

8-1-2003

## Accountability: Comparing and Benchmarking Performance of WC Systems

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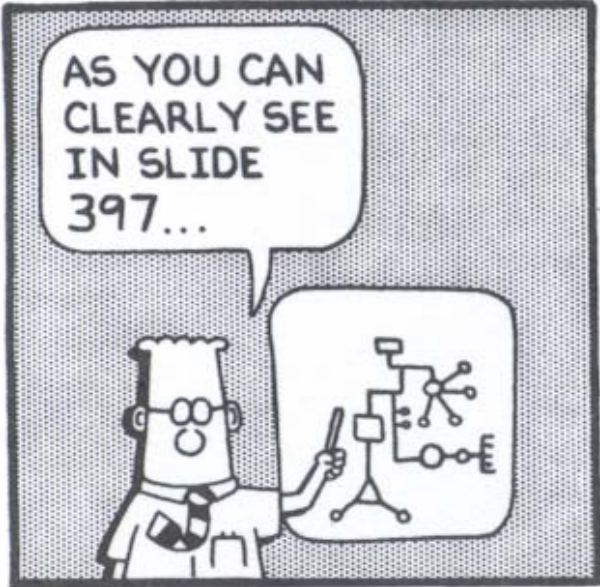
### Citation

Hunt, H. Allan. 2003. "Accountability: Comparing and Benchmarking Performance of WC Systems." Presented at American Association of State Compensation Insurance Funds/Association of Workers' Compensation Boards of Canada joint meetings, Vancouver, BC, August.  
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# **ACCOUNTABILITY:** COMPARING AND BENCHMARKING PERFORMANCE OF WC SYSTEMS

Allan Hunt, Asst Executive Director  
W. E. Upjohn Institute for  
Employment Research



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# 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

From *Comparative Performance Measurement* by Morley, Bryant and Hatry (Washington, D.C.: Urban Institute Press) 2001

# 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

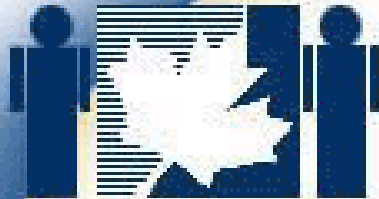
- 3) Median disability duration
  - Varies from 4 to 17 days
- 4) Delayed recovery rate = the percent of long duration (>31 days) cases
  - Varies from 13 to 35 percent
- 5) Low back strain outcomes
  - Incidence and duration
- 6) Carpal tunnel syndrome outcomes
  - Incidence and duration

**WORKERS' COMPENSATION REPORT CARD**  
**From Work Loss Data Institute (WLDI)**

	A	B	C	D	F
Alabama			✓		
Alaska		✓			
Arizona	✓				
Arkansas	✓				
California					✓
Connecticut		✓			
Delaware				✓	
Florida		✓			
Georgia	✓				
Hawaii				✓	
Illinois				✓	
Indiana	✓				
Iowa	✓				
Kansas		✓			
Kentucky				✓	
Louisiana					✓
Maine			✓		
Maryland				✓	
Massachusetts					✓
Michigan				✓	
Minnesota	✓				

**WORKERS' COMPENSATION REPORT CARD**  
**From Work Loss Data Institute (WLDI)**

	A	B	C	D	F
Missouri			✓		
Montana			✓		
Nebraska		✓			
Nevada	✓				
New Jersey					✓
New Mexico		✓			
New York					✓
NorthCarolina		✓			
Oklahoma				✓	
Oregon	✓				
Rhode Island					✓
SouthCarolina			✓		
Tennessee		✓			
Texas					✓
Utah	✓				
Vermont			✓		
Virginia			✓		
Washington			✓		
West Virginia					✓
Wisconsin		✓			



