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Maryland Workplace Health Care Association, Inc.

SB806 & HB 1082 Workers' Compensation Claims Adjusters and Medical Billing Entities

This legislation is presented with the understanding that professional well-trained claims adjusters are the mortar that holds the workers' compensation system together. If enacted, this legislation will provide needed improvement in the knowledge and experience of adjusters that manage workers' compensation claims and medical billing in Maryland. Such competence is essential for providing injured workers appropriate medical care and benefits in a timely and efficient manner. The testimony provided by the advocates for this Bill will describe how poorly trained claims adjusters adversely affect the performance of Maryland's workers' compensation system by disrupting the injured workers access to appropriate medical care, financial benefits and rehabilitation services.

The Workers' Compensation Commission regulates self-insured employers and vocational counselors. Health care providers and attorneys are regulated by their respective certifying institutions. However, effective communication, certification or regulation of claims adjusters is literally non-existent. This constitutes a serious concern because claims adjusters have an inordinate amount of control over the manner in which claims are processed, including payment of benefits and medical bills. Consequently, there is no practical means to prevent or correct claims adjusters who repeatedly fail to comply with Maryland laws and regulations relative to workers' compensation.

Other states have recognized this problem and currently require that insurers provide claims adjusters minimum training. This is more important today because many of the adjusters handling Maryland workers' compensation claims are located in central offices in out of state locations.

When claims adjusters are properly trained and supervised, the principles of good claims handling will result in:

- Satisfied injured workers that have confidence in the fairness of the system;
- Lower administrative cost to the state workers' compensation agency through handling questions and disputes;
- Less public policy turmoil - proposals to reform or correct perceived system failures;
- Accurate payments for benefits and medical care;
- Accurate rates charged for workers' compensation insurance because claims are properly and consistently reserved.



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Poorly trained adjusters are often associated undesirable outcomes:

- Inequity for injured workers. Whether or not it is detected or challenged it is an important principle for system integrity that claims should be paid according to law. Delays and errors will eventually cause a break down in the confidence of workers, unions, medical providers, employers and other stakeholders in the fairness of the system.
- Disputed claims will increase. A direct and very damaging consequence of poor claims handling is an increase in disputed claims. For most states the hearing process is the most expensive part of their operations. Moreover, delays in getting hearings are a huge source of legislative inquiry on behalf of disgruntled constituents.
- Medical providers lose confidence in the system and begin to withdraw from treating injured workers, or become confrontational with adjusters on return to work issues.
- Abusive claims will go undetected and unchallenged. Abuse thrives on inattentive adjusters that do not promptly and carefully investigate the facts surrounding a claim.
- Compliance with state law suffers and sanctions are imposed. Most states have requirements for the timely and accurate payment of claims, and subject payer performance to audits or tests of compliance. At a minimum, poor compliance requires time consuming explanations with regulators, and in the worse case results in fines and bad publicity.
- Insurer or self-insured employer payments for claims will be higher than necessary. Poor claims handling, especially delays in investigating a claim, have been shown to increase the average severity of the claim.

Training for adjusters would include an orientation in the following subjects:

- *The Law* – An adjuster needs to know the law—statutes, administrative rules and case law. In addition, the adjuster must be familiar with the bulletins and procedures issued by each state. Staying current with the law in the state where an adjuster handles claims is essential and a significant challenge if responsibilities encompass many states.
- *Claims Procedures* - Adjusters are held accountable by their own organizations and by external parties for strict compliance with claims procedures. These procedures often reflect the requirements of state laws, but also include other important, practical considerations.
- *Professional Standards of Practice* - Claims adjusters need to be aware of the standards of practice that describe the best practices compiled by the most experienced members of their profession. These standards and principles are invaluable, especially to inexperienced adjusters.
- *Ethical Considerations* - A firm grounding in ethical principles and reinforcement of the need to “think ethically” is an important part of the formation of successful claims adjusters. This is especially important to the determination of benefits and proper handling of a claim.

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