

# Employee Benefit News

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## Cultural commitment to employee health and safety improves workers' comp costs and outcomes

By Barbara Pelletreau and Rachel Gonzalez

Like many organizations today, Catholic Healthcare West has felt the effects of a nationwide increase in workers' compensation costs. Consequently, we have been challenged to develop and execute a robust program that brings costs under control and ensures a higher level of safety and quality of care for our employees.

CHW is the largest Catholic hospital system in the western part of the United States, with 41 hospitals encompassing parts of Arizona, Nevada and most of California. We have a diverse workforce and a wide range of job descriptions. Not only do we face the challenges inherent in a large hospital system, we also face many of the same issues of any other employer today: rising expenses (work comp medical costs have increased 11.5 % over the past few years), increasing wage replacement costs, higher utilization of health care services and unregulated outpatient and pharmacy care.

At the end of 2003, we experienced a significant increase in workers' compensation expenditures. Bringing this under control became a primary objective for our organization. Senior management set out to create a culture of safety and risk management at every level of the organization. This cultural awareness allowed us to re-evaluate our current workers' comp challenges and identify innovative solutions to these issues.

Our first task was to evaluate our business needs. We surveyed our workers' comp coordinators, who are located at each health-care facility, and asked them what we could do to help them manage workers' comp more effectively at their respective sites. The survey insights helped us to develop clear objectives for our program, including the need to:

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- 1) Reduce the frequency of workplace injuries at each facility.
- 2) Control medical costs, so it would grow only at the current rate of medical inflation.
- 3) Reduce loss days, which would directly effect indemnity costs.
- 4) Properly realign technology to help meet the business objectives above.

We all mutually agreed that the only sure way to truly reduce costs, while at the same time benefiting the health and safety of our employees, was to prevent injuries from occurring in the first place. Therefore creating an "injury-free culture" became our primary goal.

Our workers' comp coordinators were tasked with bringing about cultural awareness of safety and injury prevention objectives. Each acted as a kind of "Norma Ray" character, helping employees and management to see how their behaviors and habits could bring about change in our workers' comp program.

To help cultivate cultural awareness, there was a significant emphasis on education and training. For instance, we had lift equipment, but most employees still relied on the familiar and potentially dangerous manual method in order to save time in a busy hospital environment. Now, with proper training and education, we are getting more nurses to understand why this equipment exists; how injuries could lead to severe, long-lasting, even permanent injuries; and how their behavior and establishment of safe habits can reduce the likelihood of injury.

We also employed strict medical management by partnering with nurse case managers and by ensuring that injured workers were sent to the very best and most appropriate providers for their particular injuries (whether an ER, outpatient clinic, etc.).

We made sure our claims and medical management team had

access to the right information at the right time in order to manage the cases appropriately. For instance, we gave nurse case managers access to our browser-based claims management system, which allowed them to closely collaborate with the claims adjusters at our third-party administrator. Vital information was shared in real-time regarding reasonable and appropriate treatment, and all parties were able to view the treatment plan and progress, so proper return-to-work expectations were set.

It typically costs more than \$100 a day for an employee to be out on a work-related injury; therefore we wanted to assist employees in returning to work as quickly and safely as possible. To help us with our goal, providers were trained on return-to-work protocols and transitional work assignments. When an injured worker was unable to immediately return to full duty, he or she was given a transitional assignment suitable to their work restrictions. A notification was automatically triggered through our claims management system, allowing the workers' comp coordinator to closely monitor the process, making sure transitional assignments were strictly adhered to in order to avoid aggravated injuries.

The claims system also tracked how long it took to recover, where and when people were injured, and how many days they were missing. In essence, it helped us track the results of our initiatives.

We are very pleased with the results of our program as the ability to prevent injuries has not only ensured our valuable employees remain on the job, it has also helped us reduce costs. For example:

- We have reduced lost time. The organization

decreased lost-time claims per 100 payroll full-time equivalent (PFTE) employees by 41%.

- We have reduced costs. Our claims technology helped to drive upfront claims management, so the organization was able to decrease total disability costs per 100 FTE by 31%; reduce indemnity claims by 15%, or \$7 million; and achieve hard-dollar savings of \$304,772 in the first seven months of working more closely with nurse case managers.

- We have complied with best practices. The claims system streamlined the claims process, improving initial contact on claims from 60% to 92% of the time and increasing timely reporting of injuries from 40% to 86% of injuries reported within the first five days of an employer's knowledge of the incident.

As the challenges in the workers' compensation industry remain, we will continue to cultivate a culture that emphasizes education, partnerships and the use of claims technology to meet our goals. Working from a cohesive culture, we achieved a synergy of organization-wide efforts. In our opinion, this approach will work for a wide range of organizations — not just hospitals. In particular, we believe giving people the technology tools they need to properly oversee claims administration, improve communication and collaborate with medical providers, as well as monitor the outcomes of program interventions, can play an important role in helping organizations control workers' comp costs and improve outcomes for employees. — **E.B.N.**

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