# 2003 Public Employer Summit

## The future is in your hands

James Conrad
Administrator/CEO

## Public employer average premium rate change

| | |
|---|---|
| 1999 | -10% |
| 2000 | 0% |
| 2001 | +3.7% |
| 2002 | +6.4% |
| 2003 | +12.1% |

## Increase in benefits

In 2000, the total amount of benefits paid began to increase.

Since 1998, total benefits paid for public employers have increased 22%.

## Dividends paid (1997-2001)

| | |
|---|---|
| Cities | $176.5 million |
| Counties | $77.4 million |
| School districts | $132.2 million |
| Townships | $28.6 million |
| Villages | $19.3 million |

# Your plan and our commitment

John Romig
Chief of employer operations

# What it means to reduce:

- Lag time - length of time to file claim;
- Frequency - number of claims;
- Severity - number of lost work days.

## Workers' comp experience

- Medical only: $710 avg. cost
  Seven or fewer days lost
- Lost time: $40,500 avg. cost
  8 or more lost days

## How many full-time employees are you losing?

Claim No. 1 – 300 days off work
Claim No. 2 – 150 days off work
Claim No. 3 – 200 days off work
Total = 650 days off work

650 days lost / 250 days worked per year
= 2.6 full-time employees lost

## Ask yourself

What do you like best about your workers' compensation program?

## Ask yourself

What do you like best about your workplace safety program?

## Ask yourself

What don’t you have in your workplace safety program that you want?

# Public employer safety challenges

Michael Donohue
Safety consultant, Division of Safety & Hygiene

## Keys to safety success

- Flexible safety process
- Accountable management
- Involved employees
- BWC resources

## Who is responsible for safety and how are they held accountable?

## Ohio House Bill 308

Employer has general duty to furnish to each employee a workplace free from recognized hazards.

Exceptions: police officers, firefighters and corrections officers

## Without accountability is there responsibility?

## Four steps to accountability

- Define expectations (roles and responsibilities)
- Provide skills and tools
- Measure (goals)
- Reward (positive reinforcement)

## Accountability methods

- Report cards
- Performance reviews
- Merit pay raises
- Incentives
- Coaching
- Safety goal system

## Employee involvement

- Problem-solving skills
- Labor-management partnership
- Team orientation
- Participation and suggestions

## Employee involvement

- Organizational style
- Trust and openness
- Empowered work force
- Obstacles
- Recognition system

## What are the costs of injuries?

How do they impact your operations?

**Direct costs** – medical, lost time, reserves, and premium increases

**Indirect costs** – loss of quality employees, hiring and training new employees/temps, downtime, overtime, equipment costs, pain and suffering

Indirect costs are 4 to 10 times greater than direct costs.

What are common injury risks for your employees?

How can you reduce these risks?

## Hazard abatement

- Eliminate the hazard
- Substitution
- Engineer a solution
- Administrative controls
- Personal protective equipment

## Resources: safety consultation

- Safety program advice
- Safety team evaluation, design
- Hazard assessment and control assistance
- Safety culture and behavioral change process

## Resources: safety training

- 57 classes offered at 10 locations
- 337 public sector employees in classes (7.7% of the total attendees)
- 284 public sector employees trained on-site (45.7% of total on-site training)
- 617 safety videos loaned to public sector (9.7% of total loaned)

## Resources

### Library research

- 1-800-OHIOBWC, press 2
- (614) 728-6464 (reference desk)

### Publications

- Educational and resource guides
- 1-800-OHIOBWC, press 2

## Resources: industrial hygiene

- Evaluate workplace exposure
- Determine potential harm of exposure
- Analyze physical hazards
- Engineering control recommendations

## Resources: ergonomics

- Two rounds of safety grants
- $23.1 million awarded
- 45 public employers received up to $40,000 each
- Cumulative trauma disorders (CTDs) lost-days rate decreased 19 percent

## City of Mansfield

Received $40,000

- Purchased cranes low-vibration jackhammers, lift gates and winches ($58,000)
- Injury rate for maintenance went from 461 CTDs per 200,000 hours to zero

## Champaign County Home

Received $40,000

- Purchased 32 electric beds ($59,000)
- Injury rate went from 289 CTDs per 200,000 hours to zero

## Keys to safety success

- Flexible safety process
- Accountable management
- Involved employees
- BWC resources

