



Benchmarking Against Your Virtual Perfect Workers' Compensation Program Index

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Our Stories

Effective summaries hold the key to identifying matters that most need our attention

- Numbers are a Language
- Information contained in our Numbers tells a Story
- Telling our Story requires *setting aside* some information
- More data can Enrich or Obscure our Story





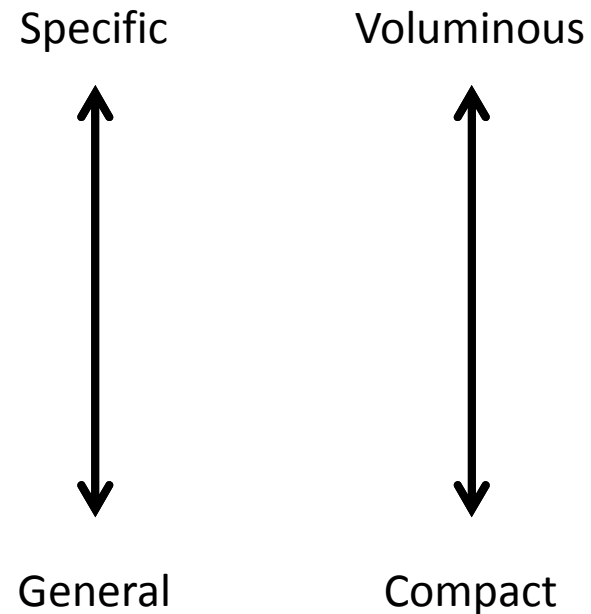
Purpose

Encourage the use of Metrics and Indices to provide a larger, more general view of our Stories that consume less of our time.

Effectively Benchmark against Previous Period or Across Industries.

Typical Data Formats

- Systems
- Lists
- Grouped Lists
- Summaries
- Metrics
- Indices



Value of Metrics and Indices in Claims Management

- Initiates Important Conversations
- Broadens Understanding of Performance
 - Enhances First Hand Knowledge
 - Improves Intuition
- Strengthens Inferences
- Informs Next Round of Strategic Initiatives

Metrics



WILLIE MAYS outfield

TOPPS
1

WILLIE MAYS
S. F. GIANTS OUTFIELD

Ht: 5'11" Wt: 180 Bats: Right
Throws: Right Born: May 6, 1931
Home: San Francisco, Cal.

WILLIE LED THE MAJORS IN HOMERS LAST YEAR

COMPLETE MAJOR LEAGUE BATTING RECORD

YEAR	TEAM	LEA.	G	AB	R	H	2B	3B	HR	RBI	AVG.	
1951	New York	N. L.	121	464	59	127	22	5	20	68	.274	
1952	New York	N. L.	34	127	17	30	2	4	4	23	.236	
1952-3	IN MILITARY SERVICE											
1954	New York	N. L.	151	565	119	195	33	13	41	110	.345	
1955	New York	N. L.	152	580	123	185	16	13	51	127	.319	
1956	New York	N. L.	152	578	101	171	27	8	36	84	.296	
1957	New York	N. L.	152	585	112	195	26	20	35	97	.333	
1958	San Francisco	N. L.	152	600	121	208	33	11	29	96	.347	
1959	San Francisco	N. L.	151	575	125	180	43	5	34	104	.313	
1960	San Francisco	N. L.	153	595	107	190	29	12	29	103	.319	
1961	San Francisco	N. L.	154	572	129	176	32	2	40	123	.308	
1962	San Francisco	N. L.	162	621	130	189	36	5	49	141	.304	
1963	San Francisco	N. L.	157	596	115	187	32	7	38	103	.314	
1964	San Francisco	N. L.	157	578	121	171	21	9	47	111	.296	
1965	San Fran.	N. L.	157	558	118	177	21	3	52	112	.317	
Major League Totals			14 Yrs.	2005	7594	1497	2381	375	118	505	1402	.314

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Indices

Credit Scores & Analysis

YOUR CREDIT SCORES



WHERE YOU RANK



Based on your credit report data, this is a numerical depiction of your creditworthiness. High scores are better.

HOW YOU COMPARE



Compared to the rest of the nation, this is how your credit score ranks. High percentages are better.

HOW LENDERS VIEW YOU



Based on your credit score, this is how you may be viewed from a lender's perspective.

