



WI Government Finance Officers Association

**WORKERS COMPENSATION RETURN TO WORK
AND CASE MANAGEMENT**

September 21, 2012

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Waukesha, Wisconsin**

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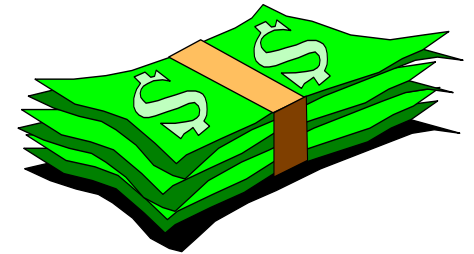


Three Levels of Understanding

- COST – Understanding the components that make up the WC premium
- PROCESSES – What processes can the employer use to control cost
- BEHAVIOR – What behavior is required to make the processes work
 - Wellness

Workers Compensation Premium

- Two Parts



- Fixed Cost= Standard Premium

- $\text{Payroll} \times \text{State Rate} = \text{Standard Premium}$

- Controllable Cost= Experience Mod

- Credit or Debit depending on historical losses



Experience Mod Calculation

- Based on three years of actual losses
- Rolling Average
- Takes three years to earn
- Takes three years to get rid of

2012-2013

Current Mod

2011-2010

Year in Waiting

2010-2009

2009-2008

2008-2007



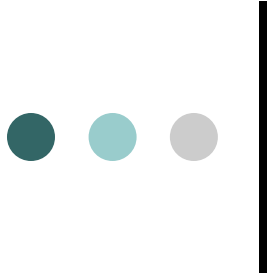
Years used in the Calculation

2007-2006

Year drops off

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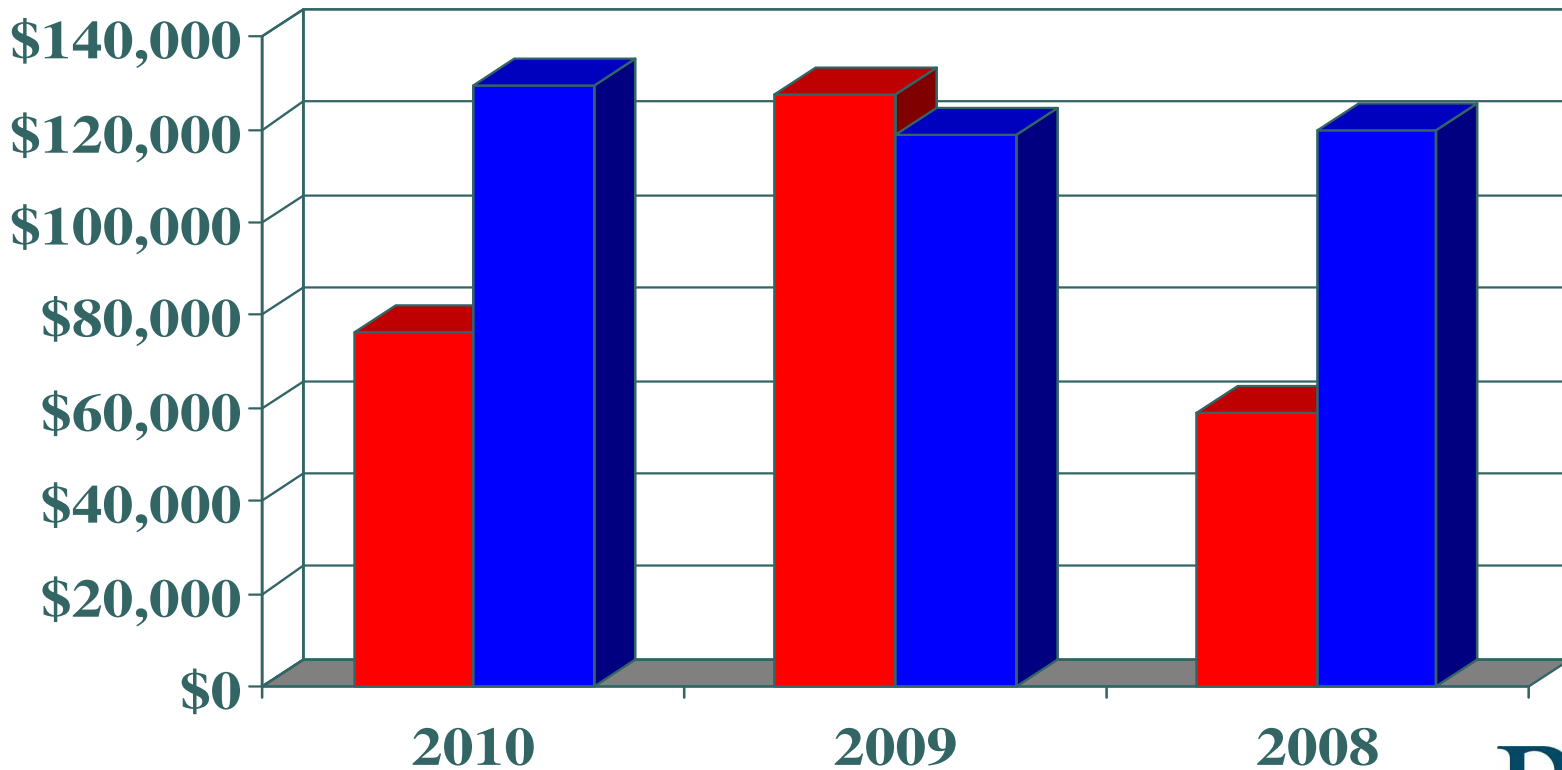
COST OF WC INSURANCE

