
A Review of Workers' Compensation Claims: The Frequency of Claim Denial and Medical Treatment Delay

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Abstract

A retrospective chart review of 257 patients who presented between January to March 1998, was conducted to identify the frequency of workers' compensation claim denial among patients who reported to Straub Clinic and Hospital. Results showed that 12.8% of claims were either "denied" or temporarily "denied pending investigation". Analysis of all the claims found that only 2% resulted in delayed medical care. Further analysis of the denied claims revealed the vast majority of claims (78.8%) were denied because the medical provider and the patient had incorrect workers' compensation carrier information. Other independent variables studied (size of the employer, category of employer, injury type, status of case, length of case and number of visits) did not predict either denial of the claim or treatment delay. This study suggests that the efficiency of our State's Workers' Compensation system would be greatly improved by developing a system to provide medical care providers with accurate insurance information.

Introduction

The processing of workers' compensation claims in both the private and public sectors must adhere to Hawaii State laws. In order for a claim to be properly submitted and processed, multiple steps and parties are involved including the injured worker, supervisors, physicians, human resource personnel, and claims managers. Any errors or breaks in the chain of this process can result in a "denial" or a "denial pending investigation" of the employee's claim. The process of filing a claim can be briefly outlined in the following manner. When an employee believes that a work related injury occurred, they must immediately notify the employer. Often the employer requires the employee to fill out an accident report. The employer then uses this information to create a WC-1 form which is mailed to the insurance carrier. Upon receiving the WC-1 form, the insuring agency assigns an "adjuster" to the claim. The adjuster is responsible for reviewing the claim and deciding if the claim should be accepted or denied. When the injured employee visits the medical provider, they must tell the provider how the injury occurred, the nature of the injury, and the relevant billing information, such as the name of the employer and the name of the insurance carrier.

Surprisingly, employees often do not know the proper name of their employer and they rarely know the name of the workers' compensation insurance carrier. After the office visit and treatment, the health care provider is required to submit to the insurance carrier a completed WC-2 form along with the medical reports, bills for services rendered, and in some cases a treatment plan. Health care providers in our community often complain that the claims they are submitting are being rejected with alarming frequency. They also worry that rejected claims are resulting in delayed medical care, poorer treatment outcomes, and excessive litigation.

This study is a retrospective review of workers' compensation claims to determine the frequency of claims denial and the frequency of delayed medical care. The study also explores what independent variables may predict denial of claim. Variables explored include: the size of the employer, the type of employer, the type of injury, the status of the case, the length of the case, and the number of visits made.

Methods

In this study, a retrospective chart review of the medical records of 257 patients who reported to the Straub Clinic and Hospital from January to March of 1998 was conducted. Each record was examined for information on the occupational injury case noting the type of injury, the status and length of the case, the number of visits, the size of the employer, and the type of employer. Records were also examined for any written evidence of denial or medical treatment delay of each claim. Medical treatment was defined as delayed if the additional treatment requested by the physician exceeded a period of ten days from the time the request was submitted to the insuring agency up until the time of treatment. A brief phone interview of each employer was done to verify relevant facts about the size of employer and type of business in which the workers' compensation case took place. All data was recorder manually on data sheets and subsequently entered into a computer for analysis. The statistical program Epi-info was utilized to analyze the data in an attempt to find any pattern of association with acceptance and denial. A p-value of < 0.05 was used as the cutoff for significance.

Results

257 medical records of workers' compensation cases were reviewed. Of the cases examined most were already closed (231/257). It was also observed that most cases (63.6%) were brief with physicians closing the case within one month of the date of injury (Table 2).

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Of the 257 medical records reviewed, 224 (87.2%) were accepted by the insurance carrier and 33 (12.8%) were denied at some point during the history of the case (Table 1). In searching the medical record for why claims were denied it was found that the most common reason (78.8%) for denial was "wrong carrier". This means that the health care provider sent the medical bill to the wrong insurance carrier. Four cases (12.1%) were judged by the carrier as not workers' compensation cases, and three (9.1%) were "denied pending further investigation" implying that the carrier was delaying decision until further facts about the case could be obtained and reviewed (Table 3). Evidence of treatment delay was identified in only 6/257 (2%) cases (Table 4).

