Reporting Workers' Comp Claims Late Can Push up Costs Nearly 50%

One of the keys to keeping the costs of a workers' compensation claim from spiraling out of control is prompt claims reporting.

Claims are routinely filed late, either by the injured worker who fails to report it to the employer, or the employer dawdling or procrastinating and not reporting the claim to its insurer. Either way, those delays result in delays in treatment, which can exacerbate the injury, leading to additional medical care and higher costs.

In fact, a 2015 study by the National Council on Compensation Insurance (NCCI) found that the average claims for workplace injuries that were reported four weeks after the incident, ended up costing nearly 45% more than claims that were reported in the first week after injury. Waiting to file claims three to four weeks after the injury ended up costing 29% more.

The message for employers is to require prompt reporting of workplace injuries and to immediately report an injury as soon as possible after you are made aware of it. Those added claims costs, while originally borne the insurer, can come back to haunt you in the form of higher premiums during your next policy renewal.

The NCCI, which helps set rates in more than 30 states, found that claims that were reported more than two weeks after an incident were characterized by:

- More attorney involvement, and
- More use of lump-sum settlement payments.

"These characteristics suggest that claims with a delay of more than two weeks are more complex to settle, take longer to close, and involve a longer period before the injured worker can return to work," the NCCI wrote in its report.

The fallout

Many employers delay reporting workplace injuries, particularly if they seem minor at the time. A worker may be injured вЂ” maybe they strained a muscle вЂ” but does not require medical treatment, so the employer thinks "It's a small injury and they'll heal up in the next few days. No big deal."

Not reporting even minor injuries can end up costing you. Here's why:

- Delaying reporting makes an investigator's job harder. The longer the time between the accident and reporting leaves the potential for inaccuracies, misstatements and even destroyed evidence in cases where the claim is falsified by the worker.

- The chances of litigation increase with delayed reporting. Claims reported on the same day they occur involve an attorney 13% of the time, compared to 32% for claims reported after week four, the NCCI found.
- Any delay in medical treatment, even if it's just a week or two, could end up making injuries worse, resulting in more treatment and medications. It also is likely to extend the life of the claim as the worker's injuries may take longer to heal and they could be unable to work.
- Claims that stay open longer have a lower closure rate at 18 months after injury, according to the NCCI.
- By delaying reporting, employers shortchange their workers, which can affect employee morale.

The takeaway

When you become aware of a workplace injury, start the reporting process as soon as possible. The longer you wait, the costlier the claim likely will be and the more chance your injured worker will hire an attorney.

Establish a claims reporting protocol for all employees to follow. They should be required to immediately report any work-related injury, no matter how small. That includes first aid claims.

Put in place protocols to ensure that any injury report gets to your office's point person so the next step can be determined. Let employees know that it's in their best interest to report any work injuries and that you won't retaliate for filing a claim.

If all employees are responsible for reporting injuries to their supervisor, every supervisor needs to know what their own responsibilities are, as well.

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