

Frequently Asked Questions

As an employer, you are well aware of the *direct costs* associated with work-related injuries and illnesses. Medical expenses plus indemnity payments incurred for lost-time cases can translate into a deteriorating loss experience for your company, increasing the amount of premium you pay for Workers' Compensation insurance.

You may not be as familiar with the *indirect costs* resulting from an employee injury or illness, which include:

- A slow down in production during and immediately after an incident.
- A disruption in normal operations during the investigation.
- Increased wages for unscheduled overtime to make up for lost productivity.
- The hiring and training of new/temporary replacement staff.
- Greater possibility of litigation.
- Increased potential for malingering and fraud.
- Overall loss of employee morale, sense of security, and loyalty to the company..
- Higher risk of employee turnover and marred reputation

Clearly, the potential impact of a loss upon the productivity and profitability of a business is substantial. However, employers can help minimize the damages. We suggest you review the following [Frequently Asked Questions](#) to learn more.

Why have return-to-work programs become such an important part of the claims process?

A fact that employers often fail to recognize is that expenses such as the ones shown above can often be controlled through prior planning and effective management of the series of events which occur after an employee injury or illness. GUARD's R.E.T.U.R.N. Program assists you with early claims intervention, coordination of medical care, and transitional employment strategies (TES). The result? A better resolution for your staff and potential savings for your company!

What is the R.E.T.U.R.N. Program?

As a cooperative team effort involving the employer, employee, medical providers, and GUARD, our R.E.T.U.R.N. Program seeks to bring injured workers back to the job as quickly and productively as possible – the most effective way to reduce expenses. Our approach is twofold. Part I involves making fast, quality medical care available to help injured employees stay on the job while Part II encompasses opportunities for modified-duty or alternative-work assignments ("transitional employment strategies") during recovery periods. A successful outcome benefits all parties while minimizing both direct and indirect claims costs.

Continued . . .

Restoring Employees To Useful Roles and Normalcy

What types of savings can my company expect from the R.E.T.U.R.N. Program?

In a 1998 report by *Business Insurance*, employers who use transitional assignments save between 10-40% on Workers' Compensation medical costs and between 14-25% on wage replacement and disability income replacement costs. When applied to the approximate expense per disabling injury (which is estimated by the National Safety Council's 2003 edition of "Injury Facts" to be \$33,000), these types of savings can be dramatic. The Council further advised that in 2002 in the United States 3,700,000 work-related, disabling injuries occurred.

Consider these examples. Each was prepared under the assumption that the medical costs per claim were the same to better demonstrate the indemnity savings associated with on-the-job injuries when a R.E.T.U.R.N. Program is utilized. The impact on each employer's experience modification ("mod") factor is based on a scenario of one similar claim each year over three years to suggest the kind of potential savings that can be realized on an annualized basis.

EXAMPLE #1*

Injured at work, Tom was diagnosed with a hernia that needed repair. The treating physician advised that medium-to-heavy labor could resume after a recovery period of one to two weeks. Since Tom's employer had adopted a R.E.T.U.R.N. Program and modified duties that conformed to medical restrictions were in place, Tom went back to work after 14 days, incurring indemnity expenses of only \$1,250. If Tom was not offered an alternative assignment, he could have been out of work for 16 weeks, resulting in indemnity payments of \$10,000.

| | INDEMNITY EXPENSES | EXPERIENCE MODIFICATION (MOD) FACTOR | DIFFERENCE IN INSURANCE PREMIUM |
|-------------------------|--------------------------------|--------------------------------------|---|
| WITH RETURN | 2 weeks x \$625 = \$1,250 | 0.968 | \$2,087 savings in just one year |
| WITHOUT RETURN** | 16 weeks x \$625 = \$10,000 | 1.880 | \$2,087 additional premium each year |

EXAMPLE #2*

Lisa fractured her left tibia on the job. No surgery was required, and the physician recommended that Lisa could go back to her original position within one week (with labor restricted to sedentary duties). Since modified-duty tasks were available at her plant, Lisa experienced only a short time away from work and incurred minimal indemnity expenses (\$625 total). If a R.E.T.U.R.N. Program was not in place at Lisa's company, she could have remained off the job on temporary, total disability for 16 weeks, incurring \$10,000 in indemnity expenses.

| | INDEMNITY EXPENSES | EXPERIENCE MODIFICATION (MOD) FACTOR | DIFFERENCE IN INSURANCE PREMIUM |
|-------------------------|--------------------------------|--------------------------------------|---|
| WITH RETURN | 1 week x \$625 = \$625 | 0.973 | \$2,244 savings in just one year |
| WITHOUT RETURN** | 16 weeks x \$625 = \$10,000 | 1.102 | \$2,244 additional premium each year |

Continued . . .

* These examples should be considered hypothetical illustrations of the kinds of savings which can occur when a weekly indemnity benefit of \$625 is applied.

** Based on similar claims.

Note: Payroll amounts used in determining savings are based upon hypothetical rates for the job classifications identified and do not reflect those of any particular state but should be representative.

