Workers' Comp

Getting Behavioral Health Out of the Claims Blind Spot

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Tom Kerr (TK): Behavioral health is a significant driver of claim complexity in workers' comp, yet relatively little industry data has been available to quantify its impact. That's why recent research published in the *2026 Enlyte Envision Trends Report* offers crucial analysis that industry professionals need to know about. And it's why today, I've invited Jim Harris and Tammy Bradly to join me to discuss their findings. Jim and Tammy, welcome back to the show.

Jim, I'm going to start with you on this first question. Why was behavioral health such an important topic to cover in this year's *Envision Trends Report*?

Jim Harris: Well, as an old claims guy, the thought of mentioning behavioral health or psychosocial issues and conditions on a claim, if you go back a couple decades for me, it used to send shivers up my spine. We didn't want to know. It was almost like "don't ask … don't tell," because if it came up, you knew you it would lead to a costlier claim.

And so, over the years, the world and the work comp industry have evolved to recognize that treating the entire person is much more important than ignoring these factors. It's not only going to help save money, but it's going

to bring about a better resolution for the injured worker.

So, as a result of this more open approach, behavioral health has become something that really is almost impossible to ignore because it has such a meaningful impact on the claim. When we made the decision to start tracking this and include it in the trends report, the numbers are pretty startling: a 208% longer treatment duration when behavioral health is present and a 382% increase in medical spend. So, we realize that we can't ignore this anymore. We had to start tracking what that is.

And I think that the key message here and the reason that it's such an important topic and a reason to include it is that behavioral health is really not a side issue in workers' comp anymore. It is a major claims complexity factor that affects recovery, return to work, medical utilization, and really, overall claim severity as a whole.

So, I think the key thing now as we started tracking and following this is really trying to figure out why it happens, how to identify it and how to react to it.

TK: And that leads us to our next question. When you talk about how behavioral health significantly impacts claim duration and medical costs, what's the data showing in terms of why this is happening?

Harris: Well, I think it's a result of a few things. When you add these extra conditions, even when there's comorbid conditions or certainly behavioral health, it impacts and affects the ultimate claim because it changes the recovery process and the recovery path for those injured workers.

So, claims with behavioral health involvement, as I said, tend to require more treatment, more coordination, and more time before that injured worker is ready to return back to work. And then you still have that physical component in play here. So, you add behavioral health layered on top of things like pain or sleep disruption, medications risks and side effects, and that delayed physical recovery piece, and it really makes it difficult to return back to work.

And this compounding effect causes this claim to no longer just be about physical recovery and the physical diagnosis, but really, again, helping that injured worker regain functional capacity and functionality across all the different levels: the physical level, the psychological level and the occupational return-to-work component as well.

TK: And Tammy, why do some of the physical injuries that we were talking about develop into behavioral health challenges while others don't?

Tammy Bradly: Well, first, I'd like to say, if Jim is an old claims professional, I guess that makes me an old clinical professional. So just putting that out there [laughs]. You know, I think I would start by saying behavioral health challenges usually do not appear out of nowhere. Oftentimes, they emerge when the injury disrupts the individual's sense of safety, control, identity, income stability, but their recovery environment may be very different. One person may have good coping skills, supportive supervision, timely treatment, clear expectations, and may even return to modified duty.

Another person may have pain that's not improving. They may have things going on like poor sleep, fear of reinjury, uncertainty about their job, financial stress, or they may even come into the injury with some type of anxiety or depression that's pre-existing. These factors can all change the recovery trajectory.

Clinically, we often talk about yellow flags. These include things like fear of avoidance, catastrophizing, poor recovery expectations, perceived injustice, social isolation, and difficulty coping. They don't mean that the injury's not real. They just mean that the person's nervous system, their emotions, and their environment are

now interacting with the physical injury in a way that can slow that functional recovery.

So, the answer is physical injury becomes a behavioral health challenge when the pain, the stress, the fear, sleep disruption, delayed recovery, or claim uncertainty begin reinforcing each other. This is why early identification matters. The earlier we recognize these risk factors, the better chance we have to intervene before the claim becomes prolonged or more complex.

TK: Got it. And, Tammy, you've been speaking on the impact of behavioral health on claims for quite a while, but when you look at the data from the *Envision Trends Report*, were there findings that surprised you from a clinical perspective?

Bradly: I think what stood out to me was not simply that behavioral health claims cost more or last longer, clinically, we expect psychological distress to affect recovery. I think what was striking was the size of the difference, as Jim referenced earlier.

What we saw was lost time claims with behavioral health had more than double the treatment duration and nearly four times the average medical spend compared to claims without behavioral health treatment. That tells us behavioral health is not a side issue anymore. Reiterating what Jim said, it's a major claim complexity factor.

Another finding that stood out to me was the mix of the diagnoses that we saw: PTSD, post-concussional conditions, anxiety, mood disorders and substance abuse-related diagnoses. All of this showed up in the data, and they all affect claims differently.

PTSD may be tied to trauma exposure. Post-concussional symptoms may involve cognition, sleep, mood and anxiety. Substance-related diagnoses may intersect with chronic pain, opioid usage and delayed recovery.

From a clinical perspective, the surprise is how often behavioral health is embedded inside what initially looks like just an ordinary physical claim. These are not always claims that begin as mental health claims. Often, they start as a simple musculoskeletal strain, head injury, a pain complaint, or recovery that simply isn't progressing as expected.

TK: Are behavioral health concerns becoming more common, or are we simply getting better at identifying them? Tammy, I'll start with you on this one.

