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Accountability: Comparing and Benchmarking Performance of WC Systems

H. Allan Hunt
W.E. Upjohn Institute, hunt@upjohn.org

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ACCOUNTABILITY:
COMPARING AND BENCHMARKING PERFORMANCE OF WC SYSTEMS

Allan Hunt, Asst Executive Director
W. E. Upjohn Institute for Employment Research
AS YOU CAN CLEARLY SEE IN SLIDE 397...

GAAAAH!

"POWERPOINT" POISONING.
Plan of Presentation

• Performance Measurement
  - Evaluation Studies
  - Benchmarking
    ▪ Work Loss Data Institute
    ▪ AWCBC
    ▪ WCRI
  - Continuous Improvement
  - Assessment for WC Systems

• Future of Accountability
Conceptual Overview of Evaluation

- Process Evaluation
  - What was done?
- Gross Outcome Evaluation
  - What were the results?
- Net Impact Evaluation
  - Was it worth it?
Outcome Orientation

- Incidence of claims
- Duration of claims
- Return to work rates
- Service quality measures
- Employee satisfaction measures
- System costs
VALUE OF BENCHMARKING

• Benchmarking is an accountability tool
• Benchmarking is a motivator for improved performance
• Benchmarking is a way to determine best practice

BENCHMARKING WC SYSTEMS

- System Report Card
  - Work Loss Data Institute
- Key Statistical Measures
  - Association of Workers’ Compensation Boards of Canada
- CompScope™ Benchmarks
  - Workers Compensation Research Institute
Work Loss Data Institute

- State Report Cards for Workers’ Comp
  - Letter grades assigned to 44 U.S. states
  - Based on available OSHA data
- Six factors determine grades
  - 1) Incidence of injuries
    - Varies from 1.2 to 3.4 per 100 employees
  - 2) Percentage of injuries that involve lost workdays
    - Varies from 22 to 77 percent
WLDI, continued

- 3) Median disability duration
  - Varies from 4 to 17 days

- 4) Delayed recovery rate = the percent of long duration (>31 days) cases
  - Varies from 13 to 35 percent

- 5) Low back strain outcomes
  - Incidence and duration

- 6) Carpal tunnel syndrome outcomes
  - Incidence and duration
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AWCBC PROPOSES BANKRUPTCY AND INSOLVENCY ACT CHANGE TO GIVE WORKERS' COMPENSATION SECURED CREDITOR STATUS

L'ACATC PROPOSE DE MODIFIER LA LOI SUR LA FAILLITE ET L'INSOLVABILITÉ POUR DONNER AUX COMMISSIONS DES ACCIDENTS DU TRAVAIL LE STATUT DE CRÉANCIÈRES GARANTIES
Workplace Injury and Disability

21. Injury Frequency (per 100 workers of assessable employers) - 2000 to 2001

Please refer to the Key Statistical Measures Data Tables or Indicator Ratio Tables for the numerical data.

The following page is important in the interpretation and understanding of this graph. It contains the full definition of the Key Statistical Measure as well as detailed footnotes which explain important jurisdictional difference where necessary.
Workplace Injury and Disability

IR5 (prev. F6). Current Year Average Benefit Cost Per Lost-Time Claim

Please refer to the Key Statistical Measures Data Tables or Indicator Ratio tables for the numerical data.

The following page is important in the interpretation and understanding of this graph as it contains the full definition of the Indicator Ratio.

This Indicator Ratio is created by dividing the two corresponding Key Statistical Measures for each jurisdiction.
Workplace Injury and Disability

24a. Percentage of Lost-Time Claims Receiving Wage-Loss Benefits at the 2nd Year After the Accident Year - 2000 to 2001

AWCBC Board/Commission Financial and Statistical Data

Please refer to the Key Statistical Measures Data Tables or Indicator Ratio tables for the numerical data.

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Client/Customer Service

16. Average Calendar Days from Injury to First Payment - 1998 to 2001

Please refer to the Key Statistical Measures Data Tables or Indicator Ratio tables for the numerical data.

The following page is important in the interpretation and understanding of this graph. It contains the full definition of the Key Statistical Measure as well as detailed footnotes which explain important jurisdictional differences where necessary.
CompScope™ Multistate Benchmarks, 1994-2000

AASCI F/AWCBC Conference
August 19, 2003
DBE: A Unique and Powerful Database

- Robust sample
  - 10 million claims
  - Accident years 1994 - 2000, as of 2000
  - States represent > 60% of U.S. WC benefits

- Representative
  - Voluntary and residual market
  - Self-insured employers
  - State funds
CompScope™ Data Adjusted to Produce Meaningful Comparisons

- Data shown reflect adjustments for:
  - Injury mix
  - Industry mix
  - Wages

- 7-day waiting period for benefits used in all states

- Results reflect similar set of claims in each state
Temporary Disability Duration: Major Indemnity Cost Driver

Average Weeks of Temporary Disability Payments per Claim > 7 Days Lost Time, 1999/2000

Weeks

WI CT IL TN IN FL GA NC MA CA TX
PPD Frequency: Major Indemnity Cost Driver

PPD/ LS Claims as Percentage of Claims with More Than 7 Days Lost Time, 1997/ 2000 Claims

WCRI
Indemnity Benefit Payments per Claim

Average Indemnity Payments per Claim, 1999/2000
Adjusted for Injury and Industry Mix and Wages
Medical Payments per Claim

Average Medical Payments per Claim, 1999/2000
Adjusted for Injury and Industry Mix and Wages

WCRI
Rate of 1st Payment within 21 Days

Percent of Claims w/ First Payment w/ in 21 Days of Injury, 1999/2000 Claims > 7 Days Lost Time
CONTINUOUS IMPROVEMENT

• W. Edwards Deming
  – Guru of manufacturing in 1980’s
• Balanced Scorecard
  – Kaplan and Norton, Harvard 1992
  – Balanced Scorecard Collaborative, Inc.
• Examples
Balanced Scorecard Approach

• Elements of balanced scorecard
  - Financial perspective
  - Customer perspective
  - Internal process perspective
  - Learning and growth perspective

• Strategic management
Basic Questions (yours)

- What do we want to measure?
- What do we have to measure?
- What are we able to measure?
- How can we measure it?
- Who is going to do the work?
Basic Answers (mine)

• What is the purpose?
• Who is the consumer?
• What already exists?
• What are you trying to accomplish?
• Keep it simple!
ALLAN HUNT
UPJOHN INSTITUTE
www.upjohninstitute.org
Hunt@upjohninstitute.org
(269) 343-5541