Employee Benefits & Workers' Comp News

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Healthy Aging in the Workforce

The workforce is aging, so understanding the specific needs of older workers can help you keep them healthy and on the job. Here's what you should know.

Several years ago, trend-spotters started talking about the "brain drain" that would occur when skilled Baby Boomers start to retire. More recently, the upheaval in financial markets and the recession have changed the picture: employees who planned to retire need to keep working to build up their nest eggs.

Almost 12 percent of the civilian workforce is 55+ years old, according to the Bureau of Labor Statistics (BLS). Since 2006 there has been a 26 percent increase in the number of workers 65 years and older. They represent a small but growing percentage of the workforce, and by 2016, the bureau projects they will account for nearly five percent of workers.

Mature workers offer companies many advantages: experience, commitment and a strong work ethic. They tend to roll with the punches, and they can offer important perspectives to younger workers.

Older Workers = Safer Workers

The BLS reports that the incidence of injuries (per 10,000 hours of full-time work) is lowest among workers 65+. Additionally, older workers

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This Just In

Workplace safety has a gender gap. According to recent data from the Bureau of Labor Statistics, the number of fatal work injuries among women rose 12.5 percent in 2014. Still, only 8 percent of all fatal occupational injuries involved women. As in prior years, men accounted for 92 percent of all fatal occupational injuries.

Why is that? First, many of the most dangerous occupations, including roofing and construction, are dominated by men. Women who work in those industries often work in clerical or other less risky positions.

Men also account for more traffic fatalities. The Bureau of Labor Statistics reports that trans-

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in relatively hazardous manufacturing and construction-related industries have a lower frequency of workers' comp claims than younger workers, according to the National Council of Compensation Insurers (NCCI).

Those statistics support the premise that older workers have more experience and are less likely to rush through work that requires attention to detail.

Higher Severity

However, the picture isn't entirely rosy for older workers.

When accidents occur, injuries are more likely to be severe. Medical expenses are more costly because older workers' injuries tend to be more extensive and take longer to heal. NCCI estimates that medical costs are 26 percent higher for workers 65+. If a 60-year-old woman falls and breaks her wrist, it may be due partially to osteoporosis that has weakened her bones. A 20-year-old might only strain her wrist in the same fall.

The extra days that are lost on medical leave also contribute to indemnity costs for lost wages. NCCI reports that average indemnity payments per claim begin to increase at age 45, but then decline somewhat after age 65 — probably because workers who continue to work after 65 have relatively low salaries. Additionally, older workers tend to want to get back to work.

Although individual comp claims can be significant, the total number of 65+ workers continues to be small enough that they are not a significant driver of comp costs — less than three percent of claims, according to NCCI.

Understanding Older Workers

Older workers have health and wellness needs that differ from younger employees.

Physical strength peaks between 20 and 30 years of age, so older workers who do physical activity are working closer to their maximum capacity. Reaction time declines with age; eyesight and hearing also diminish. However, according to the Department of Health & Human Services (DHHS), age is less a factor in physical health than other factors such as obesity, smoking, lack of exercise and diabetes.

Mental abilities also change as people age. Older workers have slower cognitive speed. According to DHHS, they retrieve information more slowly and learn more slowly. However, they are ultimately equally successful in learning new things and may have greater retention of new material.

Loss Prevention

Slip/trip/fall injures are the biggest risk to older workers, accounting for 47 percent of injuries, versus only 20 percent for all workers, according to BLS. Older workers are also more apt to have shoulder, arm and lower back injuries.

Employers should analyze jobs to make sure all employees, regardless of their age, are not continuously doing repetitive-motion activities and do not lift items that are too heavy for their specific strength. Tasks should be modified to prevent potential problems.

Employers should evaluate their lighting systems, ensure they have slip-resistant flooring and make sure their entrances, walkways and parking lots have smooth, non-slip surfaces that are well lit — basic loss control measures that will benefit all employees.

When training employees about new tools — whether it's new machinery or computer software — it is important to realize that older workers need a slower-paced class, while young workers may need a follow-up refresher.

Wellness programs for employees of all ages can also have a positive impact on the severity of workers' comp claims. A healthier employee generally recovers faster than one who is overweight and out of shape. Encourage employees to stop smoking, eat healthy foods and exercise regularly, including taking a walk at lunchtime. The fresh air will do them — and you — a world of good.

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portation accidents continued to lead the causes of workplace fatalities in 2014. Transportation injuries accounted for 40 percent of fatal workplace fatalities. The majority of these fatalities were caused on roadways involving motorized land vehicles.

Men tend to account for more driving-related accidents in general, whether work-related or not. Employers can help address this risk by providing driver safety courses and encouraging all employees to attend and by screening anyone who will drive on the job for their driver safety records. For more suggestions on improving safety, please contact us.

