims available for random sampling for purposes of surveys should eliminate workers represented by attorneys¹¹ and interviews should be conducted in the participants' choice of English or Spanish; should be done telephonically; and scripted so all interviews are consistent.

Data runs provided by the department

Numerous claim data sorts will be necessary to evaluate specific measures of timeliness and durations of benefit and service provision by the department (see distributions necessary on page 11). The most efficient manner to accomplish this would be for the department to provide data directly to the consultant with worker and employer information eliminated and only a claim number as a claim identifier. If all the data elements necessary for all the sorts are provided as well, or entered after file reviews by the consultants, the various sorts can be done and the algorithms created and results analyzed by the consultant independently. This saves valuable department time and allows the consultant to review the quality and consistency of the data prior to doing their analyses. It does, however, add to the level of technical knowledge and costs for the consultant.

Choice of claims to review

Research on workers compensation claims provides unique challenges since claims are often open and decisions being made for years. There is always a balance that needs to be made in choosing claims that represent the most recent performance of the department and those that may need a specified maturity for comparisons to other claim entities or workers compensation systems. Additionally, there are some decisions that the department makes that can only be made on recent claims (like timeliness of coverage and initial payments) and some that can only be made on more mature claims (like decisions on referrals from appeals to the BIIA and PTD determinations). Mature claims may have ultimately longer durations and more complexity. Although a logical choice of claims to review would be to choose them by date of decision, this would not allow comparisons to other like jurisdictions or to other sources of outcome measures. Therefore, a balance must be made in choosing a group of claims that will allow both timely review of department decisions and comparison with other sources. A solution to this balance would be to look at three years of data if resources permit. Since the actual study will begin in 2013, data can be run on January 1, 2014 for all lost time claims (minus Longshore claims) with dates of injury between July 1, 2010 and June 30, 2013. This should enable data runs to be used both for sorting claims with recent closing and reopening decisions on those claims (where more mature claims are needed and for which three year old claims are needed for comparison purposes) and on recent claim pilots and decisions (like

¹¹ This would require obtaining attorney permission for participation which would be very resource intensive.

timeliness of department actions on initial payments and department awards early in the claim).

Once the consultant has these claims and the data elements needed to do their evaluation, they can perform the sorts necessary as itemized in “Distributions Needing to Be Created for Analysis of Claim Management Outcome Measures” on page 12.

Claim file reviews

The department does not collect all the detailed data necessary to make comparisons of the timeliness of decision making on self insured claims, nor do they collect some data needed to determine timeliness of PPD determinations and payments.. These will have to be obtained through individual file reviews of self insured claims and of state fund claims. A third area needing file reviews involves the determination of department decisions being free of bias or discrimination (are they fair?)

First, for the self insured claim file reviews, the department reports that they regularly request copies of self insurers’ files to review and has the statutory authority to do so. It is expected that once the consultant has a listing of all the lost time claims for fiscal years 2010/2011, 2011/2012 and 2012/2013, a stratified random sample can be run and forwarded to the department for them to request that copies of those files be sent to their headquarters in Tumwater, Washington. The consultant will do the file reviews at L&I’s offices in Tumwater. The number of self insured files to be reviewed needs to be determined after the total number of self insurer lost time claims is known for 2012/2011, 2011/2012 and 2012/2013. The consultants would then calculate the number of files needed to yield a 95% confidence level. Again, the attributes of this sample should be tested against the attributes of the entire self insured population to ensure representativeness. The stratification needs to ensure that there are enough claims with protests; with vocational rehabilitation plan closures and with the appropriate industry and injury mix to do meaningful comparisons with state fund claim outcomes in these areas (see making meaningful comparisons between self insured, retrospective and non-retrospective account claims in the section on data comparison challenges on page 14).

The second file review will look at a random sample of state fund claims to add the few data elements not captured in their data warehouse. These are date of maximum medical improvement and date of initial permanency rating by a physician.

The third file review will look at a random sample of state fund claims with vocational rehabilitation plan closings in fiscal years 2010/2011, 2011/2012 and 2012/2013 to gather information about the outcome of the approved vocational rehabilitation plans. In particular, the question of “how many workers who were provided vocational rehabilitation actually

returned to work needs to be answered with information gathered from the first file review of self insurers and this file review¹². This information will also need to be obtained on any claims with vocational rehabilitation plans closed on self insurer claims as well.