Metrics and Indices



Credit Scores & Analysis

YOUR CREDIT SCORES



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Based on your credit report data, this is a numerical depiction of your creditworthiness. High scores are better.

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Compared to the rest of the nation, this is how your credit score ranks. High percentages are better.

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Based on your credit score, this is how you may be viewed from a lender's perspective.

Developing a Strategy

What Would You Like to See?



<ul style="list-style-type: none">• Determine Goals and Objectives• Choose Metrics to Represent Performance• Measure for Baseline Performance	Current Status
<ul style="list-style-type: none">• Consider Actions Required for Success• Estimate the Impact of Action on Metrics• Target Improvement and Date	Plan of Action
<ul style="list-style-type: none">• Measure on Short-Interval• Double Check Results vs Measurements	Monitor & Adjust

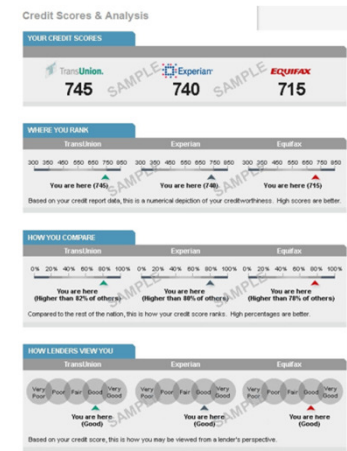
Short-Interval Workers' Compensation Metrics



Workers' Compensation Results							
Month ending:	6/30/2016	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016
Closing Ratio							
Beginning Inventory	686	668	660	669	659	667	664
Newly Entered	55	27	40	63	67	55	49
Reopened	6	4	3	6	2	2	4
Closed	79	33	34	79	69	63	68
Ratio	130%	106%	79%	114%	100%	111%	128%
Non-Closure Adjustments	-	-	-	-	-	-	-
Ending Inventory	668	666	669	659	659	661	649
Performance vs Objectives	6/30/2016	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016
Inventory Reduction							
Claims Closed from Critical Listing	22	2	6	7	7	5	6
Settlements							
Compromise and Release	3	6	2	3	3	9	7
Stipulations	6	2	10	6	2	4	6
New Settlements in Period	9	8	12	9	5	13	13
Salvage on Closures							
Incurred Value of Closed Ind Files	\$3,024,161	\$214,841	\$690,387	\$1,968,899	\$939,478	\$891,148	\$1,031,739
Salvage on Closed Files	\$933,702	\$118,117	\$385,682	\$717,610	\$623,482	\$442,348	\$479,610
Salvage as % of Incurred Value	23.6%	35.5%	35.8%	26.7%	39.9%	33.2%	31.7%
Average Duration of Active TD Files							
Num of Claims Paying TD in Period	56	27	35	57	48	53	51
Average Duration of TD (weeks)	23.40	14.96	17.32	12.85	13.74	14.52	15.81
Litigated Inventory							
Newly Litigated Files	1	2	4	2	1	2	6
Open Litigated Files	255	259	257	255	256	252	250
Newly Litigated Files, 6 Months Rollin	25	23	24	19	17	12	17
Newly Opened Files, 6 Months Rollin	297	297	295	297	319	307	301
Newly Litigated as % of Newly Opene	8.4%	7.7%	8.1%	6.4%	5.3%	3.9%	5.6%
Reserve Development, DOI > 1 Year							
Change in Incurred	-\$397,940	\$137,887	-\$115,821	\$19,637	-\$163,753	-\$107,896	-\$2,719,635
Ann Increase on Open Incurred	-9.8%	3.6%	-2.9%	0.5%	-4.1%	-2.7%	-51.4%
Denied Injuries							
Denials Issued in Period	12	5	9	6	9	4	9
Avg Days to Denial from Notice	43	49	33	42	17	20	16
Highlighted instances miss the stated goal.							