○ Base Rate	\$ 4.14	○ Base Rate	\$4.14
○ Mod	.86	○ Mod	1.09
○ Final Rate	\$ 3.56	○ Final Rate	\$4.51

**Cost per \$100 of Payroll
Class Code 9412 –
Municipal Operations**

Sample Municipality-Actual Vs Expected Losses

Actual Expected



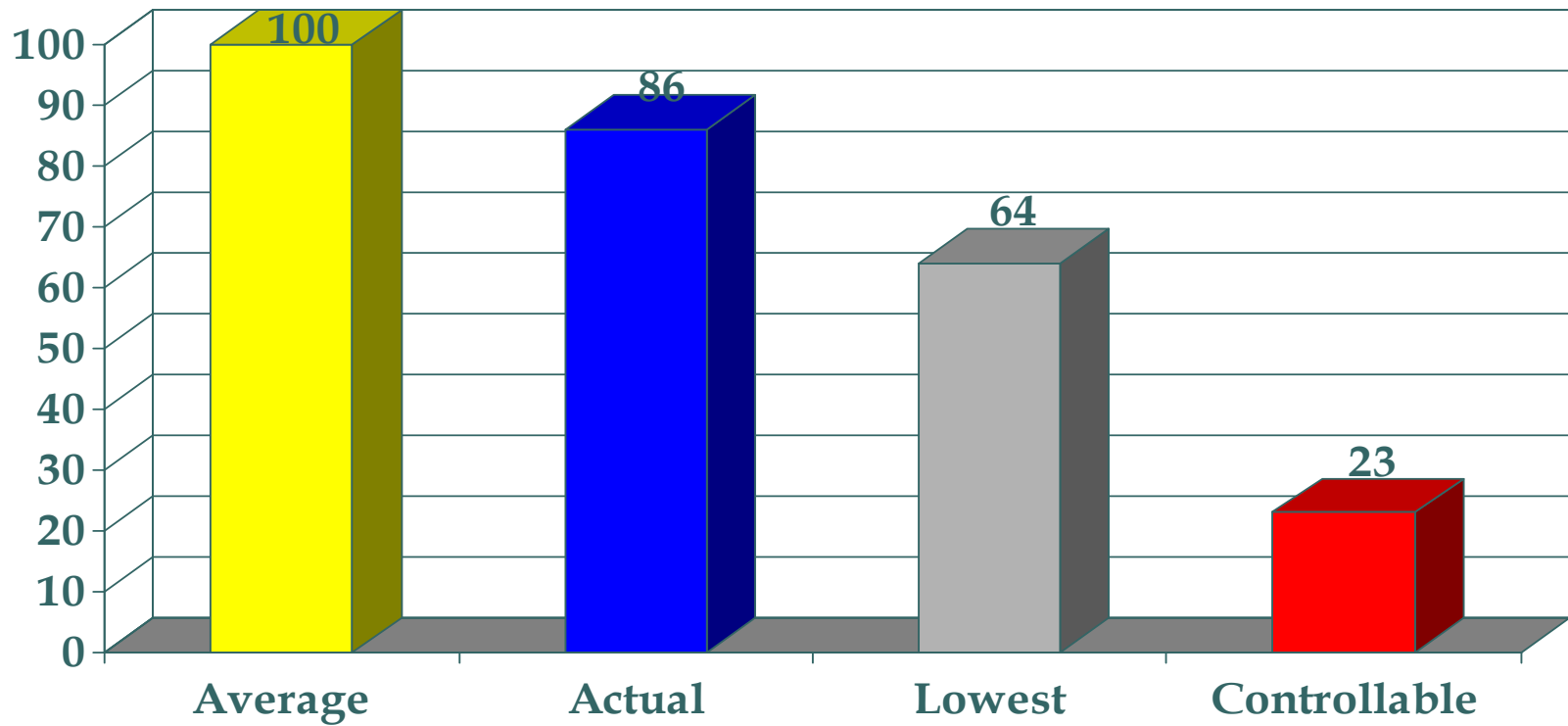
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Financial Impact