**AWCBC/ACATC**

**ASSOCIATION OF  
WORKERS' COMPENSATION BOARDS OF CANADA**

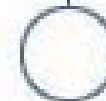
**ASSOCIATION DES COMMISSIONS DES ACCIDENTS  
DU TRAVAIL DU CANADA**

**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**

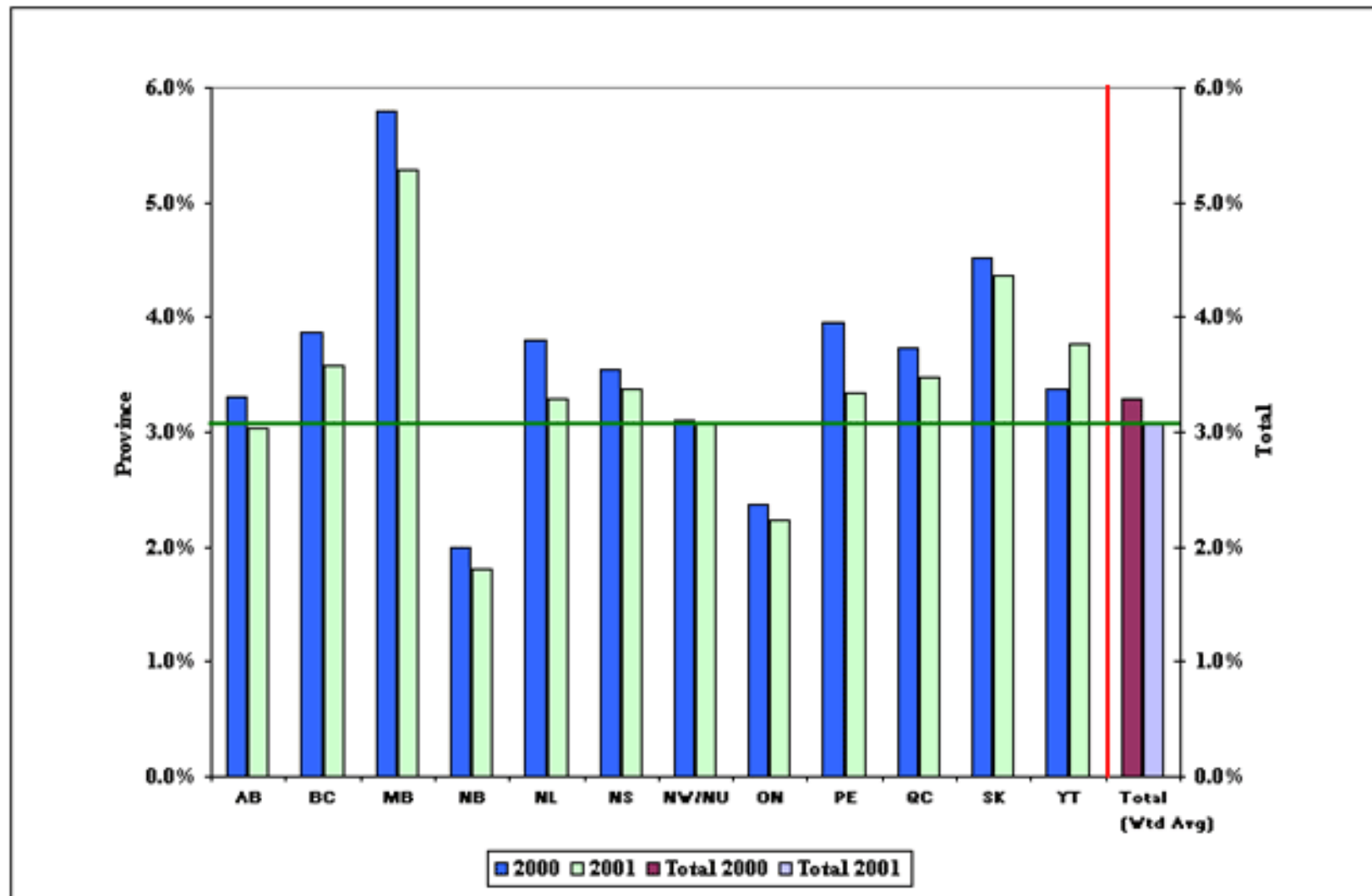
**ENGLISH**

**FRANÇAIS**



# Workplace Injury and Disability

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



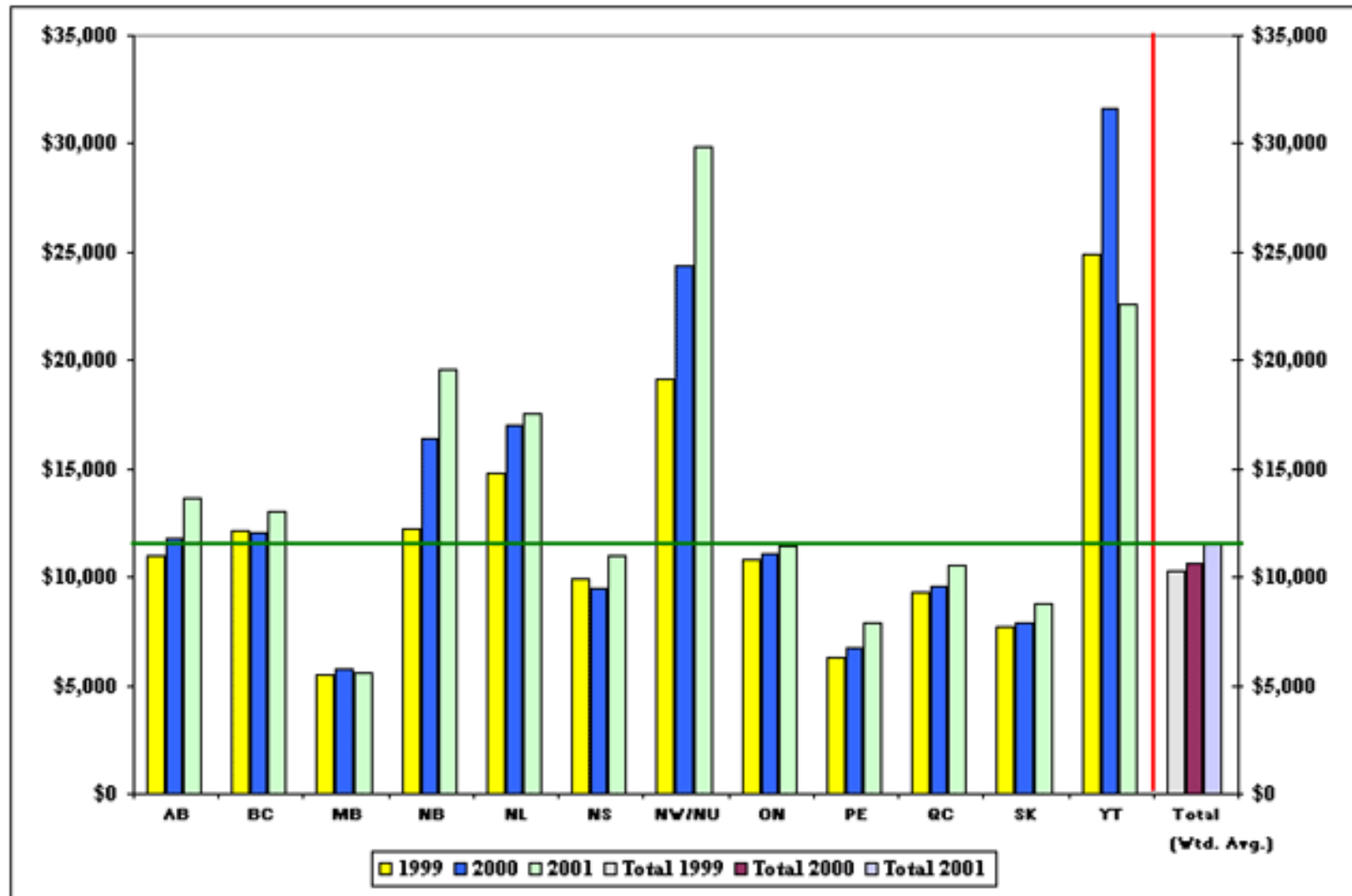
AWCBC Board/Commission Financial and Statistical Data

