2017 CLM & Business Insurance Workers' Compensation Conference
May 24-25, 2017
Chicago, IL

Diversity & Inclusion Considerations in Workers Comp

I. Overview

The U.S. workforce is in the midst of a sweeping demographic transformation. From 1980 to 2020, the white working-age population is projected to decline from 82% to 63%, according to the Bureau of Labor Statistics. During the same period, the minority portion of the workforce is projected to double (from 18% to 37%, and the Hispanic/Latino portion is projected to almost triple from 6% to 17%. These individuals, as well as those from every age, gender and other demographic segmentation are injured on the job, need medical treatment and turn to claims professionals for help. But potential language and cultural barriers could lead to a long and costly claims experience. Specific cultures and ethnicities have different treatment expectations for medical problems, and understanding those differences will enable the workers' compensation industry to address medical issues more effectively. While a "one-size-fits-all" approach to administering occupational injury claims may be legal, it is not always effective because racial and ethnic minorities experience start differences in health conditions and health care that can affect occupational injury claims. Cultural competency can improve the way that claims professionals interact with and serve injured workers. This session will explore how employers, workers' compensation carriers and third-party claims administrations can integrate cultural competency into claims management best practices to create greater awareness of employee differences and reduce potential friction in the claims process, thereby improving outcomes.

II. Health Disparities

What are they?

Health disparities are defined as differences in health status and health care among diverse population groups. Disparities occur across many dimensions, including race/ethnicity, socioeconomic status, age, location, gender, disability status and sexual orientation. Health care disparities are typically rooted in prejudice, language barriers and cultural beliefs, poor provider-patient communication, poor health literacy and less familiarity with, or lack of trust in, the U.S. health care system.

Health disparities can be broken down into two categories: disparities in health status and disparities in health care. Disparities in health status refers to the individual differences in disease prevalence, habits and risk factors between various races and ethnicities. Disparities in health care refers to different people's access to health insurance, preventive services, and medical care or lack thereof.

III. Why employers, claims handlers should be concerned

Changing demographics of the American workforce

Racial and ethnic people now comprise roughly one-third of the U.S. population, and are expected to represent a 54% majority by 2050. As multi-national companies become more diverse, racial and ethnic people are expected to comprise over 41% of the workforce population in 2015 (up from 34% in 2008). (Patient Protection and Affordable Care Act of 2010: Advancing Health Equity for Racially and Ethnically Diverse Populations. Joint Center for Political and Economic Studies. July 2010.) A "one size fits all" approach to health and wellness programs does not work because minorities experience stark differences in health conditions and outcomes as well as preventive, diagnostic and treatment services provided. Hispanics, in particular, suffer a proportionately higher incidence of severe industrial injuries than other ethnic groups, according to the Center for Disease Control National Vital Statistics Reports, Vol. 61, No. 7, published on Oct. 16, 2012. This combination of accident severity and language and cultural barriers often leads to long and costly claims experience.

Impact on workers' compensation claims

Language, race and sexual identity all can influence a person's health care experience. Too often, these factors lead to communication breakdowns between patients and their caregivers that can result in care gaps and health disparities. These disparities can leave minorities at greater risk for illness, chronic disease and disability—all of which can have a significant impact on the cost, duration and outcomes of occupational injury claims.

"The Cost of Racial Disparities in Health Care," a study published in the Oct. 1, 2015, issue of the Harvard Business Review, found that racial health disparities cost $35 billion in excess health care expenditures, $10 billion in illness-related lost productivity and $200 billion in premature deaths.
Latinos and African-Americans receive 40% worse health care than white Americans, leading to shortened lives, increased illness and $57 billion in increased health care spending annually, according to the National Healthcare Disparities Report published in 2012 by the Agency for Healthcare Research and Quality and "The State of Urban Health: Eliminating

Health Disparities to Save Lives and Cut Costs," a report produced in 2012 by the National Urban League.
National data collected by the Urban Institute also indicate that over the 10-year period from 2009-2018, the total cost of health disparities will be approximately $337 billion dollars, with $117 billion incurred by private insurers. (Waidmann T. Estimating the cost of racial and ethnic health disparities. The Urban Institute. Sept. 2009)

Mirroring this trend, health data collected by the Kaiser Foundation Health Plan and Kaiser On-the-Job illustrate how health disparities among certain population groups add to the cost of and/or duration of occupational injury claims. Connecting the dots between chronic health care conditions prevalent among certain racial and ethnic groups with workers compensation claims data, researchers have found that smokers are 40% more likely to suffer a work-related injury; diabetics have five times higher work comp medical costs; and obese workers are two times more likely to have a work injury, have seven times higher work comp medical costs and take 13 more days off from work when injured. ("San Francisco Launches Citywide 'Make Today the Day' Quit Smoking Campaign," American Lung Association press release, January 5, 2010; "The Impact of Comorbid Conditions on Workers Compensation Costs," Coventry Workers Comp Services, 2010.