Finally, a random sample of files with allowance determinations, wage determinations; benefits denied; closing protests or reopening protests and referrals for reconsideration from BIIA appeals need to be reviewed to determine if those decisions were consistent across all plan types; for all claims; and consistent with statute, department rules and regulations. This sample must be representative of the gender mix, age mix and insurance plan (retrospective accounts, non retrospective accounts, or self-insured accounts) of the claims population to ensure there is no gender, age or plan type of bias or discrimination in decisions. Expertise in Washington law and/or knowledge of department policies and procedures would be helpful in this file review, but the reviewer also needs to be free of bias or any conflict of interest.

Exploration of and evaluation of publically available data from other jurisdictions

Although the legislative mandate for this project does not specifically require any comparisons outside of Washington, any results found would not be in context with what a good outcome for this kind of program is or what opportunities there may be for improvement without some external comparisons. As mentioned in previous deliverables, such comparisons are not easy and in some instances are not meaningful because each state law differs, the industry mix, injury mix, benefits and dispute resolution systems are all different. In addition, very few states regularly measure and report outcomes required by this study. Studies have been done evaluating the amount and nature of data publically available from US workers compensation jurisdictions and results are very disappointing¹³. However, it is expected that through the use of both currently available research on system outcomes, using what data may be available from a few states, and the consultant's own knowledge and background of claim management best practices, some comparisons and can be made that will put the Washington claims management outcomes in context and provide some useful suggestions for potential improvements.

Review of and comparisons with current literature

¹² Note a second option may be to use the results to be published by the University of Washington in December of 2012. This is the follow up report to "Evaluation of the Vocational Rehabilitation Pilot Program", Report to the Legislature as required by ESSB 5920 (Chapter 72, Laws of 2007), Dec 2011, by Jeanne M. Sears, Dept of Health Services, University of Washington, and Thomas M. Wickizer, Ohio State University College of Public Health.

¹³ See Administrative Inventories of over 22 states published by the Workers' Compensation Research Institute and reviews done by Professor Monroe Berkowitz of the data published in state workers' compensation annual reports.

Qualified consultants for this contract will need to be familiar with recent research on workers compensation claim management strategies and the latest “best practices” in claim management, vocational rehabilitation and return to work. A number of outcomes need to be compared to “best practices” or “most common practices” of claim administrators or of state systems. Where information was available in 2012, cites are given in both the methodology table (table 1), both prior deliverables for this contract, and the listing of references (table 3). However, additional research or updated publications may be available in 2013 or 2014 that may help add value to the comparisons. Any use of this literature for comparison to Washington’s outcomes needs to be heavily caveated to explain any factors that would affect these comparisons other than claim management practices (such as those dealing with statutory differences, or major differences in States’ economies). And where possible, additional methods developed to control for these factors or minimize their effects on the outcomes will be valuable.

Review and evaluation of currently available information from the department and from the Board of Industrial Insurance Appeals

Research question 2F1 requires a flow chart of the entire dispute resolution process used in Washington from an initial protest or request for reconsideration to an appeal to the Supreme Court. It also requires a quantification of the numbers of cases that went through this process in 2011 and 2012 and the time taken on average to resolve these cases in each forum. It is anticipated that this information would be obtained from records kept by the department and the BIIA. It is not anticipated that cases with protests filed be followed through each forum to determine where those cases were eventually resolved and how long it took to resolution. Only a reporting of statistics already kept by the department and the BIIA (who keeps records on how many of the cases they decide are appealed to the higher courts). The purpose of this question is to help determine how efficient the dispute resolution process is by reporting the structure of the process, calculating the appeal rate, and reporting how long it takes for a case to be resolved if it is appealed through the entire process. This then can be compared to the structure and timeliness of workers compensation dispute resolution systems in other jurisdictions who report this information.

Use of information already provided by other consultants

There have been a number of studies that have been done in Washington, are in the process of being done or are planned that may provide information on some of the research questions in this proposed study. Where ever possible, those results should be used to answer research questions in this study without duplicating the work of the other studies. Studies known at this time are:

1. The University of Washington study on use of vocational rehabilitation by the Department of Labor and Industries – This is a multi-year study, two reports of which have been completed. The version that is to be published in December of 2012 is to include vocational plan outcomes using 2009 injury year data (at present only 36 rehabilitation plans have been completed). The department has talked to the lead researcher there and she is willing to add a data element on those cases that would identify if these cases had employers who were self insured, had retro plans or non-participant plans. This may answer research question 1T10, but the numbers are so low, it may not provide enough data to do meaningful comparisons by plan type, industry or different size employers. If results are similar for 2010, 2011 and 2012, the research questions on outcomes of vocational rehabilitation may not be very useful. This could be a significant finding as well.
2. The Ipsos Reid quarterly survey of customer satisfaction to measure results of the “Building a Better Customer Experience” initiative (topic 7B research questions).

