



THE KEY TO A SUCCESSFUL EMPLOYMENT INJURY INSURANCE SYSTEM

ITCILO E-CAMPUS / ONLINE KNOWLEDGE

Module 3
EII process and coordination with other social
security benefits



International Labour Organization



International Training Centre

Overview

Why should we go beyond the good will of workplace stakeholders to provide employment injury protection even if they have traditionally worked out some way to compensate injured workers or their family?

This module examines the advantages of providing a legal framework to employment injury protection, which also applies to other social security measures. Moreover, it will discuss the tripartite mechanism in the governance of EISS scheme will also be discussed, as well as the types of institution that the legal framework calls for implementing EI protection. Legal and institutional frameworks vary according to each country's cultural, historical and political backgrounds.

Learning Outcomes

By the end of Module 3, participants will:

- Understand the advantages of providing a legal framework to employment injury protection;
- Obtain a comprehensive knowledge of the tripartite mechanism in the governance of EISS scheme;
- Learn about the different types of institution implementing EI protection indicated by the legal framework.

Legend

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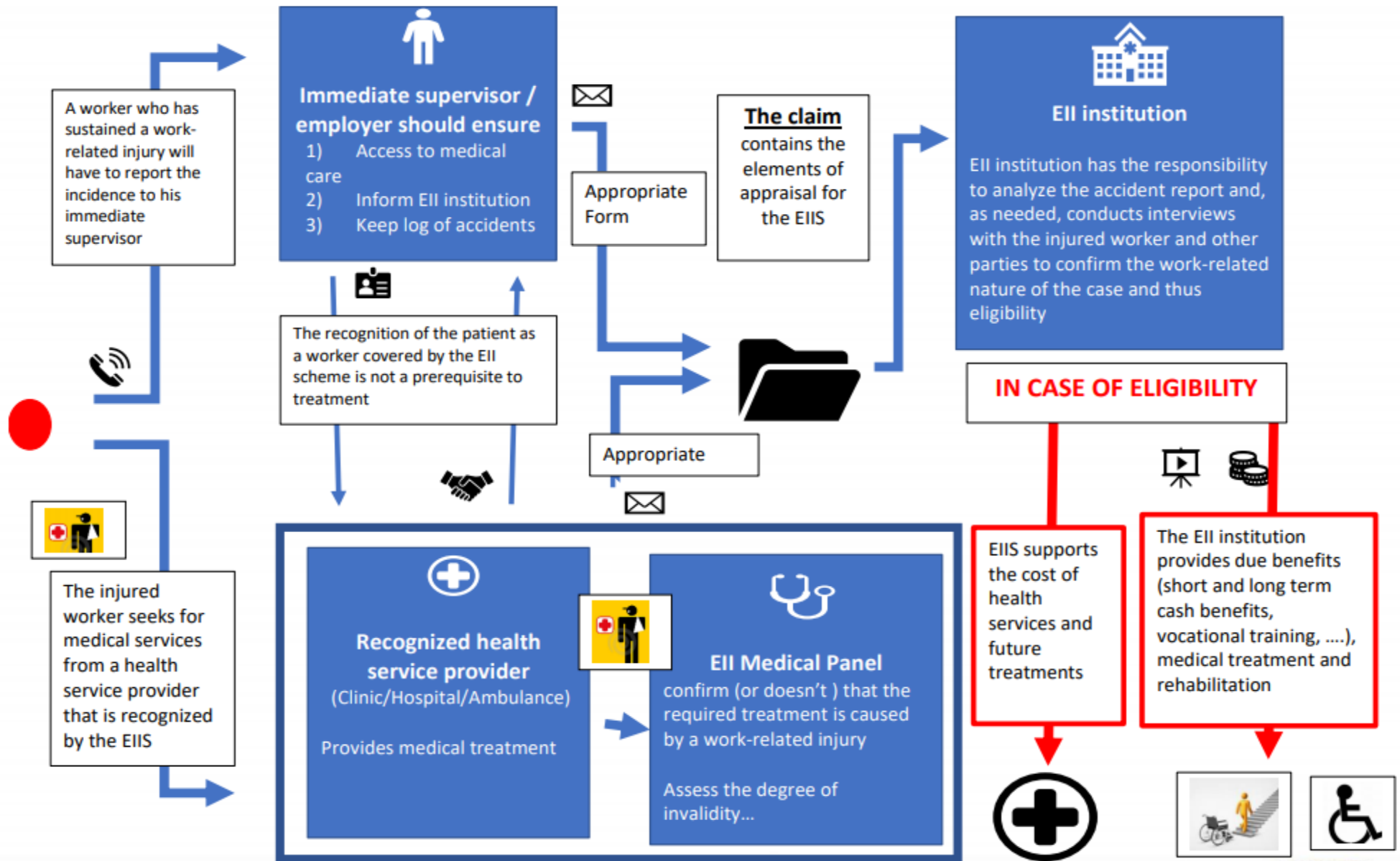