Anatomy of the WC Mod





Changes to Experience Mod; Split Point

- Beginning with experience mods caculated 10-01-13
- The primary loss will increase from first \$5,000 to first \$10,000 of claim
- Primary losses given full weight in mod formula
- Will increase to \$13,500 the following year
- Then increase to \$15,000

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Claim Cost Examples

<u>Claim Type</u>	<u>\$ Cost</u>
○ \$5,000 Medical Only Claim	\$0.51
○ \$5,000 Lost time claim	\$1.68
○ \$10,000 Lost time claim	\$1.01
○ \$15,000 Lost time claim	\$0.79
○ \$50,000 Lost time claim	\$0.47
○ \$250,000 Lost time claim	\$0.29



What does this mean?

- More of a lost time claim will go into the calculation at its full value
- Will be even more important to prevent lost time claims
- Continue to focus on return to work to avoid lost time



What processes can control cost?

- Communication with employee
- Prompt reporting of all incidents
- Accident investigation
- Medical relations
- Alternative duty jobs



Communication

- Sets the tone for future interaction
- Express empathy and concern
- Lay out the ground rules
- Keep in touch



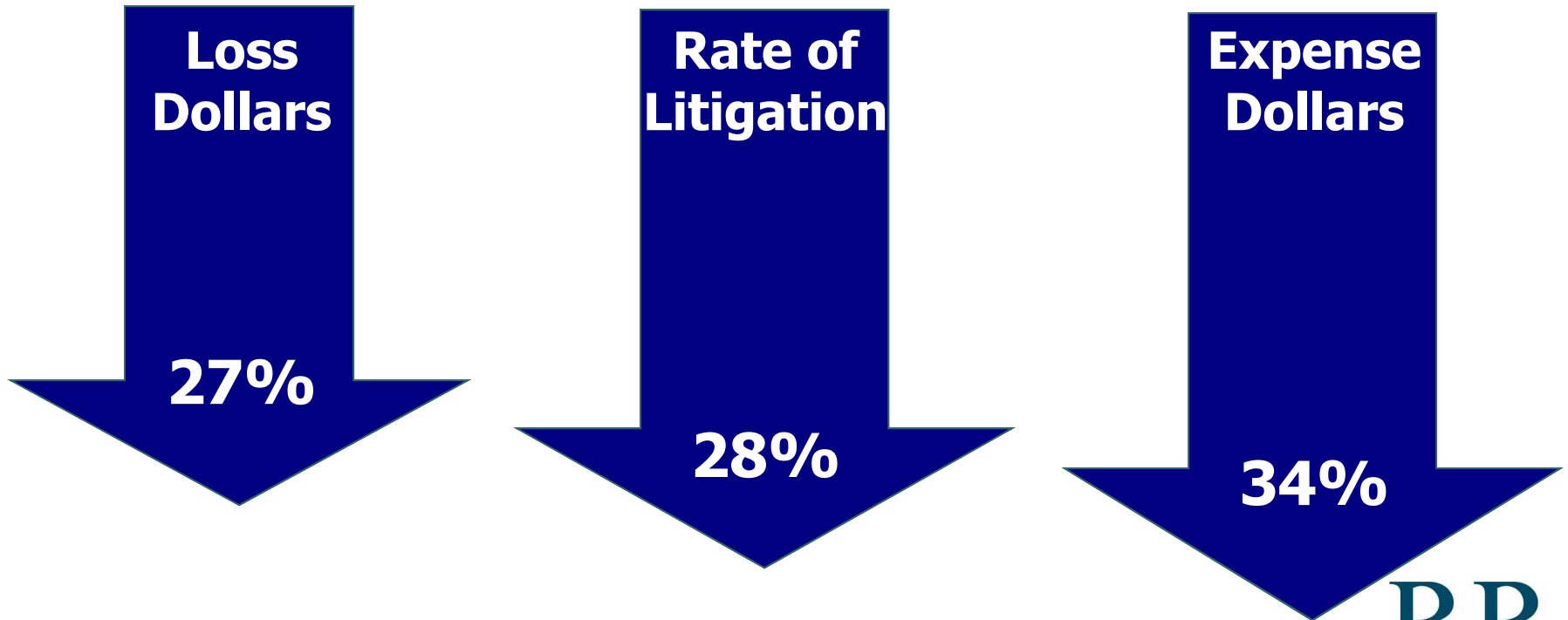
Prompt Reporting

- Employees must report all incidents by end of shift
- Supervisor must submit injury report to HR within 24 hours
- HR reports to insurance company within 24 hours.
- Insurance Company contacts the Employer within 24 hours.



Workers' Compensation *Prompt Reporting of Claims*

Rapid Reporting Can Reduce Claim Costs*



*Based on comparisons of claims reported in 0-10 days vs. claims reported in 11-20 days. Reductions shown are averages.

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Accident Investigation

- Immediate response of management
- Express concern for the injured person
- Unsafe acts / Unsafe conditions
- Solution focused, not blame focused



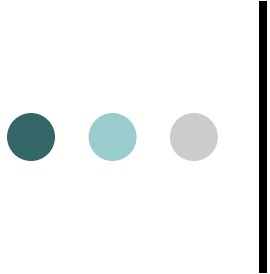
Selecting Primary Medical Care Providers

- ⇒ Some states (not Wisconsin) permit employers to direct injured employees to preselected primary care providers