Mental Health: Heal the Mind, Heal the Body

More than one in five American adults live with a diagnosable, treatable mental health condition and can go on to live full and productive lives. A properly structured benefit program that covers mental health services can support the very real link between mental health and overall wellness.

Employers that offer health benefits typically include some level of mental health care in their benefits package. Now that many employers are forced to cut costs, cutting back on mental health benefits might sound tempting. However, scaling back mental health benefits may raise health costs in the long term for the 22 percent of adults in the U.S. who suffer from a diagnosable mental health disorder, according to the National Institute of Mental Health.

The Mental-Physical Connection

The most common mental health disorders that arise in the workplace are anxiety and depression. Yet mental problems often present themselves as physical problems, and employees are more likely to seek assistance for a physical problem. Studies have shown that if workers don't get the treatment needed for their underlying condition, they use a lot of services they don't need. A medical doctor may not be able to determine what is wrong with a patient and will do a battery of expensive tests because he/she doesn't want to miss anything. The end result? Physical healthcare can cost a whole lot more when mental health benefits are not available.

Further, employees who have ready access to good mental health benefits are less likely to be out on disability leave. Employees on behavioral health disability tend to stay out longer than those with any other condition, says the Society for Human Resource Management (SHRM).

Untreated behavioral illnesses can have other consequences as well. Not only can productivity drop, but mental illnesses such as depression also can compromise employee safety.

Many employers have developed cost-sharing structures to encourage workers to use mental health benefits, including eliminating employee out-of-pocket expenses for initial consultations or Employee Assistance Program (EAP) services. EAPs can offer a wide range of mental health-related services. Some companies have on-site EAPs, providing free counseling in the workplace, while others believe employees are more likely to use an EAP when it is located off-site. Benefits managers often characterize their EAP

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as a "gateway" to services, rather than the traditional "gatekeeper" that limits access to services. EAPs can often serve as a direct link to the benefit plan's network of mental health providers.

To improve employee access to mental health care, consider the following best practices in benefit design, plan management, and monitoring and evaluation:

Benefit design. Analyze the characteristics of your company's workforce. Look at gender, age, type of profession, etc. to identify any special mental health needs unique to your employee populations, then structure your benefits plan accordingly. Offer a wide variety of physical and mental health worksite wellness programs to help your employees balance work and home life.

Consider on-site counseling or psychiatric care, including consultative and administrative services such as case management, patient advocacy and general advice about the company's benefits plan. Customize a network of mental health specialists based on employee preference and past claims data.

Plan management. Take an active role in directly managing both plans and vendors. Be sure to clearly communicate the company's approach to mental health benefits to insurers, EAP vendors and providers, who frequently focus only on controlling costs. In addition to managing multiple vendors, employers must integrate data from a variety of vendor database systems that may not be compatible with the company's system.

Monitoring and evaluation. Evaluate plan options regularly and work to improve inadequacies. Use performance data to assess the relationship between access to services and employee productivity and health care costs. Establish a mechanism to monitor disability and absenteeism to determine the link between increased mental health spending and decreased employee health problems.

Employee feedback should play a significant role in shaping the benefit design and influencing policies. Assess employee satisfaction to improve areas of poor performance and be willing to change policies based on employee complaints. Solicit employee input through focus groups and direct interviews.

By offering comprehensive mental health benefits, your company communicates a corporate culture that emphasizes the value of investing in employee overall wellness. Meeting the mental health needs of your employees produces long-term savings by decreasing health care costs, increasing productivity and reducing absenteeism. So you'll not only have a healthy workforce, but a healthy bottom line as well. If you would like assistance with your mental health benefits program, please contact us. ■

How Insurers Calculate Your Comp Rates

Although workers' compensation may seem complicated, only two factors affect your workers' compensation costs: your employees' job classifications and your experience modification factor.

Rating bureaus publish rates for hundreds of different job classifications, shown as rate per $100 of payroll. These rates are based on the relative hazards of each occupation. For example, it costs more per $100 of payroll to insure roofers than computer programmers, since roofers are more likely to experience severe on-the-job injuries. To avoid overpaying, you will want to review your company's occupational categories to make sure your employees haven't been misclassified.

You can't change your employees' job classifications: if an employee performs the duties of a roofer, then your insurer will classify him/her as a roofer. But you do have control over the other variable that affects your workers' compensation costs: your experience modification factor, often referred to as an ex-mod.

Stated simply, an ex-mod is a multiplier that relates to your claims experience. By multiplying the base rate for the applicable occupational class times your ex-mod, an insurer can reward or penalize you for your claims experience.

In most states, your premiums must exceed a certain minimum amount for the ex-mod to apply. If you do not pay enough in premiums, your organization will have a

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"minimum premium policy," in which ex-mods do not apply.

Insurance companies send information on employers' premiums and losses to the state's rating bureau. The rating bureau then calculates ex-mods based on the employer's paid claims and incurred losses for the "experience period," generally the three years prior to the last policy renewal date.

