

## Multiple Initiatives Target Rising Medical Costs

The National Council on Compensation Insurance (NCCI) cites the rising cost of medical care as “the major issue facing workers’ compensation stakeholders, now and for the foreseeable future” in its *2008 Workers’ Compensation Issues Report*. Meanwhile, rising medical claim costs are identified as a workers’ compensation “mega-trend” by Steven Weisbart, Ph.D., vice president and chief economist for the Insurance Information Institute.

The NCCI reports that close to 60 percent of workers’ compensation benefits are attributable to medical costs; Dr. Weisbart says workers’ compensation medical costs are projected to comprise 70 percent of total costs by 2016 if the trend continues.

The following are some examples of initiatives designed to tackle the medical cost inflation problem:

### Physician Involvement

Many injured workers are initially seen by physicians who are not trained in occupational medicine, which puts patients and their employers at a disadvantage. Outcomes improve when medical care is provided by knowledgeable and personable occupational medicine physicians whose incentives are aligned with the payer. When incentives



**Dr. Edward Bernacki** are not well aligned, practice guidelines, nurse case managers and other mechanisms can be used to achieve the desired result, says Edward Bernacki, M.D., M.P.H., director of the Occupational Medicine Division at Johns Hopkins University, Baltimore, Md.

Johns Hopkins is self-insured for workers’ compensation and administers its own program. More than 16

years ago, it carved out its own mini-network of physicians with knowledge of the workers’ compensation system to deliver care to its hospital and university employees. Since implementing this model, Johns Hopkins’ employee population has grown from 21,000 to nearly 45,000. In 1992, there were 457 lost-time claims (21.8 claims per 1,000 employees), 155 medical-only claims and more than 34,000 paid temporary total disability (TTD) days. In 2007, with a much larger working population, there were 237 lost-time claims (5.0/1,000 employees), 2,522 medical-only claims and 13,897 paid TTD days.

### Louisiana Experience

Dr. Bernacki and his colleagues have applied similar principles in a project with the Louisiana Workers’ Compensation Corporation (LWCC), a private, non-profit company created to help restore the state’s failing workers’ compensation system. The LWCC establish a preferred provider network called OMNet Gold (OG), which utilizes “managing care physicians” who are responsible for providing initial treatment and tracking medical care. Utilization review is waived for OG providers.

Researchers compared the outcomes of 176 cases managed in the OG network to 1,464 cases managed in a more traditional way outside of the network (including utilization review). Among claims filed during the study period, August 2003 to July 2004, the mean was 53 lost work days for OG-managed claims and 99 days for traditionally managed claims.

The mean OG medical cost was \$5,855, compared to \$9,850 for non-OG medical care. Other costs, such as indemnity, management fees and legal expenses, were also lower for OG-managed claims. Larry Yuspeh, LWCC director of research and development, said the math is simple: *Medical treatment + Care management = Good injured worker care.*

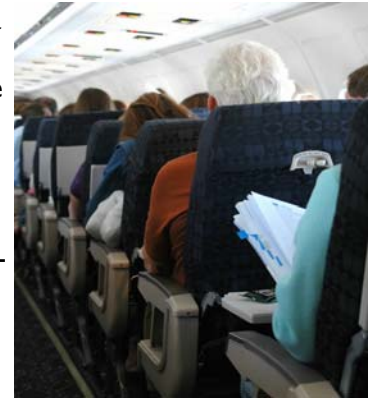
## Cell Phones, Driving Don't Mix

A study conducted by Carnegie Mellon University shows that talking on a cell phone while driving causes motorists to weave like drunk drivers. According to the National Association of Mutual Insurance Companies, researchers scanned brain activity on subjects who were talking while driving a simulator; listening alone reduced the amount of brain activity associated with driving by 37 percent. "The clear implication is that engaging in a demanding conversation could jeopardize judgment and reaction time if an atypical or unusual driving situation arose," Marcel Just, a neuroscientist and director of the Center for Cognitive Brain Imaging, told the insurance association.

## Medical Emergencies Gain Altitude

The rate of medical emergencies on commercial flights nearly doubled from 2000 to 2006 (from 19 to 35 per 1 million passengers), *USA Today* reported. There has also been an increase in the number of emergency landings for medical reasons. Factors contributing to the increase include a rising number of older passengers and longer flights. The statistics were

obtained from MedAire, a company that provides emergency medical advice to airlines. MedAire says passengers with diabetes, seizure disorders, and heart and respiratory ailments account for 23 percent of in-flight deaths and 29 percent of medically related flight diversions.