Development of data elements not directly available

The most cost effective method to obtain data for this study is to use data elements available from the department’s data base. Where data elements do not exist or are not populated with sufficient consistency to produce valid study results, file reviews need to be done to gather those data elements. In a number of cases, data elements need to be calculated using data that is obtained from the department’s data base and/or file reviews. Data elements that need to be created for purposes of this study and the methods suggested to create these are:

- Major NAICS codes on claims – NAICS codes identify the industry of the employer. They can be fairly detailed, but for purposes of this study, they only need to be aggregated to the major industry code levels and then certain major industry codes will be combined to result in only five categories of industries into which all claims can be grouped for analysis. The major groupings to be used for the purposes of this study are: construction; agriculture and forestry; government; education and health services; professional, business and retail trade; manufacturing; and other.
- Number of employees – the department’s data bases includes the employer’s industry type, the employee’s occupation and the reported hours worked by risk classification for all workers for that employer, but not the number of employees an employer had at the time of injury. The number of employees for each employer for state claims and self insured claims will have to be calculated by using the hours reported to L&I and dividing it by the average annual hours worked for the type of classifications within their business. This will provide a rough estimate of employees by employer for purposes of dividing those claims into employers with more than 50 employees and those with less

than 50 employees. This is not a perfect method because there may be overtime reported as well, but it is probably good enough for this purpose.

- Duration of temporary total disability- To impute this data element, use the total of all temporary total benefits paid on a claim and divide by the compensation rate for temporary total disability for the injured worker on that claim.
- Duration of temporary disability – To impute this data element, all temporary total disability and temporary partial disability paid on each claim will need to be combined and then divided by the temporary total compensation rate for the injured worker on that claim.

Data Presentation for Claims, Complaint and Dispute Resolution Decisions to be Measured for Timeliness and Accuracy

Whenever possible, results of data runs should be shown in distributions in addition to the mean and median. This provides a much better picture of results and allows the department to measure changes more effectively in the future.

In addition, how the data is sorted and presented will be important to ensuring there is sufficient data for analysis without having to re-run data, saving time and resources. Claim data should be able to be sorted by date of injury year consistent with fiscal year or calendar year (I have suggested fiscal year). We would want the entire population of lost time claims¹⁴ for the years being evaluated (including KOS claims categorized as medical only claims for self insurers), not samples as long as data is available within L&I's system. We would want to be able to look at these claim results at an average of 12 months from date of injury and an average of 36 months from injury date¹⁵; be able to sort by self insured, retro and non-retro, by major industry, by major injury type, by claim handling unit (Fast File unit versus traditional claim handling unit), and by gender and age of injured worker)

Distributions Needed for Analysis of Claim Management Outcome Measures

At a minimum, the following distributions will need to be created for analysis to answer the research questions itemized for this study:

¹⁴ Medical only claims make up the majority of claims (about 75% to 80%), but take up little time by the claim managers, and involve significantly fewer claims decisions. L&I has an automated process to handle medical only claims. The evaluation of claim management decisions will be made using data on lost time claims only or on medical only claims that have been categorized as lost time for purposes of claims management. This latter situation occurs when medical only claims are moved out of "Unit F" and categorized as time loss because there's an indication that t/l benefits may occur or claim is not resolved as of 6 months even if all payments are still medical. See email from Vickie Kennedy, 8/19/12 entitled "medical only claims (again)."

¹⁵ This would mean a data run would be done about January 1, 2014 if using fiscal year claims from 2009/2010 and 2012/2013, which would make claims in those years an average of 36 months of maturity and 12 months of maturity respectively at the time of the pulling of the data.

