



2017 CLM & Business Insurance Workers' Compensation Workers' Compensation
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**Managing Risk with Co-Morbidities in today's Diverse Workforce-"The Burnout
Spectrum"**

I. The Ageing and New Workforce

Age Demographics Within the Workforce -

Competing Ageing Demographics Impacting the Workforce

The demographics within today's workforce are becoming more and more diverse. A workforce that has an environment rich with experience and maturity while also having youthful exuberance creates many positives and a diverse range of skill sets. For instance, younger workers may provide more understanding of high-tech mediums, online training, digital demonstrations, and marketing via social networking. On the other end of the age spectrum, more mature worker may have better developed interpersonal skills and in-person communication. While fostering such a diverse environment may positively impact and create advantages for a company, identifying these differences early in a workers' compensation claim is critical to properly manage and evaluate claims.

Baby Boomers vs Generation X vs Millennials

The 80 million people born in the United States during the 17 year period between 1946 and 1963 have been affectionately labeled the "baby boomers." The 46 million people born during the 18 year period between 1964 and 1982 are known as "Generation X." Finally, the 78 million people born during the 11 years between 1983 and 1994 were originally labeled as "Generation Y." Now, however, as they have reached adulthood and have entered the workforce, they are more commonly referred to as "Millennials." Each group provides different challenges and considerations from both a general employment perspective but also from a workers' compensation standpoint.

General Impact Within Employment

The competing demographics influence a wide spectrum of things within the workforce such as turnover due to retirement, retention within a particular job, hiring of new employees and managing the employees on the payroll. According to statistics from 2014, the 80 million baby boomers will retire over a 20 year span. That equates to approximately 4 million per year of 10,000 per day. From a financial perspective, some statistics suggest that 59% will rely heavily on social security, 45% have no retirement savings and 44% lug around significant debt. Meanwhile, those 30-49 year-old generation Xers tend to pay a lot of attention to their children, have more of them than the previous generation and have adopted the “work to live” rather than “live to work” mentality. They are also just as likely to connect with friends, family and co-workers online as they are in person. On the other hand, rightly or wrongly, millennials have been branded by some in ways they may not like or appreciate. For instance, this can be seen within the Urban Dictionary which defines them as “special ... because their parents told them so.” They believe they are “highly intelligent ... because their teachers constantly gave them ‘A’s’ in order to keep Mom and Dad from complaining to the Dean.” In all seriousness, approximately 85% of millennials within the United States own a smartphone, and of that number, they touch their smart phones at least 45 times per day.

Specific Industries Impacted including workers’ compensation

In addition to influencing employment in a general sense, competing demographics are impacting specific industries such as healthcare, utilities, construction and workers’ compensation. For example, on one hand, baby boomers grapple with Medicare and prescription drug plans, while on the other millennials wrestle with whether to buy insurance or pay the fine for not doing so under the Affordable Care Act. Similarly, employers may have a 66 year old with pre-existing degenerative disc disease performing the same job as a 22 year old with ADHD. Whatever the case may be, these competing demographics touch a wide variety of industries in various ways.

Specifically, from a workers’ compensation claims handling perspective, claims professionals must identify and appreciate these competing demographics early on in the process in order to effectively manage and control their claims. For instance, pre-existing back problems may need to be evaluated differently with the 55 year-old employee who has worked in manual labor his entire working life than the 19 year old in the same job who started six months before the work incident. Moreover, realistically setting reserves for the 25 year old delivery driver to account for the time it will take to return to work needs to be different than the process used to set reserves for the 62 year old, 35 year-old employee who is retirement plan eligible. Similarly, knowing that the 48 year old employee has two kids starting college may impact your ability to settle a claim with a resignation or not. Whatever the situation, unless the claims professional

understands the stress these competing demographics place on the resolution of the claim, the results may not be as predictable as they could be otherwise.

II. Other Chronic Conditions and Considerations

The Medicated Worker

Drug Interactions

Prescription medications, over-the-counter medications, and even vitamins, minerals and supplements can affect a workers' compensation claim.

A recent article took a look at mismatched drug interactions and examined some of these issues:

<http://www.businessinsurance.com/article/20161114/NEWS08/912310458/Mismatched-drug-combinations-put-injured-workers-at-risk>

Some of the medications injured workers may already be on may be causing side effects they are contributing to the work injury. Example: Lipitor.