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

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*



AWCBC Board/Commission Financial and Statistical Data

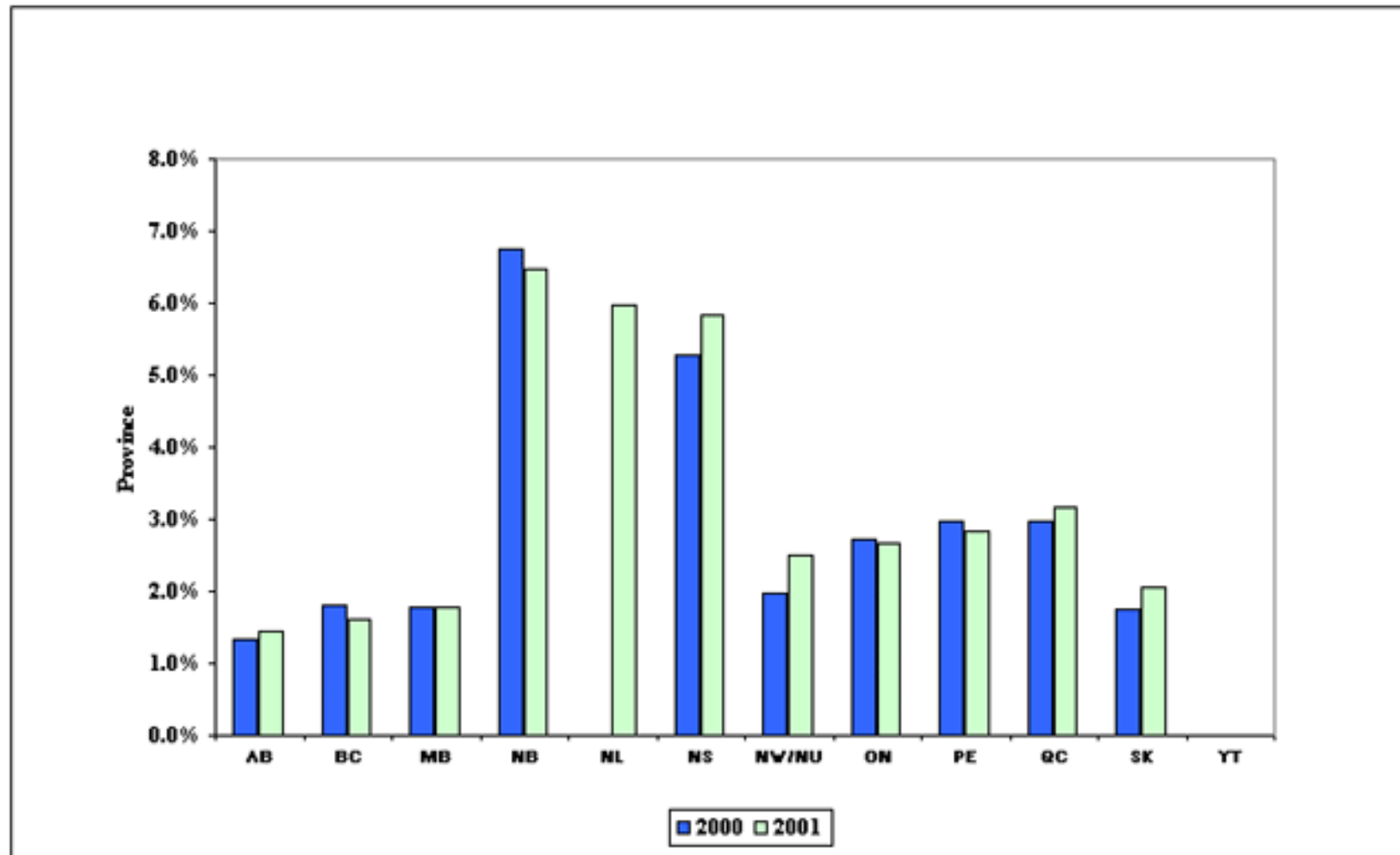
Please refer to the Key Statistical Measures Data Tables or Indicator Ratio tables for the numerical data.

