

Workers' Comp & Safety News



The Art
of Hospitality

Hospitality Insurance Specialist:

- Custom Tailored Insurance Programs
- Loss Control and Risk Management
- Safety Compliance and Training

13950 Cerritos Corporate Drive, Suite A • Cerritos, CA 90703
800-466-8951 • 800-494-6829 fax
www.petrarisksolutions.com • Lic# 0817715



Claims Management

August/September 2016

Volume 14 • Number 4

How Evidence-Based Treatment Saves Money

The state of California has realized savings of about 8 percent since introducing evidence-based treatment guidelines into its workers' compensation system in 2012.* What is evidence-based treatment and how can it help employers' bottom line?

In a July 2016 report, California's Department of Industrial Relations said that average medical costs per claim (excluding medical cost containment expenses) decreased by about 8 percent between 2011 and 2015*, thanks to evidence-based treatment. Total annual savings are about \$600 million greater than initially estimated.

The state of California turned to evidence-based medicine primarily to address the growing problem of opi-



continued on next page

This Just In

Alternatives to workers' compensation don't have enough support at this point, found the Workers' Compensation Insurance Committee of the National Conference of Insurance Legislators. The legislators' group had discussed opt-out programs at their November 2015 and February 2016 meetings. The group proposes model legislation that states can adopt.

Supporters of workers' compensation alternatives say they don't advocate allowing employers to skirt their obligation to provide occupational injury benefits. Instead, they promote alternative programs as offering "healthy competition on price and coverage." Currently, only

continued on next page

oid overuse and abuse among workers' compensation claimants. Although opioid drugs can effectively treat pain over the short term, their effectiveness diminishes over time. Long-term use can lead to desensitization, abuse and addiction. Despite that, many healthcare providers prescribe opioid drugs for workers' compensation (and other) patients who deal with long-term pain due to injuries.

According to the Center for Evidence-Based Medicine, "evidence-based medicine is the conscientious, explicit and judicious use of current best evidence in making decisions about the care of individual patients." It would seem like EBM should be standard operating procedure, but a Rand Corporation report found that clinicians follow evidence-based guidelines in fewer than 55 percent of patient diagnoses.

In its report, the California Department of Industrial Relations said evidence-based treatment is a "... systematic method of making clinical decisions that involves applying the best available scientific evidence to recommend the most appropriate treatment for individual patients....Evidence-based medicine requires doctors to apply a standardized process when evaluating the available treatment options and to consider the possible outcomes before making a recommendation to individual patients."

EBM recognizes that many aspects of medical care depend on individual factors

such as quality and value-of-life judgments, which are only partially subject to scientific methods. The Federal Coordinating Council for Comparative Effectiveness Research coordinates and guides investments in research on the relative strengths and weakness of various medical interventions. Although the council focuses on the needs of populations served by federal health programs, such as Medicare, its research has provided information useful to employer group plans.

Employer Perspective

Employers who aggressively manage their health plans have notably lower and more predictable cost trends, according to the National Business Group on Health, which provides members with practical solutions to control healthcare costs while improving patient safety and care quality. These principles can apply to workers' compensation claims as well as group medical claims.

Employers can promote evidence-based treatment for workers' compensation claims by:

- ✱ Determining what kinds of evidence-based programs your workers' compensation insurer offers.
- ✱ Looking for occupational medicine providers who adhere to EBM principles.
- ✱ Incorporating EBM and other best prac-

Texas and Oklahoma allow employers to opt out of their state workers' compensation systems. Employers in these states must provide another form of coverage for occupational injuries.

The Association for Responsible Alternatives to Workers' Compensation (ARAWC) is a national organization comprised of employers, workers' compensation system providers and industry experts. They say voluntary occupational injury programs would reduce some of the problems inherent to state workers' compensation systems. These include: employers' lack of communication with workers about their rights and responsibilities until after they are injured, delays in injury reporting and medical treatment, unnecessary attorney involvement due to the complexity of the system, and excess administration and treatment costs.

For more information on workers' compensation, please contact us.

tics in your group health plan designs, including disease management and on-site medical clinics.

When introducing EBM to your employees, be prepared for some pushback. Be ready for these objections when introducing EBM:

- ✱ **More care is better care.** To employees, the idea that getting less care could ac-

tually mean getting the right care is both unfamiliar and counterintuitive.

