Rising healthcare premiums have become an accepted cost of doing business in today’s market. Many companies are shifting not only the burden of those increases to employees, but also the responsibility for reducing medical claims by overlaying incentive-based wellness programs to promote a healthier workforce.

While the benefits of a robust corporate wellness initiative are well-known to human resources departments, risk management is starting to sit up and take notice as evidence mounts that those wellness programs not only reduce the duration of workers’ compensation claims, but could also potentially prevent those claims from occurring in the first place.

Multiple studies conducted by various organizations illustrate health risk factors known as comorbidities are coming to light as influencing factors on workers’ compensation claims.
A project conducted by the University of Michigan Health Management Research Center found that employees with high health risks tended to have the highest workers’ compensation costs. Michigan focused Xerox Corporation, one of the earliest adopters of corporate wellness initiatives, and found that over their four-year study workers’ compensation costs increased for those employees whose health risks were increasing or high already (e.g., smoking, physical inactivity, hypertension, high cholesterol, and life/job dissatisfaction) as identified in a standard health risk assessment (HRA).

A 2010 study by the National Council on Compensation Insurance (NCCI) entitled, “Comorbidities in Workers’ Compensation” showed that workers’ compensation claims that included the obesity comorbidity diagnosis incurred significantly higher medical costs than comparable claims without the high health risk. NCCI also discovered that claims for employees identified as “obese” almost tripled from 2000 to 2009 from 2.4 percent to 6.6 percent.

Obese claimants incurred medical costs 6.8 times higher than non-obese.

A recent NCCI project, “Indemnity Benefit Duration and Obesity,” posited that the lost-time duration of obese claimants is a multiple of non-obese claimants. According to their findings obese claimants incurred medical costs 6.8 times higher than non-obese (as defined by body mass index), were twice as likely to file a claim and an indemnity duration that averaged about 13 times higher.
So what can insureds do?

1. Proactively engage Human Resources and Employee Benefits to better understand the scope and breadth of existing corporate wellness initiatives, as well as how the organization is tracking the effectiveness of those programs.

2. Determine how your insurer and/or third party administrator (TPA) is capturing data on comorbid factors in workers’ compensation claim files and how that information can be incorporated into effective analytics.

3. Collaborate with internal safety, health, and environment professionals (if applicable) to discover how best to integrate employee wellness with workplace safety.

4. Consult with Lockton or your current broker on how best to capitalize on synergies between employee wellness and workers’ compensation.

Once thought to be the exclusive “touchy feely” domain of Employee Benefits, effective corporate wellness initiatives have shown to be successful in not only reducing the duration of lost-time workers’ compensation claims, but also promoting healthy behaviors that potentially inhibit unsafe or inattentive workplace behavior. Risk managers and claims professionals should be adding employee wellness to the available arsenal of weapons to combat increasing claims.

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Our Mission

To be the worldwide value and service leader in insurance brokerage, employee benefits, and risk management

Our Goal

To be the best place to do business and to work