Bradly: I think the honest answer is both. We're getting better at identifying behavioral health concerns because claims organizations, clinicians and employers are all paying closer attention to these factors that can affect recovery and looking beyond that physical diagnosis.

We're looking more closely at things like sleep, anxiety, depression, trauma exposure, pain coping, medication risk and even functional progress. At the same time, there are reasons to believe behavioral health concerns are generally more visible and more relevant in today's claims environment.

Employees are more willing to discuss their mental health today than they were in the past. Employers are more aware of mental health conditions, things like PTSD, trauma, burnout, exposure to violence, and post-concussional syndromes.

We also have more complex claims, more delayed recovery patterns and more recognition that pain and behavioral health are connected. The key point is not that it's just a coding trend. Even if identification is improving, the impact is real. When behavioral health is present, claims do tend to last longer, cost more and require more coordinated intervention.

So, whether the concern is newly emerging or newly identified, the operational response needs to be the same: identify earlier and connect the injured employee with the right support sooner.

Harris: Yeah, Tammy. I totally agree with you on that, and I think one of the big things also is that we're asking the questions that we didn't use to ask.

From a data side, we're seeing about 6% of lost-time claims have some type of behavioral health diagnosis or treatment taking place. And that's about a three-and-a-half percent increase from the previous year. So, we are seeing that the frequency of this is coming up more and more.

And again, I think more people are asking these questions and trying to identify it early to help identify it and then help to treat it and control it. Because the impact of the cost and the impact of the duration confirms that these concerns are materially affecting the outcomes of the case.

So, by using the data, by asking the questions, we're getting better identification to intervene earlier instead of waiting until the claim has already become too complex and too late to start doing anything about it.

TK: OK, great. So how can data insights and clinical intervention work together to identify risk earlier and improve outcomes. Tammy, can you start, please?

Bradly: Sure. Data and clinical intervention are the strongest when they work together. Data helps us to see patterns earlier than any one person reviewing a claim manually. It can flag claims with delayed treatment, escalating utilization, opioid exposure, missed appointments, prolonged disability, high pain scores, post-concussional symptoms or lack of functional progress.

But data alone does not explain the whole story. That's where clinical judgment really matters. A clinician can look at the signal and ask, "What's driving it? Is the person afraid to move? Are they sleeping poorly? Is there trauma? Is there depression or anxiety? Are medications affecting their function? Is the treatment plan aligned with the injury? Is there a safe return-to-work plan?"

The goal is not to replace the claims professional or the clinician with more data. The goal is to bring the right information forward earlier so that the team, be it clinical or claims, can act before the claim stalls.

Data helps us to identify the who and the when. Clinical intervention helps determine why and what next. What are those barriers, and what can we do to help that individual overcome those barriers?

A strong model connects analytics, clinical review, pharmacy insight, physical therapy progress, and return-to-work planning. When those pieces are all connected, we can move from reactive claim handling to proactive recovery management.

Harris: I think that there's a perfect marriage between data and clinical as well. From a data standpoint, there's an obligation to try to help bubble up these kinds of diagnoses to the clinician so they can address them accordingly.

Building things like predictive models and mining bill review data, really can give the clinicians the tools necessary to know how to treat these injured workers. Data then kind of becomes operational, really, from a claims perspective.

And, as Tammy said, it does help the adjusting teams or case management nurses prioritize and see what claims need their attention now and who may benefit from more of a clinical review or intervention that's going to have the greatest impact on those claims.

TK: Great. And, if employers, carriers and claims professionals take one action based on this year's findings, what should it be?

Bradly: I would say the one action I would recommend is this. Screen earlier for behavioral health and psychosocial risk factors, especially in physical injury claims that are not progressing as expected.

Don't wait until the claim is already in a long-duration, litigated, or high-cost trajectory. Look early at the warning signs, poor sleep, high pain focus, fear of reinjury, delayed functional progress, opioid risk, anxiety, depression, trauma exposure, missing appointments, or lack of being able to return to work in some type of transitional duty fashion.

Then connect that screening to real action. It's not enough for us to identify there's a problem. The team needs a pathway, whether it's clinical review, behavioral health support when appropriate, pharmacy review, physical therapy coordination, greater communication with the employer regarding return-to-work opportunities and stronger return-to-work planning.

The practical message for employers and carriers is that behavioral health should be treated as part of recovery, not as a separate issue that only matters when there's a psychiatric diagnosis.

When we address the whole person, as Jim mentioned earlier, physical recovery, emotional response, medication risk, function, and work connection, we have a much better chance of improving outcomes for that injured employee and reducing that claim severity.

Harris: I couldn't agree more, Tammy. I sound like a broken record here, but early identification, early intervention, those are the key things that I think we're looking for people to take away from this and, again, not shying away from but recognizing it and acting appropriately.

And you can use data in a lot of different ways. Again, mining your bill review data or the structured data, but also unstructured data as well, from conversations that the adjusters may capture in their claims notes or the physician's notes or case manager's notes. Being able to mine that to help identify things earlier is really going to be key in managing this in the entire life cycle of that claim.

I look at behavioral health and feel like it should be part of that entire claim severity conversation right from the beginning and, again, not waiting until it's too late and that claim has really derailed and becomes really, really expensive or delayed. So, keep looking at it. Keep asking those questions and identifying it and reacting to it.

TK: Thanks Jim and Tammy. And you can read more about the Behavioral Health Trends study by accessing the free 2026 Enlyte Envision Annual Trends Report here.

And we'll take a look at trending factors impacting auto injuries in our next podcast. Until then, thanks for listening.

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