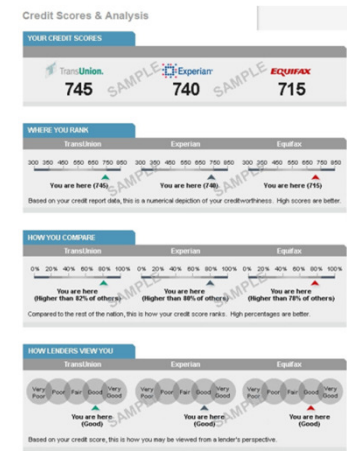
Converting Metrics to an Index

- Establish Goals and Objectives
- Create Metrics to measure results vs Goals and Objectives
- Run the Numbers!
- *Establish Weightings and Parameters*



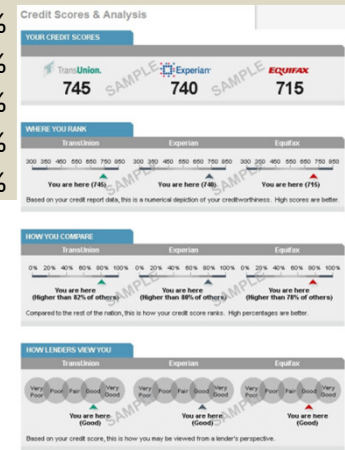
Metrics For This Index

- **Composition of New Losses**
 - Newly Litigated Files as % of New Losses
 - Denials as % of New Indemnity Losses
 - Ratio of New MO Losses to New Indemnity Losses
- **Composition of Open Inventory**
 - Portion of Open Indemnity Files receiving TD Payments in Period
 - Average length of TD for recipients in Period
 - MOs Closed in Period as ratio of total MO Inventory
 - Indemnity Files Closed in Period as ratio of total Indemnity Inventory
 - Files Transferred from MO to Indemnity in Period
 - Increase in Reserves on seasoned Losses
 - Opioid use as % of total Open Losses
- **Exposure Data**
 - Open Indemnity Inventory per 100 EEs
 - New Indemnity Losses and Transfers per 100 EEs
 - Active TD files per 100 EEs
 - Files with active Opioid use per 100 EEs
 - Incurred value for Open Losses per 100 EEs

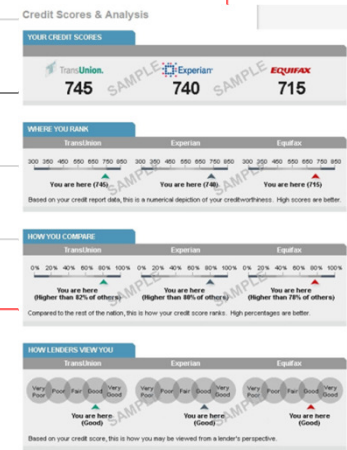
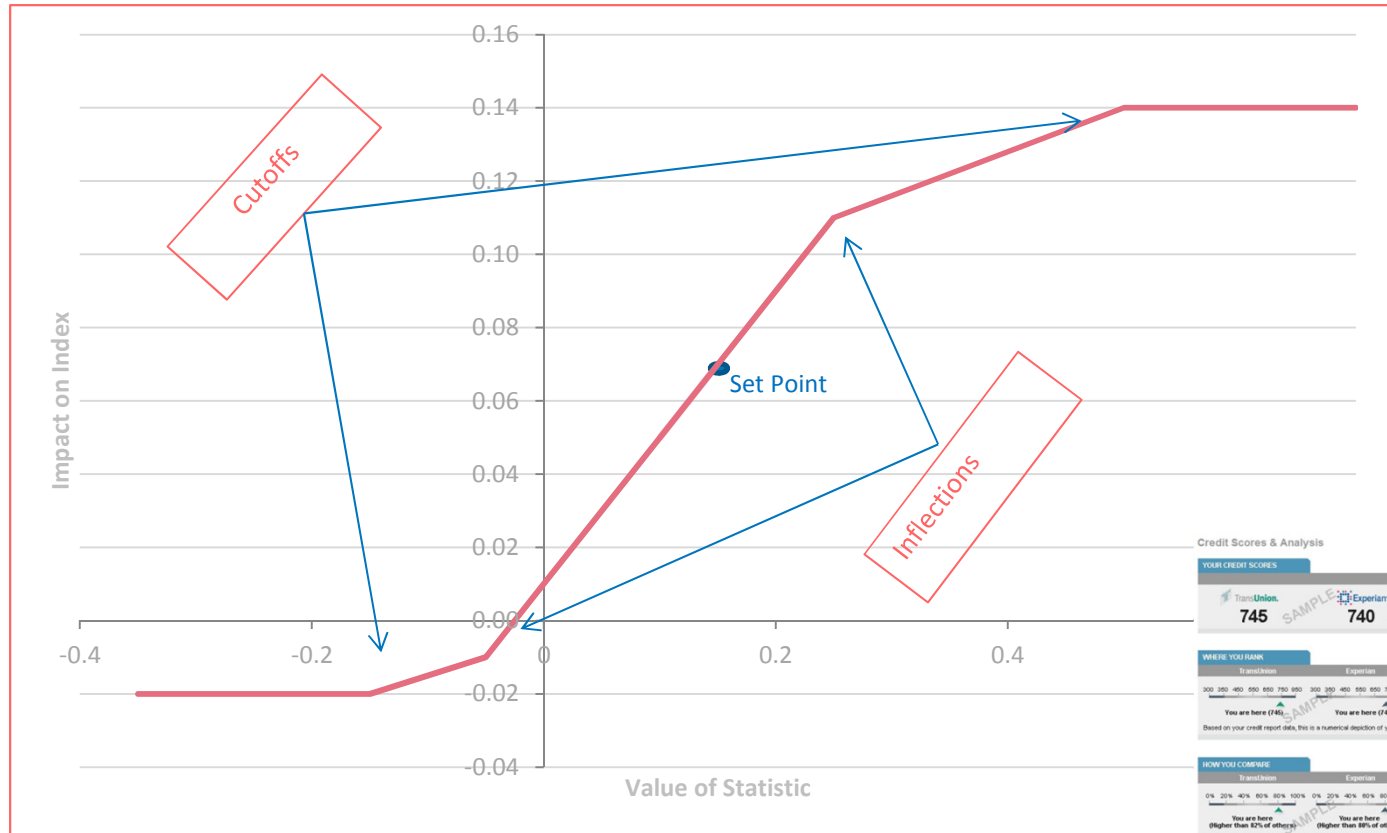