## Public employers' panel discussion

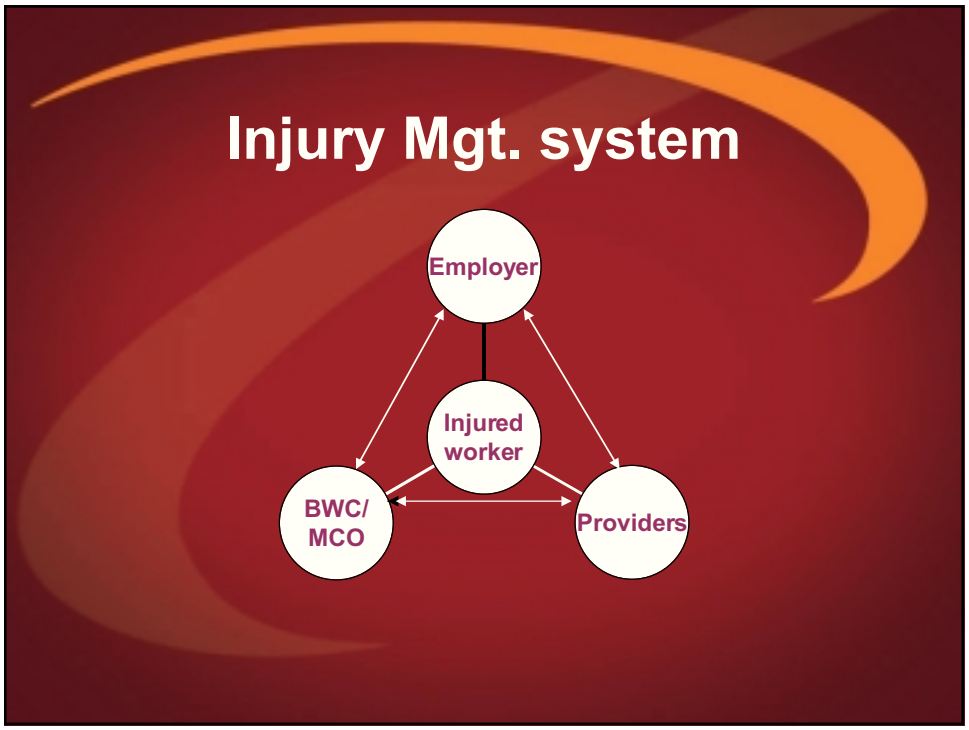
Sue Davis

Safety administrator

## Injury management: employer strategies

Jill Stevenson

Service office program coordinator


Injury Mgt. system
Employer
Injured worker
BWC/ MCO
Providers

Resolution of claim vs. time
Percent resolution
100%
75%
50%
25%
0%
0
6
12
18
24
36
Time, in months

## Trends facing employers

- Increasing medical costs
- Decreasing private insurance benefits
- Increasing age of average worker
- Limited labor supply
- Current worker usually has valuable experience and knowledge
- Lost time ultimately becomes more costly
- Increasing workers' compensation costs

## Potential employer solution

Disability management (DM) or integrated disability management (IDM)

- Workers' compensation
- Short-term disability management
- Long-term disability management

## IDM critical success factors

- High-level organizational support
- Cross-organizational education and participation
- Proactive return-to-work operating philosophy
- Aligned plan objectives

## IDM critical success factors

- Functional job descriptions
- Modified and light-duty jobs
- Appropriate charge-back procedures
- Process for reporting, evaluating and measuring results
- Well-structured implementation

## American Academy of Orthopedic Surgeons (AAOS) position statement

"The AAOS believes that safe, early return-to-work programs are in the best interest of patients. Studies have demonstrated that prolonged time away from work makes recovery and return to work less likely."

## AAOS position statement

Effective management of the injured worker can include:

- Providing prompt access to medical care;
- Supporting the injured worker;
- Returning the injured worker to work;
- Preventing chronic pain;
- Encouraging safety and prevention measures.

