Benefits of having a Return-to-Work program

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Return-to-Work Program

A plan established by an employer to help reintegrate injured workers into the workplace through alternate or modified work.
Modified Work

Changes to the work environment, work hours, tools and equipment used, and job design.

Accomplished by:

Modifying Essential or Non-Essential Job Functions
Limitation of Working Hours
Changes in Working Conditions
Physical Modification of the Work Place

**Put any temporary/light duty assignment in writing.**
Return-to-Work programs should...

- Be productive
- Be within the medical capabilities of the injured worker
- Be within the skills and abilities of the injured worker
- Not endanger the health or safety of the injured worker or his/her coworkers
Top reasons employers don’t have a program:

- This employee will have a negative effect on employee morale.
- There isn’t any work within those restrictions.
- The wages being paid don’t make sense for me to continue paying.
Healing Process
Control of Claims

Medical Costs
Legal Costs
Incident Only

Appropriate when no payment is contemplated. The incidents are reported to Company Nurse in order to make a record of the incident.
Medical Only

Any claim involving medical attention, but no time lost from work beyond the statutory-mandated waiting period. In Iowa, the waiting period is three days.
Indemnity

Occurs when an employee becomes injured on the job and cannot return to work until they heal or the injury becomes permanent and stable. Employee receives medical treatment and wage support. Only becomes indemnity after the three day waiting period.
Containing Claim Costs

- Report claims immediately!
- Implement a designated physician program.
- Have written, detailed job descriptions.
- Implement a return-to-work program.
- Complete incident review and report to Safety Committee.

Stay in Contact
- Claims examiner
- Treating physician
- Injured employee
Financial Aspects
Benefit employers financially by:

- Anticipating, controlling hidden costs
- Reducing financial impact of workplace injuries
- Providing proactive approach to cost containment
- Improving your ability to manage a claim and any restrictions
- Getting experienced employees back to work, resulting in less time and money spent on recruiting and hiring
- Helping keep regular contact with injured employees
Employee Benefits

- Retain full earning capacity
- Maintain productive mindset
- Stay on regular work schedule
- Avoid dependence on a disability system
- A sense of security and stability
- See management’s commitment to employees’ well-being reinforced
How is the Premium Calculated?

Payroll (by class code)
\[ \times \text{Rate (per $100 payroll)} \]
\[ \times \text{Experience Modification Factor (EMF)} \]
\[ \times \text{Discounts/Surcharges} = \text{Net Premium} \]
\[ + \text{Expense Constant} = \text{Total Premium} \]

Components you control to some degree:

- Payroll
- EMF (determined by loss experience)
NCCI Experience Rating

Formula compares your experience (based on payroll and claims) to expected experience based on that of all other employers in the state.

The resulting modifier adjusts your standard premium higher or lower according to your loss experience.

The modifier for the next coverage year is based on your loss experience of the last 3 completed years.
Frequency vs Severity in EMF

EMF gives greater weight to accident frequency than to accident severity.
Frequency vs Severity in EMF

Employer A
1 loss
totaling $50,000

Employer B
10 losses
totaling $50,000
A multiplier that is applied to the pure premium
Multipler of 1.00 represents an average risk

↑ Multiplier greater than 1.00 – *debit mod*
↓ Multiplier less than 1.00 – *credit mod*

<table>
<thead>
<tr>
<th>Standard Premium</th>
<th>Experience Modification Factor</th>
<th>Modified Premium</th>
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</thead>
<tbody>
<tr>
<td>$50,000</td>
<td>X</td>
<td>$57,500</td>
</tr>
<tr>
<td>$50,000</td>
<td>X</td>
<td>$42,500</td>
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## Application of EMF

<table>
<thead>
<tr>
<th>Classification</th>
<th>Payroll</th>
<th>Divided by 100</th>
<th>Rate per $100 of Payroll</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clerical (8810)</td>
<td>$70,000</td>
<td>700</td>
<td>$0.75</td>
<td>$525</td>
</tr>
<tr>
<td>Firefighters (7710)</td>
<td>$200,000</td>
<td>2,000</td>
<td>$63.17</td>
<td>$126,340</td>
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<td><strong>Total Premium</strong></td>
<td><strong>$126,865</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Modification Factor</strong></td>
<td><strong>1.25</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Modified Premium</strong></td>
<td><strong>$158,581</strong></td>
<td></td>
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Split Point – What is it?

Medical-only claims: Discounted by 70%
Indemnity claims: the portion of each included as primary loss increase

<table>
<thead>
<tr>
<th>Year</th>
<th>Medical-only claims</th>
<th>Indemnity claims</th>
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<tbody>
<tr>
<td>2012</td>
<td>$5,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>2013</td>
<td>$5,000</td>
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<tr>
<td>2014</td>
<td>$13,500</td>
<td>$13,500</td>
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<tr>
<td>2015</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>2016</td>
<td>$16,000</td>
<td>$16,000</td>
</tr>
<tr>
<td>2017</td>
<td>$16,500</td>
<td>$16,500</td>
</tr>
<tr>
<td>2018</td>
<td>$17,000</td>
<td>$17,000</td>
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</tbody>
</table>
NCCI Experience Rating Formula

Simple Terms:
- Actual Losses
- Expected Losses

Final in simple terms:
- Modified Actual Losses
- Modified Expected Losses

NCCI Actual Formula

**Primary Actual Losses** + Ballast Value + (Actual Excess Losses X Weighting Value) + (1-Weighting Value) X Expected Excess Losses

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Primary Expected Losses + Ballast Value + (Expected Excess Losses X Weighting Value) + (1-Weighting Value) X Expected Excess Losses
### Split Rating Example

<table>
<thead>
<tr>
<th>Loss Amount</th>
<th>State Incident Limitation</th>
<th>Primary Loss (Frequency)</th>
<th>Excess Loss (Severity)</th>
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</thead>
<tbody>
<tr>
<td>$500,000</td>
<td>$250,000</td>
<td>$17,000</td>
<td>$233,000</td>
</tr>
<tr>
<td>$100,000</td>
<td>$250,000</td>
<td>$17,000</td>
<td>$83,000</td>
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<td>$5,000</td>
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<td>$5,000</td>
<td>$0</td>
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# Medical-Only Claim Example

<table>
<thead>
<tr>
<th>Claim Value</th>
<th>Primary Loss</th>
<th>Ratable Primary Loss</th>
<th>Excess Loss</th>
<th>Ratable Excess Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,000</td>
<td>$16,500</td>
<td>$4,950</td>
<td>$3,500</td>
<td>$1,050</td>
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What questions do you have?
Have a safe day. Thank you.