Parameters and Weightings in This Index

									Rolling Average Mos: 6	
	Desired Outcome	Cutoff Low	Rate Below	Inflect Low	Rate within	Inflect High	Rate Above	Cutoff High	Set Scale	Weight
% TD Files of Ind Inv	Fewer	0%	100%	0%	100%	10%	100%	100%	5%	0%
Avg Duration of TD	Fewer	0	100%	0	100%	102	100%	102	15	15%
Litigation Rate	Fewer	0%	25%	5%	100%	25%	100%	25%	10%	5%
Denied Injuries % new Ind	Close to Target	0%	100%	0%	100%	25%	100%	25%	15%	4%
Turnover Rate - MO	Fewer	0	100%	0	100%	6	100%	6	3	3%
Turnover Rate - Ind	Fewer	0	50%	18	100%	36	50%	48	24	5%
New MO/Ind	Close to Target	0%	100%	0%	100%	50%	100%	50%	50%	5%
MO to Ind Transfers	Fewer	0%	50%	0%	50%	10%	50%	25%	10%	3%
Reserve Development	Fewer	2%	50%	4%	100%	10%	100%	10%	6%	5%
Opioid Use	Fewer	0%	10%	0%	10%	6%	20%	20%	2%	0%
Open Indem Cases per 100 Ees	Fewer	1	100%	1	100%	100	100%			5%
New Ind and Trans per 100 Ees	Fewer	0	100%	0	100%	100	100%			5%
TD Files per 100 EEs	Fewer	0	100%	0	100%	5	100%			5%
Opioid Use per 100 Ees	Fewer	0	100%	0	100%	5	100%			5%
Avg Incurred per EE	Fewer	\$100	50%	\$3,000	100%	\$15,000	50%			5%

