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DECISION SUPPORT SERVICES

BENCHMARKING AND STEWARDSHIP: THE OPPORTUNITY FINDERS

With Sedgwick's benchmarking and stewardship capabilities, we can find opportunities to build stronger, more successful claims and productivity management programs for clients — offering the bottom line information needed to make better decisions.

At Sedgwick, we are committed to ensuring all of our clients have strong, successful and effective programs. As a result, we have instituted operational processes and procedures that are supported by our company's universal dedication to excellence. Among our most valued offerings are benchmarking and stewardship. Both reinforce our commitment to clients and help ensure our actions are guided to those areas where they will have the greatest impact.

The industry definition of benchmarking is that it is a yard-mark or point of reference used to measure and compare. Similarly, the industry definition of stewardship is that it is a measure to guide or direct a project to completion. Sedgwick's approach to benchmarking and stewardship is based on our ongoing conversations with clients about where their programs stand from an outcomes perspective and what the most promising opportunities are going forward.

Hidden in the claims data are true gems of information. This information becomes even more meaningful when combined with outside industry information. Such comparisons can show which programs are working and which are not. Using our technology and experience,

we find opportunities that will build better workers' compensation, liability, and disability programs. Ultimately, benchmarking is the measurement tool that helps to refine and target our focus as we proceed along a path to continuous quality improvement.

In turn, stewardship helps ensure every action we take is geared toward improving the claims process and managing costs. We want to be certain each client's program is continuously guided toward achieving optimal results.

BY COMPARING DATA AND LOOKING AT PROGRAM DIFFERENCES, WE CAN GIVE YOU THE INFORMATION NEEDED TO IMPROVE OUTCOMES, REDUCE RISK, ENSURE COMPLIANCE AND LOWER OVERALL COSTS.

What is benchmarking?

Benchmarking is a measurement tool used to compare a program's performance against itself over time or others in an industry. It helps to pinpoint the direction of key trends and reasons underlying them. For example, a report showing workers' compensation costs are increasing is a critical data point for an organization, but the trend



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line doesn't tell much or answer the basic question – why? Is this trend line impacting similar organizations or industry groups?

Benchmarking internal and industry experience offers insight into the environment surrounding an organization's experience. It helps to better focus efforts on creating future interventions that are more targeted than those in the past.

SEDGWICK MANAGES MORE THAN 30 MILLION CLAIM RECORDS AND 400 MILLION ALLOCATIONS ON BEHALF OF OUR CLIENTS. THESE RECORDS REPRESENT VIRTUALLY EVERY INDUSTRY AND INJURY CATEGORIZATION. THROUGH ACQUISITIONS AND YEARS OF STEADY GROWTH, WE HAVE BECOME THE SINGLE LARGEST SOURCE OF WORKERS' COMPENSATION, LIABILITY, AND DISABILITY AND ABSENCE CLAIMS DATA IN THE NATION.

What benchmarking data shows

The foundation for any meaning benchmarking program is an organization's past experience. This information is needed to quantify results as well as highlight opportunities. Additional insight may be gained by benchmarking against data sources external to the organization or industry group.

Benchmarking can include a number of metrics including:

- Medical spend
- Lost time expense
- Return to work patterns and outcomes
- Litigation rates and expenses
- Opportunities for settlements, subrogation and other recoveries

The information can be further broken down for review and comparison by a variety of factors such as:

- Jurisdictions
- Industry groups
- Occupations
- Injury causes
- Injury types

Asking why

The workers' compensation industry is not static. It is in a state of perpetual motion and change. If those changes are not monitored and adjustments made, claims can quickly spiral out of control.

We help our clients monitor changes to create effective intervention or new programs. If a client sees the average cost per claim increasing year over year, the question that must be asked is why? Is it a trend consistent with similar organizations or industry groups? If the answer is no, then we proactively look for answers.

Likewise, we note a significant improvement in loss cost and risk reduction. We also believe we owe it to our clients to find out why. Is it because of a particular cost saving program, newly enacted legislation, or change in exposure? Answering these questions helps us create better and stronger programs for our clients.

