

# BRINGING THOR'S HAMMER DOWN ON WORK COMP CLAIMS



## IMPACTING WORKERS' COMPENSATION COSTS

- ▶ Accident Investigation
- ▶ Safety Inspections & Safety Training
- ▶ Loss Trending
- ▶ Managing Claim Costs
- ▶ Understanding WC Pricing
- ▶ Timely Reporting
- ▶ Experience Mod Analysis
- ▶ Return-to-Work



## WHAT SHOULD YOU DO?



## ACCIDENT INVESTIGATION

- ▶ Develop a detailed account of what happened.
- ▶ Access the root cause factors.
- ▶ Develop root cause solutions to prevent reoccurrences.



## SAFETY INSPECTIONS & SAFETY TRAINING

- ▶ Proactive side of safety
- ▶ Hazard identification



## TIMELY REPORTING

- ▶ Faster treatment
- ▶ Prevents injury exacerbation
- ▶ Future accident prevention
- ▶ Lower costs



## TIMELY REPORTING

- ▶ 7 days/24 hours
- ▶ \$50/\$150/\$300
- ▶ >7 days – 11% increase
- ▶ 2<sup>nd</sup> week – 18% increase
- ▶ 3<sup>rd</sup> – 4<sup>th</sup> week – 30% increase
- ▶ >1 month – 45% increase
- ▶ Back injuries – 1 week delay = 35-40% increase
- ▶ 30 days late – 47% litigated

## MANAGING CLAIM COSTS

- ▶ Early reporting
- ▶ Direction of medical treatment
- ▶ Follow up/stay on top



## LOSS TRENDING

- ▶ Learn from our experience
- ▶ Focus in on specific indicators

Injury Type	Count	Total Paid	Total Incurred
Burn	24	7,205	7,579
Caught In	1	0	0
Contusion	85	77,342	77,342
Cut/Scrape	13	15,858	22,139
Fall/Slip/Trip	19	52,672	79,181
Foreign Body	8	1,891	1,891
Fracture	2	21,236	21,236
Laceration	76	44,105	44,105
Misc	12	312	312
Puncture	5	629	629
Sprain/Strain	90	126,504	126,504
Struck By	12	418	3,100
	<b>347</b>	<b>348,173</b>	<b>384,020</b>

Body Part	Count	Total Paid	Total Incurred
Abdomen/Groin	6	1,134	1,134
Ankle	20	3,027	3,802
Arm	17	25,206	25,580
Back	33	20,078	20,078
Buttocks	6	835	835
Elbow	6	1,429	1,429
Eye(s)	12	1,993	2,768
Finger	48	24,692	24,692
Foot/Toe	8	6,134	6,134
Hand	37	25,948	26,927
Head/Face	26	48,439	49,571
Hip	3	354	354
Knee	25	51,009	52,032
Leg	9	23,943	24,718
Multiple	45	75,761	101,237
Shoulder	7	21,022	21,034
Thumb	18	8,403	12,529
Wrist	6	1,270	1,270
Wrist	15	7,497	7,497
	<b>347</b>	<b>348,173</b>	<b>384,020</b>

## RETURN-TO-WORK

- ▶ **Modified Duty**
  - ▶ Employee returns to original job with duties modified to conform to restrictions placed on the job by the medical provider.
- ▶ **Transitional Duty**
  - ▶ Employee returns to work but the original job cannot be modified to conform to restriction so the employee performs another job that does conform to the restrictions placed by the medical provider.

## RETURN-TO-WORK: BENEFITS TO EMPLOYEE

- ▶ Financial security
- ▶ Job security
- ▶ Minimizes guilt
- ▶ Improved self-esteem
- ▶ Continued work habits and social contact
- ▶ Wellbeing attitude



## RETURN-TO-WORK: BENEFITS TO EMPLOYER

- ▶ Reduces medical costs
- ▶ Reduced employee lost-time and indemnity costs
- ▶ Reduced likelihood of malingering and/or fraudulent claims
- ▶ Continued production
- ▶ Improved management/employee relations

## RETURN-TO-WORK: THINGS TO CONSIDER

- ▶ Restriction documentation
- ▶ Physician approval of job
- ▶ Orientation of injured worker
- ▶ Return-to-work agreement
- ▶ Regular review

## RETURN-TO-WORK: WHAT IT ISN'T

- ▶ It's not "made-up" work
- ▶ It's not an excuse to goof off
- ▶ It's not punishment
- ▶ It's not a task that could re-injure or aggravate the condition



## EXPERIENCE MOD RATE

- ▶ Used to determine an adjustment on workers' compensation premium
- ▶ Based on a company's experience with losses as compared to state averages for like companies
- ▶ Made up of 3 years of experience

## EXPERIENCE RATING PERIOD

Three years of past experience, not including the expiring policy period.