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I. EII PROCESS

Work related accident/disease usual claim process (employed work / non fatal)



Explanation of the work-related accident/disease usual claim process (1)

A worker who has sustained a work-related injury has to report the incident to his immediate supervisor. The employer should ensure

1. immediate access to medical care;
2. inform the EII institution;
3. maintain a log of accidents.

Based on the information provided and further investigation, the EII will determine the eligibility of the claim. However, the recognition of the patient as a covered worker should not be a pre-requisite to medical care. Most of cases will end after the medical treatment (including rehabilitation) will have been given with the full recovery of the worker and his/her return to work with no permanent incapacity. Payment or reimbursement of the medical care will be ensured by the EII institution.

His/her income loss (short-term benefits) will be covered by the EII institution, although in many national situations the income loss during the first days of absence is covered by the employers.

Explanation of the work-related accident/disease usual claim process (2)

- In a more limited number of cases, the EII medical board will assess the degree of invalidity (total or partial) of the injured worker which will serve as the basis for the EII institution to calculate the amount to be paid as long-term benefits (long-term loss of income). If necessary, the worker concerned should continue to benefit from medical care as well as rehabilitation and vocational training aiming at ensuring a safe return to work.
- If the work-related injury has led to the worker's death, the EII institution will calculate the long-term benefit to be received by the worker's dependents based on his/her loss of income.
- As described above, the process for determining the short and long-term compensation of loss of income due to work-related injury is led by an independent institution. The settlement is taken out of the workplace, avoids recourse to courts which usually implies long delays and high costs and is established with the view of ensuring to the extent possible the worker's safe return to work by connecting medical, vocational training and rehabilitation services.

Understanding better EII process

THE FACTS

A worker who has sustained a work-related injury (accident or disease) will have to report the incidence to his immediate supervisor who will then fill the appropriate forms and forward them to a EIIIS office for further processing.

QUESTIONS

1. While the forms are being processed, what happens to the injured worker needing urgent medical treatment? What if the injured worker does not seem in need of urgent medical treatment?
2. As the EIIIS service provider, how will a hospital identify a patient as worker covered by the EIIIS scheme?
3. Once the hospital has identified the patient as EIIIS covered worker, how will this hospital confirm that the required treatment is caused by a work-related injury, thus the cost being covered by the EIIIS scheme?
4. What are most appropriate procedures for handling an occupational disease at the point when it is diagnosed, i.e. how will the cost incurred prior to diagnosis be borne by the EIIIS scheme?

EI process

ANSWERS

The practicability of the measures proposed below may depend on the circumstances of the country.

1. In order to provide medical treatment to its covered workers, the EIS scheme selects hospitals and has an agreement with each of them regarding the terms of services.

Urgent medical treatment should be provided regardless of where the paper work stands. A fast track procedure can be put in place. An example in a developing country could be a letter of identity from the employer confirming i) The patient is an insured person under employment, ii) The employee had an accident during the course of work, iii) Prescribed Form will be presented as soon as possible to the panel clinic.

