

## 0820.02 Workers' Disability Compensation Claims Procedures

Issued: January 1, 1994  
Revised: March 29, 2012

### PURPOSE

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To provide direction on forms, procedures and responsibilities for state employee workers' disability compensation claims reporting and processing.

### APPLICATION

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Executive Branch Departments and Sub-units.

### CONTACT AGENCY

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Department of Technology, Management and Budget (DTMB)  
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### SUMMARY

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This workers' compensation claim procedure identifies forms and procedures for claims reporting and processing; defines responsibilities of the employee or employee representative, the employer, and the third party administrator; and outlines the steps of the rejected claims appeals process.

### APPLICABLE FORMS

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Employee/Employee Representative:

Workers' Compensation Claim OSE/EHM Form Rev. April 2008

Employer:

CS-701 Notice of Commencement of Compensation Payments  
DTMB-0923 First Workers' Compensation Check Release

Regulatory Agency:

WC-107 Notice of Dispute  
WC-701 Notice of Compensation Payment

### PROCEDURES

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#### Purpose

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- To describe the forms and procedures required to ensure proper employee Workers' Disability Compensation Claims reporting and processing.

- To define the responsibilities of the employee or employee representative, employer, and the state's Third Party Claims Administrator (TPA) in Workers' Compensation claims processing.
- To outline the steps of the rejected claim appeals process.

### **Application**

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- All departments, boards, commissions, offices, agencies, authorities or other units of the Executive Branch of state of Michigan government.

### **References**

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- P.A. 431 of 1984.
- Executive Order 2002-18.

### **Explanation of Abbreviations**

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- DTMB – Department of Technology, Management and Budget
- HRMN – Human Resources Management Network
- LTD – Long Term Disability
- MIOSHA – Michigan Occupational Safety and Health Act
- TPA – Third Party Claims Administrator
- WCA – Workers' Compensation Agency
- WDCA – Workers' Disability Compensation Act

### **Introduction and Operating Philosophy**

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- Under Michigan's Workers' Disability Compensation Act (WDCA), agencies must provide state employees who receive a personal injury arising out of and in the course of their employment:
  - Reasonable medical, surgical, hospital services and medicines or other attendance or treatment recognized by the laws of this state as legal, when they are needed.
  - Compensation if the injury or illness keeps the employee incapacitated from earning full wages for more than seven consecutive days; and
  - Vocational rehabilitation services, including retraining and job placement, as may be reasonably necessary to restore him or her to useful employment.

### **Roles and Responsibilities**

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#### **Employee**

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- Notify the employer as soon as a work related injury or illness occurs.
- Participate in necessary medical/psychological/vocational rehabilitation evaluation and treatment, which may include an independent medical exam as ordered by the Workers' Compensation Agency (WCA).

- Provide the employer with information necessary for processing the claim. If the injury or illness causes an interruption in employment, this includes keeping employer informed as to prognosis, progress toward returning to productive work, and possible need for reasonable accommodations.
- Return to productive work as soon as possible, with reasonable accommodation, if appropriate.

## **Employer**

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Although the employer may contract with an insurance carrier or a TPA to assist in managing claims for benefits, the employer is ultimately responsible for compliance with the WDCA.

- Ensure employee seeks/receives immediate and appropriate medical treatment and evaluation.
- Notify the state's workers' compensation TPA when an employee has an injury or illness that may be work related.
- Ensure a timely determination of compensability by providing all necessary data to the TPA in a reasonable time frame.
- Ensure that the employee is receiving all entitled benefits, including special legislated supplements, supplements under Civil Service Rules and Regulations, and any bargained benefits, and the employee is aware of any discretionary benefits.
- Coordinate the appropriate return to work of an employee whose injury or illness causes an interruption in employment, including provision of reasonable accommodation, if appropriate, and/or placement assistance if necessary.
- Record accidents and illnesses with MIOSHA and take indicated actions necessary to avoid similar injuries or illnesses in the future. Approval of claims for special legislated supplements (i.e., P.A. 293 of 1975 for Department of Corrections; P.A. 414 of 1976 for Department of Community Health; P.A. 131 of 1978 for Department of Human Services; P.A. 452 of 178 for Department of State; and P.A. 368 of 1978 for Department of Military and Veterans Affairs) are made by the appointing authority.

## **Workers' Compensation Claims Management Services (TPA)**

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The TPA is delegated responsibility by the employer to do claims management from the time a claim for benefits is received until the claim is formally closed. The TPA is responsible for:

- Notifying the WCA when an employee has an injury or illness that may be work related.
- Ensuring a timely determination of compensability by requesting from affected parties any information relative to the claim.

- Ensuring appropriate wage replacement and related benefits are provided in a timely manner.
- Coordinating provision and payment for necessary medical/psychological/ rehabilitation treatment.
- Facilitating appropriate return to work.
- Notifying the employee, employer, and the WCA immediately when the status of a claim changes.

### **Internal Notification (Employer/Supervisor)**

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State law currently allows the employer to direct the employee's treatment for the first 28 days following a work related injury or illness. Even if the report is not in writing, the supervisor should promptly respond to the notification of a work related injury or illness. Some departments or facilities have a contract with a local medical clinic or provider and thus initially require treatment from that source. Departments may also delegate certain steps to a manager other than the employee's immediate supervisor. Supervisors should check with their Human Resources Office to determine if their department has a separate set of written procedures to be used.