Benchmarking is a complex endeavor. Data must be looked at on an aggregate basis to ensure meaningful comparisons and robust results. However, we recognize that clients at times may require data for specific types of injuries or causes.



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A COMMITMENT TO DATA PRIVACY AND SECURITY

WHEN DEVELOPING BENCHMARK REPORTS, SEDGWICK TAKES A NUMBER OF STEPS TO ASSURE THE PRIVACY AND SECURITY OF YOUR CLAIMS DATA. WE DO NOT PROVIDE DIRECT CLIENT-TO-CLIENT COMPARISONS UNLESS THERE IS WRITTEN PERMISSION; AND AN INDUSTRY GROUP MUST CONTAIN MORE THAN THREE CLIENTS AND NO ONE CLIENT CAN MAKE UP 50% OR MORE OF THE COMPARISON GROUP.

What happens after benchmarking?

Once we provide our clients with benchmarking data, the next steps are:

- Use the data to identify the most strategic opportunity
- Create an intervention aimed at opportunity
- Develop metrics to monitor intervention
- Implement the program
- Analyze outcomes
- Begin again – identify the next issue and continue to refine the program.

THE VALUE OF BENCHMARKING AND STEWARDSHIP

1. PROVIDES BETTER PROGRAM INSIGHT
2. HIGHLIGHTS WHAT HAS WORKED ON OTHER PROGRAMS PROVIDING A VALUABLE BENCHMARK AGAINST AN INDUSTRY, JURISDICTION, OR OTHER CATEGORY AS DEFINED BY CLIENT
3. CREATES OPPORTUNITIES AND DISCUSSION POINTS FOR HOW TO EVOLVE THE PROGRAM, AND WHAT HAS WORKED FOR OTHERS
4. IMPROVED OUTCOMES, EFFICIENCIES AND PROGRAM SAVINGS

Our stewardship process

We believe that benchmarking and stewardship go hand in hand. One provides specific data to identify problems and opportunities while the other provides ongoing commitment to goals and results.

Our philosophy of stewardship is that it is an ongoing conversation about where a program stands from an outcomes perspective and what the opportunities are going forward.

On an annual basis, stewardship provides a review of what has already been discussed and culminates in a review of the experience for the entire year. It is the baseline for the new year and the opportunity to identify potential interventions that will be put in place. Stewardship is the internal benchmark for the client.

Benchmarking and stewardship are part of Sedgwick's outcomes based culture. They represent our commitment to drive metrics from the top all the way to the desk level. We want to make sure everyone with the program understands the relationship between what we do on a daily basis and how those actions affect the ability to achieve program results.

Based on our findings, we can redirect our focus to new metrics on an annual basis and in some cases, even make monthly or quarterly comparisons to monitor overall health and well-being of specific programs.

Comparing data to improve outcomes

Because of the breadth and depth of our data, we can provide critical insight to clients on not only their own data but also show them how their performance compares to their industry as a whole.



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However, our experience clearly shows us that there are significant differences in data even within the same industry. There is no such thing as a true apples to apples comparison when it comes to benchmarking. For example, similar companies in the marketplace may show very different claims outcomes because one has a well defined return to work program while the other does not. One client may have an allocation system that is punitive while the other promotes positive behavior and softens the per claim charge. The list of variances is extensive.

Our aggregate benchmarking can be industry specific, geographical, or jurisdictional. Regardless of what we determine as the best starting point, a defined category gives us a strong basis to move forward.

The importance of benchmarking and stewardship reporting

Stewardship reports are part of our annual service. Benchmarking is an ad hoc service offered upon request. Benchmarking reports can cover any parameters requested from “how does my average cost per claim compare to other companies with similar risk exposures?” to “how does my organization’s injuries compare to others in my industry?”

Sedgwick will provide comprehensive, detailed reports that summarize findings and give bottom line information needed to make better decisions.

Information, insights and results

Benchmarking and stewardship are the ideal complement to any Sedgwick program. They provide the information your organization needs to identify problems, create solutions, measure success, and continuously improve overall results.

Contact us today to find out more about Sedgwick’s benchmarking and stewardship services, and how to find opportunities for program improvement for your organization.

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