If injured workers can only be treated at a clinic or hospital recognized by the EIS institution, the time necessary to get emergency treatment should be expected reasonably safe taking into account the ambulance service capable of providing first care and the extent of the network of recognized service providers.

A non-urgent situation often becomes urgent situation if medical treatment is postponed too long. The EIS institution should have guidelines or a commitment schedule to handle different situations (accident report on the filing form should provide the administrator enough information to classify the case with appropriate priority of administrative and medical treatment). **Best practice is: In principle, a medical need is addressed in priority to how the treatment is financed.**

EI process

ANSWERS (Continued)

2. In case of emergency, the employer should communicate with the hospital. In other situations, a mechanism for swift authorization should be put in place. An ID card that allows online access to the injured worker's current status with the EIS institution is an example.
3. Eligibility is the responsibility of EIS institution not of service providers. Normally, EIS institution analyzes the accident report and, as needed, conducts interviews with the injured worker and other parties to confirm the work-related nature of the case to medical service providers.
4. The short answer is referring the case to the medical panel. The right to benefits should start at the date of the first diagnosis of the occupational disease, irrespective of the time elapsed between the diagnosis and the acceptance by the EIS institution of the claim.



CASE STUDY: Management and control regarding medical expenses – The case of Quebec, Canada

FACTS

For medical treatment, the EIIS scheme uses the service providers of the National Health Insurance and eventually pays the NHI for the cost of treatment and service.

QUESTIONS

What are possible control measures for avoiding forgeries or cheating from people who might go to a hospital as if they were insured by the EIIS scheme while in fact they are not?



II. EII coordination with other social security schemes and benefits

EI and health benefits

FACTS

In many countries, the public health insurance (HI) scheme covers medical treatments related to occupational injury or sickness and bills the EIS scheme for these treatments.

QUESTIONS

1. Why wouldn't the EIS administration be part of the HI organization?
2. Why can't there be one organization with two different departments or directorates, one running the HI scheme and the other running the EI scheme? Would such a structure lead to synergy and economies of scale?
3. Should all social security institutions (i.e. pension scheme, HI scheme and EI scheme) be merged under a single institution to gain economies of scale?

EI and health benefits

Answers

The above questions are very broad in scope and would deserve an empirical study to identify the diversity of models in workers' compensation. Nevertheless, here are some thoughts:

Employment injury protection scheme is probably the oldest branch of social security in many countries. This may explain why, in many developed countries, public agencies administering this branch and standing on their own have developed a set of specialized activities related to the work place. Not only do they specialize in compensation of cash benefits but also in health care and rehabilitation services, in occupational health and safety promotion and sometimes in inspection of work places.

In some countries, such agencies have significantly contributed to the development of specialized medical care trauma treatment. Over time, agencies have established swift procedures with health care providers. The principle that the medical cost related to employment injury should be borne by employers (and recognized as a production cost) is well accepted. In most of those countries, the general health care system is so big in relation to the EI system and is under so much pressure that there is no mutual interest on either side to merge. This is the situation in Canada and probably some European countries and a few other countries in other parts of the world.

EI institutions and social security institutions

ANSWERS (Continued)

However, in many countries, the EI branch is administered by an agency which also administers other branches of social security. Under this setup, the capacity or the incentive of the agency to develop expertise and leadership in injury prevention and rehabilitation and to apply industry-risk contribution rates, which are specific to EI, may be more limited.

In a country where social security protection is starting or that needs a deep change, the determination of the best model is not easy as it is necessary to balance the advantages resulting from economies of scale (and possibly simplicity in legislative tools) with the need to provide a good service to participants in each branch of social security.

There are certain administrative functions that can benefit from economies of scale. One of them is the collection of contributions, but economies can also be achieved through other means such as a government agency collecting taxes which would also collect social security contributions. This is an advantage to employers who prefer dealing with a single agency for their compliance. If the administration is decentralized and several regions are small, significant economies can be achieved. Finally, the pooling of certain high technology resources may be an advantage but one should be aware that applications may be very different by branch of social security for the claims administration and statistics.

