

Health Experience of Workers Receiving Lump-Sum Payments from the Maine Workers' Compensation System during the period 2000-2004

Part II Survey

Report prepared for the Maine Workers' Compensation Board

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Executive Summary

A survey was conducted to evaluate the health, financial status, and post-settlement employment experience of workers who have received a lump-sum settlement for injuries compensated by Workers' Compensation insurance. Lump-sums are awarded to expedite claims, to limit exposure, and to allow recipients to manage their own transition back to the working world. Lump-sum payments require the worker to exit the workers' compensation system. The purpose of this survey is to evaluate how effective this policy has been.

The survey was developed with the help of lump-sum recipients, workers compensation board staff, advocates and attorneys working with lump-sum recipients. Out of 399 surveys sent out by attorneys and advocates, 99 were returned to the researchers. Some key results were:

- The vast majority of recipients were still receiving treatment prior to settlement and/or restarted treatment after settlement.
- The majority of respondents indicated that the lump-sum settlement was not adequate to cover all medical expenses post-settlement.
- At the time of the survey, approximately half of the respondents were working, with a greater proportion of female respondents working than male.
- The greatest proportion of survey respondents indicated that their injury prevents working full time.
- Most respondents indicated they took the lump-sum settlement in order to move on with their life or because their representative suggested it.
- Over half of respondents felt they were treated fairly by the workers compensation system, and over half of respondents felt the lump-sum settlement was a good way to end their involvement in the system

For many of the recipients the lump-sum settlement represents a good way to end their involvement with workers compensation; however, survey results suggest it does not provide adequate financial resources to cover ongoing treatment for their injuries. Indeed, the survey indicates many lump-sum recipients have returned to the workforce, while others have been prevented from returning by their injuries.

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Appendix 1: Survey of Lump-Sum Recipients in the Maine Workers
Compensation System

I. Introduction

A. Background

For years, the Workers' Compensation System has provided a lump-sum payment to workers that request such a settlement. Legislation enacted in 1992 by the Maine state legislature required the Workers' Compensation Board (PL 1991) to evaluate the employee's post-injury earnings, health, and future employment prospects after receiving a lump-sum settlement.

A prior project developed a survey to evaluate the health, financial status, and post-settlement employment experience of workers that have received a lump-sum settlement for injuries compensated by Workers' Compensation insurance. This study utilized the survey to conduct the research. The period 2000 to 2004 was selected to limit the size of the group and to gain current information.

B. Significance

Lump-sums are awarded to expedite claims, limit exposure and to allow recipients to manage their own transition back to the working world. Lump-sum payments require the worker to exit the workers' compensation system. The purpose of this survey is to evaluate how effective this policy has been.

A number of references were used to develop the methodology and the survey techniques. These references are cited in the footnotes.

C. Survey Development

A survey was designed using the affected parties to help develop the questions. The authors have used this active research approach with health and safety committees in state government to develop workplace surveys that reflect the needs of particular agencies.

The draft survey was developed and tested by Workers' Compensation Board staff and other individuals involved in the Workers' Compensation System who signed informed consent forms. The survey is shown in the appendix to this report. One survey concern was raised during its dissemination that required an adjustment to satisfy confidentiality concerns. The "Date of Birth" question was generalized to "Age," and the "Date of Injury" and "Date of Settlement" questions were generalized to "Year of Injury" and "Year of Settlement" to avoid any chance that a respondent could be identified.

II. Methodology

A. Survey Implementation

The survey was distributed using two steps¹ to get to the individuals finally asked to complete the survey. The first group approached included attorneys and advocates who worked with those individuals receiving lump-sum payments in the periods 2000 to 2004. The attorneys and advocates recruited the final group of lump-sum recipients by sending out the surveys with a cover letter from their office. Completed surveys were returned to the researchers using a self-addressed, stamped envelope.