- ⇒ Even in Wisconsin, you can still ensure quality medical care by developing a list of preferred providers



Occupational Medical Facilities Checklist

- ☞ How long does it take to get and injured worker in and out of the clinic
- ☞ Is it a full service clinic with x-rays
- ☞ What type of specialists network
- ☞ Will the clinic assign one doctor to oversee your company's account
- ☞ Can they review losses quarterly with your team coordinator



Other Information to Obtain on Selection

- ➔ Clinic reputation - DON'T select clinic on price alone
- ➔ Request that the doctor or staff visit your facility
- ➔ Insist that the doctor or staff speak with your team coordinator after injured workers are released
- ➔ If you are in a rural area with limited medical resources, a local general practitioner maybe only choice. Meet with the doctor and explain your ERTW philosophy



What is “Alternative Duty”?

- Part time work
- Light duty work
- Rotated job duties
- Temporary in nature
- Cannot be “punitive” in nature!
- What jobs are available in your operation?
- Do you have a list ready of these jobs?



Return to Work Programs

Effect of Attitude

- A Gallop Poll found:
 - 📄 70% of quick returners do not let their condition consume their thinking
 - 📄 76% of quick returners refuse to feel victimized by their injury
 - 📄 90% of quick returners reported having a good relationship with their supervisor

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Financial Impact - Sample Case

- Employee injures their back. Can't twist or turn in awkward position for one week. Earns \$600 per week

- Alternative Work available

Wage benefits paid	\$ 0
Medicals paid	\$1,500
TOTAL PAID	\$1,500
Premium Impact	\$ 852

Financial Impact - Sample Case

- Employee injures their back. Can't twist or turn in awkward position for one week.
Earns \$600 per week

- No Alternative Work available

Wage benefits paid	\$ 200
Medicals paid	\$1,500
TOTAL PAID	\$1,700
Premium Impact	\$3,234



Why the Difference???