## Factors to consider in return to work

- Injury and extent of injury
- Appropriate and effective treatment
- Safety issues
- System factors
  - Allowance/authorization
  - Financial incentives/disincentives
- Workplace factors
- Psychosocial factors

## Return-to-work facilitators

- Support from employer/supervisor
- Job descriptions/transitional work program
- Culture/expectation of return to work
- Providers communicate work restrictions

## Return-to-work facilitators

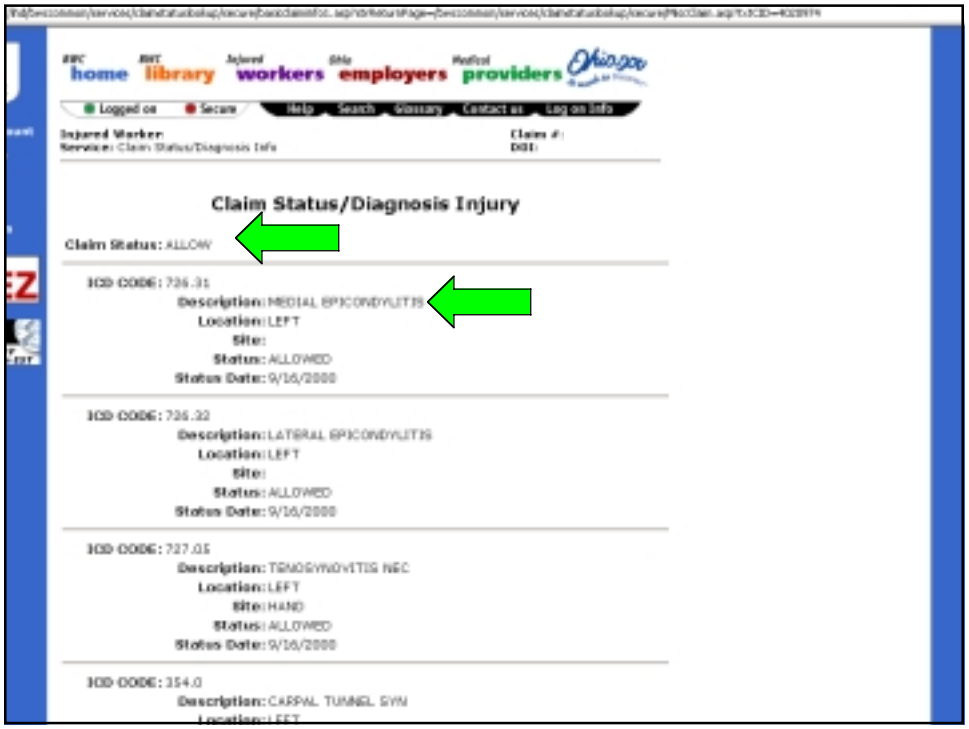
- Systems reduce barriers
- Vocational rehabilitation programs when necessary
- Case management to communicate and evaluate options