This approach was chosen as a result of experience gained from the initial survey development. In the survey development process, focus group sessions were scheduled to gain first-hand knowledge of recipient's experience with the Lump-sum process. Hundreds of lump-sum recipients were contacted by mail at their last known mailing address from a list provided by the Worker's Compensation Board. Rather than reaching the clients, there was a very high return rate of undeliverable letters and of the letters that were not returned as undeliverable, a very disappointing overall response. Learning from this result, a standard random sampling process for mailing surveys to lump-sum recipients was not selected.

Since the process for survey distribution was not random, it is important to recognize the limitations of the results. Two forms of bias are inherent in survey research, selection bias and response bias. Selection bias was not measured, however it may be assumed to be present, as attorneys and advocates selected the recipients based on available information in their offices. Of the 399 surveys mailed, 60 (15.4%) were undeliverable and returned to the sender. Of the remaining 339 surveys that reached valid addresses, 99 were returned to the researchers, a net response of 29.2%. Given this relatively high response rate, the selection bias is likely the larger concern for this study.

Lump-sum recipients in the system during the study period were represented by private attorneys two-thirds of the time and public advocates one third of the time. The researchers attempted to reflect this ratio in the survey sample, however encountered difficulty in recruiting attorneys for this project.² The final sample ratio was one half attorney clients and one half

¹ This method is similar to a grounded theory approach in the sense that multiple stages were used. Reference: Creswell, J. 1994. Research Design. Thousand Oaks: Sage Publications.

² Reasons for non-participation by attorneys included the time-consuming nature of the request without compensation and potential anonymity concerns.

advocate clients. Samples were named south – central – north based on the location of the attorney or advocate mailing the survey.

B. Sampling Proportion Achieved

The number of surveys that were received is shown in Table 1:

Table 1

Region	Surveys Sent (Surveys delivered)	Surveys Returned to Researcher (Net response rate)	Total Lump-sum Recipients 2000-2004 (ME addresses)	Sample Ratio (sent (returned)) <small>Sent=column 2 / column 4 Returned=column 3 / column 4</small>	95 % Confidence Interval (+/-)
South	179	43	1,688	10.6% (2.5%)	15 %
Central	150	31	2,560	5.6% (1.2%)	17 %
North	70	25	1,386	5.1% (1.8%)	19 %
Total	399 (339)	99	5,634	7.1% (1.8%)	10 %

The distribution of lump-sum recipients around the state is estimated from data obtained from the Workers' Compensation System. Zip codes of recipients were divided roughly by county to arrive at areas surrounding Portland, Lewiston and Bangor. Zip code data was sorted and adjusted for out-of-state addresses and bad data, which resulted in the approximate distribution shown above.

C. Statistical Significance

The sample ratio achieved with this study will not provide a high level of statistical precision in the final results. For example, to be 95% confident of a particular answer given the sample size ratio for the total surveys returned, a plus or minus interval of 10% on the answer is required. In other words if 40% of the sample answered a question in the positive, the actual percentage of lump-sum recipients answering in the positive could range from 30 to 50%.³

Because of the two-stage nature of the sampling plan used, two sampling errors are noted.⁴ Additionally a large number of surveys were not returned. The effect of these unreturned surveys could mean the ones returned were by people that had a problem with the system, and those not returning the surveys were satisfied with the way they were treated. If this were true, the answers to some of the questions would be biased.

³ Sample size calculator by The Survey System Retrieved from <http://www.surveysystem.com/sscalc.htm> on 10/18/06.

⁴ Babbie, E. 2002. The Basics of Social Science Research. CA: Wadsworth/Thomson Learning.

One test of the survey results has been included in the Work Experience section of the study. This concerned the question asked about return to work. The number of lump-sum recipients who filed tax returns was expected to be a measure of whether someone has returned to work. Unfortunately, this was not a reliable indicator, as tax returns may be filed for reasons other than income from work, such as a spouse's income or income from investments or inheritance. More detailed income data was not available to the researchers, so this portion of the study was not pursued further.