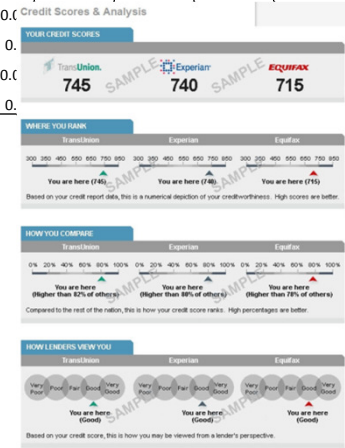


Modeling Parameters

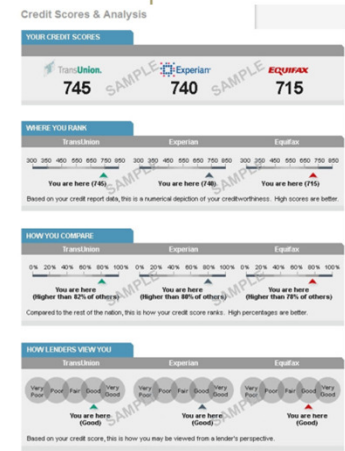
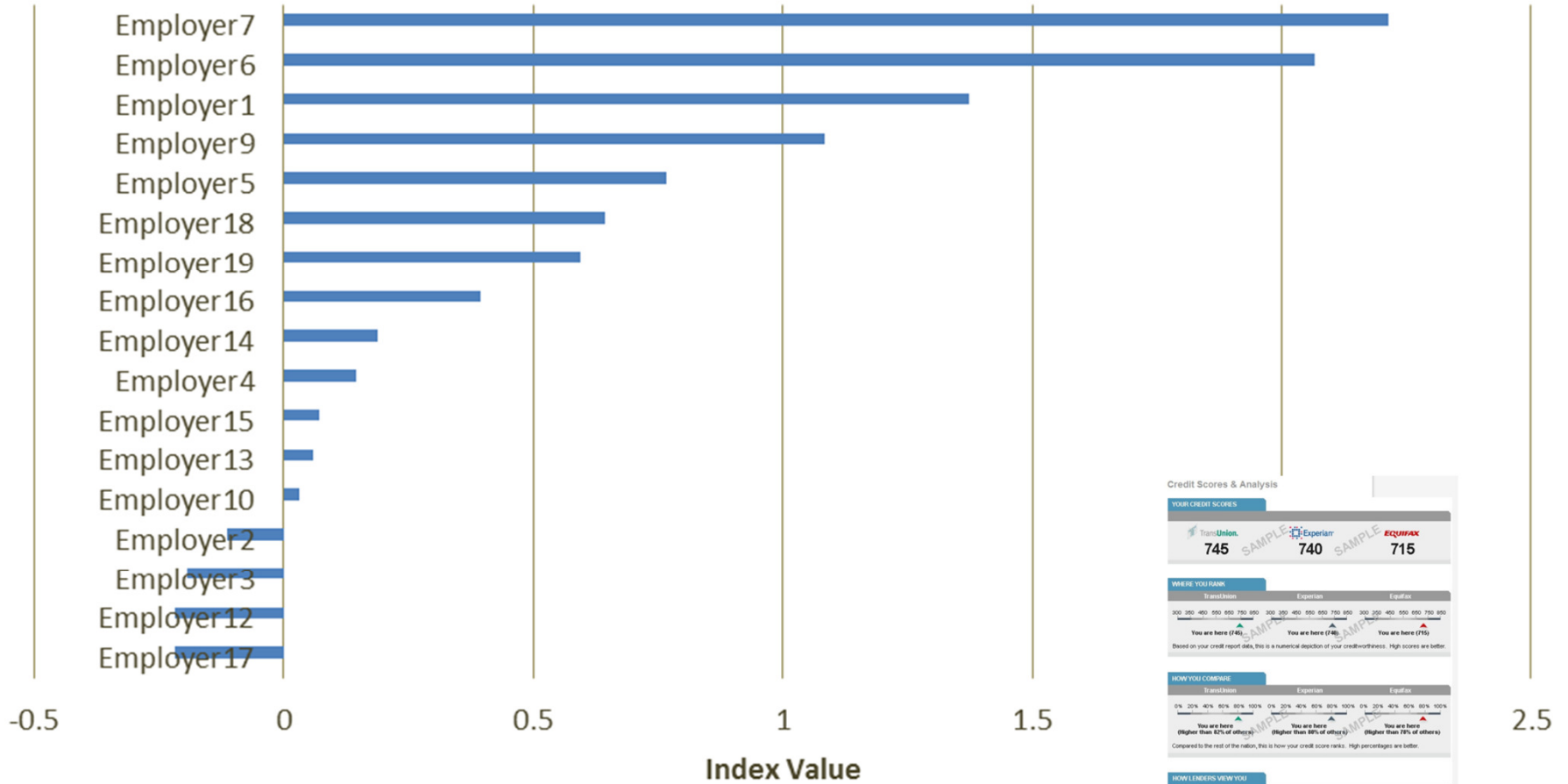


