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# Consulting Division Newsletter

Thank you for your attention to this 4-part weekly Litigation update by Joel Romero of Consulting. This series will consist of the following:

1. Litigation NorCal v SoCal – who is the real winner
2. Reasons for litigation
3. Costs & Mitigation
4. Future – Trends/Factors & Consulting

## **Part 4 - Future – Trends/Factors & Consulting**

Like many things, workers' compensation is more complex than it was in 1925. One hundred years from now, the system will look vastly different than today. The Workers' Compensation Industry is poised for transformative changes driven by innovation, technology, and a commitment to employee well-being. The only certainty is that we must continue to evolve.

The future of workers' compensation litigation is likely to see a significant increase in the use of artificial intelligence (AI) and data analytics to streamline claims processing, reduce litigation, and improve decision-making, with a focus on early intervention, preventative measures, and a more holistic approach to managing injured workers to facilitate their return

to work quickly. This is especially relevant as the workforce continues to evolve with the rise of the gig economy and non-traditional employment arrangements.

The future of litigated Workers Compensation claims may be influenced by several emerging trends and factors:

### 1. Technological Advancements:

- **Data Analytics:** Improved data analytics can help identify patterns and predict potential disputes, allowing for proactive management of claims.
- **Telemedicine:** The rise of telemedicine may streamline medical evaluations and treatments, potentially reducing disputes over medical care.

### 2. Regulatory Changes:

- Changes in state or federal regulations could impact how claims are processed and litigated, possibly leading to reforms aimed at reducing litigation.

### 3. Alternative Dispute Resolution (ADR):

- Increased use of ADR methods, such as mediation and arbitration, may provide more efficient and cost-effective ways to resolve disputes without litigation.

### 4. Cultural Shifts:

- A shift towards more collaborative and transparent workplace cultures may reduce the adversarial nature of claims and decrease litigation rates.

### 5. Economic Factors:

- Economic conditions, such as recessions or labor market changes, can influence the frequency and nature of claims and litigation.

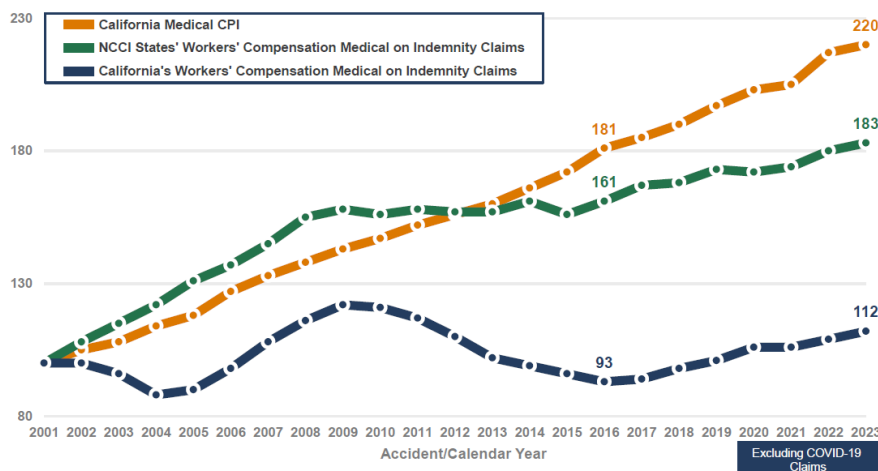
### 6. Focus on Employee Well-being:

- Employers focusing more on employee well-being and safety may lead to fewer workplace injuries and, consequently, fewer litigated claims.

### 7. Legal Environment:

- The legal landscape, including the availability and aggressiveness of legal representation, will continue to play a role in the future of litigated claims.

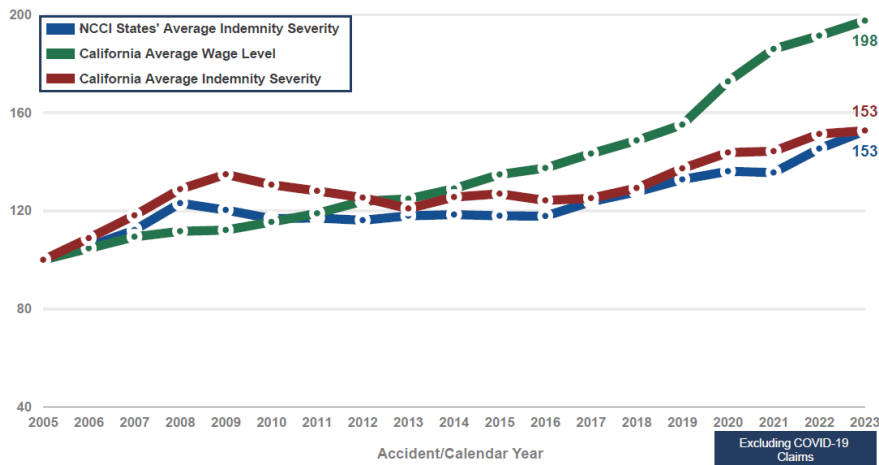
## Medical Cost Level Indexed to 2001



Due to reforms such as SB 899 (2004) and SB 863 (2012), the average medical per indemnity claim in 2023 is only modestly higher than the 2001 level, while average medical costs in other systems have grown sharply.

Since 2017, growth in medical costs for California is comparable to that for the NCCI states. Growth in the California Medical Consumer Price Index (CPI) during this period has been much higher, in part due to rising general inflation after the pandemic.

# Indemnity Cost Level Indexed to 2005



Since 2005, changes in average indemnity costs for California and National Council on Compensation Insurance (NCCI) states have been fairly consistent.

Since 2013, wages have grown faster than indemnity benefit costs on average in California.

This gap increased during the pandemic period, partially due to artificially higher average wage growth during the pandemic.

As wages and prices rise due to inflation and other factors the cost of claims is not expected to decrease. By staying informed about these trends and adapting strategies accordingly, employers can better navigate the evolving landscape of Workers Compensation claims and litigation.

Heffernan's Consulting division provides industry leading claims consulting and risk mitigation services to our clients. Our Consultants average 15 years or more of hands-on claims handling experience. Consultants also engage in ongoing education to ensure they remain attuned to the ever-changing claims environment.

Our goal is to expedite loss resolution by serving as an advocate for our clients. We achieve this by acting as a liaison between our clients and insurance carriers(s).

We advise all parties on how to effectively manage claims as well as help them find additional coverage options if possible. Our Consultants are also available to answer general claims and coverage questions as well as provide hands-on support.

Essential activities we perform on our client's behalf:

Consulting and strategizing with clients on how to effectively manage claims.

Claims liaisons with carriers and/or adjusters.

Monitoring claims for best practices and reserving adequacy.

Negotiations reserves and action plans with adjusters.

Experience Modification Projections.

Periodic detailed Claim Reviews.

WCIRB/NCCI appeals and Unit Stat revisions.

Please email [hibconsulting@heffins.com](mailto:hibconsulting@heffins.com) with any questions.

Thank you for your attention to our 4-part series.



**Meet the Author:** Joel has been in the Insurance Industry for more than 25 years. He has experience as an adjuster and supervisor with different carriers handling Workers' Compensation Claims. He also has experience as an outside Investigator. His experience includes claim investigations, catastrophic injuries, and handling complex claims for multiple dedicated accounts.

He started at Heffernan Insurance Brokers in 2015 as a Claims Consultant. In this role he now devotes his expertise to helping Heffernan clients. He uses his experience and works closely with carriers to facilitate proactive claims handling. His overall goal as an Executive Claims Consultant is to review open claims and look for opportunities to reduce reserves and close claims.

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