- Only 30% of the dollars paid by the WC carrier on medical only claims is counted towards experience mod.
- Med only means that no wage loss benefits are paid to employee
- That means no wage loss more than three days or no wage loss of any kind 7 days after injury



Return to Work Programs

Benefits to Employee

- 🖥️ Maintains full earning capacity
- 🖥️ Maintains productive mind set
- 🖥️ Keeps them on the ‘biological work clock’
- 🖥️ Prevents them from becoming dependent on a disability system
- 🖥️ Provides sense of security and stability
- 🖥️ Reinforces management’s commitment to employee well-being



Return to Work

Benefits to Employer

- 🖥️ Demonstrates a consistent procedure
- 🖥️ Improves communication all around
- 🖥️ Prevents 'Sick Role' model
- 🖥️ Improves ability to manage the claim/restrictions
- 🖥️ Places experienced employees back on your premises
- 🖥️ Enhances employee's self worth
- 🖥️ Discourages abuse
- 🖥️ Reduces financial impact

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Workers Compensation Salary Supplement
- A 25% Increase in Take Home Pay! - *

Employee A
No Supplement

Employee B
Supplement to Full Gross

Bi-Weekly Gross \$1,538
(\$40,000/year)

Take Home After Taxes \$1,127
(73% of Gross)

Bi-Weekly Gross \$1,538
(\$40,000/year)

Take Home After Taxes \$1,127
(73% of Gross)

Assume Off on Work Comp for Two Weeks

Take Home \$1,026
(\$1,538 x .66% no taxes)

Take Home \$1401
(\$1538 x .66% no taxes)
(\$1,538 x .33% taxed)

Difference \$101 Less
(-9%) than
Normal Take Home

Difference \$276 More
(+25%) than Normal
Take Home

* Hence the need for Light Duty / Early Return to Work Programs!

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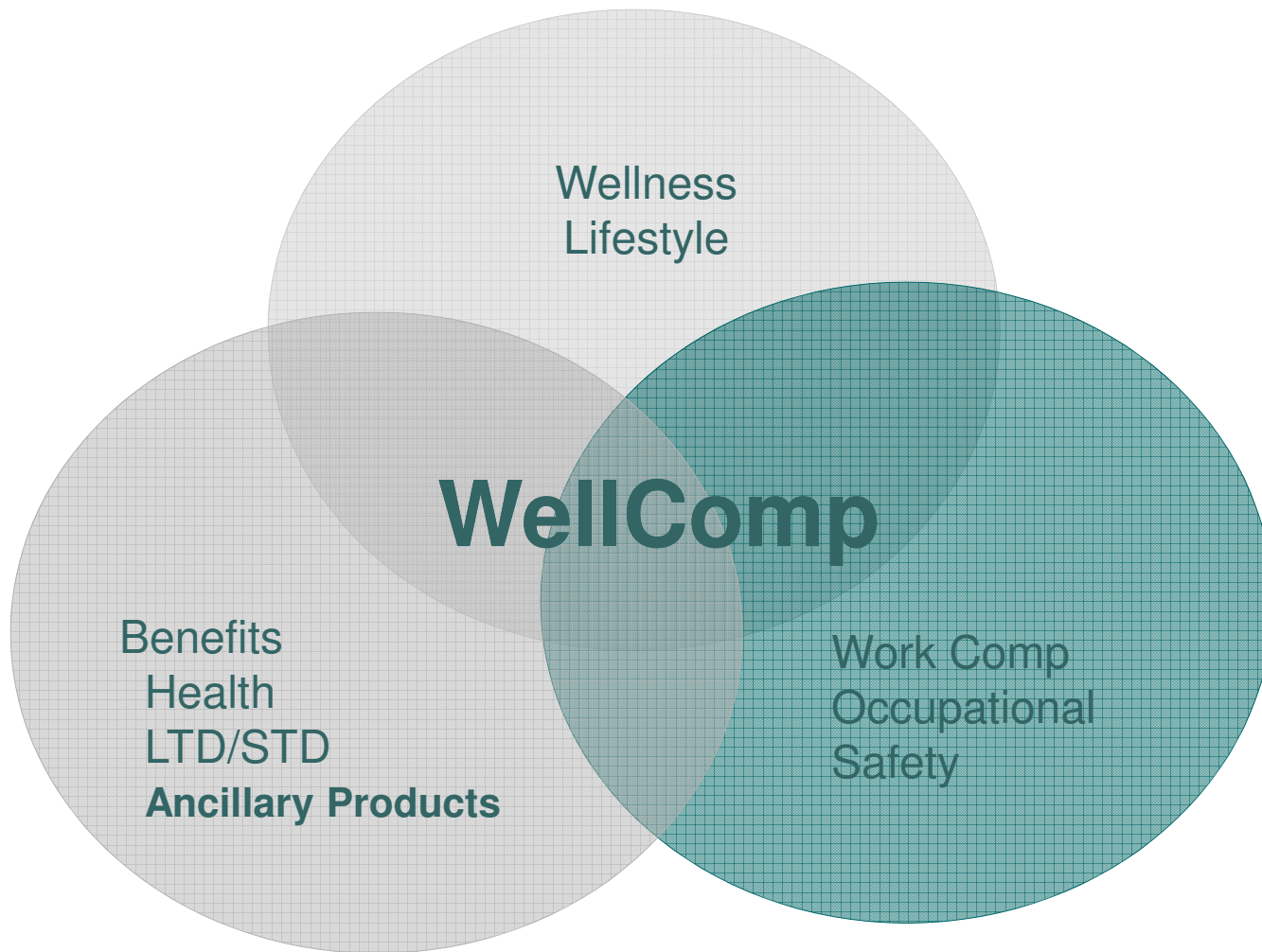