ElI benefits and other social security benefits administration

ANSWERS (Continued)

Regarding the administration of benefits, the services are very different by branch and this is where the comparison of making cars and trucks holds. The management of employment injury claims requires specialized people. Minor injuries can be handled routinely, but the severe ones require great attention including gaining the collaboration of employers to facilitate the return-to-work. This is fairly different from a comprehensive health care system dealing with patients of any age, occupation and health care need.

For a new EI scheme, it may take a few years before the see the benefits of developing specialized claims managers as the number of severely injured workers would then reach a critical threshold.

In some countries, the insurance coverage on employment injuries is managed by private carriers. Although there are a lot a safeguards to put into place to ensure that such an approach is up to international standards, this reality indicates the diversity in the delivery of services. Private carriers involved in this area of insurance must also develop specific expertise in underwriting and claims management.

Administration of EI and health benefits

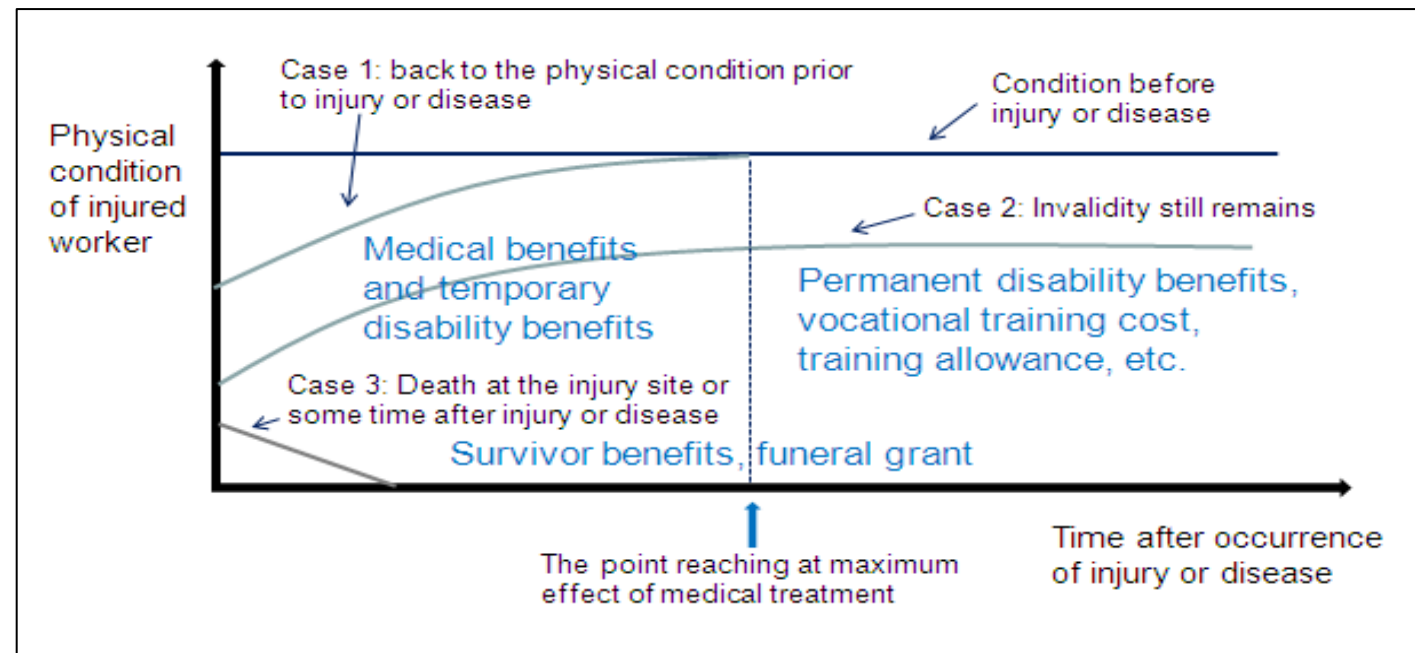
ANSWERS (Continued)

