Workers Compensation Cost Containment Products

How they help you reduce your Workers’ Compensation costs
Introduction

- Worker’ Comp Kit
  - President of Amaxx Risk Solutions
  - The developer of the new products
  - Rebecca has been in the insurance industry for over 20 years.

- Advisen
  - Workers Comp Kit® technological partner
Why are Workers’ Comp costs high?

Companies…

- Common misperception
- Don’t think of workers’ comp as a controllable expense.
- Don’t get involved.
- Don’t have the resources or time to develop a process.

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Other factors that drive up workers’ comp costs

- Misdiagnose the cause of the problem.
- Too many claims that last too long.
- Not measuring meaningful benchmarks.
- May not know how many employees are out of work.
- Inadequate procedures
- Lack of communication
An example of poor communication

- No diagnosis or prognosis
- No direction to employee
- No return to work restrictions
- No communication to employer
- No flexibility in time out of work – “totally incapacitated” is preprinted
- No information that is helpful to employer to bring the employee back to work
- Not even a phone number to contact the doctor

Essentially, the EMPLOYEE IS IN CHARGE
Ways other people communicate with your employee
Workers’ Comp cost containment products put EMPLOYERS back in charge

- Communicate effectively with your employees
- All the tools needed to do so
- Web-based and print tools
- Put communication procedures and tight post-injury procedures in place
- TAKE CHARGE!

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Put EMPLOYERS back in charge

Work Ability Form

- Gathers information missing in the previous document
- Brings the employee back to work sooner

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Assess your Workers Comp Program: What is your score?

- Identify where you fall among your peers

- Brokers have a solid platform to develop a time table with their client by the end of the assessment.

What is YOUR Score?

YOUR WORKERS' COMP SCORE

The Official Workers' Compensation Score Certified

54
Get all the tools you need in one place

- Web based tools provide immediate access to begin lowering your WC costs
- Find out where you stand, get immediate results on ways to improve, then track your score as it increases!
Recommendations for Improvement

- Get quick, efficient improvements for immediate effect on your bottom line.
- Save time by knowing where to begin making improvements right away.
- Brokers can work directly with the Risk Manager to put the plans into action.

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Track your Improvements

Both Risk Managers and Brokers can see immediate improvement over time.
Best-to-Worst Ranking

- No one wants to be listed as the worst!!
- Provides motivation to keep everyone involved in lowering the companies WC costs.
Best Practice Profile

- Make sure everyone is on the same page and pinpoint areas for training and IMPROVEMENT!
MEASURING YOUR WORKERS’ COMP PERFORMANCE is important to properly manage it, so we have a benchmarking report that is very easy to use.
Benchmark & Compare Your Costs

- Find out where you stand at critical points in time.
- Motivates management to get behind you.

Sample Retail Corporation - 2006

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>RESULTS</th>
<th>NATIONAL AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Average Cost per Workers' Compensation Claim</td>
<td>$2,764.88</td>
<td>$8,684.11</td>
</tr>
<tr>
<td>2 Average Indemnity Cost per Lost Time Claim</td>
<td>$1,720.80</td>
<td>$6,480.11</td>
</tr>
<tr>
<td>3 Average Medical Cost per Lost Time Claim</td>
<td>$3,720.26</td>
<td>$7,670.31</td>
</tr>
<tr>
<td>4 Average Expense Cost per Lost Time Claim</td>
<td>$867.13</td>
<td>$742.12</td>
</tr>
<tr>
<td>5 Average Cost per Lost Time Claim</td>
<td>$6,048.19</td>
<td>$13,719.18</td>
</tr>
<tr>
<td>6 Average Cost per Medical Only Claim</td>
<td>$2,288.28</td>
<td>$472.14</td>
</tr>
<tr>
<td>7 Percentage Lost Time Claims in Total</td>
<td>20.28%</td>
<td>21.63%</td>
</tr>
<tr>
<td>8 Average Losses as a % of Payroll</td>
<td>4.0%</td>
<td>1.20%</td>
</tr>
<tr>
<td>9 Average Losses as a % of Revenue</td>
<td>0.64%</td>
<td>2.70%</td>
</tr>
<tr>
<td>10 Rateable Rate</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>11 Lost Work Day Rate</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>12 Average Losses per Full Time Equivalent Employee (FTE)</td>
<td>$881.84</td>
<td>$578.10</td>
</tr>
<tr>
<td>13 Rateable Rate</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>14 Projected Savings for Improvement to National Average</td>
<td>$5,164,918.82</td>
<td>$5810</td>
</tr>
<tr>
<td>15 Projected Savings for Improvement to FTE Goal</td>
<td>$4,164,952.20</td>
<td>$3,000</td>
</tr>
</tbody>
</table>
Proof of improvement=Lower premiums & collateral

- By using your custom recommendations see your workers returning to work sooner and saving the company more money.

- Reduce premium collateral including lowering letters of credit and escrow.
Show how much money you will save

- $160,000 claim can end up costing $3,000,000 on your bottom line.