- ✦ **New types of care will be better care.** Employees strongly value innovative healthcare — and they tend to assume that new drugs and treatments represent advancement. They believe that when someone is sick, quality care can mean trying as many things as possible, including new or alternative treatments.
- ✦ **Good quality care costs more.** Employees tend to believe that people get what they pay for — so it makes sense for quality care to cost more.
- ✦ **If it's good for the company, it must be bad for me.** Employees have a hard time believing a benefit change can be a win-win situation. It's your job to explain how everyone can benefit from EBM.

Bottom line: EBM can reduce medical treatment costs. Just remember it could require a fair amount of communication and education on your part to convince employees.

For more information on evidence-based medicine and other claims management techniques, please contact us. ■

Keeping Employees Safe While Traveling

Americans took more than 459 million business trips in 2015, according to the U.S. Travel Association. Most trips are 250 miles or less away from home. But even those trips create risk exposures.



State laws govern workers' compensation coverage. Although most policies limit coverage to injuries or illnesses that occur in the U.S., its territories or Canada, most states will extend benefits to workers injured outside their borders, as long as they were hired in that state or had their principal workplace in that state and are working outside that territory only temporarily.

To ensure coverage for employees who make short-term business trips, you can purchase a voluntary workers' compensation policy and employers liability endorsement. This policy addition will allow you to offer

state benefits to workers who are injured or become ill while traveling out of state or out of the country. If the employee rejects these benefits and files suit, the employers liability portion of your policy would apply.

Risks of Foreign Travel

Workers who venture abroad can become exposed to malaria, parasites, viruses (such as Zika) and other diseases that rarely occur in the U.S. Even if a more routine accident or illness occurs, language barriers, lack of access and other problems can make even a minor problem escalate into a serious health condition. Before traveling, please check the Center for

Disease Control's website, www.cdc.gov/travel, for updated information on health risks abroad.

Before sending an employee abroad on a business trip, you will want to check whether your state provides extraterritorial coverage. Most policies will provide basic coverage for workers traveling abroad for a short term for business purposes. If your policy provides only basic coverage, you can provide better protection to your traveling workers by buying a **foreign voluntary workers' compensation policy** and a **travel accident policy**.

Foreign voluntary workers' compensation covers expatriate U.S. employees, local hires and employees from outside the U.S. hired to work in a country not their own. Policies differ among insurers, but many provide broader coverage than the typical workers' compensation policy. For example:

- ✱ War and terrorism-related injuries. U.S. workers' compensation policies exclude coverage for injuries due to war or terrorism, even if they occur at the workplace.
- ✱ Repatriation. This covers the cost of returning an injured or ill worker to the U.S. for medical treatment.
- ✱ 24/7 coverage. Some policies will cover your workers who are traveling for injuries and illnesses, including endemic illnesses, that occur outside work hours.

Travel accident insurance provides accidental death and dismemberment and life insurance coverage for traveling workers.

Special Considerations for Women

Traveling alone poses risks for women, particularly overseas. If your employees travel, wearing or bringing the following items can enhance a female traveler's safety:

- ✱ A wedding ring, regardless of marital status. In many countries, a married woman is viewed as another man's property and off limits. At the very least, it can deter unwanted suitors.
- ✱ Pepper spray. Check the country's regulations: some outlaw pepper spray. Many air carriers allow passengers to bring three ounces or less of pepper spray in checked baggage; none allow this and other potentially disabling substances in carry-ons.
- ✱ A rubber doorstop or door brace. Many hotel door locks are easy to pick; a rubber doorstop or door brace can prevent an intruder from pushing the door open.
- ✱ Boxer shorts. David Mair, a managing partner at Champlin, Minn.-based Soter Healthcare Inc., recommends that a woman traveling solo carries a pair of men's boxers in her luggage and leave them lying on her bed. "That suggests she is not alone," Mr. Mair told *Business Insurance* magazine.

We can provide additional safety suggestions and review your policies to ensure they provide coverage for your employees who travel or work abroad. ■

EAPs and Workers' Compensation

EAPs (employee assistance programs) can help employers reduce their workers' compensation costs in two ways.

Your company might offer an employee assistance program (EAP) as part of its benefits program. EAPs can help control medical costs; they might also help control workers' compensation costs. Here's how.