To calculate your ex-mod, expressed as a percentage, take your total actual losses for this period and divide by the total expected losses, or average losses by $100 of payroll per job classification. An employer with actual losses of $253,563 and expected losses of $352,051 would calculate the experience modification as follows:

$$\frac{253{,}563}{352{,}051} = 72\%$$

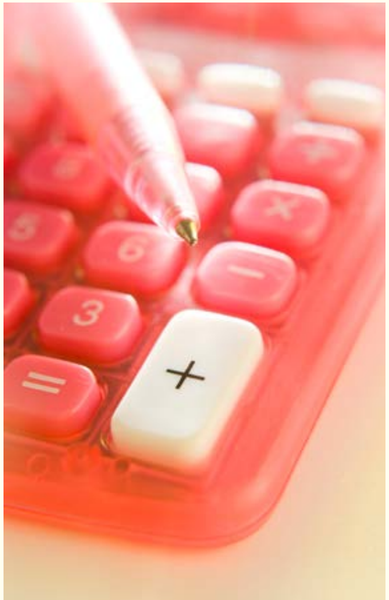
However, it's not as simple as all that. Not all losses are weighted equally. And rating bureaus use "weighting values" and "ballast values" to arrive at ex-mods that more accurately predict your company's losses.

Following is the actual formula for calculating an experience modification factor:

Actual Primary Losses	+ Ballast Value	+ Weighing Value X Actual Excess Losses	+ (1-Weighting Value) X Expected Excess Losses
Expected Primary Losses	+ Ballast Value	+ Weighing Value X Expected Excess Losses	+ (1-Weighting Value) X Expected Excess Losses

What do these terms mean?

- "Primary losses" are the first $5,000 of any loss; "excess losses" are all loss amounts over $5,000. Losses up to $5,000 are included in full. Losses in excess of $5,000 are included on a discounted basis. In practical terms, this means that smaller losses have a bigger relative impact on your ex-mod than larger ones do.
- The "ballast value" and "weighting value" attempt to correct for the size of the risk. In statistics, the larger the pool sampled, the more accurate the sample is. Calculating ex-mods works in the same way — the larger the payroll base, the more accurately you will be able to predict your losses.



The resulting experience modification factor is expressed in a number that generally ranges from .75 to 1.75. An experience modification of 1.00 indicates your losses reached the expected dollar amount. A number higher than 1.00 indicates that your risk of loss is greater than average, while an ex-mod of less than 1.00 indicates your risk is better than average. If you meet the minimum premium levels, you can control your workers' compensation costs by keeping your ex-mod low.

Keeping Ex-Mods Low

Keeping ex-mods low requires controlling workers' compensation claims. Focus on controlling the smaller, more frequent losses —they will impact your ex-mods more than less frequent, larger losses.

Next, you'll want to periodically review your payroll and claims information for accuracy. Make sure your payroll data is accurate and your ex-mod calculations include data from the proper years. And keep tabs on loss reserves — unused loss reserves affect your experience modification.

We can help you understand your experience modification factor and help you develop loss reduction strategies to lower your ex-mod, which will control your workers' compensation costs. For more information, please call our office.

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Help Your Employees Avoid Identity Theft

A vendor survey found that 39 percent of employees want to buy identity theft insurance through their employer. Are you providing this valuable benefit?

Identity theft occurs when someone uses another person's personal identifying information without authorization to open charge accounts, order merchandise or borrow money. Victims of identity fraud lose money, their reputation and their credit rating, which can hinder their ability to borrow money or find a job.

Identity theft victims spend an average of 50 to 175 hours restoring their name and credit history, according to data from California Public Interest Research. Offering your employees identity theft protection can help reduce the financial and physical toll of dealing with identity theft.

Types of Identity Theft Protection

Identity theft protection takes two forms: identity theft insurance, and non-insurance identity theft protection programs. Insurers often bundle identity theft coverage into other programs, including some homeowners insurance programs. Some offer identity theft insurance as a standalone policy available on a voluntary (employee-paid) basis. And some prepaid legal plans — available on a voluntary basis — also include services to help members deal with identity theft.

An identity theft insurance program typically reimburses victims of identity theft for any expenses they incur to correct their credit record. These can include phone, notary and certified mail costs. Some policies also provide some coverage of lost wages resulting from taking time off to deal with identity theft. Many cover attorney fees, subject to policy conditions and limits, and offer professional assistance to help plan members restore their credit. Most will not reimburse insureds for direct monetary losses due to identity theft.

Non-insured identity theft protection plans typically offer services designed to detect identity theft early and minimize any resulting losses. These include credit monitoring and notification services; some plans also provide reimbursement or coverage for costs of repairing credit records.

Many programs offer both types of protection: credit monitoring services for early detection, and insurance to cover the costs of dealing with and correcting identity theft. We can provide information and enroll your employees at no cost to your organization. ■

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