Behavior

- Do the key individuals in the organization understand cost and processes
- Has management make a commitment to change behavior
- Have roles been clarified – Who is responsible for safety?
- Do they have the leadership skills to make the processes work
- Role of Wellness



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Top 3 Driving Trends Impacting Employers Bottom Line

- Aging Workforce
- Obesity
- Workplace Injuries



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Worker and Family Risk Factors

For every 100 individuals, many have lifestyle-related health risk factors

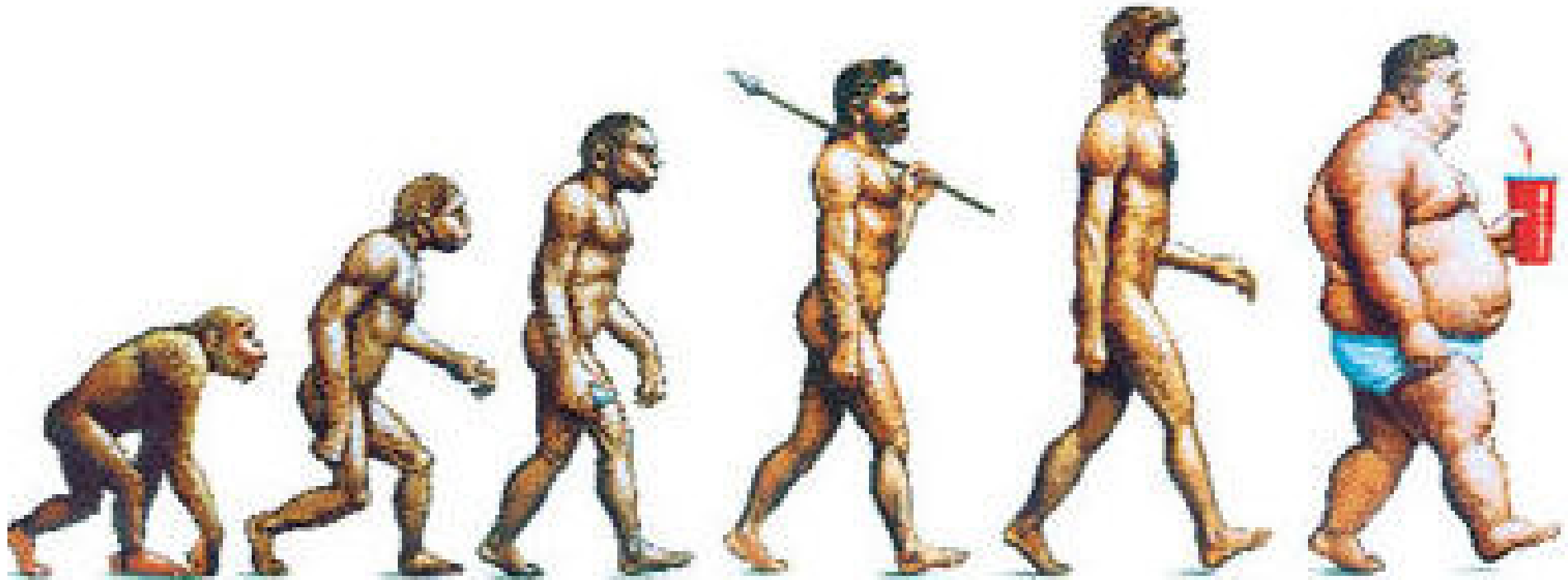
62 don't exercise
60 are overweight or obese
49 drink regularly
30 have anxiety or depression
22 have hypertension
21 smoke
21 have arthritis
12 have heart disease
7 have diabetes
7 have had cancer
2 have had a stroke

Adapted from Department of Health and Human Services, Centers for Disease Control and Prevention

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● ● ● | Another way to put it.....



