

## Return to Work Programs: Why You Need One

by Meghan Dickerson, CET  
Workers Compensation Risk Advisor  
Cavignac & Associates

Workers compensation insurance rates in California have been decreasing year after year since their peak in 2003, when the average charged rate per \$100 of payroll was \$6.29. In 2009, that rate was \$2.10, a decrease of nearly 70% from peak rates. In 2009, the insurance industry's combined loss ratio for workers compensation was 138%. This meant that for every dollar of insurance premium charged, the insurance companies spent \$1.38 on claims and other expenses. The situation was much the same in 2010, 2011 and 2012. In other words, the workers compensation market has been underpriced for several years. Insurance companies have not

As rates continue to rise, it will become increasingly important for employers to control costs associated with workplace injuries and illnesses. One of the biggest, yet most controllable, costs associated with workplace injuries and illnesses is lost time from work due to disability. The most effective way to have a favorable impact on these costs is to implement a Return to Work (RTW) program.

### What is a Return to Work Program?

A Return to Work (RTW) program, simply put, means allowing workers, who are unable to perform their usual and customary job duties due to an injury or illness, to return to work in a temporary, limited, or light duty capacity while they recover. Disabled employees can be brought back to work in their current position with modifications, or placed in an alternate position until they are able to return to full capacity. RTW programs can provide full- or part-time work at full or partial wages, with the workers compensation insurance company making up any difference between the employee's pre-injury wage and the pay earned while assigned to modified duty. In some instances, employers with limited ability to offer modified or alternate work can reap the cost saving benefits of RTW programs by contracting with a non-profit organization to provide safe alternative work within the employee's restrictions while the employer continues the employee's pay.

### Why Implement a Return to Work Program?

Generally, the longer an injured worker is out of work due to disability, the less likely they are to return to work at all, and the more expensive the insurance claim becomes. In fact, an employee who is out of work for six months has less than a 50% chance of returning to gainful employment. If lost time reaches one year, the chances of successfully returning to work drop to 10%. An employee who is released to

**Return to Work** (continued on page 2)

charged enough premiums to cover their costs, and those companies are now looking to correct that situation by increasing rates. Most insurance companies are increasing their base rates by 15-25% in 2013, before the application of any credits, debits, or the experience modification. This could mean big increases in workers compensation premiums for employers, even if losses have remained flat.

## Return to Work (continued from page 1)

work with restrictions, but who is not brought back to work, is eligible for the temporary disability rate of two thirds the employee's average earnings, tax-free, until one of the following occurs:

- The treating physician determines the employee has reached full capacity;
- The treating physician determines the employee has reached the plateau known as 'maximum medical improvement'; or
- The employer has offered reemployment within the employee's restrictions.

The current maximum weekly temporary disability rate in California is over \$1,000, with a cap of 104 weeks of payments within a five-year period. Not bringing an injured employee back to work can add thousands of dollars to the cost of the claim, and contribute painful points to the experience modification—all of which translate into higher premiums. Sometimes these additional premiums can cost a company up to three times the amount of actual disability payments made by the insurance company. In addition to lowering the exposure to the cost of disability payments, Return to Work programs have many other benefits, including:

- Increasing employer/employee relations and communications;
- Making employees feel valued, thereby reducing claim litigation and fraud rates;
- Keeping employees active, hastening the healing process and reducing the need for medical treatment;
- Maintaining an experienced workforce;
- Reducing turnover and mitigating the need for expenses related to replacing injured workers; and
- Improving employee morale, therefore reducing the costs associated with presenteeism.

Aside from the above workers compensation considerations, employers may also have an affirmative obligation under the Americans with Disabilities Act and/or the Fair Employment and Housing Act to provide a reasonable accommodation that would allow a disabled employee to perform the essential func-

**Return to Work** (continued on page 3)

# Risk Management Seminar Series



## Human Resources – Sexual Harassment Prevention Training

Friday, June 7, 2013

7:30 AM Registration, 8:00 AM - 10:00 AM Program

## Risk Control – How To Make EPLI Work For Your Business

Friday, June 14, 2013

7:30 AM Registration, 8:00 AM - 10:00 AM Program

## Employee Benefits – 2014 Health Care Reform - How to Plan for 2014

Friday, July 12, 2013

7:30 AM Registration, 8:00 AM - 10:00 AM Program

## Human Resources– Parent Care - Having the Conversation and Developing Strategies for Their Care, Before it's Needed!

Friday, August 16, 2013

7:30 AM Registration, 8:00 AM - 10:00 AM Program

## Reserve Early, Seating is Limited!

All training sessions are available to our clients. To register, contact Bethany Mongold at [mongold@cavnac.com](mailto:mongold@cavnac.com) or call 619-744-0540.