1. Time from date of injury to date of claim receipt (receipt of report of injury) or creation within the department system (or notice for self insurers) (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days to allow comparisons to unadjusted CompScope™ measures and also with BC and Canadian measures) (Not a performance indicator for agency but for “system” as a whole)
2. Time from date of claim receipt (or notice for self insurers) to date of claim acceptance and first indemnity payment (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, >365 days to allow comparisons to unadjusted CompScope™ measures and also with BC and Canadian measures)
3. Time from date of claim receipt (or notice for self insurers) to date of claim rejection or denial (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days to allow comparisons to unadjusted CompScope™ measures and also with BC and Canadian measures)
4. Time from date of claim acceptance to first medical payment (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days to allow comparisons to unadjusted CompScope™ measures and also with BC and Canadian measures)
5. Time from receipt of initial medical bill to payment of that bill (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365)
6. Time from date of claim rejection to first medical payment on claims with a medical payment and a denial)¹⁶ (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365)
7. Time from date of claim rejection to first indemnity payment where there is an indemnity payment on an initially denied claim (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days) (see footnote 15)
8. **For lost time claims** – days from date of injury to date of closing (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days)¹⁷

¹⁶ Typically in claims audits 6 and 7 are outliers and are subtracted out when calculating overall timeliness of decisions because they would potentially skew results- showing longer duration than is typical. For 6 and 7 above, these are claims that were initially denied but eventually medical payments or time loss (indemnity) payments are made because after original denial, additional paperwork or evidence was submitted and the department changed its mind on the original denial order, and allowed payment of benefits. The time period for those will be longer given the original denial, and then reversal of decision. This issue is commonly looked at in claims audits as well to ensure claims are not simply being denied to meet the 14 day statutory timeline for a decision, and then paid later.

¹⁷ This includes all lost time claims, including partial permanent disability where individual may be working but still earning benefits.

9. **For claims with a payment of temporary total disability**, the number of days payment for temporary total disability (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365)(if days are not consecutive, we can create an algorithm to calculate the number of days from the compensation rate divided by the total payment for TTD.
10. **For claims with a payment of permanent partial disability**, the number of days between the date of MMI (maximum medical improvement) and the date of initial payment of PPD (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365)¹⁸
11. **For claims with a permanent total disability payment**, the number of days between date of injury and first PTD payment and between date of referral to pension unit and the PTD award (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 45 days, 90 days, 180 days, 365 days, > 365)
12. Time from date of injury to date of vocational assessment **for claims with a vocational assessment** (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days)
13. Days from vocational assessment to date of rehab plan approval or rejection **for claims with a vocational rehabilitation assessment** (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days)
14. Days from rehab plan approval to date of rehab plan closure with **claims with a rehab plan approval** (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365 days)
15. Number of claims **with vocational rehabilitation plan closure** where result was return to work
16. Days between request for reopening and department decision **on claims that have a request for reopening** between January 1, 2011 and December 31, 2013 regardless of date of injury (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365)
17. Days between the request for reconsideration and the date of department decision **on claims where there has been a request for reconsideration** between January 1, 2010 and December 31, 2012, regardless of date of injury (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365) Note the population from which claims are drawn for this sample should include any medical only that had a request for reconsideration filed. Days between the **filing of an appeal to the BIIA and the resolution when decided by the department for claims with a decision by**

¹⁸ This was selected because MMI is a trigger in many workers comp systems for PPD awards. In WA, usually PPD is awarded after the worker completes vocational rehabilitation which is often later in the process.

the department after the filing of an appeal¹⁹ between January 1, 2010 and December 31, 2012, regardless of date of injury (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365)

18. Days between the date of injury and the **closing date** for lost time claims (Any claim still open at the time of the data run will be > 365) (mean, median and % distribution <= 7 days, 14 days, 21 days, 30 days, 90 days, 180 days, 365 days, > 365)

Data comparison challenges

Internal comparisons

A significant portion of this study requires that claim management outcomes of decisions made by the department be compared both internally between self-insured and state fund claims and also within state fund claims between retrospective plan participants and non-retrospective plan participants. Three major factors may influence the results and should be control variables: employer size, industry mix, and injury mix. First, larger employers tend to be more sophisticated in the knowledge of the law, their policies and procedures for responding to injuries once they occur and in their job accommodation policies). Second, the higher risk industries like forestry and construction may have less timely reporting of injuries due to the remote nature of their work, and their workers may have slower physical recoveries and return to work because of the physical nature of their employment. Third, occupational diseases tend to be more severe and reported more slowly and more severe injuries tend to occur in construction and forestry than in professional and business services. Therefore, a subset of claims should be used for comparison purposes that controls for employer size, industry and injury mix. This can be done by using only claims with more than 50 employees in the comparisons; and by creating an industry/injury mix that chooses similar claims for comparison in each of the groups. The following industry/injury mix is suggested²⁰:

Claims with the following employer occupation go into the subset of claims for each of the three insurance plans being compared:	Once those claims are grouped by industry, they are further grouped by the following injury criteria:
Construction	<ol style="list-style-type: none"> 1. Low back strains 2. Upper extremity injuries

¹⁹ Board representatives indicated that the Department doesn't always respond to request for reconsideration.