THE AFFECTS OF OBESITY

2007 Duke University Medical Center Study compared obese workers to normal weight worker

- **50% more workers' comp claims**
- **13 times more lost work days**
- **7 times higher medical costs**
- **11 times indemnity claims costs**



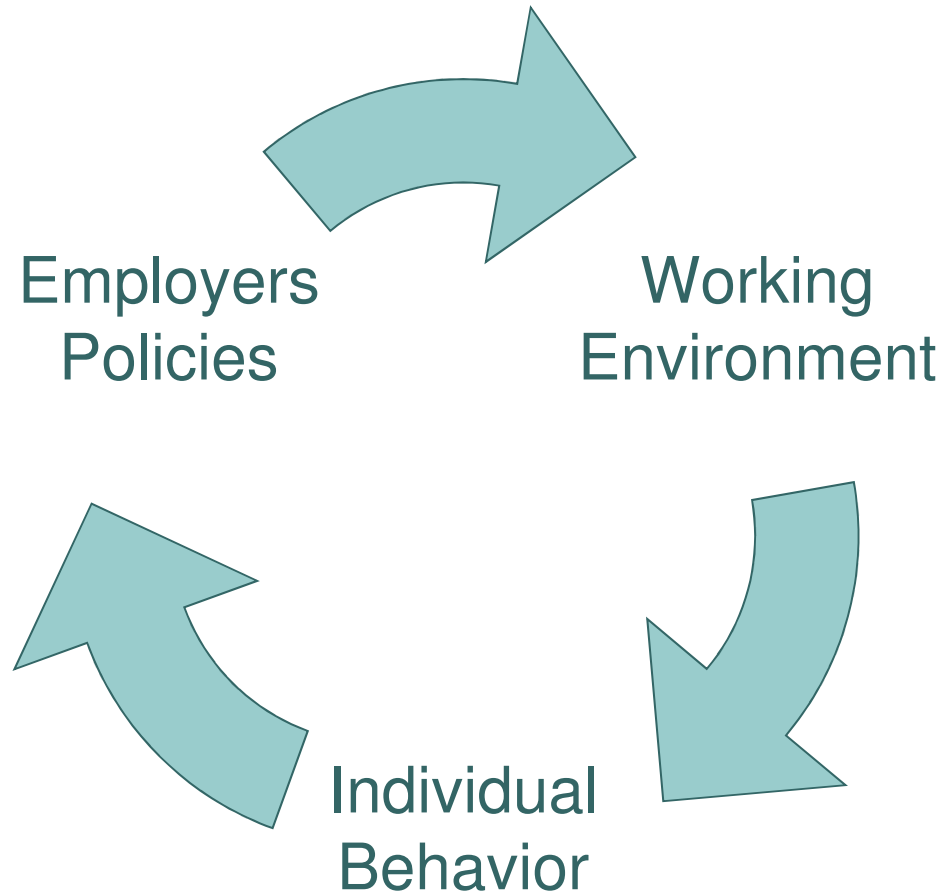
Source: cdc.org

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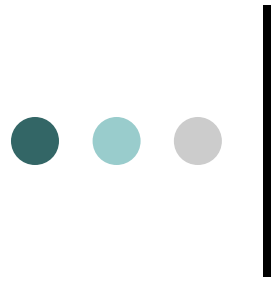


A Culture Shift



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WellComp Force Field Questions

1. What are your opinions on Safety & Wellness in the workplace?
2. Do you have valued employees that you would miss if their health became an issue?
3. What current activities is your company involved with that surround health & safety?
4. How does your current broker support your safety and wellness initiatives?
5. What can be done to reduce healthcare costs?
6. What wellness efforts can we begin today?
7. Does senior management in the organization understand the cost and processes?
8. Has management made a commitment to change behavior?
9. Have roles been clarified-Who is responsible for implementing the plan?
10. Do they have the leadership skills to make the processes work?

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Wrap up

- Educate employees
- Report all incidents by end of shift
- Initiate RTW immediately with employee
- Focus on unsafe behavior
- Communicate - Be in control
- Update your wage continuation plan
- Wellness and Behavior



For more information

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