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

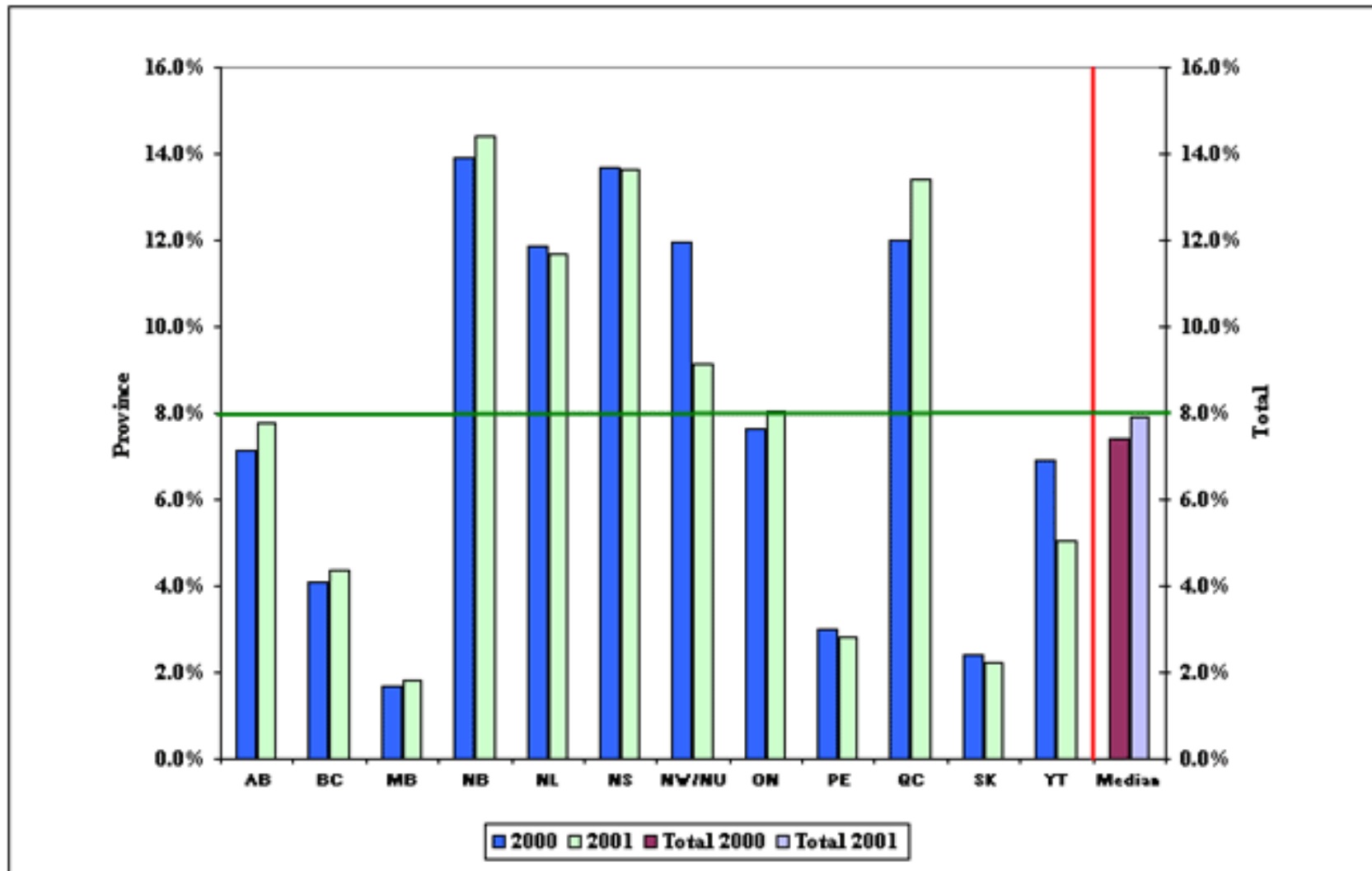
Please refer to the Key Statistical Measures Data Tables or Indicator Ratio tables for the numerical data.

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.