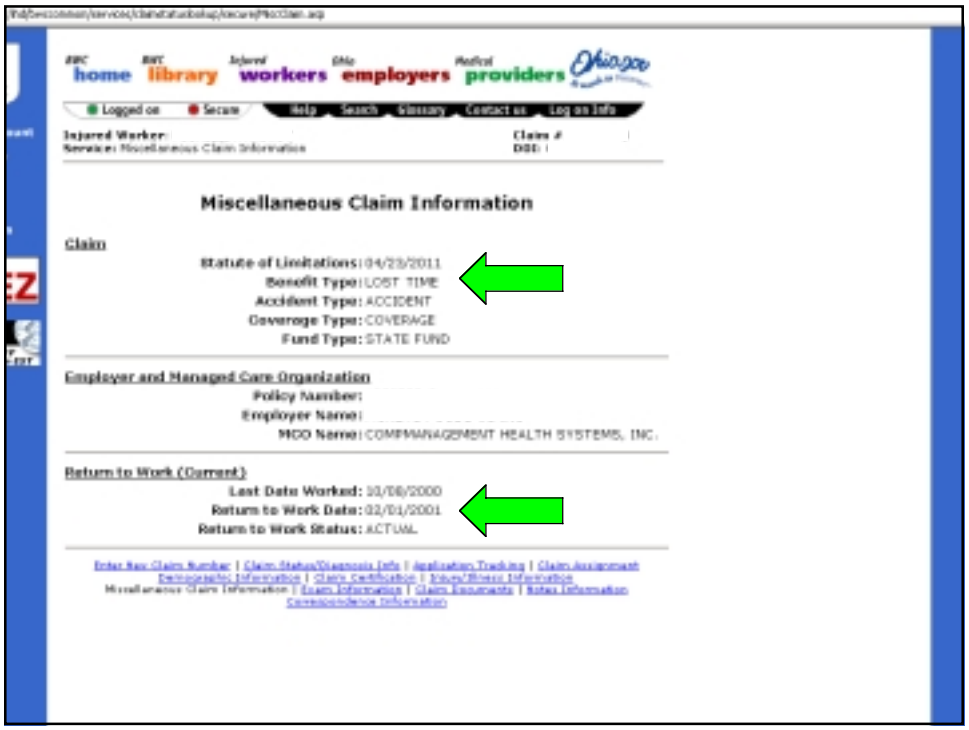
## Employer return-to-work roles

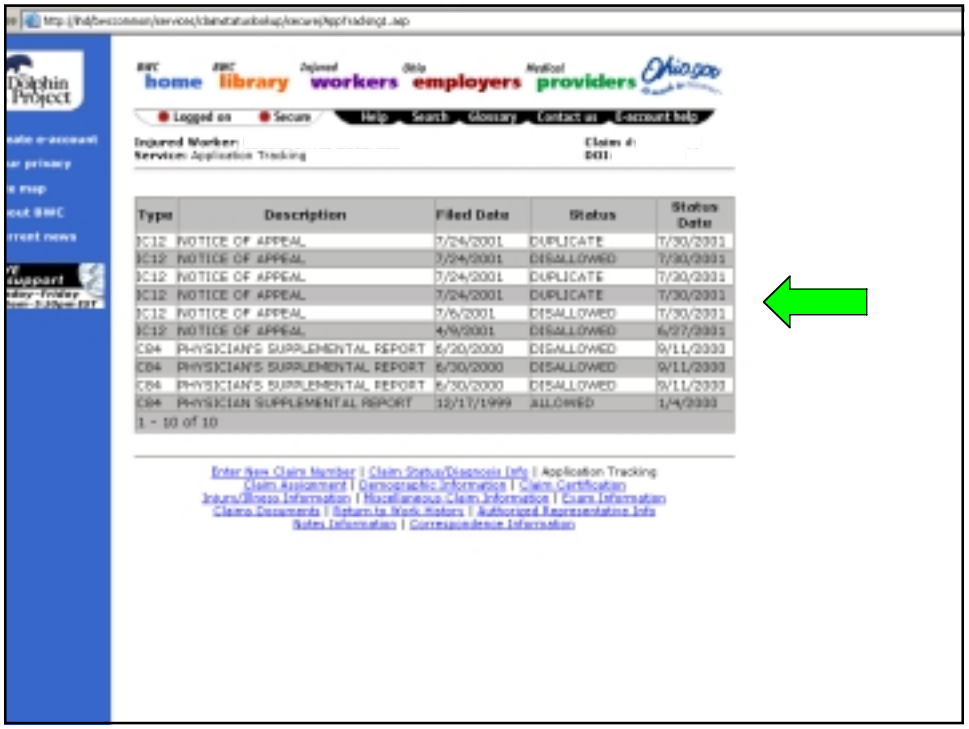
- Creates the culture
- Involves supervisors
- Provides functional job descriptions/options
- Makes transitional work available
- Follows work restrictions
- Considers work exacerbations of pain and possible work-site modifications

# Employer return-to-work roles

- Reviews Dolphin for claim data to monitor BWC processes and ensure data accuracy
  - Determine who should file the claim
  - Employer certification decision
  - File waivers and appeals online
    - Realizes the impact of appeals
  - Actual return-to-work information
- Talks to the claims service specialist






| Type | Description | Filed Date | Status | Status Date |
|---|---|---|---|---|
| IC12 | NOTICE OF APPEAL | 7/24/2001 | DUPLICATE | 7/30/2001 |
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| IC12 | NOTICE OF APPEAL | 7/6/2001 | DISALLOWED | 7/30/2001 |
| IC12 | NOTICE OF APPEAL | 4/9/2001 | DISALLOWED | 6/27/2001 |
| C84 | PHYSICIAN'S SUPPLEMENTAL REPORT | 6/30/2000 | DISALLOWED | 9/11/2000 |
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| C84 | PHYSICIAN SUPPLEMENTAL REPORT | 12/17/1999 | ALLOWED | 1/4/2000 |