Some medications have bad effects when paired with other medications & patients have not disclosed being on antidepressants or anti-anxiety medications.

What can we do?

- Look at the injured worker "as a whole person"
- Encourage physician to spend time with the injured worker
- Patient education
- Get complete list of all medications, vitamins, supplements
- Employers should get more involved with comp medical treatment
- Employer improved pharmacy management practices, coordination with group health

Opiates

In 2013, medical providers wrote nearly a quarter of a billion opioid prescriptions. That is enough for every American adult to have their own bottle of pills. Some of the most common opioids prescribed were: oxycodone, hydrocodone, and methadone.

These drugs are prescribed for patients in severe pain. An estimated 20% of patients presenting to physician offices with noncancerous pain symptoms receive an opioid prescription. The most common cases that these drugs are prescribed for is in the area of chronic pain. This is commonly defined as pain that lasts longer than three

months or past the normal period for healing. In workers' compensation cases, chronic pain is often related to traumatic or chronic injury.

Since, we take workers as they come, many are already on medications for pain. Adding more medications can lead to addiction/physical dependence on a substance.

The government has taken several steps to try and curb the growing problem of prescription opioid abuse. As of March 2016, the FDA issued a statement that strong prescription opioid painkillers will now be required to carry a "black box" warning about the high risk of abuse, addiction, overdose and death. This is in an effort to hopefully slow the rate at which these drugs are prescribed and to educate patients on the potential risk.

The CDC has also just released new guidelines that educate and caution doctors on prescribing opioids for chronic pain. The goal of these guidelines is to encourage physicians to try other forms of treatment and cut over prescription.

What can we do?

- March 2016, the FDA issued a statement that strong prescription opioid painkillers will be required to carry a "black box" warning about the high risk of abuse, addiction, overdose and death. This is in an effort to hopefully slow the rate at which these drugs are prescribed and to educate patients on the potential risk.
- Also in 2016, the CDC released new guidelines that educate and caution doctors on prescribing opioids for chronic pain. These guidelines serve to encourage physicians to try other forms of treatment and cut over prescription of opioids.
- Early intervention so less likely to develop chronic pain that requires prescription opioid pain medication.
- Physical therapy ASAP to increase mobility and reduce healing times.
- Focus on recovery.

Obesity, one of the most common co-morbidities

According to the CDC, more than 36% of adults in the United States are obese; and, they predict that by the year 2030, that 42% of Americans will be obese. This means that we will deal with obese injured workers on a regular basis, and often, their obesity has an effect on their claim.

Obesity is a cost-driver in claims because some injured workers won't heal, or won't heal well, from their injuries without losing weight.

An increasing number of doctors are recommending weight-loss surgery for obese workers and some Judges will rule that this is a compensable part of the claim.

- Non-surgical weight reduction programs
- Gastric bypass or other surgical options
- Case law examples in different jurisdictions

Articles on Work Comp and Obesity and Bariatric Surgery:

<http://www.workcompwriter.com/bariatric-surgery-is-it-a-workers-compensation-medical-benefit/>

<http://www.businessinsurance.com/article/20170102/NEWS08/912311194/Bariatric-surgery-cost-benefit-analysis-for-workers-compensation>

The Smoker

Smoking cessation programs

Is the workers' compensation system moving in the direction of paying for smoking cessation as a part of the compensable claim?

It seems that most circumstances, physicians limit treatment options based upon their assessment, within a degree of medical certainty, of how the smoking patient would respond to a procedure or surgery/results.

- Physicians suggest smoking cessation but do not order/prescribe a program
- Physicians recommend treatment based on current circumstances and based on probable outcomes.

Mental/Stress claims

The worker's compensation industry is seeing a growing number of mental injury claims, particularly related to stress experienced on the job. However, mental workers' compensation claims represent a very small percentage of all claims. Some estimates put claims with a mental component at about 1% of claims overall, but the figure varies state-by-state.

For a period of time in the 1980s and 1990s, the incidence of claims with a mental component rose in some states, which led to stricter requirements being imposed by state lawmakers, workers' compensation boards and courts.

An individual's pre-existing mental condition or status may make them more susceptible to mental injuries.