III. Results

A. Demographics

Table 2 summarizes the results for initial questions describing the characteristics of the respondents.

Table 2

	Male Respondent	Female Respondent	Advocate Client	Attorney Client
Gender ⁵	43 (44%)	54 (56%)		
Advocate Client	20	23		
Attorney Client	21	31		
Average Age (overall)	53.1	52.4	52.4	52.9
Married	30	36	29	37
Single	11	17	11	17
Head of Household	2	0	2	0

The total number of survey respondents was 99. Average age of all respondents was 52.7 years. The average age of respondents for both the attorneys and the advocates was approximately the same. As shown in Table 2, there were more females represented by attorneys than advocates in this survey sample.

⁵ Two respondents did not identify their gender and are not included in this table.

B. Health

In the second section of the survey, multiple questions were asked to determine the current health of the survey recipients. A summary of the responses is provided in Table 4.⁶

Table 3

Question (Variable)	Male Respondent		Female Respondent		Attorney Client		Advocate Client	
	Yes	No	Yes	No	Yes	No	Yes	No
Receiving treatment prior to settlement (tment prior)? Blank = 1	38	5	49	5	51	4	37	6
Were you done with treatment prior to settlement (done_med_treat)? Blank = 4	12	30	18	33	16	35	15	28
If done with treatment prior to settlement, number restarting treatment (addl_treatment)? Blank = 6	26	14	34	18	37	13	23	19
Was the lump-sum settlement enough to cover additional treatment (is_covered_treatment)? Blank = 21	13	18	17	25	17	25	14	18
If not done with treatment prior to settlement, number choosing to continue treatments (treatment_after_is)? Blank = 18	23	11	26	18	32	13	18	16

Respondents were asked to give the date of their injury and the date of their settlement. This question was asked as a way to measure the length of time that recipients were in the Workers' Compensation System. The date information was generalized in the attorney surveys to make the survey more anonymous, which led to less accurate date estimates. With this in mind, there was still a significant difference in the number of months that clients experienced between injury and settlement. Clients who chose to use private attorneys average 83 months versus public advocates averaged 45 months.

⁶ In Tables 3-8 the actual variable name used in the analysis is included in parentheses.

Respondents who were receiving treatment prior to their settlement averaged six visits to a health care provider in the eight weeks prior to the settlement. Surprisingly, two thirds of respondents were not done with treatments prior to their lump-sum settlement and a similar proportion sought additional treatment after the settlement. When asked whether the lump-sum settlement covered the cost of treatments, results were mixed, with 31 indicating the settlement was adequate and 43 responding that it did not cover costs.

When asked if their treatments continued after the settlement, 50 people answered yes and 29 answered no. In follow up to why a respondent didn't continue treatment after the settlement, the answers ranged from "no health coverage" - (16), "not interested in continuing" - (3), "other" - (10). "Other" reasons included:

- "Nothing else could be done."
- "Treatment didn't work."
- "Just lived with it."

Finally, respondents were asked to describe their overall health (describe_health). Results are shown in Table 4. Women were more optimistic in their health description than men.

Table 4

	Excellent	Very Good	Good	Fair	Poor
Male Respondent		5	14	13	11
Female Respondent	2	8	20	18	6

Anecdotes

Some survey respondents offered additional comments. To the question of why they were no longer seeking treatments post-settlement that had been occurring prior to the settlement:

- "Last several treatments were preventative maintenance, treatments no longer needed."
- Treatments "did not work."
- "Nothing the doctors or therapists can do – they can't fix the problem."
- "Nothing else could be done except meds I was taking."
- "Didn't feel it was necessary."
- "I was just living with it, & after my job ended the pain stopped because wasn't walking 5-6 miles a day."
- "I went so long with reduced income or no income that by the time I got [the] settlement, it was used up!!!"