²⁰ These injuries were chosen because low back, upper extremity and lower extremity injuries are the most common workers' compensation injuries in most states. Occupational disease claims if not identified and handles separately could adversely bias the results of the other categories. However, it is unknown if occupational diseases are all properly coded as such. They may not be able to be evaluated, but as many as possible should be eliminated from the other categories of injuries.

	<ol style="list-style-type: none"> 3. Lower extremity injuries 4. Occupational diseases
Manufacturing	<ol style="list-style-type: none"> 1. Low back strains 2. Upper extremity injuries 3. Lower extremity injuries 4. Occupational diseases
Business and professional services and retail trade	<ol style="list-style-type: none"> 1. Low back strains 2. Upper extremity injuries 3. Lower extremity injuries 4. Occupational diseases
Agriculture and Forestry	<ol style="list-style-type: none"> 1. Low back strains 2. Upper extremity injuries 3. Lower extremity injuries 4. Occupational diseases

If there are enough claims within each of the groupings for each plan type, you will be comparing the outcomes without undo influences of significantly differing industry and injury groups. This method is not perfect for controlling the factors of differing employer size, industry or injury mix, but it will produce results more reflective of actual claim management decisions being made on the different plan claims if there are any. Unfortunately, we are still not controlling for severity of injury, but timeliness of department decisions will be less affected by severity of injury. However, severity of injury would have an effect on disability durations which should be noted in those results.

External comparisons

When comparing Washington's results in this study with those of other jurisdictions or other study sources, it will be important to note that such results are not necessarily comparing claim management outcomes. There are simply too many factors that influence each jurisdiction's results that are not related to claim management practices. Examples are that each workers' compensation statutory provisions are different in the times required of payer or agency actions; the industry and injury mixes are likely to be significantly different; the timeframe for payment of benefits differs and the dispute resolution processes are different. The comparisons suggested for this study in the report entitled "Criteria for Measurement of Claims Management Processes and Suggested Comparison Groups" are the best available, but they are far from perfect. Any external comparisons made in the final study must be careful to caveat why there are differences in outcomes and explain the different factors affecting the comparisons. In the case of comparisons of disability durations and distributions of timely payments reported for the median state in the Workers' Compensation Research Institute's

CompScope™ Data Book, it must be explained that even the unadjusted data used by the WCRI to which Washington is being compared is still adjusted for industry mix, but the Washington results are not. In addition, when comparing the temporary disability durations, the Washington results will have to be modified by subtracting four disability days from each claim and eliminating any claim that results in a zero TD duration in order to adjust the Washington TD durations to a 7 day waiting period rather than a 3 day waiting period, which has already been done to the WCRI sample. For more information and to better understand and be able to explain the comparison results, the consultant should be familiar with the CompScope™ Technical Appendix.

TABLE 1

Due to length of this document, Table 1 is in a separate excel spreadsheet but should be considered a part of this publication.

TABLE 2

Per Claim Data Element Listing:

Data Element	In L&I Data Base?		If no, plan to obtain:
	Yes	No	
Claim identifier	x		
Date of Injury	x		
Employer industry code (NAICS)	x		Codes should be collapsed into five major codes
Type of employer account (self insured, retro or non-participant)	x		
Claim handled in the FILE FAST UNIT?	x		
Number of employees		x	This will be derived by dividing hours reported by classification by 500 hours per employee per quarter (or 2000 hours per employee per year). Can arrive at approximate full time employees per employer
Employee occupation	x		
Employee gender	x		
Employee age	x		