Component Computation of This Index

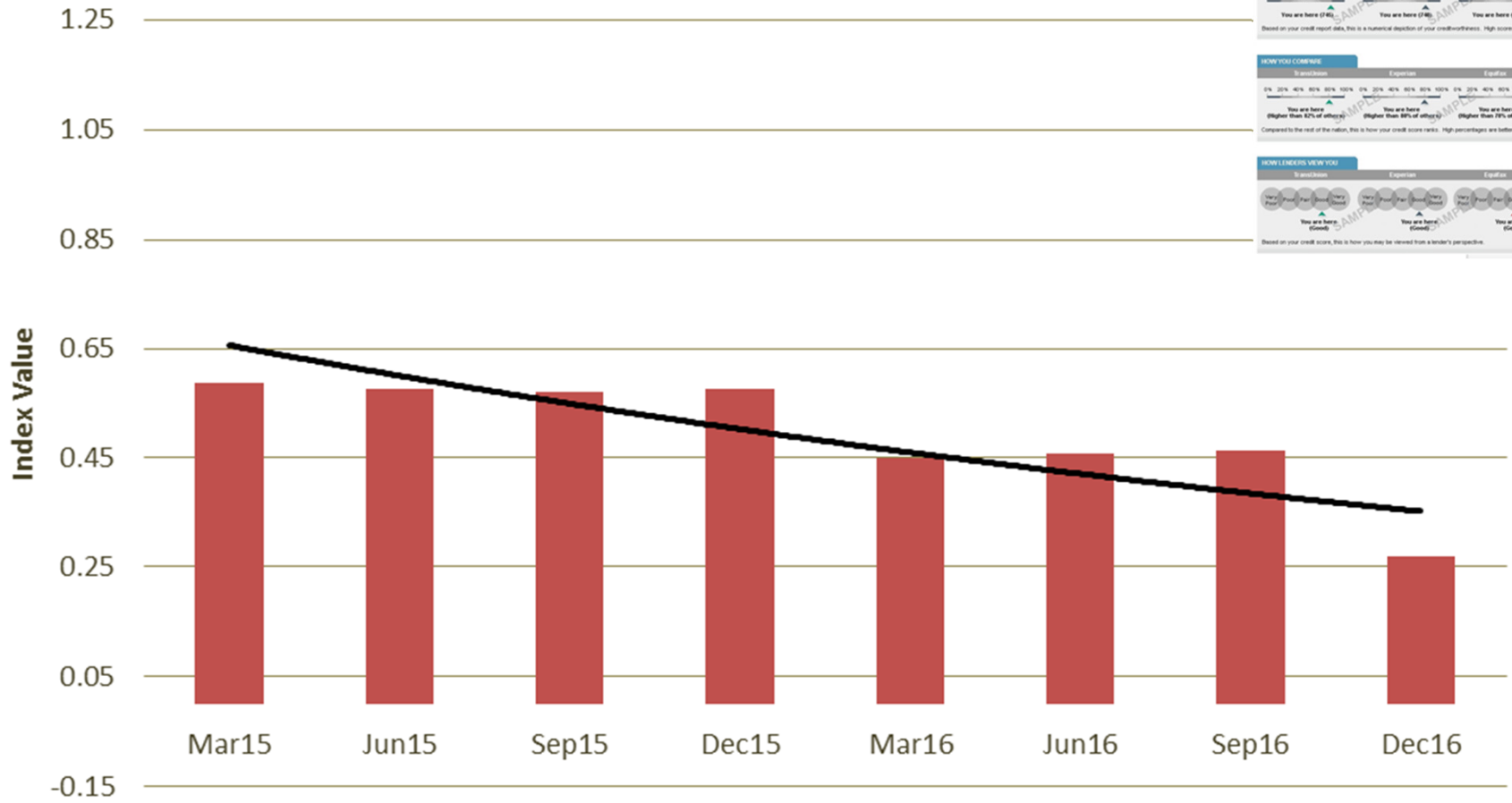
	Client1	Client2	Client3	Client4	Client5	Client6	Client7	Client8	Client9	Client10	Client11	Client12	Client13	Client14	Client16	Client17	Client18	Client19	Client20
Index Value	1.373	(0.113)	(0.193)	0.146	0.768	2.065	2.214	2.333	1.083	0.031	3.122	(0.217)	0.060	0.189	0.072	0.395	(0.217)	0.643	0.596
% TD Files of Ind Inv	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Avg Duration of TD	0.11	0.14	0.17	0.29	0.12	0.16	0.08	0.34	0.08	0.48	0.05	0.08	0.14	0.09	0.11	0.17	0.12	0.07	0.05
Litigation Rate	0.03	(0.03)	(0.03)	0.03	(0.03)	0.08	0.07	(0.00)	0.08	(0.03)	0.04	(0.01)	0.08	(0.00)	0.06	(0.01)	(0.01)	0.08	(0.00)
Denied Injuries % new Ind	0.03	0.00	0.02	0.03	0.03	0.03	0.01	0.03	0.03	0.03	0.00	0.00	0.03	0.03	0.03	0.03	0.01	0.00	0.03
Turnover Rate - MO	0.00	(0.01)	0.01	(0.00)	0.02	0.00	0.00	0.01	0.03	(0.00)	0.01	(0.01)	(0.01)	0.00	0.01	0.00	0.01	(0.01)	0.03
Turnover Rate - Ind	0.04	0.01	(0.01)	0.03	0.00	0.03	0.03	0.03	0.03	0.02	(0.01)	(0.01)	(0.00)	(0.01)	0.01	0.00	(0.00)	0.02	(0.00)
New MO/Ind	0.01	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
MO to Ind Transfers	0.02	0.01	0.02	0.01	(0.02)	(0.00)	0.01	0.02	0.02	(0.02)	(0.01)	0.02	0.00	0.00	0.02	0.02	0.02	(0.01)	(0.02)
Reserve Development	0.03	(0.03)	0.02	0.03	(0.02)	0.03	0.03	0.03	(0.03)	(0.03)	0.01	(0.02)	0.03	(0.03)	0.01	0.01	(0.02)	(0.02)	0.03
Opioid Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Open Indem Cases per 100 Ees	0.46	(0.08)	(0.11)	(0.08)	0.13	0.56	0.76	0.70	0.27	(0.12)	1.06	(0.07)	(0.05)	0.01	(0.05)	0.05	(0.09)	0.15	0.10
