



SIMON
INSTITUTE



Risk Analysis of Custodial Work and its Impacts on Workers Compensation

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Workers Compensation Fund
(WCF)



BEST PRACTICES
OSI
BENCHMARK

Note: Workers Compensation Regulations may vary from state to state. The numbers, calculations, and regulations included in this presentation are for the State of Utah.

Outline

- High Cost of Accidents/Injuries
- Identifying and Evaluating Risks/Hazards in Custodial Work
- Controlling Hazards
 - Engineering, Administrative, PPE Controls
- Workers Compensation 101
- Managing Claims

How much do Workplace Accidents Cost?

- Direct Costs
- Indirect Costs
- Human Costs
 - Loss of Life
 - Pain and Suffering (physical and emotional)
 - Loss of Quality of Life



Direct Costs:

- Medical
- Workers Compensation

Hidden Costs

- Time lost by injured employee
- Lost time by fellow workers
- Lost time by supervision
- Hiring and training new worker
- Equipment or building damage
- Idle equipment
- Spoiled work product
- Failure to fill orders
- Project not completed on time
- Overhead cost
- Loss of morale
- Legal costs

How much does an injury really cost?

Studies published in safety and health texts and professional journals have estimated that the indirect or hidden costs of a specific injury-producing accident will range between 4 and 20 times the direct costs associated with that accident.

What is the best way to reduce accident costs?

- **Prevent Accidents!**
 - No injury, no pain, no cost
- **Manage the Accidents/Injuries**
 - Reduced cost

Risk Defined:

- Risk = Severity X Probability
- Risk = Severity X Probability X Exposure







What are the risks?

- Slips/Trips/Falls
- Ergonomics, Strains from Overexertion
- Chemical Hazards
- What is the Probability
- What is the Severity
- What is the Exposure

Controlling the Hazards

- Engineering Controls
 - Substitution, Guarding, Ventilation
- Administrative Controls
 - Training, Procedures, Job Safety Analysis
- Personal Protective Equipment
 - Gloves, Goggles, Safety Glasses, Respirator
- (OS1) incorporates Engineering, Administrative, and PPE controls

(OS1) Hazard Control

- Substitution of less toxic chemicals
 - Employee and Environmentally Friendly
- Chemical product color coding
- Minimal chemical contact during handling
- Training
- Job Safety Analysis
- Specific Procedures
 - Familiarity, fewer errors
- PPE instructions

Workers Comp 101

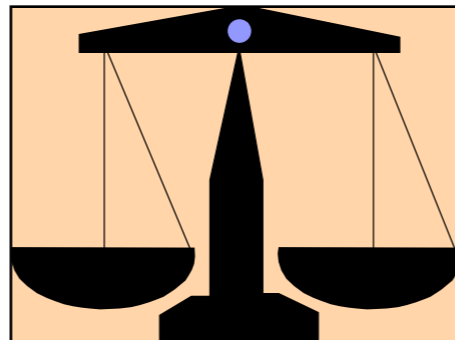
An introduction to Workers Comp

Why Workers' Compensation?

- Fair and fast remedy for injured workers
- Fair and “reasonable” limit to liability for employers (“exclusive remedy”)
- Limit the need for litigation

Workers Compensation

- Workers compensation insurance is a no fault system covering injuries & occupational diseases to employees which occur *“by accident arising out of and in the course of employment.”*



Workers' Compensation Benefits:

Compensation for work-related injuries and diseases, including -

- Medical Costs
- Wage Replacement
- Permanent Impairment Benefits
- Rehabilitation Benefits
- Survivor Benefits

How is your Workers Compensation premium determined?

- Job class codes based on hazard risk
 - State rate per \$100 payroll
 - Office employees vs roofers
 - Utah rate for custodial employees \$4.00
- Experience Modification Factor (EMOD)
- Schedule Rating Adjustment
 - Credit or Debit

Experience Modification Factor (Emod)

- Calculated by NCCI
- Statistical rating used to modify individual business rates as compared with industry average
- Data collected to determine rate include:
 - Payroll and class codes
 - Claims experience (losses incurred)
 - 3 year period with one year lag time
 - Example: 2015 evaluates 2013, 2012, 2011

E-mod Calculation

30% Medical Only Claims
100% Lost Time Claims

Actual losses (3 year)



Expected losses (3 year)

Expected Losses based
upon Utah average for
your class code

Experience Modification (Emod)

(Continued)

- If <1 your company is better than average (less injuries)
- If $=1$ average
- If >1 worse than average (more injuries)
- A bad year will affect your Emod for three years.
- Lost time claims count 100% in calculation
- Medical only claims count only 30% in calculation

Do you have a return to work program?

How Accidents Affect the Bottom Line

Company A

<u>Class Code</u>	<u>Description</u>	<u>Estimated Payroll</u>	<u>Utah Rate per \$100</u>	<u>Premium</u>
9104	Custodial company	\$500,000	\$4.00	\$20,000
	Experience Modification		X 1.20	\$ 4,000
Total Premium				\$24,000

How Accidents Affect the Bottom Line Company B

Class Code	Description	Estimated Payroll	Utah Rate per \$100	Premium
9104	Custodial Company	\$500,000	4.00	\$20,000
	Experience Modification		X .80	(\$4,000)
Total Premium				\$16,000

Bottom Line Difference

Company A

Total Premium: **\$24,000**

Company B

Total Premium: **\$16,000**

Difference: \$8,000

Schedule Rating Adjustment

- Another multiplier.
- Discount or surcharge based on your company's safety programs and risk characteristics.