IV. Addressing the problem

A. Data collection

Employers should modify their human resource policies to increase internal access to sensitive but aggregated employee data (i.e., employment data with medical data for health promotion). To ensure that such data collection complies with existing federal laws, such as the privacy and security provisions of the Health Insurance Portability and Accountability Act, employers also should include appropriate safeguards in their carrier/vendor partner contracts.

Essential data elements to collect include: race/ethnicity, gender, age, salary/job category, primary language/language preference (at home, at work, in discussing health care, literacy, health literacy). Secondary data element to collect, if possible, include: employee status (whether full time or part time), education level, home ZIP Code/geography, and employee preferences/perceptions (including any preferences for culture of health care providers, experiences and expectations from the health care system, etc.)

Employers and their health care partners, such as health plans, workers compensation insurers, third-party administrators and case managers, should analyze the race/ethnicity data and utilization/cost data to identify possible disparities by condition, use of services,

adherence to medication protocols, adherence to clinical guidelines, etc. This will enable employers to establish a benchmark for their employee populations to determine which employee demographics are using the most (or least) health care.

B. Effective interventions

Effective interventions that can be taken by claims professionals to address health disparities during the claims resolution process include: enhanced communications; cultural competency training; and adopting patient-centered care. Employers also can implement wellness programs to identify and treat health disparities before they become a part of a workers' compensation claim, making sure that the program communications are linguistically and culturally appropriate. They also can require that HR and carrier/TPA staff undergo cultural competency training and include contract provisions holding health plan partners accountable for identifying and addressing health disparities as part of the occupational injury treatment process.

a. Enhanced communications

A communication strategy is necessary to adequately inform a diverse employee population about disease risks and available programs and services. Recognizing that it had a large number of Hispanic-owned businesses and employees in its book of business, Colorado-based workers compensation insurer Pinnacol serves created a "Spanish Services" section of its business to provide interpretation services between our employees and stakeholders. They do everything from providing telephonic interpretation for both underwriting and claims to helping create Spanish language documents and digital tools for claimants.

b. Cultural competency training

Claims professionals in every capacity should engage in behaviors that reflect cultural competency. Such training helps claims professionals better understand how to address the diverse needs of the populations they serve, and how to empathize and relate to their needs. The industry also should seek to create a more diverse and inclusive workforce that better reflects the composition of the claimants served. This includes hiring and training claims professionals who understand and speak the languages of the employees reporting claims.

Recent research by the Workers Compensation Research Institute showed that outcomes are worse when an employee speaks a different language than claims professionals. For example, at Pinnacol, "caring" is included in the insurer's mission

and vision statements. Although claims representatives do not have a reputation for having soft hearts since they often must make tough decisions that impact people's lives, Pinnacol requires claims people to communicate with respect and kindness for the individual. Because the insurer has had difficulty finding experienced claims representatives that fit well within this culture of caring in claims, Pinnacol has made the decision to hire individuals with the right heart for people and then train them about workers' compensation.

c. Patient-centered care

Outcomes typically improve when a greater emphasis is placed on treating an injured individual's unique needs in a more holistic manner. Pinnacol has have written policies for everything from farms with a large population of Mexican immigrant workers to Southern Ute Indian reservations. Each of those customers has unique cultural needs and expectations for how we tailor services. Colorado requires employers to designate medical providers to treat their injured workers. Those providers must meet a specific set of criteria and accreditation.

When Pinnacol wrote the policy for the Southern Ute reservation, it soon learned that some of the injured workers wanted to be treated by a tribal medicine man. This was not a covered benefit under the Colorado workers' compensation statutes. The claims representative conveyed this information to the injured worker in a fashion that demonstrated understanding and compassion while still providing the individual with options such as settlement so they could pursue the alternative care they wanted on their own. Pinnacol claims representatives also learned in that in some cases this employee population lived remotely and without running water. When those employees were catastrophically injured, this situation caused problems when trying to return the injured worker home. Often, Pinnacol provided such injured workers with temporary housing until such a time arose that they recovered sufficiently to return to their homes. Pinnacol also assigned a field nurse case manager who had a familiarity with the culture to assist with the transition and provision of care.

V. On Ounce of Prevention

Employers should work with their occupational and non-occupational health care providers and claims representatives to address health disparities both before and after injuries occur. In addition to capturing racial/ethnic data, employers can add provisions in their contracts with carriers and vendors requiring that staff who interact with claimants receive cultural competency training. They also can seek to

hold health plans and workers' compensation carriers accountable for closing disparities gaps by instituting performance guarantees. Employers also can require that their wellness programs that are designed to increase physical activity or promote weight maintenance be linguistically and culturally appropriate.

Culturally responsive care is an effective—and ethical—way to address racial and ethnic health care disparities in workers' compensation. It's an approach that helps advance health equity, lower medical costs and improve overall employee health, leading to fewer occupational injuries and better outcomes when they do occur.