Sales to Pay for Accidents Calculator

Workers' Comp has many hidden costs, but just because you can't see them doesn't mean they don't hurt you and hurt your business. If you do a little arithmetic -- based on your company's WC activities for the past year you can see the full impact.

**Incurred Costs**

- Total Incurred ($) : 160,000.00
- Your Company's Profit Margin (%) : 5.3 (i.e. 6.5 not .05)

**Calculate** | **Clear Results**

Grand Total: $3,018,867.92

It takes $3,018,867.92 in sales to replace the $160,000.00 your company spent on workers' compensation.

The Grand Total represents the true cost of workers' compensation. That is the amount of money your company spent to 'pay for' workers' compensation.

In other words, to replace the cost of workers' compensation losses on the bottom line, your company would have to increase sales by that amount. And, that amount cannot be reinvested or returned to stockholders. It is the same as if sales dropped by that amount.

The true cost is much larger than the amount executives see on the loss report.

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COST REDUCTION TOOLS -- SOLUTIONS TO THE PROBLEM

- In-depth explanations of common WC problems with the supporting forms and documents to improve them

Training Your Supervisors

LEVEL 3

STEPS TO COMPLETING YOUR PROGRAM

Step by Step Overview
1. Performance Goals
2. Post Injury Response Procedures
3. Communication
4. Return to Work Programs & Transitional Duty
5. Management Commitment
6. Insurance Co. & Claims Administrator Performance
7. Medical Care Coordination
8. Medical Cost Containment
9. Fraud, Abuse & Malpractice

BRINGING SUPERVISORS ON BOARD

THE SUPERVISORS

A great deal of thought should go into training the supervisors so they are well-informed, prepared for the most common obstacles, and can effectively participate in a way that cultivates a positive employer-employee relationship.

A supervisor may have conflicting roles — being a friend of the employee, yet responsible to management for a thorough investigation and injury prevention. It's important to properly explain the program up front so the supervisors can answer questions the employees have. For questions they cannot answer, they should know who to refer the employees to for additional assistance.

Familiarize supervisors with “Best Practices.” Customize the Best Practices. The supervisors should be active participants in this. This is important because your training will be designed around what you want your supervisors to do. Training isn’t just about procedures; it’s about the right attitude and effective communication.

Tip:
To design training, determine objectives of training by asking, “What do I want my supervisors to do differently after the training?” Your response to this question will be the objective of the supervisors training program.

Draft supervisor best practices on the Supervisor Best Practice Worksheet.

Supervisor’s Best Practices

Supervisor’s Best Practices Worksheet

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Modules

- **Module 1** - Data Performance Goals
- **Module 2** - Post-Injury Response
- **Module 3** - Communication
- **Module 4** - Return to Work & Transitional Duty
- **Module 5** - Management Commitment
- **Module 6** - Insurance Companies & TPAs
- **Module 7** - Medical Cost Containment
- **Module 8** - Medical Care Coordination
- **Module 9** - Fraud and Abuse
- **Module 10** - Training Initiatives
Forms & Documents

- When using our tools, it takes 85% less time to design a program than starting from scratch.

- There are sample forms, letters, emails, checklists, questionnaires, brochures, presentations and scripts.

- COMMUNICATION IS KEY: Several documents are provided in Spanish.
What is Workers’ Compensation?

Workers’ Compensation is a system of federal and state laws providing benefits to employees who are injured on the job.

This includes weekly benefit payments if the injury is work-related and you are not able to do either your regular or transitional duty job. The amount of benefits is set by law and will probably be less than your normal wages.

The workers’ compensation system provides for payment of medical bills, rehabilitation and hospital care if needed.

Our company has a workers’ compensation process to help you when you are injured.

What Happens if I am Injured on the Job?

If you are injured at work, you should immediately report the injury to your supervisor or manager.

A workers’ compensation claim will be filed for you by the manager. Your manager will make sure you receive medical care and return to work as soon as you are able.

What Should I Do if I am Injured on the Job?

If you are injured you must:

1. Immediately report the incident to your supervisor.
2. Seek medical treatment; a manager will assist and accompany you to the doctor.
3. Bring the Work Ability Form to all doctor’s appointments.
4. Complete a written report of the incident.
5. Follow the doctor’s instructions
6. Attend all medical appointments.
7. Be available for Weekly Progress Meetings about:
   - Your current condition;
   - Medical treatment;
   - Special problems or concerns;
   - Returning to work at your job or in a transitional duty job.
8. Return to work on a regular or temporary transitional duty position when it is offered and your doctor allows it.

How are Medical Providers Selected?

In some states, an employer can direct employees to specific medical providers. In other states, the employee can see their own doctor, or select another provider. In many cases, our employees chose to visit a medical provider in our network because those doctors know our facility.

In either case, we are committed to providing prompt, quality medical care for injured employees.

We require detailed medical documentation regarding your treatment plan and return-to-work capabilities from all doctors who treat our employees.

Who Pays the Medical Bills?