# Workplace Injury and Disability

## 20. Proportion of Claims Awarded Impairment Benefits - 2000 to 2001



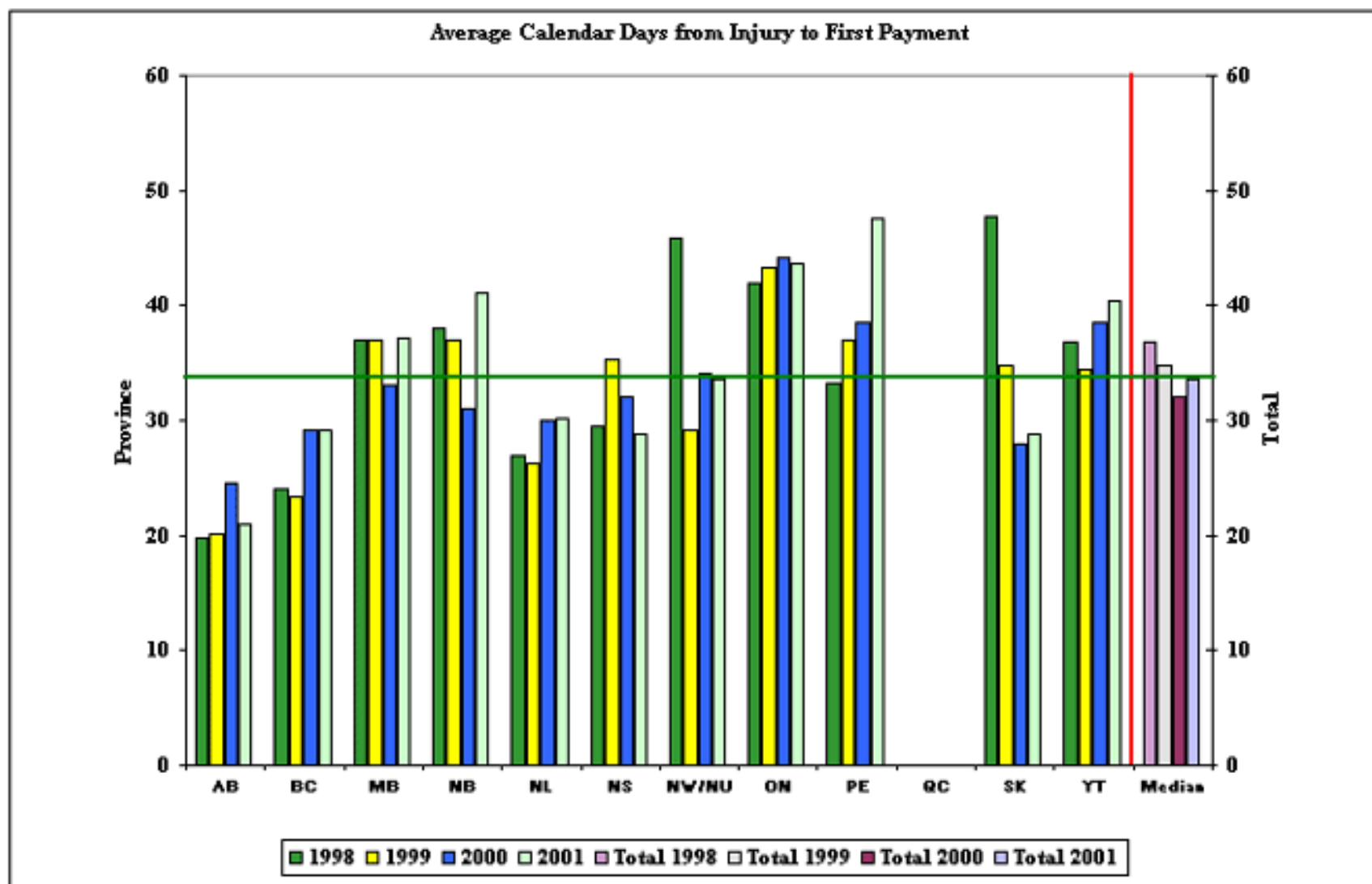
AWCBC Board/Commission Financial and Statistical Data

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

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.

## Client/Customer Service

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

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.



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# CompScope™ Multistate Benchmarks, 1994-2000