## Education, Life Expectancy Linked

Increases in life expectancy in recent decades have been concentrated almost entirely among better-educated Americans, according to a study published in *Health Affairs*. One of the common risk factors contributing to poor health among the less-educated is smoking. As of 2006, 35 percent of Americans with a ninth-to-11th-grade education smoked, compared to 7 percent of Americans with a graduate degree, *Newsweek* reported in its March 31 edition.

# Government Watchdog

## Updates in Three Acts

**ADA:** The proposed Americans with Disabilities Act Restoration Act (HR-3195 and S-1881) would redefine the term "disability" and effectively over-rule several U.S. Supreme Court decisions that have narrowed the scope of the ADA's protections.

**FMLA:** New provisions of the Family and Medical Leave Act apply to members of the U.S. armed forces and their families. The regulation is included in the Defense Authorization Act for the 2008 fiscal year. Employers must post a notice about the new provisions if they have at least 50 employees. Visit [www.dol.gov/compliance/laws/comp-fmla](http://www.dol.gov/compliance/laws/comp-fmla).

**HIPAA:** Certain health promotion and disease management programs offered through group health plans must comply with provisions of the Health Insurance Portability and Accountability Act. To clarify the provisions, the U.S. Department of Labor has issued *Field Assistance Bulletin No. 2008-02*, which includes a wellness program checklist. Visit [www.dol.gov/ebsa/regs/fab2008-2](http://www.dol.gov/ebsa/regs/fab2008-2).

## OSHA Sends Notices

The Occupational Safety and Health Administration has notified 14,000 employers nationwide that their injury and illness rates are considerably higher than the national average. Workplaces receiving notifications had 5.4 or more injuries resulting in days away from work, restricted work activity or job transfer (DART) for every 100 full-time employees. Nationally, the average U.S. workplace had 2.3 DART occurrences for every 100 employees. The letter offers free OSHA safety and health consultation services provided through state offices, workers' compensation agencies, insurance carriers, and safety and health consultants.

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# Employers Can Do a Lot to Promote Health at Work

**By Jessica DiPalma**

Since most adults spend the majority of their waking hours on the job, the workplace is a logical venue for promoting healthful habits.

The Wellness Council of America, which has adopted the slogan, “Worksite health promotion is good business,” cites obesity, tobacco and stress as the top health risks for Americans. These risks were once considered problems for people to tackle on their own. Today, progressive employers are willing to offer their employees interventional assistance.

Studies show that an employer’s attitude toward a healthful working environment and personal accountability can have a powerful influence on employee behavior. The following list contains some simple suggestions employers can implement to improve the overall health of their employees.

## Exercise and Fitness

Lack of physical activity is identified as a leading culprit in *Healthy People 2010*, a comprehensive report that delineates top health concerns and national health objectives. According to the U.S. Department of Health and Human Services, worksites with physical activity programs can help turn things around.

For example, worksite fitness programs have been shown to lower employers’ health care costs by 20 to 55 percent, reduce short-term sick leave by up to 32 percent and increase productivity by 52 percent. Popular workplace fitness programs include free or discounted memberships to local gyms, on-site fitness studios, lunchtime walks, group exercise classes and one-on-one fitness training. Onsite weight loss challenges tied to an exercise regimen are also popular.

Employers often offer incentives and fitness education to help build employee morale and overall health.

**Resource:** [www.healthypeople.gov](http://www.healthypeople.gov)

## Nutrition Education

According to the Centers for Disease Control and Prevention (CDC), the prevalence of obesity in the workforce has dramatically increased over the past two decades. Data show that among adults aged 20-65 years, obesity increased from 15 percent of the population in 1980 to 33 percent in 2004. Being obese or even overweight can lead to health problems such as hypertension, diabetes and high blood pressure.

Employers can partner with local nutritionists and other experts to offer seminars to educate employees



about poor eating habits, how to interpret food labels, and how to make better food choices at work and at home. Offering healthful food options in workplace cafeterias and vending machines is another simple method for encouraging better nutrition.

