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## Wyoming Legislative Service Office

# EXECUTIVE SUMMARY

## Workers' Compensation Claims Processing

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Program Evaluation Section

June 2003

### Purpose

The Workers' Compensation and Safety Division (WSCD or the Division) in the Department of Employment is the only workers' compensation provider for employers and employees in Wyoming. The Legislature's Management Audit Committee directed staff to evaluate claims processing as carried out by WSCD.

The Committee requested an evaluation of claims processing, based on the following questions:

- What obstacles does the Division face in providing quick, efficient delivery of workers' compensation benefits?
- What causes delays in claims processing?
- Who makes customer service policy and are participants satisfied with services?
- Has the Division developed guidelines for avoiding unnecessary hearings?
- How does the program gather input to help improve delivery of services?
- How is the Division's overall performance monitored?

### Background

The Legislature approved the Wyoming Workers' Compensation Act in 1915. Intended to provide a balance for workers and employers, it assures benefits to workers injured on the job and gives employers immunity from lawsuits by workers. It directs WSCD to provide quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to the employers who are subject

to the Act. There is no federal involvement in WSCD's operations. The Act mandates some employers to participate in Workers' Compensation, while others may opt into the program.

### Results in Brief

Most injured workers receive benefits soon after their injuries occur and are satisfied. However, those workers whose injuries result in lost time at work are more likely to face delays in receiving the benefits authorized by law.

We found that the Division can improve its processing of claims in several ways. To minimize hardship and delays for injured workers needing indemnity (lost wage) benefits, the Division should seek improvement in areas including timeliness of lost wage payments to injured workers, staffing, communications, and contested cases. In addition, the Legislature has not established an oversight body for workers' compensation.

### Principal Findings

The Division does not routinely contract for an independent review of its financial condition, as is done in other states' workers' compensation agencies. We recommend that the Division contract for a comprehensive assessment of its financial practices and condition.

While the Division is operating at a reasonable cost to employers, it is not as successful in

providing quick and efficient benefits for disabled workers who seek indemnity benefits. We recommend the Division improve the timeliness of both compensability and initial lost wage payments.

Several Division practices negatively affect the staff's ability to process claims quickly and efficiently. These include high turnover among contract employees, experienced staff not being utilized most effectively, and a lack of written policies to direct staff decision-making as they process claims. We recommend the Division monitor and evaluate turnover among contract analysts, consider adapting its current use of skilled staff, and improve guidance for staff by developing written policies.

Informational materials for claimants and employers are not user-friendly and the Division's education efforts currently reach a small audience. We recommend the Division improve written materials that go to claimants and employers and increase education efforts for both groups. We also recommend creating a customer service unit with a 1-800 number so claimants can obtain answers to questions at no charge.

The Division has not promoted the use of less formal dispute resolution options that are available to claimants and employers. It also does not systematically track the reasons cases are referred to hearing, or provide a neutral source of information for claimants. As a result, two hearings bodies have overwhelmed dockets, and the Division has little internal management information about hearings, and it incurs costs and sustains losses at hearing. We recommend the Division promote the use of less formal approaches to dispute resolution, provide participants with a neutral source of procedural and legal information, and identify ways to improve the current referral process and its outcomes.

WSCD currently receives little independent assessment and oversight. Other than the annual statewide financial audit, the Division is not independently and systematically monitored. It also has not reported in depth on its own performance. Other states have advisory councils to monitor program effectiveness. We recommend the Legislature consider establishing a Workers' Compensation Advisory Council to provide this kind of oversight.

### **Agency Comments**

The Division agrees it should improve the timeliness of compensability decisions and partially agrees that it should improve the timeliness of one type of payment. The Division agrees it should contract for a comprehensive assessment of financial practices and condition and that it can identify ways to improve the current referral process to hearing, as well as its outcomes. The Division agrees it should improve written materials and customer service, as well as increase education for claimants and employers, but is reluctant to provide a 1-800 number. The Division agrees it should monitor turnover among contract analysts and improve retention and partially agrees to developing policies and improving the procedures manual.

The Division disagrees it should promote the use of less formal approaches to dispute resolution, and that it should provide participants with a neutral source of procedural and legal information. It also disagrees that a new allocation of skilled staff should be adopted. It is neutral on the recommendation that the Legislature consider establishing a Workers' Compensation Advisory Council.

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*Copies of the full report are available from the Wyoming Legislative Service Office. If you would like to receive the full report, please fill out the enclosed response card or phone 307-777-7881. The report is also available on the Wyoming Legislature's website a [legisweb.state.wy.us](http://legisweb.state.wy.us)*