

5 Ways Late Reporting of Worker's Compensation Claims Can Impact Your Bottom Line



Reporting all workers' compensation claims promptly is a critical component to controlling workers' compensation claim costs to you and your insurance carrier. Failure to report an employee's claim promptly can have short and long-term financial implications for your business and can damage employee morale.

Why Claims May Be Reported Late

Workers' compensation claims can be reported late due to inaction on the part of the employer or the employee. The employer may be uncertain if a claim is work-related or may hope that a small claim will go away. Employees may think that they will be blamed for the accident or that reporting a claim will affect their relationship with their employer. Employees may think an injury is minor and will resolve itself quickly.

5 Negative Financial Effects of Late Reporting

The financial effects of late reporting can be significant, as the average cost of a claim is typically higher if it is reported late.

1. A delay in seeking treatment may cause a deterioration in the employee's condition that will impede the employee's recovery time and increase medical costs.
2. An insurance carrier's ability to investigate a claim, determine compensability and identify potentially fraudulent claims may be hindered as witnesses may no longer be available or key evidence may not be preserved.
3. The ability to deny uncompensable claims can be impacted as many states have regulations that prohibit denial of claims after a specified time period. For example, the ability to deny a claim due to a worker being under the influence of drugs or alcohol can be negated by reporting delays.
4. The benefits of using nurse case managers or other managed care initiatives to effectively manage the care of the injured worker to help them return to work quickly can be limited.

5. Many states have prompt reporting requirements and impose fines if a business reports a claim late or fails to report a claim. OSHA also has claims reporting requirements for certain claims (note that effective January 1, 2015, new, more stringent OSHA reporting requirement apply).

Lastly, reporting of all claims, including minor ones, provide an opportunity for [accident investigation to help prevent future losses](#). This opportunity is diminished if the claim isn't reported promptly.

How to Encourage Prompt Claim Reporting

Here are a few guidelines for encouraging prompt reporting of claims:

1. Train managers on the importance of reporting claims promptly.
2. Have written procedures on the process and assign a back-up contact in the event the manager is absent.
3. Encourage employees to report all claims, even if they don't think they are serious.
4. Reassure employees that there are no negative repercussions for reporting a claim.

Establish a company culture that emphasizes the need to report any and all claims promptly and that employees won't be punished for doing so. This may take some time but you will see the rewards over time. Contact Acadia Insurance to learn more claim reporting best practices.

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