To explain the answer that the lump-sum payment was not enough to cover the cost of medical treatment, the respondent indicated that they were paying \$5000 for Botox treatment every five months and \$1900 every

month for medication. One person indicated they were using free out-patient care at Maine Medical Center as they had no coverage for their knee injury.

C. Work Experience

In the third section of the survey, respondents were asked a series of questions to describe their work experiences since their lump-sum settlement.

Table 5

Question (variable)	Male Respondent		Female Respondent		Attorney Client		Advocate Client	
	Yes	No	Yes	No	Yes	No	Yes	No
Working when you received your settlement (working)? Blank = 1	15	28	23	30	15	39	23	20
Are you working now (working_now)? Blank = 2	16	26	28	26	21	33	24	19

Of those that were not working at the time of the settlement, 75% had not returned to work immediately after the settlement. At the time of the survey approximately half of the respondents were working, with a greater proportion of female respondents working than male. When asked reasons why they were not working, the greatest proportion indicated that their injury prevents work (35 responses). Others noted that they were only able to work part time (4 responses), they were taking college courses (2 responses), they had retired or they were unable to find work (2 responses). Of those that were working, only eight were doing the same job that caused the injury.

Anecdotes

Multiple respondents wrote comments about being under stress, either as a reason that they were not working, that they could not return to work, or that they finally settled their claim. One person indicated job stress was the main reason for the Workers' Compensation claim.

Maine Revenue Services Data

Data from Maine Revenue Services does not directly corroborate the survey results in this case. Maine Revenue Services utilized Social Security numbers for lump-sum recipients during the period of 2000-2005 to establish how many filed a 2005 tax return. This was intended to be an indicator of

returning to work. Results showed that about 828 individuals that had filed lump-sum claims in the period 2000 to 2005 had filed income tax returns in 2005. (Significantly, this does not necessarily mean that they had wages reported. Other types of income may have been reported). Comparing the number of tax reports (828) to the number of Maine lump-sum claims in the same period (5809), the ratio is about 14%. The survey response to the number returning to work was closer to 44%. There could be multiple reasons for this discrepancy, and further analysis was not undertaken.

D. Experience with Lump-sum Payment System

The fourth part of the survey dealt with the respondent's experience with the lump-sum payment system.

Table 6

Question (variable)	Male REspondent			Female Respondent			Attorney Client			Advocate Client		
	Same	Better	Worse	Same	Better	Worse	Same	Better	Worse	Same	Better	Worse
Is your financial situation ... (fin_situation)? Blank = 4	13	9	21	23	9	19	22	9	21	15	9	19

Overall, 37% of respondents reported that their financial situation was the same as it was before they received the settlement. Eighteen percent indicated it was better, and 40% indicated it was worse. The fact that the client was represented by an attorney or an advocate did not influence this proportion.

Ninety percent of respondents reported taking their payments all at once (type_pmt). Four men and one woman were being paid some each month, and one woman reported receiving the majority of the settlement in stocks. Sixty percent of respondents indicated that the settlement was not used up within six months (settlement_used). Seventy-three percent of respondents did not get help from a financial professional (fin_prof_used).

Table 7

Question (variable)	Male Respondent		Female Respondent		Attorney Client		Advocate Client	
	Yes	No	Yes	No	Yes	No	Yes	No
I feel I was treated fairly by the Lump-sum process (treated_fairly)? Blank = 5	19	23	31	20	29	22	22	21

Men were evenly divided as to whether the lump-sum process was fair. Women were more positive about the process. Respondents who were helped by an attorney through the process were slightly more positive about its fairness.

Forty-nine percent of survey respondents reported having gone to a formal hearing before reaching their lump-sum settlement (stage). Fifteen percent did not reply to this question. Of those who went to a formal hearing, the majority reported they had won (win_lose). Forty percent of survey respondents reported receiving total compensation, 20% reported receiving partial compensation, and the remainder did not answer the question (partial_total).

Fifty-nine percent of survey respondents reported that the idea of taking a lump-sum settlement was their or their legal representative's idea (whos_idea). Respondents were given several choices as to why they agreed to a lump-sum settlement. Responses are shown in Table 9.