- 1) Having EI and HI under one organization would not simplify the management of claims as specific expertise of employment injury claims would need to be developed. For simplicity of administration, stakeholders may decide that the cost of health care would not be charged to the employment injury scheme. **In the case of a single agency for the two branches, it would not be considered good governance if the costs of cash benefits are not recorded separately and financed differently from the health care system.**
- 2) The scope and nature of schemes are sufficiently different not to justify an appetite for merging. Collaboration between agencies can be achieved through other means. For developing countries implementing new schemes, the answer can be different especially if the size of the covered population is small.
- 3) In other words, each branch has its own specificities and the more diversified the services to be provided, the more complex it becomes to be excellent in all. Administering pension plans requires keeping individual records of participants for decades while administering a health care system has other kinds of requirements. Again, in small developing countries, one single agency may be the best solution.

The importance of coordinating EIS benefits with other social security benefits

- Coordination of disability benefits is a desirable public policy to ensure that:
 - Disability payments come from the appropriate program; and
 - The total amount of disability benefits paid does not become a deterrent to return to work.

EIS benefits in accordance with physical condition of injured worker



The importance of coordinating EIS benefits with other social security benefits

- Other social security schemes without regard to the occupational cause can provide benefits for the same purpose as EIS scheme;
- To avoid overcompensating, similar benefits across the social security schemes should be coordinated;
- Where several branches of social security benefits are provided under an umbrella scheme, the overlapping coverage would be more obvious and coordination is made easier.

ELIS benefits in accordance with service delivery type and purpose

	Type of service delivery	Purpose	Other related social security scheme
Medical benefits	In kind	Medical care	Medical care under Sickness scheme
Temporary disability benefits	In cash	Income security for invalidity during medical treatment	Cash benefits under Sickness scheme
Vocational training cost	In kind (as a type of payment to training institution)	Support for return to work	Vocational training under employment insurance scheme, the scheme for facilitating the disabled to find jobs, etc.
Vocational training allowance	In cash	Support for return to work	Vocational training under employment insurance scheme, the scheme for facilitating the disabled to find jobs, etc.
Permanent disability benefits	In cash	Income security for invalidity after medical treatment	Invalidity scheme
Survivor benefits	In cash	Income security in the case of breadwinner's death	Death benefit under invalidity scheme
Funeral grant	In cash (as a type of payment to actual performer of funeral)	Reimbursement for the funeral cost	Death benefit under invalidity scheme

How is coordination achieved under umbrella coverage?

- Under an umbrella coverage, employment injury benefits may be provided without regard to the cause of injury or sickness;
- Different types of EI benefits can be provided by different schemes;
- This type of coverage sometimes allows a worker to file a lawsuit in civil court if the employer was negligent;

 [The case of the United Kingdom](#)

 [The case of New Zealand](#)








Choosing between many schemes

- Where several schemes are operated separately by one or more institutions, employment injury scheme is usually a standalone scheme and only provides benefits upon occupational injury or disease;
- One way to coordinate is to have the beneficiaries, the occupational injured or sick workers and their survivors in fatal case, choose the scheme among the schemes they are entitled to claim benefits from:
E.g. Malaysia
- Where health scheme is separated from EISS scheme, the health scheme institution can claim reimbursement from EISS scheme institution or employers for medical treatments arising from occupational injury or disease:
E.g. South Korea

Additional resources

Additional readings

-  [Working paper "Estimating the Economic Costs of Occupational Injuries and Illnesses in Developing Countries: Essential Information for Decision-Makers"](#)
-  [Workers' Compensation, Social Security Disability Insurance, And the Offset" in Social Security Bulletin Vol. 65.No. 4.2003/2004](#)
-  [International Social Security Association, \(2013\) Guidelines on Good Governance](#)
-  [ILO - Mapping of the administrative process of employment injury compensation \(Federal Democratic Republic of Ethiopia\).](#)
-  [Social Security Law or Labour code](#)



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Quebec case study

ANSWER

In Quebec, both the public health insurance (HI) and the employment injury (EI) schemes are universal. The EI scheme reimburses the HI scheme for all health care services provided to injured workers. Each resident (citizen as well as non citizen eligible to the HI scheme) is delivered by the HI scheme a card with an identification number (ID), photo and signature that gives access to health care services.