**Resource:** [www.cdc.gov/HealthyLiving](http://www.cdc.gov/HealthyLiving)

## Stress Reduction

A study conducted by the Wellness Council of America suggests that about a million people a day miss work because of stress-related complaints. Stress is cited as the cause of about 40 percent of job turnover and 50 percent of lost workdays.

Employers can combat these problems by promoting stress-reduction exercises and relaxation breaks, or by hiring yoga instructors and/or massage therapists to come onsite several times a month. Exercise also helps reduce stress, as do various techniques for achieving optimal work-life balance.

According to the Wellness Council, lack of water is a leading trigger for daytime fatigue. The simple act of encouraging good hydration can reduce stress and increase productivity levels.

**Resource:** Wellness Council of America:  
[www.welcoa.org](http://www.welcoa.org)

## Infectious Disease Prevention

The CDC says the foundation for disease prevention is to assume that everyone in the workplace is potentially contagious. The spread of pathogens can be prevented by regular hand washing, covering cuts or abrasions with bandages and maintaining workspace cleanliness. The CDC recommends hand washing with soap and water as a sensible strategy for improved hygiene in non-health-care settings, as well as the use of alcohol-based hand rubs, which significantly reduce the number of micro-organisms on skin.

**Resource:** [www.cdc.gov/workplace](http://www.cdc.gov/workplace)

## Medical Analysis

MedMetrics®, ([www.medtrics.org](http://www.medtrics.org)) is an Internet-based system that provides tools for the analysis of workers' compensation medical data. It is designed to track cost drivers, monitor treatment processes, establish benchmarks and identify best practices. MedMetrics allows users to obtain the following data from disparate sources to get a more complete picture:

- bill review, which enables tracking by diagnostic code and medical service codes;
- claims, which can be used to determine indemnity costs;
- medical case management;
- utilization review; and
- managed care program and medical provider network data.

"We know intuitively that medical case management is valuable, but we have no real proof of value, even after years of effort," said Karen Wolfe, president and CEO of MedMetrics. "We not only need to prove it, we need to tighten down on it and make it even more objective. Customers and jurisdictions are demanding documented value - we just have to get to that point."

## State Regulations

The NCCI ([www.ncci.com](http://www.ncci.com)), Boca Raton, Fla., analyzes industry trends, recommends insurance rates, determines the cost of proposed legislation, and provides a variety of services and tools to support the workers' compensation industry. State regulators and legislators have asked the NCCI to help analyze and price proposed medical cost containment solutions. Last year, nearly 30 percent of 200 legislative analyses conducted by the NCCI included a medical component. The intent now is to intensify that effort by requiring insurers to report on 28 different elements: five to link data and 23 for medical procedure and diagnostic components.

## California Reforms

California continues to serve as a bellwether state in the medical cost-containment arena. In an *NCCI Issues Report* article, Alex Swedlow, executive vice president of research and development for the California Workers' Compensation Institute ([www.cwci.org](http://www.cwci.org)), says state reforms enacted in 2002-2004 that addressed "outdated fee schedules, lack of effective cost or utiliza-



tion management, and the inadequate span of control held by the provider network" show a "strong association with decreased medical costs."

## Practice Guidelines

The American College of Occupational and Environment Medicine ([www.ACOEM.org](http://www.ACOEM.org)) has published the *Occupational Medicine Practice Guidelines: Evaluation and Management of Common Health Problems and Functional Recovery in Workers, 2nd Edition*, which are widely utilized nationally and required in California.

The guidelines function as cost-management tools, and employers benefit because they improve transparency and predictability, said Barry Eisenberg, executive director of ACOEM. The application of disability management principles in workers' compensation is particularly relevant given that a healthy and productive workforce is a "competitive imperative" in today's marketplace, he noted.

## Safety & Wellness Interventions

More than 60 percent of chief financial officers surveyed by Liberty Mutual Insurance reported their companies see a return of at least \$2 for every \$1 invested in injury prevention. In addition to traditional safety training programs, improvements in the work environment and product design, reducing the weight of objects/packages, and strict enforcement of seatbelt use have been found to help reduce the risk of injury both on and off work. Other studies show that 60 to 70 percent of an individual's health status is driven by lifestyle choices. Therefore, the most effective wellness programs focus on tools that can help people change their behavior. Popular tools include health risk appraisals and health coaching for those with identified risks such as diabetes, hypertension, smoking and obesity.