Table 8

	I wanted to move on with my life (AGREED_WHY_1)	My medical issues were all resolved (AGREED_WHY_2)	My legal representative suggested that I accept the settlement (AGREED_WHY_3)	my financial situation (AGREED_WHY_4)	other reason (AGREED_WHY_5)
Male	26	2	22	15	6
Female	28	6	23	16	10

The final question on the survey was: "Now that it is done, do you feel that the Lump-sum settlement was a good way to end your Worker's Compensation Claim?" Fifty-five percent of respondents circled "yes," 40% circled "no," and 4% left it blank.

Anecdotes

Some respondents offered additional comments:

- "The financial part of the settlement was fair. Improvement needs to be made in regards to follow-up medical care for those who will need a life time of care. Part of my settlement goes to Social Security because I was to go on SSI, but SSI is denied because I am able to work 2-1/2 hours/day, so the amount the insurance company has to pay in every year does me no good. I am still faced with over \$500/month in meds and \$20,000 in surgeries every 4 years plus medical care during the year. And forget picking up health ins. – Can't work enough hours to qualify and for private insurance it's a pre-existing condition."

- "I felt like I was rushed in to taking my settlement."
- "I'm still having lots of pain with poor insurance."
- "I was told that [the settlement] was the best I could expect. But it was not a fair enough amount for an injury that put me from good wages to minimum wage when I could work."
- "The system has some serious flaws & discriminates greatly against state employees. Mental health claims are not taken seriously enough."
- "[Lump-sum settlement was a good way to end claim] only because I have health insurance coverage."
- "The experience left me seriously in debt and with a permanent injury that affects my life & ability to work." (Note: this person circled both "Yes" & "No" to the question of whether lump-sum settlement was a good way to end the claim)
- "[Lump-sum settlement was a good way to end claim] but should have happened years ago!" (Note: this person indicated that they were injured in 1986, 87, 88 and settled their claim in 2005)

IV. Conclusions

In the area of health, the major finding from this survey is that the vast majority of respondents were still receiving treatment prior to settlement. This result was not expected, since in the survey development process, both attorneys and advocates indicated that claimants were expected to have their medical issues resolved prior to their lump-sum settlement. The majority of survey respondents had restarted treatment after settlement, possibly indicating that the lump-sum settlement allowed them to seek more treatment for their injury. Significantly, the majority of respondents indicated that the lump-sum settlement was not adequate to cover all medical expenses post-settlement. Hearing officers expect that employees have an understanding of expenses prior to settlement. If health concerns have not been resolved prior to lump-sum settlement, this may cause a disconnect between the settlement and actual expenses.

In the area of work experience, at the time of the survey approximately half of the respondents were working, with a greater proportion of female respondents working than male. There may be some relationship between this outcome and the result that women were more optimistic about their overall health description than men. Overall, the greatest proportion of survey respondents indicated that their injury prevents work.

Worker's experience with the lump-sum settlement system was mixed, which may be related to selection bias. Survey respondents were slightly inclined to answer favorably when asked about the fairness of the process.

For over half of those surveyed taking a lump-sum settlement was their or their attorney's idea, as opposed to the lump-sum settlement being initiated by an employer. As was predicted in conversations with advocates during the survey development process, most respondents felt that the lump-sum settlement represented a way they could move on with their lives. Many also responded that the settlement was their attorney's suggestion.

Significantly, over half of respondents felt the lump-sum settlement was a good way to end their involvement in the system.

Should the Workers' Compensation Board decide to repeat this survey process, some changes should be made to the survey instrument. Specifically, a question asking the relative value of the recipient's lump-sum settlement would help to put some context to the respondent's answers and describe the financial situation more directly. Having access to the respondent's income data would help to corroborate the results. Care would need to be taken, as survey anonymity was a primary concern.

