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A successful Loss Cost Management strategy is essential to the success of any company’s bottom line. Companies need to realize that by being proactive and managing workers’ compensation cost with prevention, effective injury management and return to work practices, they can have a competitive advantage in the industry by emphasizing employee safety and minimizing employee injuries.

This will result in the reduction of the total costs associated with injuries while increasing productivity.

Our experience suggests that by aggressively managing injuries and facilitating return-to-work you can:

- Reduce workers’ compensation costs overall by 18.5 percent or more annually
- Reduce workers’ compensation medical costs between 10-40 percent
- Reduce wage replacement or disability income replacement costs by between 14-25 percent
- Help reduce increasing health and disability costs, as well as, short-term and long-term-payments

A comprehensive return-to-work blueprint, including implementation procedures, is an important component of an overall loss cost management strategy. This collection of resources provides tools and guidelines for pre-injury planning, injury management and return-to-work.

This resource is designed to support development of, and/or enhance, your loss cost management efforts by reducing losses and increasing productivity. This tool will assist your company in its responsibility to establish and maintain an effective loss cost management process.

This guide is not a substitute for any part of an employer’s responsibilities regarding the return-to-work process and related policies, programs or activities. These guidelines and suggestions should not be relied upon without examining the dynamics within your organization.

Management commitment and support is key to the success of any loss cost management efforts. All levels of management within a company must be committed to the return-to-work process. By providing the appropriate resources, support and direction, upper management can send a strong message throughout the organization endorsing this process.
Workers’ compensation costs are considered “loss leaders” for most employers. They can also drive 40-45 percent of guaranteed cost insurance premiums and average 70 percent of total insurance claim costs.

The best way for employers to reduce the exposure to excessive workers’ compensation costs is to place considerable effort in preventing employee injuries from occurring in the first place. Doing so requires developing and implementing comprehensive safety programs including, policies aimed at preventing injuries, implementing safe work procedures, and maintaining a healthy work environment. Other prevention strategies may include drug testing, pre-employment physicals/screening, employee wellness, worker stretching programs and other health and educational programs for employees and management. Such programs must be integrated into the day-to-day operations of your company, the same way quality is built into a company’s production processes, products, and services.
Effectively managing injuries can go a long way in minimizing their financial and legal impact. Research suggests that the longer it takes to report an injury to your carrier, the longer it takes the injured worker to return-to-work and the greater the financial impact on your company.

The goals of your company’s injury management process are to provide a safe work environment and facilitate a prompt return to work for your employees whenever possible.

By providing the injury management checklist (Page 5) to the individual who facilitates the return-to-work process within your company, you can ensure that all necessary steps are completed during the course of managing employee injuries.
Injury Management

Injury Management Checklist

The goals of your company’s injury management process are to provide a safe work environment and facilitate a prompt return to work for your employees whenever possible. The following are the basic guidelines for managing injuries within your company.

- Provide first aid treatment – Call 911 as appropriate
- Seek immediate medical attention as necessary
  - provide transportation
- Provide physician with:
  - letter to treating health care provider
  - physician return-to-work (RTW) statement
  - job descriptions with physical job demands for full duty role
  - transitional work availability and associated physical job demands
- Use affiliated/network physicians whenever possible
- Obtain a report of the injury/illness from the employee/supervisor ASAP
- Report claim ASAP (same or next day)
  - Employees should be trained and encouraged to report all injuries promptly
  - Delayed or unreported injuries create the potential of delaying treatment or increasing claim costs
  - The quicker a claim is reported the quicker the employee will RTW
- Accident investigation
  - focus on prevention, not blame
  - change processes as necessary to minimize future accidents
- Direct Supervisors and maintain regular contact with the employee
- Facilitate RTW
  - evaluate the workstation for ergonomic improvement opportunities
  - provide transitional work assignments
  - encourage employee input when developing transitional work assignments
  - help employee understand how their injury impacts the department/organization
- Follow-up after each medical visit and return employee to full duty upon release.
- Complete OSHA log and other paperwork as necessary
A review of almost 60,000 workers’ compensation claims reported to Zurich Services over a four and a half year period identified a significant cost savings between when a claim was reported and an increased average cost per claim for certain types of injuries. The average cost of a strain injury alone can increase by over 15 percent if not reported within the first three days following an incident and an additional 20 percent if not reported within the first week.