Restoring Employees To Useful Roles and Normalcy

EXAMPLE #3*

Gerry sustained a lower back injury while lifting at work. His herniated disc required back surgery. Since Gerry’s job involved medium-to-heavy lifting, he was totally disabled for eight weeks after the surgery and was then able to return after being offered an alternative assignment that met his physical limitations. The total indemnity expense incurred was \$5,000. If Gerry’s employer had not offered him the alternative position, the recovery time could have been 36 weeks in order to go back to his original position. The result could have been \$22,500 in indemnity payments.

| | INDEMNITY EXPENSES | EXPERIENCE MODIFICATION (MOD) FACTOR | DIFFERENCE IN INSURANCE PREMIUM |
|-------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| WITH RETURN | 8 weeks x \$625 = \$5,000 | 1.185 | \$4,191 savings in just one year |
| WITHOUT RETURN** | 36 weeks x \$625 = \$22,500 | 1.426 | \$4,191 additional premium each year |

As you can see, the savings experienced with a R.E.T.U.R.N. Program can be significant and, although these particular examples do not reflect a difference in medical expenses, those costs are also typically reduced when individuals go back to the job early after an incident.

How will a R.E.T.U.R.N. Program impact medical costs?

Occupied individuals even those serving in a modified or alternative capacity will tend to work through some physical discomfort more than an employee who remains at home and focuses on the hardship. As a result, repeated visits to the physician are diminished, prescriptions are often reduced, and the overall recovery period is quickened. Conversely, injured or ill employees who feel alienated from the workplace over time, may pursue more frequent follow-up visits to the doctor and prolong the disability in order to justify extended Workers’ Compensation payments.

Will I pay the same higher wage for less work?

Most employees can receive a greater take-home pay through transitional employment strategies than by collecting payments for total disability, giving them a strong incentive and positive attitude. Your company can reduce the employee’s salary with appropriate remuneration being made for only the functions performed, and your Workers’ Compensation benefits will supplement the rest of the employee’s salary up to the maximum benefits payable (which varies in each state).

EXAMPLE: A Pennsylvania company employs a heavy equipment mechanic for \$25 per hour who has suffered a broken leg. While the individual cannot continue working in his/her original position, he could (with the doctor’s permission) work in the repair shop’s tool crib checking specialty tools in and out of a secure area. The employer believes that this alternative

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assignment warrants a wage of \$15 per hour. Subject to Pennsylvania's Workers' Compensation benefit calculation (which varies by state), GUARD contributes the difference in the employee's wage up to 66 2/3% of his/her pre-injury salary. As a result, the employer gets the full amount of work for which he/she is paying while simultaneously improving the company's loss experience because the Workers' Compensation claim reflects only 66 2/3% of \$10 per hour.

What other types of benefits can I expect?

In addition to the monetary advantages, many positive outcomes can result from a successful R.E.T.U.R.N. Program. For instance:

- Your company preserves the employee's experience, productivity, and services during the recovery period, and he/she is available to train and help the individual(s) who will temporarily perform that job.
- A closer relationship between you and your employee is cultivated as a result of cooperative communications during the incident.
- The likelihood of legal intervention on the part of the injured worker is reduced. Often, attorney involvement prolongs the period of disability (increasing claims costs by escalating wage loss benefits and expenses) and extends the period of time the employee is not available for work; the injured worker may, in fact, be encouraged to seek additional medical treatment to substantiate the case.
- A better attitude in the overall work environment is experienced.

What types of benefits can my employees expect?

- Opportunities for productivity for the injured party during the recovery period and maintenance of daily orientation, habits, and routines, often result in a positive employee attitude which, in turn, speeds the healing time.
- The employee has a financial incentive to return to work promptly. (Employees who refuse medically authorized modified-duty or alternative-work assignments face having their lost wage benefits suspended.)

When should the program be implemented?

Employers should take a proactive approach in organizing their R.E.T.U.R.N. Program and implement the preparatory activities we outline. Ideally, each step should be completed before an injury or illness occurs and before the program needs to be utilized. The flow chart located on our [R.E.T.U.R.N.-in-Action](#) page should help you better understand the process. Nevertheless, a program can begin at any time. Although a new procedure will not be as effective, you can still realize enough benefit to make the effort worthwhile.

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Restoring Employees To Useful Roles and Normalcy

What is the best way to monitor my program?

You should measure the success of your efforts periodically. To assist you in this endeavor, we have enclosed a sample **Program Evaluation Form (Exhibit IV)** which should be completed at the end of every calendar quarter for the first year, every six months for the next two years, and annually thereafter. The questions included on this form are designed to help you identify problems within your program and quantify your success.

Another way of evaluating your program is to solicit feedback from managers, supervisors, and any injured employees who have gone through the R.E.T.U.R.N. process. Upon an injured worker's return to full duty, you may ask him/her to complete a short evaluation form and have your managers/supervisors do the same.

This Program is intended to be used as a guideline for employers only and should not replace the advice of legal counsel regarding compliance with state and federal workplace requirements.