AASCIF/AWCBC Conference

August 19, 2003



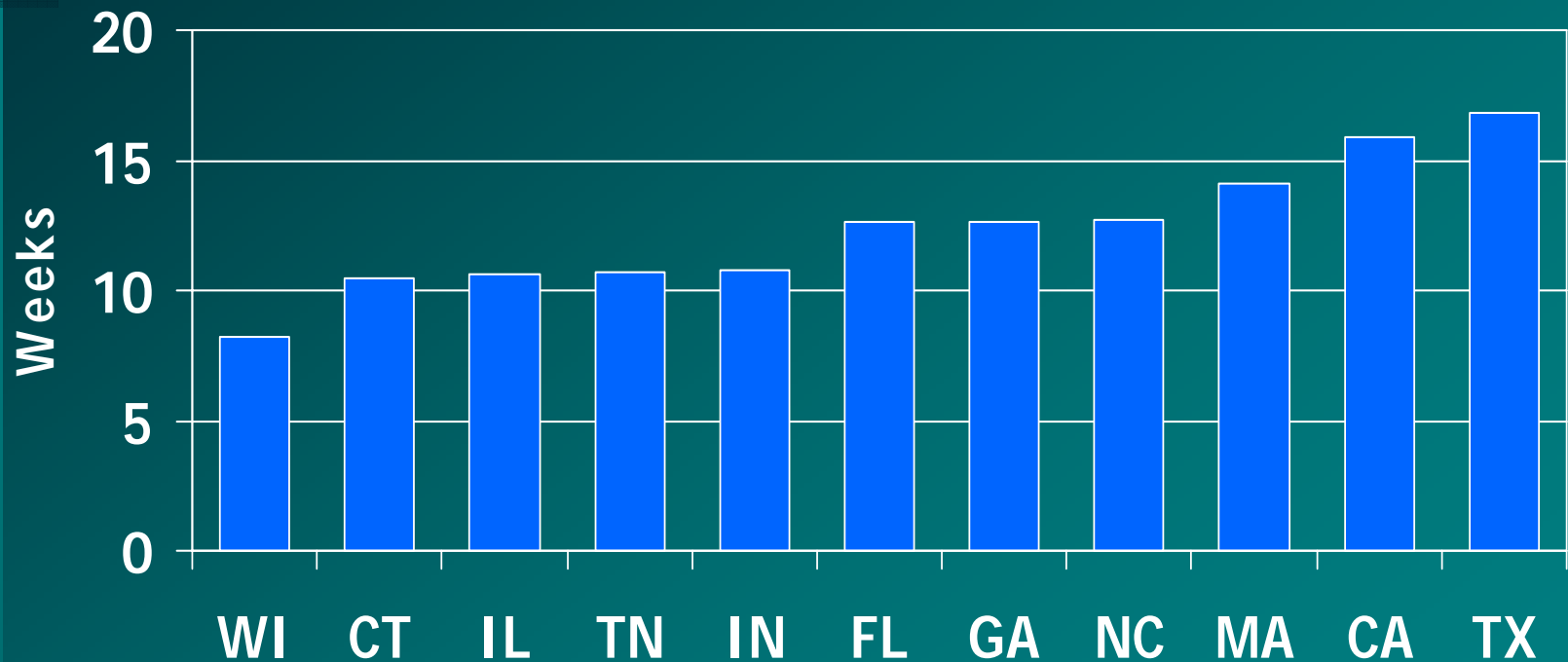
# DBE: A Unique and Powerful Database

- 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

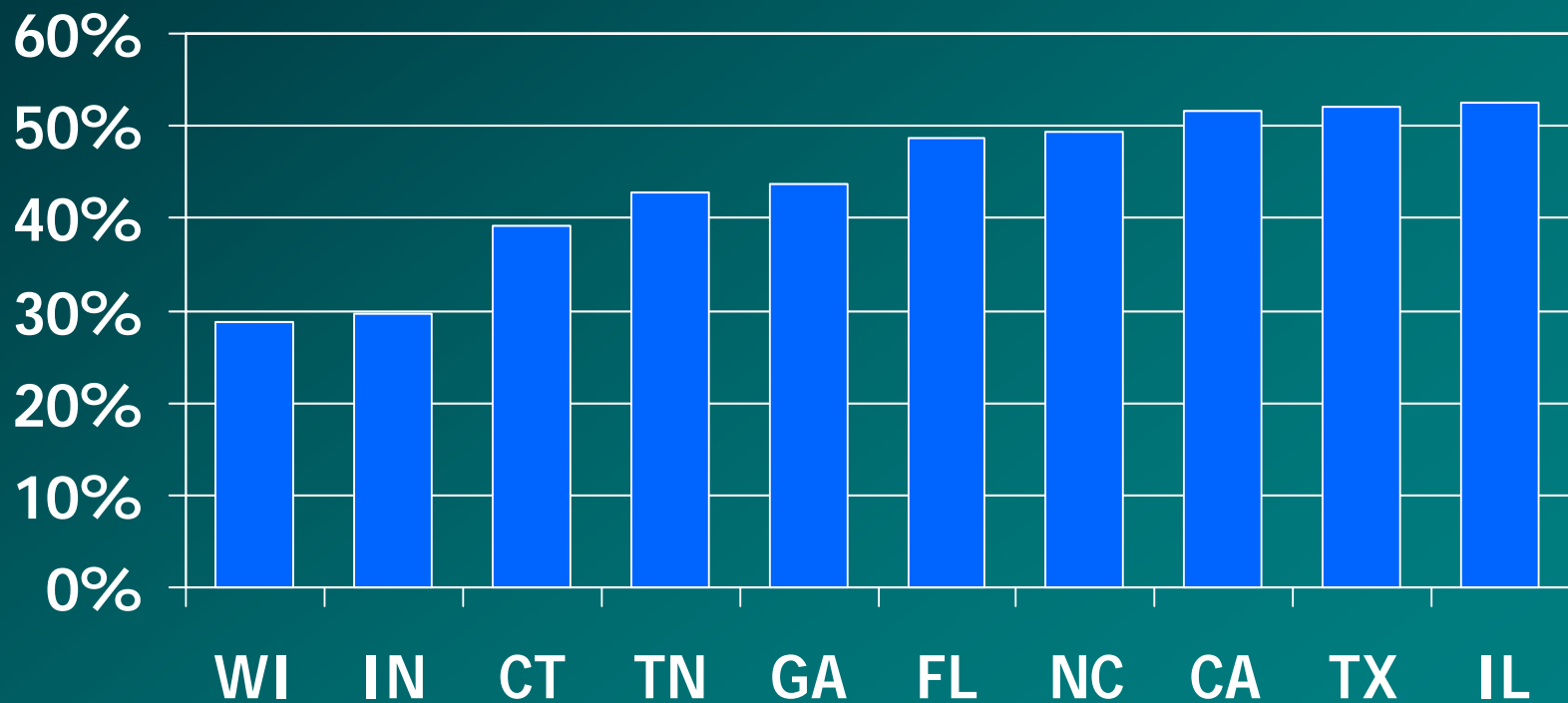
# Temporary Disability Duration: Major Indemnity Cost Driver



