

Workers' Compensation Medical Care: Providing Treatment for Injured and Sick Workers

Every year, some 6 million Americans are either injured on the job or suffer an illness related to their work. Most of these people require medical care and nearly one-third lose time from work.¹

Medical and rehabilitative treatment for job-related injuries and illnesses is provided through workers' compensation insurance. Workers' compensation also helps injured and ill workers financially by providing cash payments to partially replace lost wages for time spent away from work.

Although workers' compensation insurance programs are designed to ensure that workers receive swift, appropriate, and effective treatment for their problems, serious questions have arisen concerning the quality and cost of medical care provided under workers' compensation.

Today, all 50 states and the District of Columbia have their own workers' compensation programs, which they administer. Federal employees are covered under separate programs administered by the U.S. Department of Labor.

Workers' compensation medical and wage-replacement benefits are financed almost entirely by employer premiums paid to commercial insurers or state workers' compensation funds, or through employer self-insurance. In nearly all states, employer participation or self-insurance is mandated. As a result, more than 95 percent of the U.S. workforce is covered by workers' compensation insurance.²

According to the National Academy of Social Insurance, workers' compensation benefits total

an estimated \$41.7 billion a year. About 40 percent of those costs represent medical and rehabilitative treatment, with the remainder reflecting cash payments to workers for lost wages.

Clearly, job-related injuries and illnesses take a heavy toll on

American families and employers.

Injured workers need accessible, high-quality medical care that enhances their return to productive work. At the same time, employers need assurances that the care provided is appropriate and cost-effective. These needs reflect three broad areas of concern:

Injured workers need accessible, high-quality medical care that enhances their return to productive work.

- *Access to Care.* In the 1990s, reform measures and market developments in many states placed new limitations on medical benefits for injured workers, restricting their choice of health care providers, requiring authorization for care, and introducing new managed care cost containment strategies. It is unclear what effects these restrictions are having on workers' health, recovery, and ability to function in the workplace.
- *Costs of Care.* During the late 1980s and early 1990s, increases in workers' compensation medical care expenditures outpaced the rise in general health care spending. However, during the late 1990s, that trend reversed with medical care costs for work injuries rising at about 2 percent per year compared to a 6 percent annual increase in general health care costs. With steeper increases in general health care costs, there is growing concern that costs

¹ Bureau of Labor Statistics. 1999. Workplace Injuries and Illnesses in 1998. News Release (USDL 99-358, December 16). Washington, DC.

² Mont, D., J.F. Burton, Jr., and V. Reno. 2000. *Workers' Compensation: Benefits, Coverage, and Costs, 1997-1998 New Estimates*. Washington, DC: National Academy of Social Insurance.

for workers' compensation care will again begin to escalate sharply.

- *Quality of Care.* There are several unique issues involving the quality of medical care for injured workers, including the consideration of the impact of medical care and rehabilitation on return to work and recovery of job function. Little is known about the impact of recent workers' compensation reforms on the quality of medical care. Research is underway to gain a better understanding of the link between medical care for injured workers and these important outcomes.

These concerns give rise to many important public policy questions, including:

1. What is the impact of various managed care approaches on injured workers' health, recovery, and productivity? How effective are these techniques at controlling costs? What impact are they having on access to care?
2. What is the best approach to monitoring, assuring, and improving the quality of care received by injured and ill workers?
3. What is the optimal relationship between workers' compensation medical care and general health care? What are the relative advantages and disadvantages of merging or coordinating these two types of care?

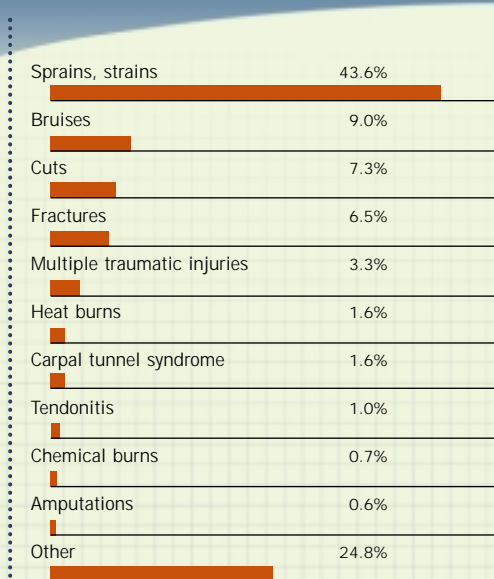
4. What lessons can be learned about disability management in workers' compensation and other efforts to improve communication among health care providers, employers, and employees?

5. What do we know about the interrelationships between occupational injuries and illnesses, medical care, and work productivity? How can we apply this knowledge to improving care for those with work-related injuries and keeping workers healthy and productive?

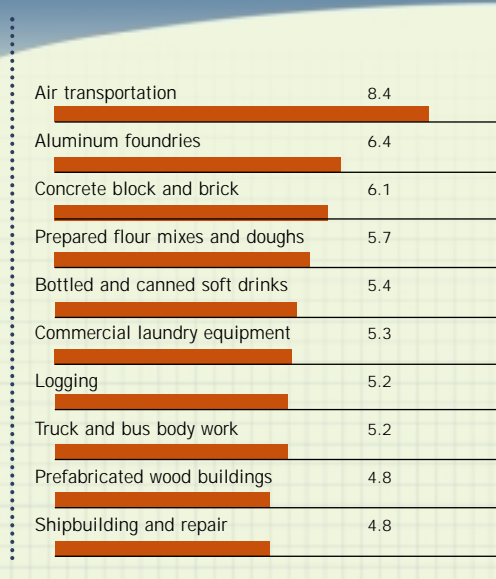
Obtaining medical care under workers' compensation is a complex process, with significant questions about access to services, quality of care, and costs. This series of fact sheets draws on existing knowledge and current research to help concerned individuals better understand the issues and gain perspective on how medical care for injured and ill workers can best be provided. ●

This fact sheet series was created by the Workers' Compensation Health Initiative, a national program of The Robert Wood Johnson Foundation. The goal of the Initiative is to support innovations in workers' compensation that will contain costs and improve the quality of care provided to injured workers. For more information, visit the program's web site at www.umassmed.edu/workerscomp.

MOST COMMON WORK-RELATED INJURIES AND ILLNESSES*



INJURY AND ILLNESS RATES BY INDUSTRY PER 100 FULL-TIME WORKERS*



*Source: Bureau of Labor Statistics (1998), as reported in *Consumer Reports*. Workers Comp Falling Down on the Job. Feb. 2000. 28-33.