

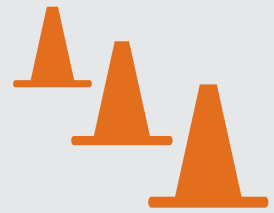
Workers' Comp & Safety News



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Claims Management

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How Claims Adjusters Can Help You Save Money

Workers' compensation adjusters play a pivotal role in the claims management process. What are the skills of a top-notch adjuster, and how can you recognize a good one?

Most companies are extremely interested in cost containment for workers' compensation. Increasingly, executives realize that insurance costs can be controlled and the savings go directly to the bottom line. At the same time, workers' comp claims are getting more complicated. Take, for example, a 55-year-old auto mechanic who has had problems with his knees for 20 years. He's

had several surgeries on his right knee, but none of them cured his problem. Over the years, he over-compensated for his bad knee, causing more recent injury to his good knee.

The mechanic may need more surgery, or he may need a disability settlement, including an open medical treatment plan. Those factors alone require the skills of an experienced claims adjuster. Now, consider that the man has worked for several different

This Just In

The National Council on Compensation Insurance (NCCI) concluded that recessions tend to reduce frequency rates for workers' comp claims in its annual report of market conditions and trends. The NCCI findings reconciled two, seemingly contradictory factors:

1. Job creation during economic expansion increases workers' comp frequency because new, relatively inexperienced workers have more injuries.

2. Job destruction during a recession results in higher claims because laid-off workers file claims – many without merit.

Balancing the two, NCCI concluded that job creation causes more spikes in comp claims than a recession does. If young, newly hired workers are the first to be laid off, injury rates may decline.

The NCCI report, called "State of the Line," found that workers' comp frequency declined four percent in 2008, while both medical and indemnity claim costs continued to rise faster than wages. The report also noted that low investment yields may keep pressure on underwriting results.



Recession/Layoffs Increase Risk of Workplace Violence

The threat of violence in the workplace should always be a concern, but today's high unemployment rates and continued layoffs could raise the threat level. Here's what you need to know and steps you can take to be prepared.

Last April an unemployed man killed 14 people, including himself, at a community center in Binghamton, N.Y. Many people wondered whether the man's frustrations in finding work had led to his rampage.

That kind of high-profile tragedy, coupled with a deep recession and high unemployment, has led industry pundits to proclaim that this year's large-scale layoffs have increased the probability of violence.

An Everyday Risk

Time will tell whether the huge layoffs will cause a spike in violence. Even during boom times, violence is a fact of life in the workplace. According to figures from the Bureau of Labor Statistics (BLS), more than seven million businesses had a violent incident in the previous year. In 2007 there were 610 workplace homicides; the majority occurred during robberies.

Workplace violence should be seen as an everyday risk management issue. Nonetheless, BLS data show that more than 70 percent of workplaces do not have a formal policy on violence prevention. Smaller companies are less apt than large ones to have a policy.

Violence Prevention

Experts say that workplace violence programs can effectively prevent violence and reduce uncertainty, fear and disruption. The key components of a program should be:

- Training employees to recognize the types of behavior that often precede violence
- Establishing open communications to make sure employees feel comfortable reporting suspicious or threatening behavior
- Establishing procedures to take immediate action with a threatening employee
- Identifying experts in threat assessment and security to use in the event of a serious threat.

Some companies use a third-party vendor employees can call to anonymously report threatening behavior, as well as harassment and other workplace problems.

Warning Signs

According to Dr. Stephen White, a threat management consultant and president of Work Trauma Services, companies that have a violence-prevention program in place can better anticipate the possible risks in a major layoff. "The recognized warning signs can be relied on during layoffs," he said. "Companies should review their policies and then take a few extra steps to be pro-

active in screening for potential violence."

White said that it is normal for a laid-off employee to be angry and anxious. However, if an employee shows strong anger, strong personalization of the management decision or strong attachment to his job, those are red flags that indicate a need to take action and review the situation more carefully.

If an employee actually makes a threat, it's important to address his threat and evaluate his reactions. If the employee apologizes and shows genuine concern that threatening people was wrong, and if he takes other positive steps such as making plans to find a new job, the likelihood that he will carry out the threat is relatively low, according to White.