Claim costs for injuries reported more than two weeks late can increase as much as 35 percent or more. According to the Workers Compensation Research Institute, claims reporting between 3 and 7 days after the injury are 46% higher than those reported by day 2. Late reporting also results in a large increase in attorney and chiropractic involvement.

Reporting workers’ compensation claims within three days of an incident can help to:

- Reduce medical costs
- Reduce lost-time
- Reduce litigation costs
- Reduce indemnity payments

Additional Reading

- Nine reasons for promptly reporting workers’ compensation claims
Zurich provides insureds with several channels for reporting claims: Online, phone, fax, e-mail, mail. Information pertaining to all methods for filing a claim may be found online at:


Please file a claim immediately following a loss, so that Zurich can assist you in expediting issue resolution and minimizing losses.
Completing and Reviewing OSHA Data

Reporting workers’ compensation incidents quickly and keeping accurate records is critical to controlling loss costs and staying compliant with OSHA regulations. Good OSHA recordkeeping can help ensure a smooth inspection when the OSHA inspectors come to your site. This information can also be used to help you trend your loss information and develop loss reduction strategies for the future.

Things you’ll need to complete the logs

- OSHA 300 forms (300 log and 300a)
- Records of your company’s injuries/illnesses and man hours

Steps/considerations for completing the log

- OSHA records are generally based on the Calendar year
- Gather all your incident records. It is important to track appropriate injuries/illnesses, loss of injury, illness, loss of consciousness, lost work days, and restricted duty cases on your OSHA
- Keep good records of each incident throughout the calendar year
- Using the OSHA 300 form, record the case number, date, the employee’s name, job title, where the incident occurred, and a incident description

- It is also important to identify (check) ONE of the following on the OSHA 300 form:
  - Was the case a: death
  - Days away from work
  - Job transfer or restriction
  - Other recordable case
- Be sure to identify the number of days the associate was on job restriction, transferred, or away from work. If none apply, leave them blank
- Choose the injury or illness type
- Be sure to total all of your entries at the bottom and carry those totals over to the 300a form. Remember on the OSHA 300a form, you need a lot of establishment information, including address, man hours, and SIC code
- Ensure the 300a form is clearly posted in the workplace no later than Feb 1 of the following calendar year. The form can be taken down after April 30th, however, keep this information on file indefinitely for future reference
Some loss cost strategies for reading the OSHA logs

Review lost days vs. restricted days. Do the lost workdays exceed the restricted workdays?

Ensure that the “days away from work” and the “job transfer or restriction days” trend toward a 50/50 ratio. This ratio can be a good indicator of effective or ineffective RTW efforts. (e.g. 120 days away from work and 18 restricted duty days demonstrates a 85/15 ratio. This can be an indicator that the employer is not returning injured employees back to work).
To ensure prompt, quality medical care for your employees injured while at work, it is important to establish a panel of preferred network providers. Selecting quality medical care helps to ensure that your injured employees return to work as soon as medically appropriate.

Studies have found that even in states where workers have the right to choose their own physicians, employees often look to their employer for direction on where to obtain immediate medical care in the event of a work-related injury or illness. The consistent use of a Preferred Preferred Network Provider network has many advantages, including:

- Credentialed providers help to ensure a high-quality provider network
- Negotiated rates, possibly below fee schedule and/or reasonable and & customary rates, depending on the jurisdiction
- Medical providers understand return-to-work goals
- Nationwide access to medical providers is easier

Additional Reading
- C.a.r.e Online Directory Access
- Choosing a Health Care Provider
Employee absence and disability are significant cost drivers for most employers. One of the best strategies for controlling costs is an effective return-to-work (RTW) process. RTW can dramatically reduce workers’ compensation costs (medical, indemnity, and legal costs) which can significantly impact your company’s bottom line.