If you have medical bills from your injury, you do not have to pay the bills yourself. Instead, bills are sent to our claims adjuster. We will make sure your bills are paid. If you have problems let your manager know and he or she will tell you who to speak with.
What is Workers' Compensation?

Workers' Compensation is a system of federal and state laws that provides benefits to employees who are injured on the job.

The system provides payment of medical bills reasonable and necessarily related to an on-the-job injury.

It also provides weekly payments of a portion of your wages while you are unable to work as determined by a doctor as a result of a work-related injury.

What should I do if I am injured on the job?

If you are injured on the job, you must:

1. Immediately report the accident to your supervisor.
2. Seek medical attention as instructed by your supervisor.
3. Return to the job site and give your supervisor paperwork from the doctor.
4. Provide a written report of how the accident happened.
5. Follow all of your doctor's instructions and attend all medical appointments.
6. Attend weekly meetings with your supervisor to discuss your condition and your return-to-work status.
7. Return to transitional duty when allowed by your doctor and ordered by your supervisor.

How are medical providers selected?

Our goal is to provide you with the best medical care possible. We have interviewed and evaluated service providers in the area and selected those that are most familiar with the type of work we do, the injuries that occur, and the best means of treatment.

There is a list of providers at your work site or available from your foreman or the Safety Department. In the event of an emergency, your supervisor will take you to the nearest emergency medical facility.

Please contact your supervisor or the Safety Department if you have any questions.

Who pays the medical bills?

We will pay for all medical bills related to your approved Workers' Compensation injury. Please gather any medical bills that you may receive at home and give them to your Safety Director.

Other Benefits

If you are injured on the job and have lost use of a body part, you may be entitled to additional benefits. Any loss-of-use benefit will be paid automatically. If you feel your suffered a loss-of-use, consult with company management prior to seeking legal counsel, as additional benefits may be available. You do not need an attorney to obtain this benefit.
Are There More Benefits?

If you are permanently scarred or permanently lose part of your physical capacity due to the injury, you may be entitled to an additional amount called a "permanency award." If you are entitled to a permanency award, we will pay this automatically.

You do not need an attorney for this process. Attorneys charge for expenses and also take as much as one-third of your settlement so you are usually better off not hiring an attorney. If you feel the offer is unfair THEN you can hire an attorney. A judge or workers' compensation administrator makes sure all awards are fair.

Our Commitment to You. Your Commitment to Us.

We also take your commitment to our company very seriously and will terminate any employee who files a fraudulent workers' compensation claim. Staying out of work longer than is medically necessary is "malingering" and is considered fraudulent in some states. If such a situation were to occur, the individual could prosecuted by the insurance company for fraud.

We hope this never happens. We want our insurance company to be there for us so injured employees can have peace of mind.

Contact Information

Company Name: ____________________________

Injury Coordinator: _______________________

Manager: ________________________________

Address: ________________________________

Telephone #: ____________________________

Fax #: _________________________________

Email: _________________________________

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Our commitment to you

• We will provide you with a safe place to work.
• We will provide tools and equipment to allow you to work safely.
• We will provide safety training.
• We will provide the best medical care possible in the event of a work-related injury.
• We will attempt to accommodate any work restrictions related to an on-the-job injury to allow you to return to work.

Your commitment to us

• You will follow established safety guidelines and rules.
• You will work with us to assist you in returning to work following a work-related accident.
• You will understand that fraudulent claims cost all of us money.

The health of our business depends on our mutual commitment to working safe together.

We will provide a tip line to report fraudulent claims, and our insurance company will prosecute fraudulent claims to the fullest extent of the law.
Online-Log on and do it!
Print Materials

Two Books:

- How to Manage Your Workers’ Compensation Program & Reduce Your Costs 20-50%
- Facilitator’s Guide: How to Implement a Workers’ Compensation Management Program

For more information on the books please visit: corner.advisen.com/wcbooks
How to Manage Your Workers’ Compensation Program & Reduce Your Costs 20-50%

- Roles & responsibilities
- Reporting claims
- Management commitment
- Performance goals and data
- Employee communications
- Controlling fraud
- Return to work and transitional duty
- Medical coordination
- Medical cost containment
- Training supervisors
- Improving integration with the insurance company and claim administrator

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Facilitators Guide: How to implement a Workers Compensation Management Program

- Includes sample forms and documents:
  - Timetable
  - Facilitator’s Agenda
  - Injury Coordinator Job Description
  - Sample Letter to Divisions with Assessment Results
  - Sample CEO Roll-Out Letter
  - Sample Kick-Off Letter

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Getting Started-Risk Managers

- Choose book or online version-whichever best fits your needs-using our custom implementation solution
- Full product or individual modules
- RIMS Members get a discount on their purchase
- Call us to set up your program
Getting Started-Brokers

- Roll out a cost containment program immediately to clients or members within days

OR

- Identify the most critical clients
- Use online or print to equip yourself with the right tools
- Meet with your clients

OR

- Power Broker

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Questions?

If you have any additional questions after this webinar please send an e-mail to corner@advisen.com or call Merri Bastone at 212-897-4787.