### **Notification to the Workers' Compensation TPA (Employer/Human Resources Office)**

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- When the Human Resources Office is notified of an employee injury or illness that may be work related, the TPA must be formally notified and provided with the basic information necessary to determine compensability, process medical payments, and compute any entitled benefits.
- These TPA functions are known as claims management and are the TPA's responsibilities. Overall case management, including the distribution and flow of necessary information and forms, is the on-going responsibility of the Human Resources office, part of which includes assuring that the claims management process occurs in a coordinated and timely manner.

### **Determination of Compensability**

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The TPA is responsible for basic claims management, which includes determining compensability of individual claims, computing benefits due under the state WDCA, and assuring benefits are provided as required by the Act. The TPA is not responsible for administering benefits that may supplement workers' compensation, nor is it responsible for case management issues beyond those mandated by the WDCA, or by the PTA's contract with the state.

### **Response to Determination of Compensability (Employer/Human Resources Office)**

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- Any questions about the status of a workers' compensation claim should be directed to the claims examiner at the TPA. Formal disposition of the claim will be reported simultaneously to the Human Resources Office and the employee.

- The first receipt of a Notice of Compensation Payments (WC-701) indicates the TPA has determined that a claim is compensable. The Human Resources Office will receive a check covering the amount of compensation due from the date of injury through the date the determination was made. If the employee is represented by an attorney, the first check will be sent to the attorney, requiring Human Resources to recover necessary re-payments directly from the employee or the employee's attorney. All future compensation checks will be sent directly to the employee.
- When benefits are to be terminated or modified in any way, both the employee and the Human Resources Office will be so notified within 24 hours via a new WC-701 from the TPA, or a Notice of Dispute (WC-107).
  - Compute the amount of any Civil Service 2/3 supplement the employee is entitled to receive. The Human Resources Office will receive authorization for this supplement for up to 50 weeks; this time period may be extended under special circumstances (see Civil Service Regulation 5.13). Re-credit the employee for 2/3 of any leave credits used during the period of compensability.

- OR -

- If applicable, compute the amount the employee is due under any legislated special supplements (reference P.A. 293 of 1975 for Department of Corrections; P.A. 414 of 1976 for Department of Community Health; P.A. 131 of 1978 for Department of Human Services; P.A. 452 of 1978 for Department of State; and P.A. 368 of 1978 for Department of Military and Veterans Affairs). Re-credit the employee for 100% of any leave credits used during the period of compensability. Employees receiving legislated special supplements are to be paid their normal net wage at time of injury. They receive benefits the same as employees using 1/3 leave credits.
 

Note: Employees who receive LTD benefits during the period of compensability are required to use their workers' compensation and supplemental payments to repay LTD.
- Re-compute the employee's tax liabilities for the compensable period.
- Determine the amount due to the employee for the compensable period covered by the first compensation check and forward that amount to the employee (or recover from the employee if there is an amount due the state because of overpayment), with an explanation of the adjustments made, within 10 working days of receipt of the first benefit payment. The balance is receipted in on a payroll refund receipts voucher.
 

Note: If no adjustments are necessary, forward the first compensation check to the employee within 5 working days of receipt of the first notice of benefit payment.
- Prepare the HRMN system to pay any supplement due to the employee.

- Receipt of a WC-107 by the employee and the Human Resources Office indicates the TPA has denied the claim, unless the “Reason for Dispute” (item 23) specifically indicates otherwise. If additional information or investigation is given as the basis of the dispute, the Human Resources Office should treat the claim as if it is still pending and should review its files to determine if there is available information that may facilitate resolution of the dispute. Such information should be forwarded to the TPA immediately.

If the TPA disputes either the need for medical treatment or the work relatedness of the injury, the Human Resources Office should:

- Manage the employee’s situation as it would any other employee with a non-work related disability. If the employee continues to be disabled and has not yet applied for LTD benefits, they should be encouraged to do so at this time.
- Notify the employee that any future related medical bills should be submitted to the employee’s health insurance carrier and include any bills in the Human Resources Office’s possession that have not yet been sent to the TPA). The TPA will also send any medical bills they have on file, which are not otherwise payable as part of the determination process, to the employee or to the employee’s health insurance carrier, if known.

### **Claims Management of Compensable Claims (TPA)**

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Once a claim has been determined to be compensable, the claim requires on-going oversight until the employee has returned to work (or the claim is otherwise closed). This includes maintain contact with the employee and department to facilitate a return to work and to monitor changes in disability or employment status.

### **Case Management of Compensable Claims (Employer/Human Resources Office)**

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Part of the claims process is managing the employee/employer relationship to minimize the long term financial and human costs associated with disability by facilitating as early a return to appropriate productive work as possible.

### **Appeals (Employee/Employer)**

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The employee has a right to appeal a determination made by the TPA regarding the compensability of a claim.

Note: Because the TPA is on contract with the state, disagreements between a state department made by the TPA are handled internally, with the Employee Health Management (EHM) Division of the Office of the State Employer (OSE) serving as the mediator whenever necessary.

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