It is estimated that organizations can spend as much as 14 – 21 percent of total payroll on both direct and indirect disability costs as a result of employees being off of work.

It is important for employers to establish sound RTW practices and provide some formalization around their company’s RTW policies. Some companies fear that it is too costly and time consuming to formalize their RTW program. The reality, based on industry estimates, is that for every $1 spent on RTW/SAW (Stay-at-Work), a company saves $10 - resulting in a 15-30 percent reduction in total program costs per year.
Return-to-Work

Return-to-work best practices

- Workplace policies include a formal RTW program and policy statement
- Preferred health care providers identified
- Responsibility and procedures for immediate claim reporting and ongoing contact with injured employee determined
- Job descriptions including physical job demands established
- Temporary transitional work assignments identified
- RTW policy, purpose and responsibilities communicated to all managers and employees
- Conduct ergonomic risk assessments to identify necessary job modifications
- RTW policy and transitional work alternatives communicated to health care provider for initial assessment
- Temporary transitional work assignment offered as soon as medically appropriate
- Consider alternative work options (non-for-profit work) for cases where on-site RTW is ruled out

Top ten reasons return-to-work programs fail

1. Failure to accommodate employees with restrictions
2. Failure to obtain senior management support
3. Failure to match the capabilities of new employees with the physical demands of the job, as well as to perform other screening activities
4. Failure to communicate return to work expectations with employees and physicians
5. Failure to properly assess and develop a formal return to work program, with parameters and guidelines
6. Failure to accept that early return to work takes time and effort
7. Failure to obtain detailed information from providers with which to make informed return to work decisions
8. Failure to assign injured workers to meaningful tasks and gradually adjust those tasks during the recovery process
9. Failure to address performance issues as they occur, causing potential problems if an injury occurs
10. Failure to differentiate between temporary and permanent accommodations (ADA)
A company policy statement summarizes the organization’s philosophy regarding its commitment to the safety, health and well-being of its employees. It also elevates employee expectations and reinforces the company culture.

A formalized RTW policy reinforces the expectation of returning to work as an overall part of the company culture. The policy should be easy to understand and simple to administer. Having the information in writing also ensures that everyone has the same information and helps guarantee consistent implementation and communication of the process. Some of the primary components of a formal RTW policy include:

- Policy overview – purpose and goals associated with the policy
- Description of a return-to-work/Transitional work program
- Definitions
- Responsibilities
- Procedures
- Program limitations/duration
- Confidentiality

Sample documentation
- Return-to-work statement
- Return-to-work policy sample
Physical job demands and temporary transitional work assignments

Physical job demands and temporary transitional work assignments should be created for every class of job within your organization prioritized by developing the ones that make up the majority of claim volume and costs first. Physical job demands are specific to an employee’s job responsibilities. Transitional work assignments are temporary in nature and are used for employees not capable of performing some or all of their primary job responsibilities. While company positions have specific job responsibilities, job classes tend to be similar. Provided are templates to assist in the development of physical job demands and transitional work assignments that are specific to your organization. The templates will guide the collection of the appropriate information when developing physical job demands and transitional work assignments.

Organizations often provide written physical job demands during pre-employment interviews to ensure that potential employees understand and agree to the physical demands of a position. They are also used when explaining or clarifying the requirements of an employee’s job in dealing with a health care provider to help determine if the employee may return to work with or without work restrictions. The development of physical job demands for each position within your organization can help minimize the confusion, increase communication and expedite the injury process to ensure your employees return to work as quickly and safely as possible.

Utilizing predetermined transitional work assignments go a long way in easing the administrative burden when facilitating the RTW process. By developing temporary transitional work assignments for various job types, you will help physicians understand specific job duties that the employee can do – even if they are not ready to return to their normal job duties. Transitional work assignments are intended to be temporary and will help minimize the time that the employee may be off work.

