



NEW THINKING IN RISK MANAGEMENT: THE POWER OF INTEGRATION AND COLLABORATION

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This session will call upon the participants to critically examine conventional models for risk management and human resources and their respective programs for addressing employee benefits. Historically, benefits programs have been managed through human resources and risk management issues have been handled by risk management in separate and discreet worlds. Rarely do the two communicate and there is very little coordination among the siloed functions of these inter-connected areas. Program efficiencies and cost savings result when the two functions are integrated to address employee illness and injuries, which require treatment, regardless of whether they are work-related. Technology, services, and healthcare advancements available today allow improved employee outcomes and cost savings for those who implement an integrated program. This session will discuss best practices for developing an integrated approach to meet the needs of these two related areas in the efficient and effective delivery of benefits and for designing programs for use in an existing siloed management structure. The session will share examples of how integrated programs produce improved outcomes for the employee with medical recovery and return to work, along with increased efficiency and cost savings for the employer.

FACT SCENARIO: AAP adopted three major programs to enhance Workers' Compensation claims outcomes within the last three years.

First, an integrated approach to "Return To Work" in collaboration with Human Resources, Operations, Safety and Asset Protection departments. By utilizing our FCM Vendor, Alaris, we internally developed a Return to Work program to involve each department in the process of getting a Team Member back to work as safely and efficiently as possible.

Secondly, we partnered with IT, HR, Legal and Payroll to develop a tool to track and manage all light duty payroll hours to encourage location General Managers and Supervisors by incentivizing them with "free labor" hours charged to Risk Management instead of affecting the location's weekly P&L. An audit process of the Modified Duty Hours (MDH) program was also developed to ensure fiscal responsibility.

Lastly, we implemented the Texas non-subscriber program to effect cost savings and enhance Team Member benefits when an on the job accident occurred. The design of the ERISA Plan includes, no waiting period for wages (as with Workers' Comp), 90% of AWW, and the ability to receive stellar medical treatment from board certified doctors who are non-Workers' Comp physicians.

Designing, implementing and executing the programs above over the last three years have proven to be very cost-effective to AAP's bottom line.

The plan is to go into more detail on the improvements realized after implementing the programs.

A collaborative and focused approach to health & injury management

Firm: Leading national health and wellness services company

Problem: Rising number of behavioral health claims impacting productivity and costs

Challenges: Rapid acquisition and consolidation of multiple organizations with differing benefit programs and systems; lack of comprehensive data; separate platforms for disability, workers' compensation, and leave of absence

Solutions: Creation of an integrated disability, workers' compensation and leave of absence management program; adoption of a strategic approach to tackling key cost drivers, such as behavioral health; and development of internal best practices

Results: Promising results in just a few years including a 15.8 percent reduction in the total number of claims, despite rapid growth mode; and a 14% reduction in total dollars paid

Key Goal: *to ensure employees lead healthy lives*

One of the most difficult challenges for a health care company is often ensuring their own employees have access to the same level of care and commitment to health and well-being as the members they serve. One large health services organization faced that challenge head-on and has been able to achieve remarkable results by focusing on the integration of workers' compensation, disability and leave management; coordination and collaboration with their own internal health experts; and exploring how technology can help them reach their goals.

The journey toward better employee health for the organization has not always been easy, or clear. The organization started small, and grew large quickly, now serving 75 million people worldwide, with an employee population of more than 90,000.

With a strong focus on clinical and customer service staff, the organization is split almost equally between exempt and non-exempt employees with a small percentage of union. Close to two-thirds of employees are female and nearly 45% have five or more years of service. At an average age of 41.5, the employee base is experienced, knowledgeable and critical to the success of the organization.

These employees have also experienced tremendous change over the past several years as the company embarked on an ambitious expansion and acquisition campaign. There were heavy workloads as new personnel joined and membership exploded; high expectations placed on workers to adapt and meet the demands of the growing company; as well as the revolutionary changes taking place in the healthcare industry.

Rates of behavioral health claims increased significantly between 2005 and 2009, becoming the second leading driver of claims for short-term disability.

However, the organization was committed to supporting all employees in being productive, effective and meeting their health needs throughout the duration of their employment. The company recognized that it was time to apply the same level of commitment to the health of all workers as they did to their members.

The challenges: Solving the growing pains of an expanding organization

There are inevitable growing pains when an organization expands. In the case of this health services company, those pains were exacerbated for HR staff due to separate vendors for workers' compensation, disability and leave. The data received on both was minimal and HR staff often had no clear way of knowing what was happening with employees, nor what benefits they were receiving or using.

To provide further expertise and guidance, they selected a TPA able to provide technology-enabled Integrated Disability Management (IDM) programs. Working closely with the client's internal team, it quickly became clear that one important area to tackle was behavioral health.

Such a focus is not always easy – or clear cut. Behavioral health claims are innately difficult. When it comes to behavioral health claims, especially those related to stress, employees may believe the right solution is just a new supervisor or new job. Often their provider may support this approach.