- Policy effective 1-1-17

*1-1-16/17 – not included in calculation, policy year not fully developed*

1-1-15/16 – included in calculation

1-1-14/15 – included in calculation

1-1-13/14 – included in calculation

*1-1-12/13 – loss experience dropping off*



## UNDERSTANDING THE EXPERIENCE MOD

- ▶ 1.00 is average
- ▶ >1.00 is below average
- ▶ <1.00 is better than average

## UNDERSTANDING THE EXPERIENCE MOD

### Workers' Compensation Experience Rating Worksheet

Effective Date: 1/1/2017

Risk ID:

State: IN

1	2	3	4	5	6	7	8	9	10	11	
CODE	ELR	D - RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA #	ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES
****Indiana											
Policy Period: 1/1/2013 to 1/1/2014			Policy #:								
2797	1.15	0.42	5,000,000	57,500	24,150			5	F	50,000	16,500
8742	0.13	0.36	500,000	650	234			5	F	50,000	16,500
8810	0.08	0.42	1,000,000	800	336	10 Sm. losses		6	*	5,700	5,700
Policy Period Totals			6,500,000	58,950	24,720					105,700	38,700
Policy Period: 1/1/2014 to 1/1/2015			Policy #:								
2797	1.15	0.42	5,200,000	59,800	25,116	15 Sm. losses		6	*	6,700	6,700
8742	0.13	0.36	290,000	377	136			6	F	50,000	16,500
8810	0.08	0.42	1,100,000	880	370						
Policy Period Totals			6,590,000	61,057	25,621					56,700	23,200
Policy Period: 1/1/2015 to 1/1/2016			Policy #:								
2797	1.15	0.42	6,000,000	69,000	28,980			5	F	100,000	16,500
8742	0.13	0.36	310,000	403	145	20 Sm. losses		6	*	9,500	9,500
8810	0.08	0.42	1,250,000	1,000	420						
Policy Period Totals			7,560,000	70,403	29,545					109,500	26,000

## UNDERSTANDING THE EXPERIENCE MOD

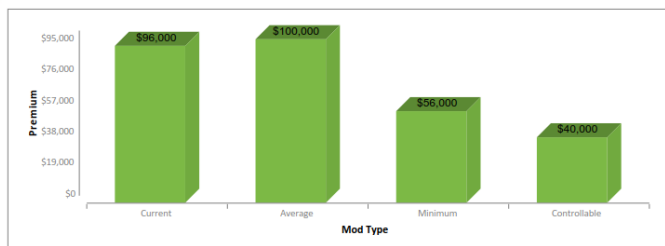
0.19		(D) - (E)			(H) - (I)			
"W" VALUE		110,523	190,410	79,887	160,550	38,000	221,570	61,020
A	B	EXPECTED EXCESS	TOTAL EXPECTED	TOTAL EXP PRIM.	ACTUAL EXCESS	"B" VALUE	TOTAL ACTUAL	TOTAL ACT. PRIM.
		C	D	E	F	G	H	I

# Limited loss.  
s Subrogation  
or other special loss.

		11	12	13	14	15
Experience Modification Calculation	PRIMARY LOSSES	STABILIZING VALUE		RATABLE EXCESS	ADJUSTED TOTALS	EXP MOD
	ACTUAL	(I)	(C) X (1 - A) + (G)	(A) X (F)		(J) / (K)
	EXPECTED	(E)	(C) X (1 - A) + (G)	(A) X (C)		0.96
		61,020	127,524	30,505	219,048	
		79,887	127,524	20,999	228,410	

\* Rating reflects a decrease of 70 percent medical-only primary and excess loss dollars where ERA is applied, reflected only in totals (F), (H), and (I).

## UNDERSTANDING THE EXPERIENCE MOD



Mod Type	Mod Value	Premium	Description
Current	0.96	\$96,000	Your actual mod and estimated premium.
Average	1.00	\$100,000	The average mod is always 1.00. This premium represents what the average competitor in your industry is paying.
Minimum	0.56	\$56,000	The lowest mod and premium you could achieve if you had zero losses in the experience rating period.
Controllable	0.40	\$40,000	The mod points and premium amount you could have saved if you had zero losses in the experience rating period.

**Each Mod Point is valued at \$1,000 premium dollars**

## IMPACT ON EXPERIENCE MODIFICATION FACTOR: RETURN-TO-WORK

State	Injury Date	Incurred Loss	Limited / Adjusted Loss	Mod w/o Loss	Impact on Mod	Premium Costs		
						1 yr	2 yr	3 yr
<b>Itemized Losses</b>								
IN	1/1/2015	\$100,000	\$100,000	0.8173	0.1417	\$14,170	\$28,340	\$42,510
IN	1/1/2013	\$50,000	\$50,000	0.8589	0.1001	\$10,010	\$20,020	\$30,030
IN	1/1/2013	\$50,000	\$50,000	0.8589	0.1001	\$10,010	\$20,020	\$30,030
IN	1/1/2014	\$50,000	\$15,000	0.9289	0.0301	\$3,010	\$6,020	\$9,030
<b>Grouped Losses</b>								
IN	1/1/2015	\$9,500	\$2,850	0.9465	0.0125	\$1,250	\$2,500	\$3,750
IN	1/1/2014	\$6,700	\$2,010	0.9502	0.0088	\$880	\$1,760	\$2,640
IN	1/1/2013	\$5,700	\$1,710	0.9515	0.0075	\$750	\$1,500	\$2,250
<b>Grand totals:</b>		\$271,900	\$221,570		0.4008	\$40,080	\$80,160	\$120,240

## IMPACT ON EXPERIENCE MODIFICATION FACTOR: LOSS FREQUENCY

State	Injury Date	Incurred Loss	Limited / Adjusted Loss	Mod w/o Loss	Impact on Mod	Premium Costs		
						1 yr	2 yr	3 yr
<b>Itemized Losses</b>								
IN	1/1/2015	\$100,000	\$100,000	0.8173	0.1417	\$14,170	\$28,340	\$42,510
IN	1/1/2013	\$50,000	\$50,000	0.8589	0.1001	\$10,010	\$20,020	\$30,030
IN	1/1/2013	\$50,000	\$50,000	0.8589	0.1001	\$10,010	\$20,020	\$30,030
IN	1/1/2014	\$50,000	\$15,000	0.9289	0.0301	\$3,010	\$6,020	\$9,030
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# QUESTIONS?

