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How AI is impacting workers' compensation claims

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With the rapid development of artificial intelligence, we are seeing implementation of its use across various industries. The legal field is no different. In the workers' compensation arena, which deals with complicated legal and medical issues, AI has been helpful in streamlining the claim process.

How is AI being used in the workers' compensation setting?

AI has been adopted by many actors across the workers' compensation industry, including the health care system, insurance companies, and even attorneys. One of the ways that AI is being used by insurance companies is to automate the underwriting process. AI has been implemented to analyze data points, evaluate risk, and determine efficient policy terms. This has resulted in a reduction of processing time and administrative burdens.

Another use of AI is in the management of cases, including data entry tasks, categorizing and summarizing documents, and other administrative tasks. There is often a high volume of cases with workers' compensation claims, so AI has helped in reducing the time spent on a case due to the atomization of simple tasks.

One of the ways that AI is being used by insurance companies is to automate the underwriting process. AI has been implemented to analyze data points, evaluate risk, and determine efficient policy terms.

These claims also often deal with complex legal and medical issues, which involve large volumes of documents. AI can sift through massive amounts of information and provide predictions and recommendations, including recommendations for treatment and maximum medical improvement.

In addition to improving the efficiency of claim analysis, AI has also been helpful in risk management in the workers' compensation setting. By analyzing unstructured data sources, such as claim notes, photos and videos of accidents, and accident reports, insurance companies can identify patterns or predictors of incidents to enhance preventative measures in the workplace. This will allow insurers to reduce potential risks, which will result in safer workplaces.

What are the challenges of AI in the legal context?

While there are many potential challenges with the emergence of this new technology, an important one in the legal context is compliance with laws and regulations. Workers' compensation claims often involve sensitive documents including medical records, employment data, and personal identifying information. The AI users will need to ensure their compliance with privacy laws. Another challenge involves breaches of information or documents, which will require the implementation of software safeguards to protect sensitive information.

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For AI software, there are two different types of systems: open and closed systems. In open systems, the data and code are shared with the public. In closed systems, the developer of the AI maintains access to the code and data, and it is not available for public use. In legal context, lawyers may use open AI systems for research purposes, so long as confidential client information is not shared.

However, when using AI for more complex purposes such as for claim processing or risk management, then lawyers must ensure that the systems that they are using are HIPAA compliant. There is currently HIPAA-compliant AI software that is out there, but its use is still limited as the technology continues to evolve, and the profession determines how to use the software while still complying with professional obligations.

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Another challenge to consider is parameter control. AI learns through processing large amounts of information, but there is always the potential of AI using irrelevant or incorrect information to reach a conclusion. This could lead to the use of faulty data to make decisions, which can have unethical consequences.

With all these challenges that AI presents, an important consideration is whether insurers would even allow the use of AI in the processing of workers' compensation claims. While AI use may reduce fees and costs, there are many ethical concerns to consider. In addition to protecting client confidentiality, attorneys must ensure that the results or conclusions that AI draws are legally correct, that any law that is cited by AI is accurate, and that the software is taking all the necessary factors into account when rendering an opinion. These benefits and risks will have to be weighed by insurers when deciding whether to use AI to streamline claims.

Is AI coming for our jobs?

The question on everyone's mind — is AI going to replace our jobs? While AI can be valuable in improving the efficiency of claims, we will still need the human touch to effectively resolve them. The current technology is not developed enough to make any actor in the workers' compensation scheme obsolete. We need doctors to provide medical opinions, attorneys to strategize and offer insights into the law, and insurers to manage and make decisions on claims. AI will not be replacement, but merely a helping hand in resolving workers' compensation claims.

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About the authors

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