New Ind and Trans per 100 Ees	0.03	(0.09)	(0.11)	(0.13)	0.01	0.16	0.18	0.13	0.01	(0.15)	0.83	(0.09)	(0.08)	0.00	0.00	0.00	0.00	0.00	0.01
TD Files per 100 EEs	0.05	(0.01)	(0.03)	(0.03)	0.03	0.18	0.20	0.24	0.08	(0.04)	0.45	(0.01)	(0.01)	0.00	0.00	0.00	0.00	0.00	0.02
Opioid Use per 100 Ees	(0.00)	(0.04)	(0.04)	(0.04)	0.01	(0.00)	0.03	(0.03)	(0.03)	(0.05)	(0.03)	(0.05)	(0.04)	0.00	0.00	0.00	0.00	0.00	(0.02)
Avg Incurred per EE	0.57	0.00	(0.09)	0.02	0.47	0.82	0.83	0.83	0.52	(0.06)	0.70	(0.05)	(0.02)	0.00	0.00	0.00	0.00	0.00	0.38



Index Values



Measured over Time



Credit Scores & Analysis

YOUR CREDIT SCORES

TransUnion: 745 | Experian: 740 | EQIFAX: 715

WHERE YOU RANK

TransUnion: You are here (74%) | Experian: You are here (71%) | EQIFAX: You are here (71%)

HOW YOU COMPARE

TransUnion: You are here (Higher than 82% of others) | Experian: You are here (Higher than 80% of others) | EQIFAX: You are here (Higher than 79% of others)

HOW LENDERS VIEW YOU

TransUnion: You are here (Good) | Experian: You are here (Good) | EQIFAX: You are here (Good)

Summary and Emphasis

- Build your own Metrics and Indices to assist in understanding and conveying Your Story
- Measure Over Time
- Data should tie out to Operational Data and become familiar
- Sometimes the Numbers are wrong – Model is still valid
- Develop processes for Drilling-down to detect Root Causes
- Act!
- Managing with Data requires strong Personal Relationships and substantial reservoirs of Trust