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



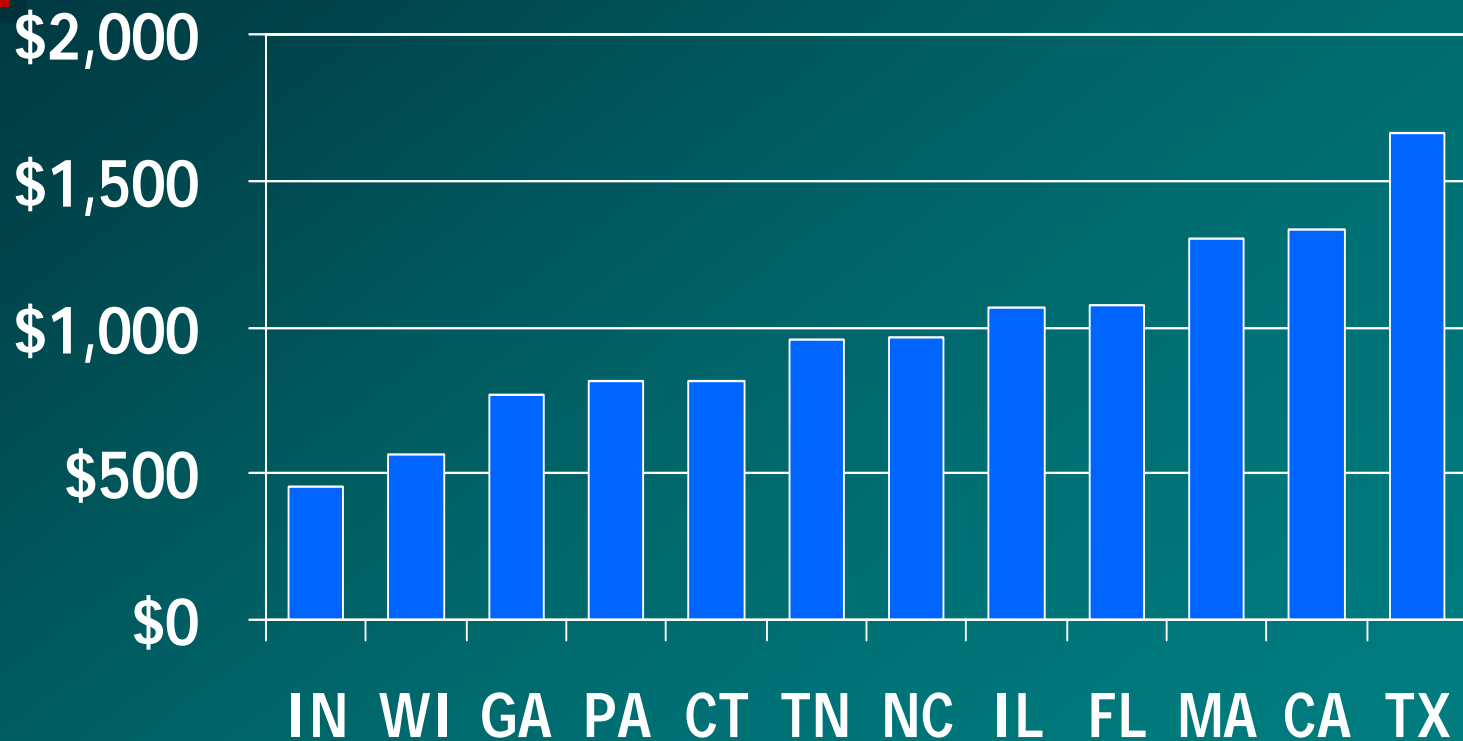
# PPD Frequency: Major Indemnity Cost Driver