*NOTE: Due to the popularity of our seminars and limited space available, we regret we cannot provide refunds or credits with less than 72 hours advance notice of cancellation.*

## Return to Work *(continued from page 2)*

tions of his or her job. Failure to engage in an interactive process with disabled employees to determine whether a reasonable accommodation is possible—and, if so, to provide it—could expose an employer to potentially expensive discrimination litigation.

## How Should a Return to Work Program be Implemented?

Return to Work programs can be formal or informal, across the board or on a case-by-case basis, designed to last a specific period of time, or created to last indefinitely. The most effective Return to Work programs, however, will follow a basic set of best practices.

1. Develop a written program that outlines the company's philosophy regarding accommodation of medical restrictions and the procedures that should be followed by the company and the employee.
2. Document the fact that accommodations will be made when reasonable, that the program is temporary and transitional in nature, and that each case will be reevaluated at specific time intervals, such as every 90 days, or as restrictions change.
3. Implement the program consistently.
4. Thoroughly communicate the procedures and philosophy with all employees, with buy in from senior level management. Create a stay-at-work culture.
5. Ensure that all parties, including the employee and his supervisor, are aware of the program and the procedures they are expected to follow.
6. Develop written job descriptions which outline the essential functions of each position to be used when engaging with employees and their physicians regarding medical restrictions.
7. Pre-identify modified duty positions. Develop written descriptions of these positions which can be provided to physicians for approval.
8. Hold supervisors accountable for providing work within the employee's restrictions, ensuring the employee does not exceed those restrictions, and ensuring a supportive environment where the employee perceives his contributions as valuable.
9. Hold the injured employee accountable for providing up-to-date medical information about his work capabilities, and for only performing that work which can safely be done within the medical restrictions.
10. Maintain open communication between supervisors, the employee, the medical case manager, the physician, and the claims adjuster on the employee's progress.
11. Reevaluate the program in its entirety at least biannually to determine its effectiveness, evaluate the cost savings, and ensure compliance with current labor laws and regulations. Make adjustments as needed.

The most effective Return to Work program will be one element of a comprehensive injury prevention and claims management strategy that involves: a strong safety program, immediate claim reporting and accident investigation protocols, a strong occupational clinic relationship, a formal first aid program, and regular claims progress benchmarking.

## Conclusion

The costs associated with disability due to work-related injuries can be huge! An employer can proactively manage those costs by keeping injured employees engaged and working productively while they recover. Return to Work programs help to drive dollars to the bottom line by reducing the direct costs associated with lost time injuries, which include: increased disability payments, increased medical payments, increased litigation rates, and increased insurance premiums. Return to Work programs also effectively reduce the indirect costs of lost time injuries such as lost productivity, employee turnover, and low employee morale.

Creating a work environment where every employee feels valued for their contributions to the company and recognizes that there is an expectation that they will actively participate in their recovery from an injury or illness and return to productivity as soon as possible, has a two-fold purpose: to lower the cost of risk by reducing the cost of insurance, and to protect the profitability of the company by obtaining and retaining the ideal workforce. ❖



live well, work well

## June is National Home Safety Month Fireworks Safety

Aside from work and school, houses are where people and families spend most of their time, but how many people have taken steps to make their homes safer?

June is National Home Safety Month. According to the Center for Disease Control, each year more than nine million children under the age of twenty are admitted to emergency rooms across the country.

Home Safety Month is an ideal time to learn about the top causes of household injuries and the steps you can take to prevent them.

If disaster should strike, you can minimize the danger to yourself and your loved ones with a few preventative steps as follows:

- Create an emergency safety plan. Keep your plan simple enough that the youngest members of your family know what to do without having to find you first, but varied enough to account for the most common disasters in your area.

Remember, it's not enough to have a plan if you never practice it.

- Compile an emergency kit. Be prepared for power outages and other natural disasters by



keeping necessities on hand. Essential items include flashlights, bottled water, nonperishable food and a first aid kit.

