

Cost Benefit Analysis of Return to Work Incentive Programs - Industrial Code Rule 60

Employees are an employer's most valuable resource. Any injury or illness that disrupts work activities can hurt both the worker and the employer. Good Return to Work (RTW) programs guide injured or ill workers to transitional jobs or back to regular work in a safe and timely way. A successful return to work program controls the effects of disability and absenteeism on the job.

RTW programs reduce:

- Frequency of lost time
- Length of time lost
- Workers' compensation costs
- Medical and indemnity costs
- Lawsuits
- Wage replacement costs
- Use of disability benefits
- Use of Family Medical Leave Act time
- Worker replacement costs
- Productivity losses

Research shows that long stretches of disability and not being able to work has devastating psychological, medical, social and economic effects on workers. It also shows that RTW programs help them recover better. This leads to less time off work for the employee. It also lowers premium costs for the employer.

A key feature of return to work is to bring the worker back to the job promptly. This takes place before the worker's full physical recovery. A RTW program offers an employee transitional duties. These are tasks that they can do while healing. They are not the worker's pre-injury job tasks. Transitional work must be in line with the treating physician's advice. The physician will assess the injured worker's status to decide what work is proper. The worker should help decide about the transitional work.

By their nature, "return to work" processes are a group function. Physicians, injured workers, employers, managers and supervisors must cooperate to make it work.

Successful RTW programs:

1. Start the process on the date of injury;
2. Tell physicians about the program and that you expect workers to recover on the job;
3. Offer a wide range of tasks, in line with the doctor's guidelines, and tell the worker and physician about the options; and
4. Ask doctors to give specific abilities, restrictions and limitations, rather than vague "return to work" dates.

Research on Return to Work models

Bernacki and Tsai report on 10 years of tracking the Johns Hopkins Workers' Compensation Program. In this program, safety professionals, adjusters, and medical and nursing providers work together to prevent accidents. They also quickly assess and treat injured or ill workers. Then, workers return to productive work through broad use of jobs with restricted or modified duties.

During the 10 years covered by the study, lost-time claims decreased 73%. Medical-only claims dropped 61%. The total days of temporary total disability benefits paid per 100 employees shrunk from 163 in 1992 to 37 in 2002. Total workers' compensation expenses, including all medical, indemnity and administrative costs, fell from \$0.81 per \$100 payroll in 1992 to \$0.37 per \$100 of payroll in 2002. This is a 54% decrease. The authors found that workers' compensation costs can be reduced over a multi-year period by using a network of skilled health care providers to address worker needs. They also noted the need for constant contact among all parties.¹

The return to work program at Principle Financial Group saved over \$1 million in five years. This program employed four staff members. The staff met with injured workers soon after the onset of the disability to assess the worker's skills, abilities and restrictions. Employees in the program worked as little as two hours a day and gradually increased their work hours to a comfortable level. Over 4 years, 70 employees took part in the program. It saved over \$700,000 in disability claims, and nearly \$45,000 in reduced need for temporary workers. The study found that the best way to control costs is to:

- Intervene as soon as possible after an injury occurs; and
- Help employees return to work early in the recovery process.²

The value of RTW programs does not vary by industry classification. Two very different companies showed that aggressive return to work strategies sharply reduced workers' compensation costs. Roto-Rooter Services Co. workers' compensation costs ranged from \$1.40 million to \$1.85 million each year. In 1993, after the launch of their RTW program, this figure dropped to \$365,000. Gibson Greetings also put this program in place. They reduced workers' compensation costs from over \$400,000 in 1991 to under \$50,000 in 1992.

While the companies are different, they apply return-to-work programs in the same way. The programs apply to all employees who miss time, even if the illness or injury is not job-related. The firms also try to find meaningful work options for recovering employees who cannot perform their usual tasks. The research noted that effective programs:

- Have written return to work programs
- Apply them consistently;

¹ Bernacki, E. and Tsai, Shan. *Ten Years' Experience Utilizing an Integrated Workers' Compensation Management System to Control Workers' Compensation Costs*; Journal of Occupational & Environmental Medicine, 45(5), May 2003: 508-516.

² Masengarb, L. "The Value of Early Intervention." *HRfocus*, January 1996. 73(1):22-23.

- Emphasize that the alternative job is temporary;
- Set a deadline to end the temporary assignment; and
- Require regular medical reviews of the employee's abilities³.

Even a few workers in a RTW program can have a great effect on an employer's bottom line. Pitt County Memorial Hospital started a limited duty work program. It served employees whose disabilities did not let them return to their jobs right away. There were 10 workers in the program for 12 months. The employer saved 222 days of work time. This gave an 11% decrease in workers' compensation costs.⁴

Franché performed a systematic review of the literature on return to work programs published since 1990.⁵ The best evidence shows that they reduce the length of work disability. They also cut wage replacement and health care costs. The research showed that three steps have the most impact:

- Early contact from the employer with the worker ;
- An offer of lesser duties; and
- Contact between the employer and the doctor.

It also helps to do ergonomic worksite visits and name a coordinator for return to work efforts.

The Healthcare of New York (HONY) Workers' Compensation Trust is a self-insured trust that covers 29,666 employees across 160 employers. HONY requires all of its members to have a comprehensive accident prevention program, known as the S.A.F.E program. The program includes return to work elements:

- a transitional return to work program;
- an injury-free transfer program; and
- an injury review program.

2007 statistics from the HONY Trust note that the S.A.F.E. program has lowered incident rates. Their rates are consistently and significantly below the national average. For members within the trust, there has been a declining incident rate per 100 employees. The rate decreased from 6.84% in 2001 to 4.48% in 2006.⁶

A study by Crawford & Company in 1995 showed that employees recover from their injuries three times faster when they are on the job. Further, their data showed that employer return to work efforts can save up to 70% in claims costs.

³ Friedman, S. *Back-To-Work WC Programs Pay Big Dividends*. National Underwriter Property & Casualty/Risks & Benefits Management, May 9, 1995: 99(19):3, 26.

⁴ Randolph, SA, Dalton PC. *Limited Duty Work: An Innovative Approach to Early Return to Work*. AAOH Journal, November 1989; 37(11): 446-453.

⁵ Franché, R. L. et al. *Workplace-based Return-to-Work Interventions: A Systematic Review of the Quantitative and Qualitative Literature*. Institute for Work & Health, 2004.

⁶ Healthcare of New York Workers' Compensation Trust 2007 Statistics. SAFE, LLC. Syracuse NY.