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



# Indemnity Benefit Payments per Claim

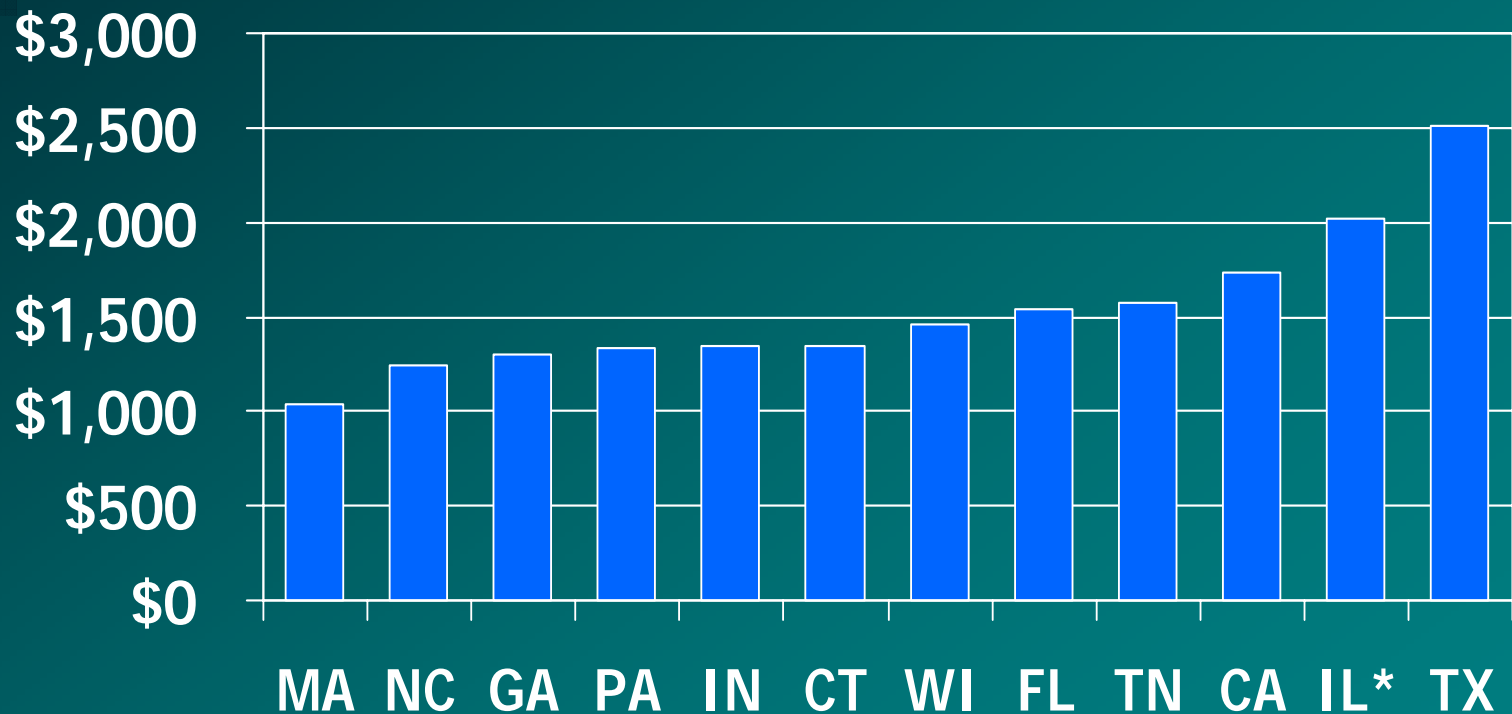


Average Indemnity Payments per Claim, 1999/2000  
Adjusted for Injury and Industry Mix and Wages





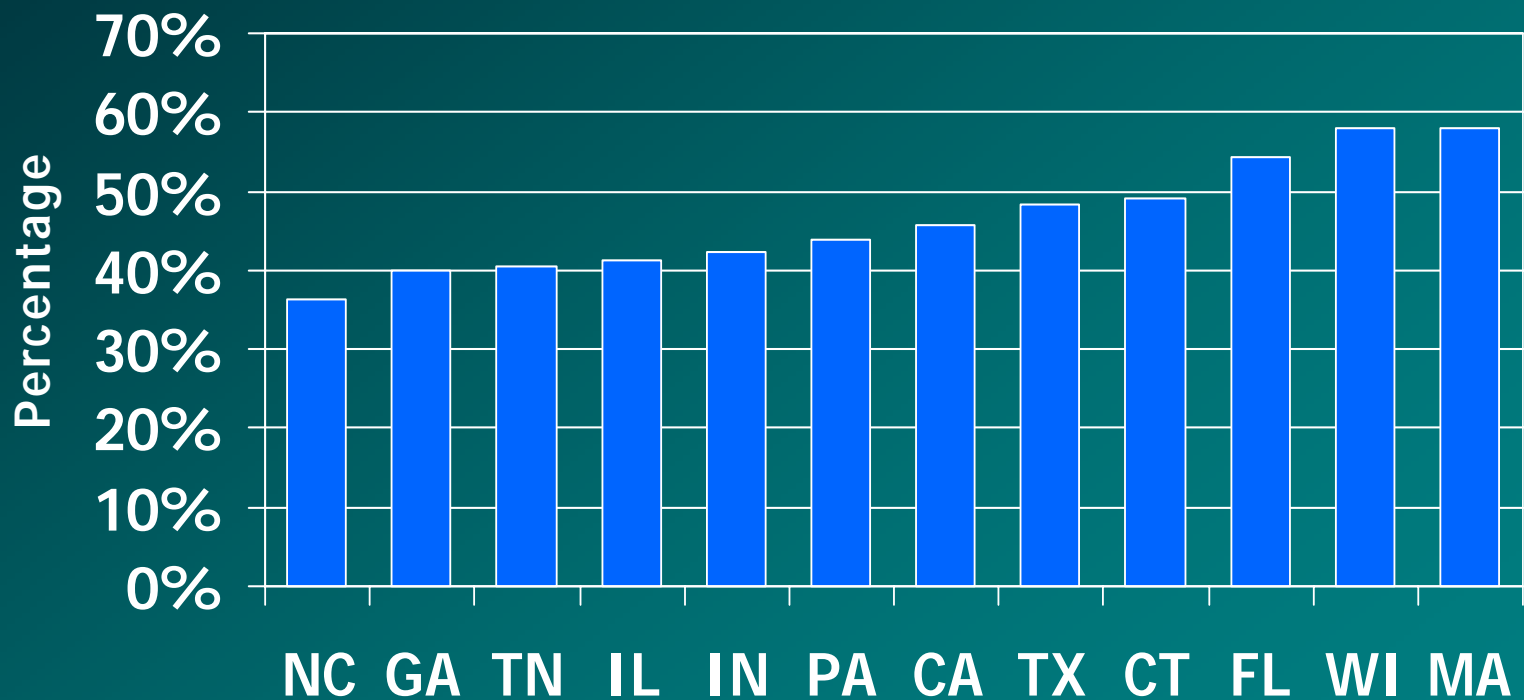
# Medical Payments per Claim



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



# 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 !

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