Schedule Rating Adjustment

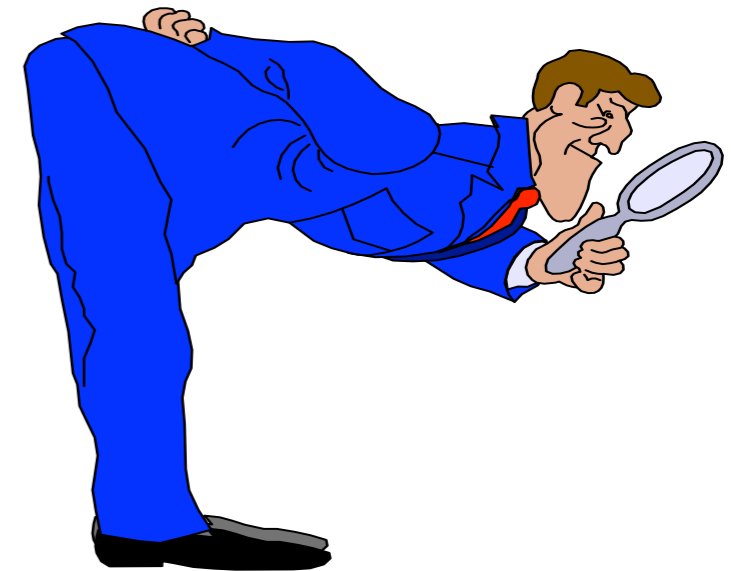
- Factors:
 - Existence of written company safety programs
 - Potential hazards/risks of your business
 - Drug free workplace policy
 - Facility and equipment conditions
 - housekeeping
 - Employee management policies
 - Employee safety training
 - Claims handling
 - Implementation of recommendations

Claims Management (Best Management Practices)

- Immediate Accident Reporting
- Whom to report to
- How to report it
- What information is needed
- File claim with Workers Comp Carrier ASAP (outside treatment-\$\$ bill)

Investigate & Document Every Accident

- Look at Accident Site
- Determine Why it Happened
- Secure Evidence/Take Photographs
- Interview Witnesses
- Fact finding not fault finding

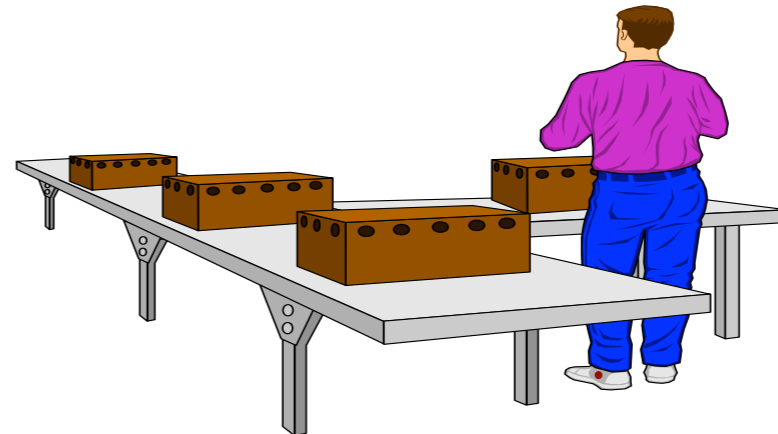


Medical Management of Injury

- Designate a physician/facility to send injured employees
- Instruct employees on how to report and where to get medical care
- Require post accident drug testing

Medical Management of Injury

- Establish working relationship with docs/ clinic personnel
- Accompany Your Injured Employee to the Clinic
- Inform the Physician of the Job Requirements and any Accommodations that are Available



Maintain Close Contact with Injured Employee

- Keep in contact with injured worker
- Eliminate concerns about keeping job
- Helps decrease disability mentality

Return to Work

- Provide transitional/modified duty ASAP
- Helps manage medical costs (remember one large lost time injury could affect your bottom line for three years through your e-mod)
- Increases employee morale
- Increases communication

Claimant Fraud

- Double Dipping
- No Industrial Injury
- Malingering

Red Flags

- Poor Performance Evaluation
- Short Time on the Job, Temporary Worker, Impending Lay-off
- No Witnesses
- Delays in Reporting
- History of Accidents

Red Flags (continued)

- Bizarre Symptoms
- Doctor Shopping
- Lack of Education or Other Transferable Skills
- Frequent Address Changes

Red Flags (continued)

- Pre-existing Conditions
- Alcohol/Drug Dependency
- Injury is reported early on Monday morning or on day after employee's day off.
- Injury reported several days after an alleged injury occurred.

Stop Workers Compensation

- Report all suspected fraud
- Initiate an internal investigation
- Question fellow employees
- Work closely with your adjuster
- Maintain close contact w/claimant
- Require prompt reporting of all accidents

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Questions?