During the chart review, claims were categorized by the type of injury to estimate the relative frequency of different injuries (Table 5). The most common type of injury was contusions/sprains/strains which included injuries such as back pain, shoulder pain, knee pain and ankle pain. The least common type of injury was emotional stress.

Statistical analysis of the data was sought to determine what independent variables were associated with claim denial. There was no significant association between denial and employer size (greater or less than 50 employees), employer category (public vs. private employer), the type of injury or the length of the case (< 1 month, 1-3 months, > 3 months).

Delay	Frequency	Percent
No Delay	251	97.7%
Delay	6	2.3%
Total	257	100.0%
No Delay: <10 days Delay: >= 10 days		

Injury Type	Frequency	Percent
Burn	10	4%
Exposure	15	6%
Laceration	54	21%
Contus/Sprain/Strain	125	48%
Fracture	11	4%
Repetitive Motion	5	2%
Stress	3	1%
Other	35	14%
Total	257	100.0%

Claim	#Cases	Percent
Accepted	224	87.2%
Denied	33	12.8%
Total	257	100.0%

Claim Length	Frequency	Percent
< 1 Month	147	63.6%
1 to 3 Months	57	24.7%
> 3 Months	27	11.7%
Total	257	100.0%

Reason	Frequency	Percent
Wrong Carrier	26	78.8%
Not Workers' Comp	4	12.1%
Denied Pending Further Inv.	3	9.1%
Total	33	100.0%

Discussion

The purpose of this study was to determine how frequently the medical treatment of an injured worker was denied or delayed by the insurance carriers and what factors might be associated with those outcomes.

Results of the study demonstrate that medical bills submitted through the workers' compensation system are frequently denied (12.8%). The most common reason for denial was that the medical bill was sent to the wrong carrier. Experience with reviewing charts suggested that this is a relatively insensitive way to detect denial as details pertaining to the situation are often not well documented in the medical record. As such, the results of this study may underestimate the true incidence of claim denial. Fortunately, it was only very rarely that medical care was delayed. It is logical to assume that a substantial amount of time is being spent by physicians and their personnel straightening out billing errors and resubmitting bills. This also means that the efficiency of Hawaii's workers' compensation system could be markedly improved by developing a better method for informing physicians of a company's proper insurance carrier. The current system, which relies upon the injured worker to know the correct information is demonstrably unreliable. On one hand, employers should recognize that it is in their best interest to develop better methods of communication so that every employee always knows how to identify the proper carrier during all working hours. On the other hand, it would benefit our state as a whole to develop a data-base accessible to all medical providers, that contains

the necessary billing information. Such a system would improve efficiency, reduce treatment delays, and possibly reduce litigation.

The study was also designed to investigate what factors are associated with, and might predict denial of a claim. It would be reasonable to assume that more expensive claims such as back injuries, would be denied more frequently. This was not observed. There was no significant association between claim denial and any of the factors studied (injury type, employer type, employer size, status and length of case, and number of visits). This implies that each case is judged on its individual merits. The study did not explore whether some specific insurance companies deny cases more frequently than others which is an intriguing question for future study.

This study also sought to determine how frequently medical treatment of an injured worker was delayed and what factors might be associated with this outcome. The results showed that medical care was rarely delayed (only 2.3% of all cases) and that treatment delay was not related to the size of employer or type of injury.

In summary, this study documents that a substantial number of medical claims submitted by physicians for treatment of patients with workers' compensation injuries are being denied by insurance carriers. The most common reason for case denial was the submission of bills to the wrong insurance carrier. This study concludes that the efficiency of our workers' compensation system would be greatly improved by developing a system to provide physicians with accurate insurance information.

References

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1. Hit by a golf ball.
2. Run over by a golf cart.
3. Whacked by a golf club.
4. Struck by lightning.
5. Forgot your hat.

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