



Workers' Comp
Done Right



Take the Steps to Prevent Workplace Injuries *Before* They Happen

BY RAY GAGE

Workers' Compensation creates a level of frustration because most employers don't understand it because the person who *explained* it to them doesn't understand it either. This is why we hear from employers misinformation like; "I don't have any control over my workers' comp because my home state sets the rules, sets the rates and determines everything."

That thinking is about as far from the truth as you could get, yet they have been hearing it from their insurance agent since they started buying workers' comp when they started out with five employees in a 2000 square foot building. Now they have 100 employees and they *still* think of it the same way. And it's incorrect.

You can't control a tornado hitting your manufacturing plant, but you *can* control making sure the employees working in that plant wear PEPs, are not lifting boxes beyond their physical capabilities, and not walking on floors slipperier than an ice skating rink. You can for the most part control your workers' comp world by creating a safe environment populated with healthy workers. And that's where a **targeted wellness program** should be an integral part of any workplace environment, and a major step in preventing workplace injuries.

Wellness is a relatively new concept to most employers, many of who still think of it primarily as a feature of their health insurance policy. They don't think of the impact it has on their Workers' Comp costs, mostly because they

don't perceive of what it truly is: an employee benefit.

Because workers' compensation is not thought of as an employee benefit and wellness programs are instituted with health insurance related goals in mind, most employers do not consider the impact that a wellness program can have on their workers' compensation premiums. A wellness program can have a noticeable impact on reducing both the frequency of injuries and the severity of those injuries. The reason is quite simple; chronically ill or obese employees may suffer more injuries and take longer to return to work when injured.

No two ways around it, a healthier workforce is going to be less prone to injury and, if they *are* injured, they're going to be back to work faster because their recovery times are going to be quicker. So if incorporating wellness





impact could be if that employee is off work after suffering an injury.

A healthier workforce means fewer injuries and less time off the job should an injury occur. We found that employers who are willing to take an active role in getting their employees whole as quickly as possible, experience much greater positive results in managing their overall workers' comp costs. And when that employer is actively engaged in helping that employee get back on the job, even in a limited capacity, the employee sees that the company cares about their well-being and this compels the employee to want to get back to work faster.

Both scenarios bring the Experience Modification Factor (EMF) into play. When a company's EMF is in the high range (anything over 1.0), costs go up and potential revenue goes down because many companies that rely on bidding on certain projects find they are shut out from the process because of their EMF's. When our firm works with a company we address this potential danger by obtaining a copy of the company's rating worksheet, either from them or from the rating bureau, and then review the paperwork. This way the analysis shows them what impacts their claims. It either validates it as correct or more often than not, we assist them in reversing it.

For example, a manufacturing company with over 150 employees was experiencing a high number of workers' compensation claims that resulted in lost-time. Several initiatives were put in place to help reduce the incidents of lost-time. One of the initiatives was a wellness program. As a result, this particular employer has experienced a 70% reduction in lost-time injuries from 2011 to 2012.

Wellness programs in relation to workers' compensation are a relatively new idea. As with any new idea, it takes time to measure the impact, but it takes longer with workers' compensation because of the method of calculating the experience rating. Employers should consider instituting wellness programs sooner rather than later. This way, they can begin to experience the benefits-- sooner rather than later.

into the workplace culture of a company is so obviously important, then why do so many business owners resist it? First, there is the misconception that a program is expensive to implement. Secondly, they also believe that employees won't participate because they believe that employees don't want to be told what to do—which means the benefit has never been clearly explained to *employees*.

Another important step on the wellness ladder is pre-employment testing. To some employers, pre-employment testing is nothing more than filling out a form and checking off some boxes. But what it's really all about is doing everything possible not to hire a workers' comp claim. The pre-employment step should begin with a company aligning itself with an Occupational Health Clinic, or at the very least a physician familiar with the type of occupational injuries adherent to a particular industry. This is vital because that medical professional will actually review the employee's application and know exactly what type of job he is applying for and what the physical limitations are. This isn't a big expense, particularly in lieu of what the potential

This article is adapted from an article by Ray Gage, a Master WorkComp Advisor and a principal for Grabill Walker Hughes Insurance in Leo, IN. The material is provided as general information and is not a substitute for legal or other professional advice.



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