Mental workers' compensation claims fall into one of three categories:

1. Physical/mental – physical workplace injury that has progressed to a mental condition or disability.
 - a. Ex.: Back injury that lingers, an injury which results in chronic pain and results in the worker lapsing into clinical depression.
2. Mental/physical – psychological condition arising out of the employment that causes a physical illness
 - a. Ex.: workplace induced stress that causes ulcers
3. Mental only (Mental/mental) – psychological occurrence in the course of employment which leads to/causes the psychological injury or condition
 - a. Ex.: worker witnesses a horrific workplace accident involving a co-worker and later develops a fear of operating the same equipment on which the co-worker was injured.

Mental injuries must meet same elements as physical injuries: claimed injury or condition must arise out of or occur during the course of employment (definitions could vary by-state regarding elements). They may be difficult to prove.

We are seeing more post-traumatic stress disorder (PTSD) claims now.

What can we do?

- Basic steps to deal with increased workplace stress
- In event of workplace trauma, be proactive

III. How we can use the information to manage the Worker's Compensation Claim

Cost Containment

Identify co-morbidities early

According to the CDC:

- 36.5% of US adults are obese
- 11.5% of adults are diagnosed with heart disease (27.6 million)
- 9.3% of American's have diabetes
- High blood pressure, high LDL cholesterol & smoking are key heart disease factors for heart disease – 49% of all American's have at least one of these three risk factors

Given these staggering statistics co-morbidities are not just a claim adjuster's problem. Employers can have a positive impact on potential claims by creating wellness programs that address the entire workforce. A well-rounded wellness program can include:

- Weight reduction program
- Smoking cessation program
- Health screening program (i.e. diabetes, cholesterol, etc.)

Claim adjuster identified co-morbidities can be uncovered by a thorough interview with the injured employee that asks about general health/activity level. A careful review of medical records can be a window into co-morbidities as they provide height, weight, medication history, and a health history.

Predictive Modeling

Helpful

Predictive modeling is a tool for workers' compensation claim adjusters to leverage technology as a means to show why a claim has the potential to have a bad outcome. Predictive modeling uses a database of scoring criteria to identify claims with factors that may increase the value and ability to efficiently bring the case to resolution – obesity, narcotic use, age, mental health, etc.

Predictive modeling can be used as a tool to help claim adjusters to assign early intervention in the form of nurse case management, surveillance, and other vendor services in an effort to make sure the claim stays on track. Placing additional services on the case before a problem arises instead of after the case has gone out of control is the goal of predictive modeling.

Predictive models need to be fed updated information during the course of the claim to ensure that data doesn't go stale. Models should be updated as long as the claim is progressing and changing.

Aren't replacements for people (seasoned claims professionals, human analysis)

Predictive modeling is only one tool in the adjuster's quiver and should not be used as the sole means of which claim handling decisions should be made. Modeling programs cannot replace the old fashion "gut check" of the adjuster and/or employer. There are times that a claim just doesn't seem right and no predictive modeling program can take into account intuition.

Getting the Worker back to work sooner

Return-to-work programs are a valuable loss control measure that help control workers' compensation costs. The timely return of injured workers' to productive employment is a responsibility shared by employers, employees, health care providers, insurance carriers, and claim adjusters. The longer an employee is away from work the

harder it is for him or her to get back to work at all, and the longer an employee is away from work the higher the employer's workers' compensation costs and related business costs.

Some jurisdictions incentivize employers to return employees to work. Texas is one example – under 28 Texas Administrative Code (TAC), Chapter 137, Subchapter B, Rule 137.45(a) In order to be eligible to receive a disbursement from the program, an employer must: (1) be an eligible employer that has incurred or will incur an allowable expense; (2) have Texas workers' compensation insurance coverage in effect on the date the employee is injured and be able to provide proof of coverage; (3) submit an application for funds from the program; (4) timely provide any additional or supplemental information to the administrator that may be deemed necessary by the division; and (5) the application must be approved by the division.

Creative return to work programs: charitable/volunteer service

Providing light duty can be a challenge. A growing trend is to send employees with work restrictions to work at charitable to community organizations. While working at these organizations the employee is paid their regular wage and the organization receives a "volunteer." The employee is getting the benefit of reporting to work daily and performing work that is productive. The employer is benefiting by providing goodwill to an organization in the community as well as assisting the employee in the healing process. These types of programs require management by the employer or a third party vendor to ensure compliance.