Keys to developing successful transitional work assignments:

• Temporary in nature
• Predetermined duration of TW process
• Based on employees changing restrictions
• Uses the workplace as part of the rehabilitation process
• Identify transitional jobs prior to injuries occurring

Sample documentation:

• Physical job demands documentation
• Transitional work assignment documentation
1. Hiring in a Recovering Economy

An increase in hiring is a welcome sign after a recession, but along with it might come an increase in workers’ compensation claims. As industry data indicates, newly hired employees can drive up your workers’ compensation costs – even in a stable economy. Most employers have probably seen their workers’ compensation costs remain steady or even decrease during the recession since current workers’ compensation costs reflect an experienced workforce, declining injury frequency and relatively stable system costs for most states. However, these costs might increase as new employees become a greater proportion of the workforce. The way to combat these challenges is with effective tools, education and best practices. The overall goal is to be proactive and help employers manage these risks, keep costs in check and reap the full benefit of expanding their workforce to help grow their businesses as the economy recovers.

Zurich’s Five Point Plan

Operating in a recovering economy doesn’t have to mean having your expected increase in profitability drained by higher workers’ compensation costs. With Zurich’s help, you can start taking action right now to minimize the negative impact and increased costs associated with growing your workforce. Five key actions can help put you in control:

Point 1: Job Analysis. Before you ramp up your hiring efforts, you should conduct a thorough job analysis for each position, including physical job demands, and make sure they’re kept current and referred to during the hiring process.

Point 2: Recruiting and Interviewing. Make sure your recruiting practices are designed to set realistic expectations and attract qualified individuals who fit your organization.

Point 3: Regulatory Compliance. Maintain hiring policies and practices to assure compliance with current employment law and ensure that managers and supervisors have the tools and guidance necessary to select qualified candidates in compliance with employment regulations.

Point 4: Pre-placement and Post-offer Testing Strategies. Use conditional offers combined with pre-placement, post-offer testing to help you validate applicant qualifications and assure successful job placement in compliance with employment law.

Point 5: Orientation and Training. Employee orientation should include acknowledgement of employment policies, including job safety requirements. Training for new employees should reflect current job processes and focus on worker and workplace safety. New employees, regardless of experience, should be mentored and monitored to assure safe, successful performance.
Emerging Issues

2. Aging Workforce

We hear about it all the time – the American workforce is getting older. But have you considered how the aging workforce will impact your business in terms of keeping older employees safe, healthy and productive on the job?

According to the Bureau of Labor and Statistics, of the approximately 300 million people in the U.S. today, 63 million are over 65 years of age, and seven million of those are still working. But the population shift isn’t the only driver of the aging workforce – extended careers, the economy, second careers and longer life expectancy are other factors. With this demographic shift comes the challenge for employers to create a safe and healthful work environment that takes into account some of the characteristics that come with aging, such as:

- Joint and physical mobility
- Visual ability
- Hearing ability
- Reaction time
- Strength
- Balance
- Endurance

Still, older workers have much to contribute, which is why Zurich wants to help you make your company be a place where they can work safely and productively. The following is a self assessment worksheet that allows you to assess your company’s “aging worker risk” level. Also provided is a link to additional Zurich resources that may offer employers solutions and a more comprehensive approach to the aging worker.

Additional Reading

- The Aging Workforce: Is Your Business Ready?
- What’s Your Aging Worker Risk Level
3. Sprains and Strains

Strain injuries are the most frequent and most costly cause of loss for most injury types. Many employers have work physical in nature, complete with tasks involving the lifting and manipulation of heavy objects. Workers frequently push, pull, bend, lift and reach to transport and use heavy tools and equipment. Jobs that tend to be more physical by nature usually have an increase in sprains and strains that lead to Musculoskeletal disorders (MSDs) and are among the most frequent causes of injuries, lost time and reduced productivity. Identifying and reducing the ergonomic risks associated with the jobs will help you make your company a place where employees can return to work safely and productively.