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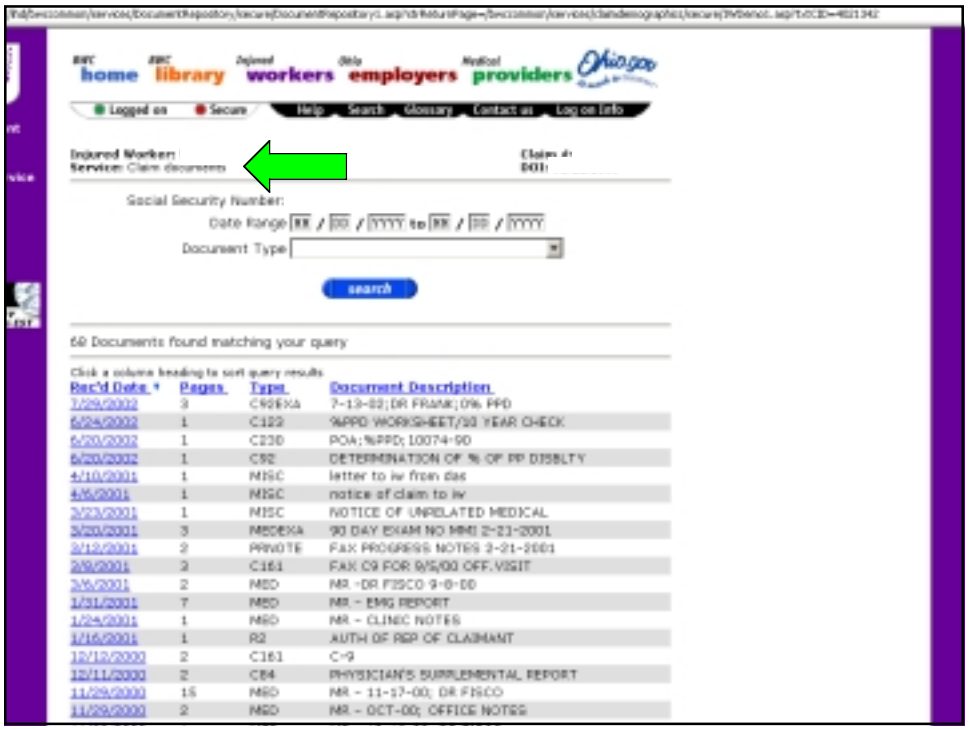


# Employer return-to-work roles

- Works with the MCO to understand treatment goals and prognosis
- Looks for disproportionate benefits
- Checks for cost shifting of pre-existing or unrelated conditions
- Disputes treatments appropriately
- Works with BWC on medication reviews, where appropriate

## Employer return-to-work roles

- Establishes relationships with local physicians who understand and accept the principles of safe, early return to work
- Does not expect physicians to fix human resources problems

## Physician return-to-work roles

- Provides access
- Provides necessary and appropriate treatment
- Provides accurate diagnosis
- Communicates restrictions, treatment plan and follow-up appointments
- Focuses on restrictions or functional capacity, not a specific job
- Considers all options

## MCO case manager return-to-work roles

- Communicates restrictions and return-to-work options
- Gives timely authorization of services
- Is creative and identifies options
- Facilitates delivery of authorized services
- Processes payment of authorized bills

## Why return to work does not happen

Employer perspective

- Physician won't release to work
- Physician gives unrealistic restrictions
- Physician is uncooperative, won't communicate
- Physician is pro-employee

## Why return to work does not happen

Physician's perspective

- Primary focus is the patient
- Lack of expertise on return to work/jobs
- Conflict of interest
- Delay in authorization/allowance
- No one available when calls made
- Don't interrupt office or pull surprises
- Employers do not adhere to restrictions

## How to work with providers

- Create a return-to-work culture
- Inform physician that restrictions usually can be accommodated prior to patient visit
- Minimize unnecessary communication – particularly during office hours
- Ensure your associates are facilitating return to work

## Improvements in HPP

- Medical repository
- Standardized prior authorization table
- Presumptive authorization
- Proactive allowance
- Dolphin e-business project

## Improvements in HPP

- Revised C-9
  - Additional allowance
  - Treatment authorization
- *Physician's Report of Work Ability* (MEDCO 14)
- Chronic pain program requirements
- Remain-at-work and return-to-work programs
- MCOs to become URAC accredited by 2003