Finally, obtaining a sufficient sample size was a major challenge to this project. This could be resolved if a survey instrument was developed to be utilized with lump-sum clients as part of an exit interview from the system. If clients' responses and data were captured immediately post-settlement, the challenges of reaching people years later would be eliminated and the various estimates of timing would likely be more accurate.

Maine Workers' Compensation Lump-sum Payment Survey Final Report

Appendix 1: Survey of Lump-Sum Recipients in the Maine Workers Compensation System

Thank you for completing both sides of this survey! We are gathering information about your experience with Lump-sum Payments. This survey is anonymous - please do not put your name anywhere on this survey. Your answers will help us to understand and to improve the Maine Workers Compensation System's Lump-sum payment program. Please return this survey by August 18, 2006!

Please tell us a little about yourself (please circle the correct answer or fill in the blank)

I am: Male Female Age: __
On my tax return I am: Married Single Head of Household

Please tell us about your health (please circle the correct answer or fill in the blank)

Year of Injury: ____ Year of Settlement: ____
Were you receiving treatment for your injuries prior to the settlement? YES NO
How many times did you seek care from your health care provider in the eight weeks before the Lump Sum Settlement (approximately)? ____
Were you done with your treatment for your work-related injury before you received the lump sum settlement? YES NO
Did you go back for more treatment after the settlement? YES NO
If you had to go back for more treatment after the settlement, was the lump sum payment enough to cover the cost of your medical treatment? YES NO
If you were not done with your treatment for your work-related injury before you received the lump sum settlement, did your treatments continue after the settlement? YES NO
If NO, Why? NO HEALTH COVERAGE NOT INTERESTED IN CONTINUING OTHER
(If you answered "OTHER" please explain: _____)

In general, how would you describe your health?
EXCELLENT VERY GOOD GOOD FAIR POOR

Please tell us about your work experience since your Worker's compensation settlement (please circle the correct answer)

Were you working at the time you received your lump-sum payment? YES NO
If NO, have you returned to work after the settlement? YES NO

Continued on next page ...

Maine Workers' Compensation Lump-sum Payment Survey Final Report

Are you working now? YES NO

If you are not working, why?

INJURY PREVENTS WORK CAN'T FIND WORK RETRAINING NOT AVAILABLE OTHER

(If you answered "OTHER" please explain: _____)

If you are working, are you doing the same kind of job that caused the injury? YES NO

Please tell us about your experience with the Lump Sum Payment that you received (please circle the correct answer or fill in the blank)

Is your financial situation the SAME BETTER WORSE than before you received the settlement?

What sort of payment did you set up for your lump sum settlement?

ALL AT ONCE I'M BEING PAID SOME EACH MONTH OTHER SYSTEM

(If you answered "OTHER SYSTEM" please describe: _____)

The settlement was used up within 6 months. YES NO

I got some help from a financial professional to help me manage my lump sum payment. YES NO

I feel I was treated fairly by the Lump-sum process. YES NO

At what stage in the process was your case when you reached your settlement?

I HAD GONE TO A FORMAL HEARING I HAD BEEN TO MEDIATION

If you went to a formal hearing, did you win or lose? WON LOST

If you won, did you receive: PARTIAL COMPENSATION? TOTAL COMPENSATION?

Who started the idea of a lump sum settlement? I DID (or my legal representative did)
MY EMPLOYER DID (or the insurance company did)

I agreed to a lump sum settlement because, (circle all that apply):

I WANTED TO MOVE ON WITH MY LIFE MY MEDICAL ISSUES WERE ALL RESOLVED

MY LEGAL REPRESENTATIVE SUGGESTED THAT I SHOULD ACCEPT THE SETTLEMENT

MY FINANCIAL SITUATION OTHER REASON (Please describe): _____

Now that it is done, do you feel that the Lump Sum Settlement was a good way to end your Worker's Compensation Claim? YES NO

Thank you for completing our survey! Please return it in the postage-paid envelope.