Employee injury (ICD 9)	X	X	Obtain self insured data from file reviews
Date of notice to employer (for self insured claims)		X	Obtain self insured data from file reviews
Date of filing of ROI	X		
Date of filing of initial physicians first report	X	X	Obtain self insured data from file reviews
Date of claim determination	X	X	Obtain from file reviews for self insurers
Date of claim denial	X		
Worker represented by attorney?	X		
Date of initial indemnity payment	X		
Date of first medical service	X	X	Obtain from file reviews for self insured.(Field is populated for 79% of SF and SI claims combined, 96% of SF claims, and 35% of SI claims)
Date of receipt of billing for first medical service	X	X	Obtain from self insured file reviews. This should be available for state-fund claims.
Date of medical payment for first medical service	X	X	Obtain from self insured file reviews. This should be available for state-fund claims.
Weekly TTD compensation rate	X		
First date of disability	X		
Total TTD paid	X		
Total TPD paid	X		
TTD Duration		X	Take total TTD paid and divide by TTD rate to get weeks of TTD paid
TD Duration		X	Take total TTD and TPD paid and divide by TTD rate to get weeks of TD paid
Date of MMI		X	Obtain from file reviews
Date of receipt of PPD rating from physician		X	Obtain from file reviews.
Date of initial payment of PPD	X		
Date of initial payment of PTD	X		
Date of referral to pension unit	X		
Date of PTD award	X		
Date of referral for vocational rehabilitation	X		Obtain self insured data from file reviews
Date of vocational plan approval	X		Obtain self insured data from file reviews
Date of vocational plan ineligibility decision	X		Obtain self insured data from file reviews
Date of vocational plan closure	X		Obtain self insured data from file reviews
Result of vocational plan	X	X	Obtain from self insured file reviews or UW report. (Data

				available on recommended and actual outcomes, by code for state fund)
Date of filing of protest (or request for reconsideration)	X			
Type of protest	X			
Type of award	X			
Date of award	X			
Date of closing	X			
Date of request for reopening	X			
Date of reopening	X			
Date of reopening denial	X			
Date of referral of appeal from BIIA for reconsideration	X			
Date of reconsideration decision on a referral from BIIA	X			

Table 3**References Needed For Completion of the Evaluation**

Washington Statutes Title 51

Department Administrative Rules:

[296-14](#) Industrial insurance.

[296-14A](#) Claim resolution structured settlement agreements.

[296-15](#) Workers' compensation self-insurance rules and regulations.

[296-15A](#) Industrial insurance discrimination.

[296-16](#) Employer -- Worker reemployment incentives.

[296-16A](#) Stay-at-work program.

[296-17](#) General reporting rules, audit and recordkeeping, rates and rating system for Washington workers' compensation insurance.

[296-17A](#) Classifications for Washington workers' compensation insurance.

[296-17B](#) Retrospective rating for workers' compensation insurance.

[296-19A](#) Vocational rehabilitation.

[296-20](#) Medical aid rules.

[296-21](#) Reimbursement policies: Psychiatric services, biofeedback, physical medicine.

[296-23](#) Radiology, radiation therapy, nuclear medicine, pathology, hospital, chiropractic, physical therapy, drugless therapeutics and nursing -- Drugless therapeutics, etc.

[296-23A](#) Hospitals.

[296-23B](#) Ambulatory surgery center payment.

Department Policy Manual(s) (these are available on a CD for ease of use)

Gilmore Research Group study entitled "Customer Satisfaction Survey prepared for the State of Washington Department of Labor and Industries", June 2009.

Ipsos Reid study entitled "Injured Workers: Voice of the Customer", 2012

Ipsos Reid study entitled "Employers: Voice of the Customer Baseline Survey", 2012

Ipsos Reid document entitled "Labor and Industries 2012 Baseline Report – Appendix to the Methodology

Workers Compensation Research Institute publication *CompScope™ Data Book* www.wcrinet.org

CompScope Technical Appendix for the same year as the *CompScope™ Data Book* www.wcrinet.org

WC Laws published by the Workers' Compensation Research Institute www.wcrinet.org

National Inventory of Medical Cost Containment (Table 20) published by the Workers Compensation Research Institute- www.wcrinet.org

AWCBC (Association of Workers Compensation Boards of Canada) Key Statistical Measures for Canadian Jurisdictions www.awcbc.org.ca

Oregon Premium Rate Ranking Report
http://www.cbs.state.or.us/imd/rasums/2082/09web/09_2082.pdf

State Annual reports or statistical reports from British Columbia and all other comparison states

National Council on Compensation Insurance *Disability durations for temporary total disability*
www.ncci.com

National Academy of Social Insurance publication entitled *Workers Compensation: Benefits, Coverage and Costs* www.nasi.org

JLARC 1998 Worker's Compensation System Performance Audit, Report 98-9

Barth, Peter S., Heather Grob, Henry George Harder, H. Allan Hunt, and Michael Silverstein. 2008. "Washington Pension System Review." Upjohn Institute Technical Report No. 08-025. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. http://research.upjohn.org/up_technicalreports/25