Many workers' compensation claims have a mental health element. Your EAP can help employees deal with mental health problems, or stress from a variety of personal problems, that could lead to illness or injury. Studies have proven that workers under stress are more likely to become ill or injured, as are those who abuse drugs or alcohol. Second, your EAP can help workers who are dealing with a work-related injury cope with the stress of pain, being out of work or coping with a disability.

EAPs emerged in the 1980s to address substance abuse problems in the workplace. Providing confidential access to drug and alcohol treatment programs can increase the likelihood that your programs will be utilized by those who need them.

Today, EAPs have evolved to address a wide range of problems, including:

- ✱ Drug and alcohol abuse
- ✱ Family and marital problems
- ✱ Child care or elder care needs
- ✱ Gambling problems
- ✱ Legal problems
- ✱ Financial problems/bankruptcy
- ✱ Outplacement or stresses due to restructuring or downsizing.

An EAP offers employees confidential short-term counseling with a counselor specially trained to identify the employee's problem. When appropriate, the EAP counselor will make referrals to specialists or other providers.

Some EAPs have their own network of specialists — such as addiction specialists, mental health specialists, family counseling specialists, legal advisors and more. Others work on a referral basis, referring em-



ployees to outside providers and programs, when necessary. The employee has the responsibility of following through with any referral appointments and making financial arrangements for any services that fall outside the scope of the benefit program.

EAPs can also help employers deal with personnel problems in a sensitive manner, without violating an employee's right to privacy. For example, a supervisor who sees an employee's work suffering due to a personal problem or possible drug or alcohol abuse can refer that employee to the EAP without having to inquire on the nature of the problem.

An EAP can help you get the most out of your benefit plan. A good EAP will promote its services with communications to your employees. When an employee turns

to the EAP for assistance, the EAP counselor can help your employee identify resources covered by your benefit program. For example, an employee facing addiction might be referred to a program covered by your health benefits. An employee with mental health problems might be referred to a provider in your group health insurance plan's network. EAPs may also inform employees of their rights under government-mandated ben-

efit programs, such as workers' compensation, the Family and Medical Leave Act, the Americans with Disabilities Act and federal and state mental health parity mandates.

Many EAPs charge on a per-employee basis, and costs can be as little as \$2-3 per employee per month. Your costs will vary depending on your location, provider and services you select — such as in-person vs. telephone-only counseling.

Regardless of the plan you select, you will want to publicize it to ensure employees know it's available when they need it. As employees in downsized workforces deal with increased workloads and increased demands at home, you may find an EAP is a worthwhile investment. For more information on EAPs, please call us. ■

Avoiding Liability for Fitness and Recreational Activities

Especially during summer, employers often encourage employees to participate in fitness activities or company picnics. But what happens if an employee is injured at one of these events—will workers' comp apply?

Your workers' compensation might cover an injury that occurred at a company-sponsored fitness activity or recreational event. Situations that might trigger workers' compensation coverage include:

- ✱ The employer makes participation mandatory or obligatory.
- ✱ The employer paid for or organized the activity.
- ✱ The event took place on your premises.
- ✱ The employer sponsored the activity, such as paying for equipment or uniforms.
- ✱ Only employees participated.

Employers can avoid liability for fitness and recreation activities by having employees sign a recreational waiver before participating. Please contact your employment attorney for more information.

An on-site weight or exercise room can improve employee wellness by making it inexpensive and convenient for employees to exercise. However, employers considering starting a fitness center might have concerns about their liability. To avoid this problem, we suggest the following guidelines for employer-sponsored onsite facilities:

- ✱ Limit use to employees only — no guests or family members
- ✱ Have employees sign a waiver, saying 1) that they have no medical conditions that prohibit or would worsen with exercise, 2) that they agree that use of the center is completely voluntary and occurs on the employee's own time.
- ✱ Specifically state in the waiver that any injuries that occur at the center are not compensable by workers' compensation.
- ✱ Post signs on the doors reiterating #3 above.



- ✱ Prohibit use of the facility for rehabilitation.
- ✱ Read equipment manufacturers' recommendations for preventive maintenance and develop a schedule for inspections and maintenance. Document all inspections and repairs made.
- ✱ If the facility is large enough and the number of prospective users high enough, consider outsourcing management of the facility. Have your attorney review your contract with the facility manager.

For more information on trimming your workers' compensation expenses, please contact us. ■

