



# A progressive approach to reducing aged pending claims

*Employer success: Compromise and release*

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Many employers today are concerned with aged pending claims; with age comes ongoing medical, pharmacy and litigation costs. Aged pending claims are costly and may seem impossible to control, but there are strategies that can help employers successfully settle them and protect their company's bottom line. An example of a very creative and successful strategy was developed with the University of California (UC).



UC wanted to reduce their open claims inventory and outstanding liability, improve actuarial outcomes and lower their cost of risk. They wanted to reduce the number of aged pending claims and find a way to stop new claims from becoming aged. They instituted a new compromise and release program for every single claim regardless of employment status. This includes giving employees with workers' compensation claims a lump sum that is the value of their remaining medical treatments. Previously, UC did

not permit the compromise and release option for individuals who were still employees.

Through phone calls and face to face visits, Sedgwick explained the program with each employee in an effort to help them understand the settlement offer. With the money in hand, the employee has the freedom to select their own treatment and schedule it anytime and anywhere they choose. One of the other advantages from the employee's perspective is that they no longer have to go through the utilization review (UR) process.

Sedgwick's managers and supervisors also took a triage team approach to the old claims. They looked for key indicators, such as employees with multiple treatments that were denied by UR or those with several upcoming treatments. UC also worked with us to help balance the examiners' time, so they could address the aged pending cases while still managing the new claims.



## RESULTS

Over a six-year period, Sedgwick's team settled 5,089 cases by compromise and release. Out of those, only 241 (5%) ever filed another claim for the same body part.

The client is pleased with the success of the program and continues to offer it to all employees with workers' compensation claims.

