



Workers' Compensation Overpayments

Summary

Using Lean principles, DAS and DOC are redesigning the workers' compensation overpayment recovery process and creating a model to be adopted by agencies statewide.

Estimated Accomplishments

- To reduce work hours from average of 2-3 days to ½ day
- To eliminate unrecovered overpayments, and the need to recoup from employees
- Updated instructions to Helmsman to issue memo of payment without issuing check if overpayment exists
- Updated instructions to Helmsman on overpayments

Team

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The Service

A streamlined process so employees who are out of work due to a workers' compensation injury will not face overpayment issues when returning to work.

The Problem

Employees who cannot work temporarily due to a workers' compensation (WC) injury receive 60% of their pay from Helmsman (the state's WC administrator). Employees can elect to use sick or annual leave to equal 100% of pay prior to workers' compensation acceptance and after that at 40% of pay. This often results in overpayment. Since RSA 99:2 prohibits the combination of WC and sick or annual leave from exceeding the employee's full pay, the overpayment must be recovered when the employee returns to work.

Department of Corrections reported 25 total and 8 lost time workers' compensation claims from 1/1/12 to 9/30/12. For the 8 lost time claims there were 290 days out of work and Helmsman had paid \$18,650. This resulted in approximately 5 claims with overpayments per year totaling \$5,000. The processing and management of the 5 cases per year required 15 hours of employee time per case, totaling an estimated \$1,750 in personnel costs.

The Goal

Apply Lean to streamline the payment process internally through payroll and externally through Helmsman in order to reduce or eliminate overpayments.

The Lean Process

After attending the Lean Briefing for Managers, Rebecca White convened a

team from DOC to review overpayments made to employees in receipt of workers' compensation, resulting in a laborious process for some state agencies to recoup the overpaid funds from the employees.

The team, with the assistance of a Lean facilitator and "fresh eyes" (an employee from another agency who was not familiar with the process), mapped the current process, identifying stakeholders affected by the process, bottlenecks, and duplicative steps. The Team then mapped a new process to include improved communication with the employee, Helmsman, and employee's agency. As part of this Lean event, the team identified ways to streamline the overall process as well.

While this event was specific to the DOC, the team recommended applying the new process to all state agencies to reduce overall overpayments, increase efficiencies and promote process standardization.

The Results

- Instances of overpayments will be eliminated prospectively.
- Estimated savings in overpayments to DOC per year will be \$5,000 and related personnel costs.
- Savings will be significantly higher when applying the new process statewide.