According to 2007 data from the Bureau of Labor Statistics (BLS):

- Strains and sprains were the most frequent nature of injuries and illnesses across all industries
- MSDs (injuries or illnesses affecting the muscles, nerves, tendons, ligaments, joints, cartilage, or spinal discs) accounted for 29 percent of all workplace injuries requiring time away from work

What is true in the realm of recreational exercise and sports is just as true in the world of physical labor. You do not need to be an expert to understand the potential value of stretching prior to, during and after physical exertion. As little as five to ten minutes of daily stretching can help to increase flexibility, improve range of motion, improve circulation, promote better posture, relieve stress and reduce the possibility of painful sprain and strain injuries in your organization.

Additional Reading

- Flex Time
Emerging Issues

4. Americans with Disabilities Act Amendments Act (ADAAA)

The Americans with Disabilities Act Amendments Act (ADAAA) of 2008 was signed into law on September 25, 2008 and became effective January 1, 2009. There are several significant changes as a result of these amendments to the original law. By making these changes, the goal of Congress was to fix the definition of disability to cover more people and, as a result, prevent more discrimination. The intent of this new law is to focus on whether discrimination occurred, rather than who has a disability. The true impact of these changes is still to be determined and will be assessed by many, including Congress, employers, the Equal Employment Opportunity Commission (EEOC), and those individuals with disabilities, to name a few. However, with these changes, there is the potential for additional risks to employers. Some of these risks may include:

- More wrongful termination disputes
- More job accommodation disputes upon permanent disability impairment findings
- Overlapping aging workforce ramifications
- Employment Practices Liability Insurance issues and cost
- Potentially more lawsuits
- Costly litigation

Below are the necessary steps to be taken by employers to ensure reasonable accommodation considerations:

1. Document steps and interaction with others
2. Review employee work restriction information and clarify if necessary
3. Conference with employee and others
   - Review essential job duties
   - Review physical/mental job demands
   - Compare medical limitations to essential job duties/tasks
   - List problem duties/tasks and determine if essential or nonessential
   - Identify resources and others to help explore reasonable accommodations
   - Explore reasonable accommodation options with worker
   - Discuss reasonable accommodation options with worker and get input
   - Implement reasonable accommodation if feasible
   - If not feasible or no options (undue hardship) begin job search
4. Conduct job search for vacant positions
   - Establish a time line (e.g., 30 days, 60 days) for job search
   - Obtain vocational information from worker
   - Assess qualifications and match to vacant jobs
Emerging Issues

4. ADAA

5. Review vacant positions with employee
   - Consider placement, if minimum qualifications are met
   - Consider reasonable accommodation, if necessary
6. When placement is not possible, consider medical separation
   - Review case with claims adjuster and defense counsel, if applicable
   - Review case with employer legal counsel
Resources

Government
• http://www.eeoc.gov/facts/ada17.html
• http://www.eeoc.gov/laws/statutes/adaaa_notice.cfm
• http://www.riskandinsurance.com/printstory.jsp?storyId=279876750

Whitepapers and articles
• Zero Accident Culture
• What is the overall health of your workers’ compensation?
  A self-assessment
• Is your workers’ compensation program a competitive advantage?
  A self-assessment
• The challenge of workers’ compensation lost time claims
• Nine reasons to promptly reporting workers’ compensation claims
• Are workplace strains straining your workers’ compensation costs?
• The challenges of aging workforce and shortage of skilled workers
• Flex Time
• Ways to Control WC Costs
• Winning Strategy for WC Management
• The Aging Workforce: Is Your Business Ready?
• What’s Your Aging Worker Risk Level

Zurich Risk Solutions Gateway website
www.mfg.zurichrisksolutionsgateway.com

Virtual tour of website
http://www.screencast.com/t/SLlosjMpH