- Install smoke alarms on every floor of your house, and near fire hazards like fireplaces and stoves. Test the alarms and batteries regularly.
- Store medicines and toxic products in childproof cabinets and tape the phone number for the local poison control center to the fridge, along with other emergency contacts.

Fireworks are an American tradition and an annual rite of passage. Fireworks, however, especially illegal ones, can also cause serious injury and easily be fatal. There are around 200 firework-related injuries a day reported in the months surrounding the Fourth of July.

To keep you and your loved ones safe this summer, make sure you buy legal fireworks with a manufacturer's label and store them in a cool, dry place.

Light only one firework at a time, and never place any part of your body directly over a fireworks device. Back up to a safe distance immediately after lighting the fuse.

Never carry fireworks in your pocket or shoot fireworks off in glass or metal containers, and do not re-light any that fail. Always keep water nearby in case of fire and douse used fireworks with water.

**DID YOU KNOW**  
Sparklers can burn at 2000 degrees Fahrenheit, or as hot as a blow torch.

Live Well, Work Well (continued on page 5)



# live well, work well

**Live Well, Work Well** (continued from page 4)

## Three Common Exercise Excuses and How to Beat Them

We all have our reasons for not working out, yet excuses only prevent us from being happy and healthy. Here are some of the most common excuses and ways to overcome them. Remember, no one ever regrets a workout!

**Too tired** – The first and most common reason to avoid regular exercise evaporates as soon as you push



through it the first time. Multiple studies have shown regular physical activity can improve energy.

**Too busy** – Another popular excuse, it's an easy out to cite scheduling conflicts before shrugging off the gym, but according to the American Heart Association, only 75 minutes of weekly vigorous exercise is needed to improve your health.

**Not motivated** – Possibly the most difficult excuse to overcome, there are several ways to jumpstart motivation. One of the best is to post a goal using social media. No one likes falling short in front of others, so commit publicly to hold yourself accountable.

## Summer Savings Tips

You can save money throughout the year, but the warm temperatures of summer provide a few additional benefits from the long, warm days, as well as challenges that come from staying cool. Here are some solar-powered savings tips sure to help your bank balance.

1. Turn off the air conditioner – Obviously, your air conditioner is no good to you if you never use it, but try to pattern AC use around the weather and time of day. For those times when it's breezy or simply warm, a fan and open windows work just as well and for far less money.
2. Replace air conditioner filters – Dirty filters restrict air flow and can cause the system to run longer, increasing energy usage. Experts recommend changing your filters every 30 to 60 days or more frequently if you have pets or allergies.
3. Take advantage of long daylight hours – One of the best benefits of the long summer days is reducing the need for lighting in your home.
4. Cook outside – Using a stove or oven can create excess heat inside your house. Grilling is one of the best ways to take advantage of the outdoors when the weather is nice—and keeps your indoors cool.
5. Let laundry dry outside.
6. Plan ahead for future projects – The end of summer is one of the best times of year for big discounts on home and garden materials.



# SPOTLIGHT ON



**Cavnignac & Associates is proud to support local and non-profit civic organizations, including Voices for Children**



***Voices for Children, a nonprofit, addresses the child abuse crisis through its volunteer Court Appointed Special Advocates (CASAs). CASAs are empowered to identify and protect the best interests of foster children. There are approximately 5,000 children in foster care in San Diego.***

Voices for Children works with children from very diverse backgrounds: all ages, all ethnicities, all socio-economic statuses, all neighborhoods. "Our" children are just like your children. They are young and brave and talented. They are athletic and clumsy. They are smart and not-so-very-smart. They are all, without exception, beautiful.

And they are scared. They are scared because they have one thing in common - through no fault of their own, they have been removed from the care of their parents and have been legally declared "dependents" of the San Diego Juvenile Court. And once they have been removed, they enter a system that is not equipped to provide them with the individual attention, love, and advocacy they so desperately need and deserve.

There are three ways you can help:

- 1) Donate. It costs \$2,500 to provide a child with a CASA for one year.
- 2) Volunteer. Speak up now for a child, inside the courtroom, in school, and in the community by becoming a CASA. You can help make sure no child is forgotten and every child receives the services and advocacy that she deserves.
- 3) Spread the word. Learn everything you can about the plight of children in foster care and the cycle of child abuse and neglect. Join our Facebook page or have one of our speakers present at your company or service organization.

***For more information about Voices For Children, visit [www.voices4children.com](http://www.voices4children.com)***