White also noted that suicide, rather than homicide, is a larger risk during downsizing. Only a small portion of suicidal people are homicidal, but some of the warning signs include extreme anger toward others and a strong sense of being rejected, betrayed or humiliated.

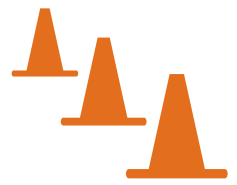
Employers should be cautious about evaluating and responding to threats if they are not experienced in handling them. To read more of White's insights into the risk of violence during layoffs, go to www.wtsthreatmanagement.com and click on Special Topics.

Are You Covered?

If your company does experience workplace violence, different insurance policies provide coverage for various aspects of the incident.

- Workers' compensation covers medical costs and counseling for injured or traumatized employees.
- General liability covers injuries to people who are not employees.
- Employment practices liability insurance provides protection for employees' claims, such as wrongful termination, retaliation, negligent hiring and supervising.
- Workplace violence insurance is specialty coverage for costs such as death benefits and business interruption caused by a violent act.
- Crisis insurance provides special coverages for costs such as public relations programs that repair a company's image.

If you would like to review your current insurance coverages, please give us a call. ■



SAVE MONEY—continued from Page 1



repair shops over the last 20 years. Each shop had a different workers' comp carrier. The current adjuster needs to work back through the files to identify each

carrier and then begin an involved process that leads to apportionment of the claim, however it is settled.

For the auto mechanic, one of the key factors in his claim is his age. Older employees are excellent workers and are less likely to be injured. In fact, according to the Bureau of Labor Statistics, employees over 55 years old are significantly less likely to be injured than employees 20 to 24 years old. However, once injured, older workers are more likely to have poor surgical outcomes and they need significantly more time to recover. A good claims adjuster recognizes the complications surrounding age and factors them into the overall plan.

Adjuster Skills

The mechanic's claim needs a top-notch adjuster with a broad set of skills:

- **PLANNING:** The adjuster needs to develop a plan of action that includes investigation and research, return-to-work options, monitoring of medical and pharmacy utilization and settlement options. The investigation should include exploring the possibility of pre-existing conditions and making sure the injury occurred in the workplace.
- **UTILIZATION:** With medical costs skyrocketing for both health insurance and workers' comp, it is crucial for the adjuster to be part of the team that analyses utilization of medical treatments and drugs. The adjuster needs to understand the interlocking relationship among treatments, drugs and early-return-to-work in order to find the best balance of costs while also addressing the employee's desire to get well.
- **APPORTIONMENT:** A good adjuster recognizes the opportunities for recovery of claims paid and for apportionment of current claims filed with other workers' comp carriers.
- **COMMUNICATIONS:** The adjuster needs to maintain excellent communications among

the injured worker, the employer and the treating physician. The adjuster should have only a reasonable number of files to handle so that he or she is able to return phone calls and emails promptly and encourage everyone to work pro-actively on the treatment plan.

- **LOSS CONTROL:** A skilled adjuster can help employers recognize trends in their claims and recommend loss control measures that will help other workers stay accident-free.

What You Need to Ask

To make sure that an insurance company's or a third party administrator's (TPA) adjusters will deliver the optimal resolution, you need the services of an adjuster who has the time, resources and the management support to do optimal work.

Continuity is extremely important. When an adjuster moves to another company or assignment mid-claim, your claim file could fall through the cracks, resulting in delayed treatment, a disgruntled employee and increased costs to the employer.

- It is appropriate to ask about the adjuster's:
 - Length of time with the company
 - Number of years as a workers' comp adjuster
 - Number of new claims assigned to him/her each month
 - Number of open claims files
 - Types of claims
 - Use of electronic versus paper files

If you have any concerns about a specific workers' compensation claim, please give us a call. ■

OBESITY—continued from Page 4



the workers' comp costs associated with obesity, and they are teaming up with HR to develop wellness programs.

Before undertaking any program, the management team needs to consider the implications of appearing to intrude into employees' personal lives. They also need to consider the company's

diversity policy – will overweight employees feel they are being discriminated against? Many companies have found that enlisting a task force of employees to help design a plan leads to better reception by other employees.