## Focus of changes

- Improve treatment delivery
  - Earlier treatment
  - Reduction of administrative barriers
- Facilitate return to work
- Control costs

## Transitional work programs

Tina Elliott
Customer relations director, Transitional WorkGRANT$

Jay Harper
Transitional WorkGRANT$ coordinator

## Transitional work defined

- Work-site program
- Goal oriented to a specifically targeted job
- Time-limited and progressive

## How do they work?

- Job demands increase gradually, using jobs available or modified job tasks
- May include periods of regular job performance mixed with transitional-duty tasks

## Physicians

- Employer should establish a working relationship with a physician or clinic
- If an injured worker has an established provider, form a relationship with that provider
- On-site therapy provider

## Therapy

- Provides safe methods of working to perform the job
- May recommend ergonomic or job modifications
- Must be flexible to needs of employee and employer, and work-site accessibility

## Impact of transitional work

- Reduces payment of lost-time compensation
- Reserves decrease which lowers experience rating

## Research results

| Evaluation component | TWG employer | Non-TWG employer | Percent of difference |
|---|---|---|---|
| Claim-filing lag time | 9.9 days | 15.5 days | 37-percent better |
| Average medical cost | $1,116.51 | $1,255.46 | 11-percent lower |
| Average indemnity cost | $3,938.83 | $5,075.21 | 22-percent lower |
| Average days absent | 11.3 days | 20.8 days | 46-percent fewer |

## Direct costs

- Medical costs
- Compensation costs
- BWC claim reserves

## Indirect costs

- Hiring replacements
- Training replacements
- Overtime (lost work)
- Legal expenses
- Production delays
- Product/tool damage
- Loss of business

## Transitional WorkGRANT$ savings City of Bellefontaine

| Evaluation component | Pre-transitional work | Post-transitional work | Percent of difference |
|---|---|---|---|
| Average medical cost | $1,645.22 | $520.17 | 68% lower |
| Average indemnity cost | $2,545.89 | $402.28 | 84% lower |

## Transitional WorkGRANT$ savings Butler Township

| Evaluation component | Pre-transitional work | Post-transitional work | Percent of difference |
|---|---|---|---|
| Average days absent | 4.50 | 0.00 | 100% fewer |
| Average medical cost | $1,412.27 | $225.15 | 84% lower |

## Benefits to the injured employee

- Participates in a work activity sooner
- Receives a full, regular paycheck
- Eases transition to regular duty

## Getting started: transitional work developers

Accredited developers located statewide

Developers serve seven service areas and/or statewide

Visit www.ohiobwc.com for a list of accredited developers

## Transitional work components

- Corporate analysis
- Employer/employee relations
- Policies and procedures
- Job analysis
- Program evaluations

## Union and management agreement

- Formal part of the bargaining agreement
- Voluntary program
- Work assignments not assigned to another worker
- Workers maintain their shifts

## Transitional **WorkGRANT$** process

- BWC-accredited developer sets up the program
- Agreement is between the developer and the employer
- Grant is paid directly to the employer

## Transitional **WorkGRANT$**

- Five minutes
- Five reasons
- Five steps

To lowering your workers' compensation costs

# Saving tax dollars with good risk management

Donna Guenther
Business consultant

## Public Employer

## Success Stories

## Dividends

- 2001 (paid ’02)– 75%
- 2002 (pay in ’03)– 50%
  - plus 25% bonus BWC sent in Nov. ‘02.
- 2003 (pay in 04)– 0%

Ensure you have budgeted 100%

## Experience Modifier

- EM impact the base rate premium

- 1 EM = average
- Less then 1 EM = credit
- More than 1 EM = penalty

Credit you save money
Penalty you pay more

## Reserves

- Decrease reserves to lower premium
- Ensure claim data is correct
- Use Dolphin (ohiobwc.com) to check claim data
- Reserve to $0 after 13 months of inactivity
- A RTW date stops compensation

## Strategies

Claims
- Settlement
- Handicap Reimbursement

Programs
- Premium Discount Program Plus
- Drug Free Workplace Program
  - Save 10% when you join either
  - Stack and save 20%

## Summary

**John Romig**

**Chief of employer operations**

# Ohio Safety Congress & Expo

April 1 - 3, 2003
Greater Columbus Convention Center

Register online at www.ohiobwc.com