Employers spend nearly $1 billion per week on direct workers’ compensation costs, according to estimates by the Department of Labor. Direct costs include workers’ compensation payments, medical expenses, and implementation of corrective measures. What that $1 billion doesn't account for are costs associated with training replacement employees, investigating accidents, lost productivity and repairs to damaged equipment or property, and more.

LET'S FACE IT: Workplace accidents and illnesses can be a real threat to the bottom line. What if one of your keys to mitigating this threat already exists within your organization? Perhaps it’s time to take a closer look at your wellness program and the impact it can have on your workers’ compensation program.

WHY IS WELLNESS IMPORTANT?

It’s not news that the health of your employees matters—particularly to your health plan spending. But how can your wellness program affect your workers’ compensation program? Let’s start by examining three of the key issues typically addressed by a wellness program and how these issues overlap potential workplace illnesses and injuries.
**Issue 1: Obesity**

Let’s start with obesity because it appears to be the link to a number of other serious health conditions. Approximately 35 percent of the American population is obese, which is defined as having a body mass index (BMI) of 30 or higher. Based on national numbers alone, it’s likely a significant percentage of your workers are dealing with this serious health risk, and that can be a cost driver in your workers’ compensation program.

A study by Duke University brings this issue into sharp focus:

- Obese workers tend to file twice as many claims as those who are not obese, and they miss 13 more days of work per year due to injuries.
- Medical claims costs for obese workers were seven times higher than for nonobese workers ($51,091 vs. $7,503 per 100 full-time employees).
- In reviewing claims most strongly affected by BMI:
  - The body part affected was typically lower extremity, wrist or hand, or back.
  - The nature of the injury was pain or inflammation, sprain or strain, or contusion or bruise.
  - The common cause of injury was either falls or slips, lifting, or exertion.

Further, a National Council on Compensation Insurance study showed that obese workers were more likely to experience injuries that resulted in high disability payments and a greater likelihood of permanent disability.

It seems clear that as your employees’ waistlines grow, so do your workers’ compensation costs.

**Issue 2: Diabetes**

Closely tied to obesity is diabetes, which continues to plague our society. In September 2015, the *Journal of the American Medical Association* (JAMA) published a study that revealed nearly 50 percent of adults living in the US have diabetes or prediabetes, a condition where a person has elevated blood sugar and is at risk to develop diabetes. The majority of these individuals have type 2 diabetes, which is the result of poor diet, lack of exercise, and obesity. Diabetes can result in vision loss, kidney damage, and poor wound healing, which is a concern if an employee requires surgery. In addition, diabetics are more prone to bone fractures, and healing time is longer for broken bones, according to *Diabetes Forecast*.

Diabetes is a common condition for those who are obese, so it’s often a complicating factor that can affect injury rates and delay the level of healing that is required to help your employees return to work after an accident or illness.
Issue 3: Smoking

Although the number of adult smokers in the US has declined somewhat since 2005, according to the CDC, nearly 17 percent of us are still smokers. Smoking is an important risk factor to address because:

- Smokers have a higher risk of fractures, and these fractures take longer to heal.
- Smoking is associated with a higher risk of lower back pain.
- Smoking is associated with a higher risk of rheumatoid arthritis.
- Smokers are more likely to suffer sprains.
- Smokers take longer to heal after surgery due to the decrease in blood supply to tissues.
- There is a growing trend for physicians to delay or avoid surgery in a heavy smoker because of potential complications (Insurance Journal, January 2013).

Further, research has revealed that smoking can cause type 2 diabetes. Individuals who smoke have a 30-40 percent greater chance of developing type 2 diabetes than nonsmokers. For smokers with diabetes, their risk of other serious health problems is greatly increased, too, including heart disease, stroke, kidney disease, and poor blood flow to the legs and feet that can eventually lead to amputation.

(Nearly) All Roads Lead Back to Obesity

Your employees who are obese find themselves at increased risk of developing conditions like type 2 diabetes, high blood pressure, heart disease, stroke, and osteoarthritis, not to mention certain forms of cancer. When developed by individuals with obesity, these are known as comorbid conditions. And comorbid conditions can have a major effect on your workers’ compensation program.

These conditions can negatively affect an employer’s number of claims, injury and reinjury rates, length of recovery, lost wages, and cost of the claims. That’s the bad news. The good news, however, is that obesity and many of its comorbidities can be addressed through a comprehensive wellness program.
CLOSING THE LOOP BETWEEN WORKERS’ COMPENSATION AND WELLNESS

The key to success is close coordination between your wellness and workers’ compensation programs. The challenge is that, traditionally, wellness programs are managed by human resources while workers’ compensation programs are managed by risk management. More often than not, these two programs are not linked in any way. Adding to the integration challenge is the fact that nearly half of the time, employers work with an employee benefits broker for their wellness program and a property and casualty broker for their workers’ compensation program. This means separate strategies are set for wellness and workers’ compensation, and the benefits that could occur from integration are unrealized.