Anyone receiving a service from the HI scheme is asked if the service is related to an employment injury (except in obvious cases such as children or very old people). This information is captured by the HI scheme and is used to bill the EI scheme when the service is related to an employment injury. This billing is made by each hospital (for hospital services) or by the public agency which pays doctors that are remunerated on a fee basis (most of them are). In the billing procedure by the HI scheme to the EI scheme, enough information is provided to the EI scheme to validate the reasonableness of the claim (identification number of benefit recipient, date of delivery and nature of service).



Quebec case study



[2/2]

ANSWER (continued)

When the EI scheme receives a claim for an employment injury, a file is opened to compensate for temporary disability. A claim number is allocated to the injured worker while his/her ID delivered by the HI schemes is collected.

The HI scheme bills the EI at regular intervals for services provided to injured workers after having made a first validation process. Upon reception of bills, the EI merges the data with its own data in order to validate the request and detect potential anomalies. Finally, the payment is made by the EI scheme. There is of course a process to discuss the rejected claims. This system has been fine tuned by experts of both schemes and is considered reliable. It is based on mutual trust.

It may happen that the HI scheme delivers services to workers suffering a minor injury and for which the EI scheme does not open a file because there is no claim for income replacement. The amount of money is not significant. There is an agreement between the HI and the EI schemes which stipulates that the EI scheme reimburses on an aggregate basis those amounts. The amount is a low percentage of total amounts paid. This percentage is based on analysis made on a sampling basis.



The case of the United Kingdom

Two sources of disability income security are available to a worker:

- The social security benefit system administered by the Department for Work; and
- Pensions and the employers' liability insurance.

Any worker who is injured or made ill due to occupational causes is entitled to claim benefits under the social security system and to receive health care services from the National Health Service;

Statutory sick pay coverage is provided for a period up to 28 weeks;

Beyond that duration of disability, incapacity benefit is covered under the Industrial Injuries Scheme administered by the Department of Work and Pensions.



[1/2]



The case of the United Kingdom

Employers' liability insurance is compulsory, enabling employers to meet the cost of employees' injuries or illnesses, whether they are due to occupational causes or not;

Injuries or illnesses resulting from motor accidents that are work related are usually covered separately by motor insurance;

State benefits do not involve establishment of fault;

By contrast, employers' liability insurance requires the courts to establish the negligence of an employer;

This is done through actual or threatened litigation;

Employees who are injured or made ill due to occupational causes can sue their employer for compensation in civil courts within a three-year period.



[2/2]



The case of New Zealand

The Accident Compensation Corporation (ACC) insures all New Zealand citizens for rehabilitation and wage replacement benefits arising from all accidental causes, whether they occur at work, at home or the sport field.

ACC administers six insurance accounts:

- Work account covers all work-related injuries and is funded by levies paid by employers and self-employed people;
- Earners' account covers non-work injuries to earners and is funded by earners levies;
- Non-earners account covers injuries to people not in the paid labour forces and is funded by government revenues;
- Motor vehicle account covers all personal injuries involving motor vehicles on public roads and is funded from petrol excise taxes and motor vehicle registration fees;
- Treatment injury account covers injuries arising from medical care (medical misadventure); and
- Residual claims account.

* Institute for work & health (2010). Report to the Expert Advisory Panel, Occupational Health and Safety Prevention and Enforcement System, Ontario Ministry of Labour, Canada.-New Zealand : Description of the organization of the occupational health and safety system and the delivery of prevention services

Choosing between many schemes

Malaysia

Workers who have permanent invalidity due to occupational causes can choose between EIS scheme and invalidity scheme for income security.

South Korea

There is a reimbursement system between national health insurance and EIS. If occupationally injured workers are covered by medical aid program (a social assistance program), EIS scheme has to respond to reimbursement claims by the medical aid institution.