Companies can take any of three general approaches to wellness:

1. Informational programs
2. Environmental changes that encourage wellness
3. Mandatory programs.

Providing information on proper diet and exercise is easy to do, but by itself is probably not very effective in changing behavior. Information becomes more effective when coupled with environmental changes that encourage wellness. The changes can cost relatively little and are easy to implement. For instance:

- Stock vending machines with healthy snacks.
- Provide free fruit.
- Encourage employees to take walks during breaks.
- Provide a meeting room for a weight-loss program.

Wellness programs can represent a serious commitment of time and money. Employers can structure programs to reward employees for attending health seminars or health assessments, or for meeting targets such as a reduction in their body mass index (a measurement of body fat). Well-constructed programs can be effective in reducing medical costs.

We advise employers to avoid developing any mandatory programs or company-sponsored contests that ask employees to reach specific health targets without first reviewing all the appropriate government rules and regulations.

Mandatory programs fall under regulations from the Employee Benefits Security Administration. Human resources managers should understand the regulations and determine whether the company's plan is governed by the Health Insurance Portability and Accountability Act (HIPAA) and other anti-discrimination regulations.

For more information on wellness programs and other means to control workers' compensation claims costs, please contact us. ■





How Obesity Affects Your Workers' Comp

It's no secret that Americans are getting fatter. Obesity is at epidemic levels, affecting workers' compensation costs and outcomes. Here is what you should know and what you can do to help your employees slim down.

We live in an “obesogenic society.” The Centers for Disease Control (CDC) coined the term to describe a nation characterized by overconsumption of unhealthy foods and lack of physical activity. CDC data show that 32 percent of Americans are obese and another 34 percent are overweight.

A study by the American Medical Association indicates that obese workers with workers' comp claims have five times more lost days and their medical costs are more than twice as high as people of recommended weight.

Why Weight Matters

Take a common workers' comp injury: Bill is a warehouse employee who tears the meniscus in his knee and requires surgery. If Bill is morbidly obese, the surgery is more difficult and wound complications are more likely to occur. But it's not the surgery itself that presents the most serious risk of complication. Because of

his obesity, Bill probably has high blood pressure and he may even be diabetic. He faces a greater risk of blood clots and heart and lung complications, according to Dr. James O'Hara, an orthopedic surgeon who performs workers' comp medical evaluations.

Despite appropriate treatment, Bill has a knee that is more susceptible to osteoarthritis than a person of normal weight, and his recovery is more difficult because of the extra weight he places on his knee.

Additionally, O'Hara says that research indicates that fat cells in obese people can produce substances that are similar to ones that cause inflammatory joint disease. The extra collection of fat cells in itself may cause additional joint destruction, leading to additional treatment and costs – not because of gravity alone, but due to “cumulative hormonal effects.”

A Societal Issue

According to the CDC, obesity is a risk factor for chronic illnesses, including leading

causes of death such as heart disease, stroke and diabetes. While the obesity epidemic has significant cost ramifications for businesses, the solution needs to come primarily from education and actions that change people's attitudes about their eating habits and sedentary lifestyles. Various government agencies and non-profits are addressing the issue. Businesses that are concerned about the health of their employees can reinforce those efforts through wellness programs.

Wellness Programs

The obesity epidemic and the growing costs of healthcare are leading more businesses to implement wellness programs. The impetus has come from the human resources people who handle employee benefits. Until recently, risk managers have not been interested in wellness plans, because workers' compensation has historically focused on specific, job-related injuries. Now insurance buyers are recognizing

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How to Calculate Body Mass Index

The government and industry standard for defining obesity is the body mass index (BMI), which uses height and weight to estimate body fat. Two-thirds of American adults have a BMI above 25, the upper limit for normal, recommended weight.

BMI	
<18.5	Underweight
18.5-24.9	Normal/recommended
25-29.9	Overweight
30-34.9	Obese (class1)
35-39.9	Obese (class 2)
40+	Morbidly obese (class 3)

A 150-pound woman who is 5'5" tall has a BMI that is near the top of the normal range. The calculation is:

Formula: $\text{weight (lb)} / [\text{height (in)}]^2 \times 703$

Calculate BMI by dividing weight in pounds (lbs) by height in inches (in) squared and multiplying by a conversion factor of 703.

Example:

Weight = 150 lbs, Height = 5'5" (65")

Calculation: $[150 \div (65)^2] \times 703 = 24.96$