EMPLOYEES: THE COMMON DENOMINATOR FOR WORKERS’ COMPENSATION

What is the focus of your workers’ compensation program today? Common answers include:

- Micromanagement of claims adjusters.
- Forcing down reserves.
- Compliance with state and federal law.
- Driving down your pharmacy spend.
- Surveillance.
- Healthcare providers.
- Predictive modeling.

What you must understand, however, is that any answer other than the injured employee means your program has room for improvement. The injured employee is the only common denominator on every workers’ compensation claim.

How Trust Improves Outcomes

Far too often, the injured employee is marginalized during the claims adjudication process. The result is less-than-optimal claims outcomes. A recent study by the Workers’ Compensation Research Institute (WCRI) made this abundantly clear. Through extensive data analysis, the study found three primary drivers for workers’ compensation claims outcomes. Of these drivers, only one can be affected by the employer pre- and postinjury. That driver is the trust relationship that the injured employee has with his or her employer. Therefore, an optimal workers’ compensation program must have building the employees’ trust as its foundational principle.

The injured employee has the overwhelming capacity to influence the outcome of his or her workers’ compensation claim.

How do you build that trust? It’s not as simple as being nice to people. Gaining the trust of another human being is infinitely more complex. However, there is one key ingredient to gaining the trust of your employees. You must genuinely care about their well-being. If your employees sense you are being disingenuous or don’t truly care, you can expect poor claims outcomes and an ongoing, uphill battle.
A study by Towers Watson found that the number one indicator of whether an employee will be engaged can be boiled down to one thing: whether or not employees believe their managers genuinely care about their well-being. The study found that 98 percent of engaged employees believe their managers care about their well-being while 82 percent of disengaged employees don’t believe. Whether we’re talking about a workers’ compensation program or a wellness program, if your employees are not engaged, the program will fail.

The Importance of the Injury Counselor

An effective solution for driving engagement is to designate an injury counselor to help your injured employees through the process. This individual’s role is to address your injured employees’ emotional and practical needs related to the injury or illness throughout the life of the claim. This must be done in a spirit of genuine kindness.

Stanford University recently completed a study related to kindness and patient outcomes in healthcare. Their findings clearly show that treating people with kindness is not optional, it’s optimal. According to the study, patients treated with kindness experienced:

- Faster healing wounds.
- Reduced pain.
- Reduced anxiety.
- Lower blood pressure.
- Shorter hospital stays.
- 50 percent fewer narcotics.
- The ability to be more forthcoming with medical information, leading to better diagnoses.
- Better adherence to treatment plans, leading to better outcomes.

The injury counselor provides consistent communication with all members of the healing team. This ensures everyone from the treating physician to the claims adjuster is on the same page. It prevents bottlenecks and misunderstandings, and it expeditiously moves the injured employee toward a full-duty release.
THE INTERSECTION OF WELLNESS AND WORKERS’ COMPENSATION: AN ILLUSTRATION

Wellness programs can reinforce your workplace injury prevention efforts as well as enhance your workers’ compensation outcomes. This is accomplished by teaching employees to make healthy lifestyle changes. These programs typically include biometric screenings and health risk assessments—important tools in identifying health risks. They focus on education and incentives to encourage employees to improve their nutrition, maintain a healthy weight or lose weight, get more exercise, stop smoking, and reduce their stress. In contrast, workers’ compensation programs tend to focus on fixing the injured body part rather than addressing the root cause of the specific claim. When they work together, however, your employees and your bottom line will benefit.

To illustrate the importance of integration, consider Bob Adams, an employee of a manufacturing company. Bob is in his mid-40s. His BMI is 31 (which qualifies him as obese), he gets little exercise other than what occurs on the job, and he has struggled for years with trying to give up smoking. Bob injures his back while at work, and the pain is so severe he is unable to keep working.

Bob files a workers’ compensation claim so he can collect benefits while recovering. He is assigned to work with an injury counselor, who is dedicated to ensuring that Bob knows the organization truly cares about his well-being. When they talk over the phone, Bob hears a voice of compassion. The injury counselor also encourages Bob to follow the prescribed steps to heal his back and return to work as quickly as possible. His program consists of physical therapy, some new exercises, and pain medication.

What the injury counselor cannot affect is why the back injury happened in the first place. This is where the wellness program is helpful. The wellness program gives Bob the tools he needs to start losing weight and stop smoking while he is recovering from his back injury. This approach not only helps Bob get back to work more quickly, but also helps him reduce his chances of reinjury. After Bob returns to work, he continues to work with the wellness program to sustain his lifestyle changes, which will help him avoid more injury in the long term.

BREAKING DOWN BARRIERS

When it comes to ensuring the health and well-being of your workforce, it makes sense to evaluate every opportunity to support improvements—and to break down typical workplace silos for important collaboration. When you invite decision-makers from both risk management and human resources to the table, the result can be better health and reduced risk of injury (or reinjury) and illness. That keeps your employees on the job and in an improved state of well-being. This is a benefit to them and to your organization.

If you’re interested in learning more about how you can integrate your wellness and workers’ compensation programs to enhance your workforce, please contact your Lockton Account Team.
Our Mission

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

Our Goal

To be the best place to do business and to work