Managers also may assume that an employee went on leave solely to avoid performance problems. Plus managers often have problems determining what bad behavior is and what a true behavioral health issue is.

True diagnosis is complicated. Condition descriptions from workers are often vague and subjective in nature. Many of the recommendations from providers (e.g., “no stress”) are unrealistic to implement and not objectively supported. And in an industry highly focused on evidence-based medicine, when it comes to behavioral health, there still remains little medical evidence to support permanent accommodations.

An integrated and focused approach

The first step when the client came on board in 2009 was to thoroughly assess the situation. A team of clinical and claims experts, working in close collaboration with the client, developed a clinical approach incorporating internally developed best practices supported by emerging clinical research and real world experience. In addition, a number of operational programs, including the incorporation of state of the art IT solutions were introduced. By providing a single technology platform for disability, workers' compensation and leave, it became easier to monitor, track and report on claims, giving the client a clear and timely picture of their program and areas of need.

Partners and the employer worked together to identify the cost and claim drivers within their leave of absence programs. The team determined that behavioral health claims accounted for the most time away from work and were one of the top cost drivers. Next the team identified the behavioral health absences that were most impacting the organization.

There was a need to keep good, experienced workers on the job, and to return those employees who were out on leave to their positions in a timely, yet safe manner. A key focus was on creating effective stay at work (SAW) and return to work (RTW) programs for employees diagnosed with a behavioral condition.

The SAW/RTW Program's approach was designed to improve an employee's health, reduce lost time and increase overall productivity by:

1. Introducing early intervention
2. Implementing reasonable accommodations such as telecommuting if appropriate, or additional breaks
3. Suggesting workplace strategies such as gradual or project-based return to work

Additional clinical expertise in behavioral health was also employed. Under the program, clinical specialists were brought in to help with behavioral claims from start to finish. Either a social workers or a vocational rehabilitation specialist were assigned to each case which allowed the employee to establish a rapport with their specialist and allowed the specialist to develop a relationship with the treating provider.

The combined team holds weekly round tables with a licensed psychologist and conducts physician advisor reviews to ensure the highest level of clinical guidance and experience.

The concept of a job accommodation specialist to help plan effective RTW strategies, was also introduced. The task of the job accommodation specialist includes:

1. Attends clinical roundtables
2. Completes regular file reviews
3. Evaluates the practicality of restrictions
4. Identifies RTW ability based on functionality
5. Identifies creative RTW solutions
6. Refers employees and employers to EAP and Employee Relations to address performance issues or workplace conflicts
7. Works with the client's accommodation team to address accommodation needs

Within a few months of implementation, the client began to see results. Lost time days were reduced and productivity increased while employees became more satisfied with their jobs due to the focused attention.

The disability, workers' compensation and leave programs are branching out to other areas. There are a number of technology projects scheduled for the next several months; a new initiative targeting medical cost containment; a new emphasis on claim closures supported by quarterly initiative; and streamlined claims reporting process with the call center.

The results: Building on successes

The client remains highly satisfied with the results produced to date. While claims counts have increased recently due to acquisitions and an increase in employee population, through its focused and innovative program for short-term disability, duration of STD leaves has decreased, resulting in an estimated savings in lost time of over \$1.5 million from 2010 to 2011. Savings for 2012 YTD are predicted to equal or exceed the previous year.

Additional accomplishments include:

1. In the last two years there has been a 15.8% reduction in total number of behavioral health claims
2. The program has achieved a 9.8% reduction in average total approved days
3. There has been a 14% reduction in total dollars paid in 2011

The program's success is extending into 2012 as well. The average cost of a closed indemnity claim is down 11% from July 2011 and 18% year-to-date.

What's more, new initiatives are also showing promise. A Health Care Network (HCN) recently implemented in Texas and a Medical Provider Network (MPN) in California have already resulted in a 7% reduction in total medical spend on workers' compensation claims.

Ensuring optimal results is a work in progress

Effectively managing behavioral health claims in a manner that reduces claims, while ensuring the needs of employees are met, can be one of the most difficult tasks faced by growing organizations.

The experience of this company highlights some important lessons for any size organization.

1. During times of rapid expansion, HR managers should consider disability and leave a work in progress and work to continuously evolve, grow and improve the program.
 2. Accurate and timely data, available instantaneously to program managers must be available to determine cost drivers and show areas of need.
 3. Integrated disability, workers' compensation, and leave programs are critical to successful absence management to provide continuity of process, timely data and better collaboration and support.
 4. Creation of company policies and processes related to behavioral health are necessary so that all parties are on the same page about what to expect and what is expected of them:
 - a. Ongoing review is equally important to ensure those policies and processes continue to meet the changing legal and company culture landscapes.
 - b. Engage in the interactive process, to determine what accommodations may be needed; clarifying what is "stress" or "stressful" for the employee.
1. Leverage the expertise and resources of a technology-enabled solutions provider to identify creative strategies to solve the problem for return to work.
 2. Provide support to the management staff through collaboration and coordination with internal and external partners to increase the trust and approval of accommodation recommendations.