

# COMMENTARY

## The consequences of underreporting workers' compensation claims

Aaron Thompson

In 2004, 977 184 claims, including 920 relating to fatalities, were made to workers' compensation boards in Canada.<sup>1</sup> It has been estimated that 40%–50% of work-related injuries in Canada go unreported, which suggests that the actual number of work-related injuries in 2004 was much higher.<sup>2,4</sup> From a financial perspective, underreporting means that funding for medical costs that should be paid for by workers' compensation boards<sup>3</sup> are actually paid by the provincial governments. From a preventive medicine perspective, employers are not aware of the full cost of injuries and illness that occur in their workplace, and thus they may not invest adequately in preventive health and safety measures.

It has long been recognized that work-related injuries are underreported to workers' compensation boards, yet a review of the literature provides few empirical data. A study of Canadian households in 2002 revealed that 40% of eligible workplace injuries were not reported,<sup>2</sup> and a survey of physicians in 2003 found that 208 of 384 (54%) of work-related injuries were inappropriately billed to the public health care system and not to workers' compensation boards.<sup>4</sup> These statistics refer only to work-related injuries; work-related illnesses are underreported to an even greater extent.<sup>5</sup>

Health care funding represents a substantial portion of government spending. The defraying of costs for work-related injuries and illnesses can be resolved by appropriate reporting and billing of work-related injuries and illnesses. Employers pay premiums for workers' compensation coverage, and the amount paid is linked to their organization's safety record.<sup>6</sup> When provincial health insurance is billed instead of workers' compensation, the workers' compensation insurance system is undermined and becomes less efficient. Underreporting results in employers not realizing the true costs of injuries and illnesses for which they are responsible, leaving the bill to be paid by the public health care system.

The negative effect that underreporting has on preventive health and safety measures in the workplace is more damaging than the financial consequences. Employers are guided by injury and illness statistics in designing and implementing workplace health and safety programs, and if employers are not fully aware of the events that occur in their workplace, preventive efforts may become less of a priority.<sup>7</sup> This is particularly important with respect to occupational illnesses, because the timely identification of causal factors for illnesses such as asthma and dermatitis can have a drastic effect on individual outcomes.

Although each province has its own workers' compensation board and reporting requirements, a claim can generally be filed by 1 of 3 people: the employer, the employee or the physician. The employer is legally responsible for reporting work-related injuries; however, the incentives for not reporting a work-related injury or illness make this avenue potentially unreliable. Thus, it is often up to the employee to file his or her claim. There are many reasons an employee might decide not to file a claim, ranging from fear of reprisal and social stigma to a lack of understanding of the compensation system. In a survey of unionized autoworkers in Michigan in 2000, Rosenman and colleagues found that 59.1% of workers believed that their injury was not serious enough to report and 35.9% of workers said they did not report their injury because their medical expenses were covered by other insurance programs.<sup>8</sup> The belief that an injury is not serious enough to be reported results from a lack of knowledge of reporting requirements.

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The responsibility for filing claims also rests with physicians; however, some physicians may feel that they are in a difficult position. A physician may feel caught in the middle: some patients may press for their physician to file a seemingly unjustified claim and other patients may ask their physician not to file a claim because of fear of reprisal from the employer. In the former case, physicians must realize that they are not being asked to determine the outcome of a claim, but merely to provide factual information to allow the compensation board to make a decision. In the latter case, physicians

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should explain to the patient the importance of reporting work-related injuries and illnesses.

Physicians usually seek the patient's consent for reporting a work-related injury or illness, although in some jurisdictions and scenarios this is not required. Thus, physicians should be aware of the legislation that governs reporting requirements in the province where they practise. It is also important to note that, in theory, it could be considered fraudulent to bill medicare for work-related consultations, because the Canada Health Act specifically excludes payment for any service that is eligible to be paid for by workers' compensation insurance. As noted by Murphy in a paper on cost shifting in health care,<sup>4</sup> the Canada Health Act does not allow physicians or patients to request that the government pay for health care services for work-related injuries or illnesses.

Physicians are in a unique position to offer education and assistance to their patients on these matters. Primary prevention benefits us all: prevention reduces the burden of injury and illness among workers and our medical system saves public funds and resources. Inappropriate billing of work-related injuries and illnesses to the public health care system is a cost that can and should be controlled. Increased reporting of work-related injuries and illnesses will have a favourable effect on the financial state of our health care system and will increase health and safety awareness in the workplace. Physicians can play a lead role in improving the proportion of work-related injuries and illnesses that are reported by encouraging and helping patients to file claims for work-related injuries and illnesses.

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