R.E.T.U.R.N. in Action

Introduction

Getting Started "The GUARD Way"

PART I:

STAY AT WORK

Make fast, quality medical care available to employees.

In most cases, immediate medical treatment enables employees to stay at work.

- 1. Implement a Plan for Prompt Claims Reporting**
- 2. Establish a Preferred Medical Provider Program**
- 3. Prepare Job Descriptions**
- 4. Develop Steps to Facilitate Fast, Quality Medical Care**

When injuries or illnesses create job limitations, early diagnosis can set the wheels in motion to obtain quality treatment . . .

PART II:

RETURN TO WORK

Create opportunities for transitional employment strategies during recovery periods.

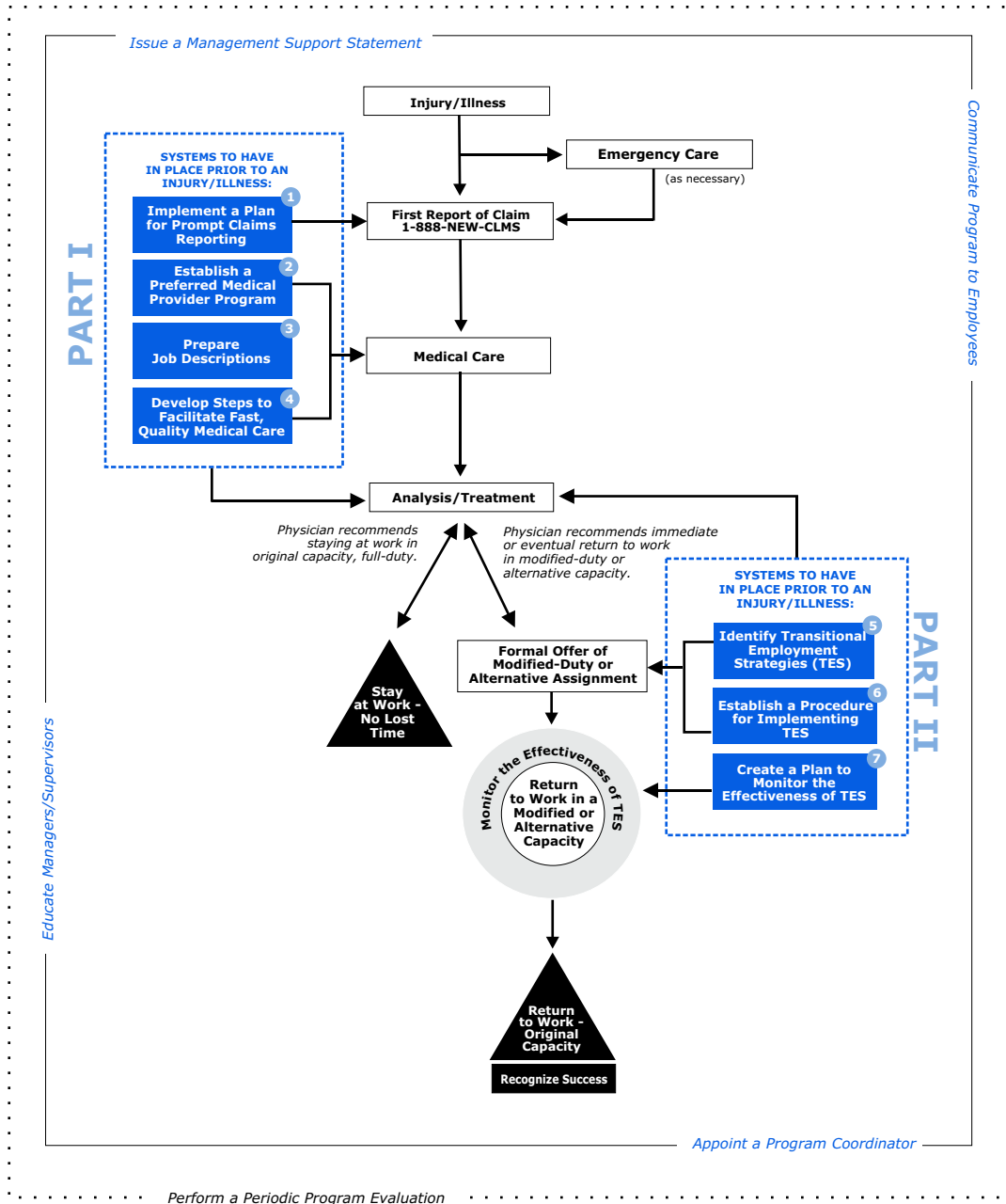
. . . AND take advantage of modified-duty or alternative- work assignments.

- 5. Identify Transitional Employment Strategies (TES)**
- 6. Establish a Procedure for Implementing TES**
- 7. Create a Plan to Monitor the Effectiveness of TES**

Exhibits

Sample Management Support Statement - I
Sample Job Description Form - II
Sample Offer of Transitional Employment Letter - III
Sample Program Evaluation Form - IV

R.E.T.U.R.N. in Action



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