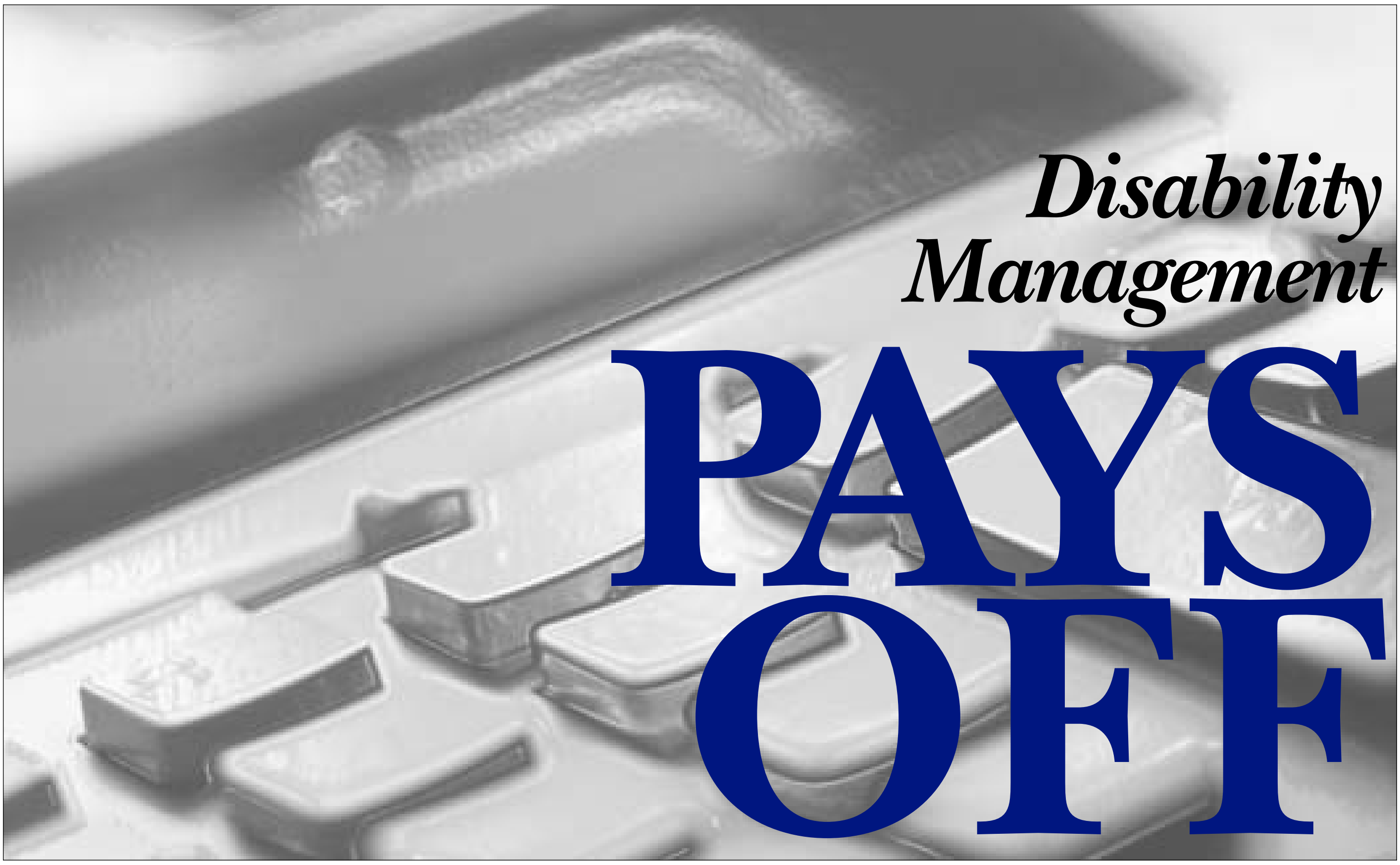

Disability Management PAYS OFF

By MARY ANN FITZPATRICK
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Workers' compensation (WC) costs continue to deplete employers' financial assets. According to OSHA, the cost of workplace accidents and injuries in the U.S. exceeded $80 billion in 1996. On average, employers spend 10 percent of payroll on direct and indirect costs resulting from employee disability (Johnson and Strosahl 21+). Based on 1998 data from the Bureau of Labor Statistics (BLS), 6.7 in every 100 workers suffer a work-related injury or illness every year. Some 5.9 million workers were injured in 1998; of those 5.9 million incidents, 2.8 million resulted in lost time (BLS).

Interest in innovative disability management strategies continues to grow as employers struggle to reduce work-related injuries and WC costs. Disability management is a proactive process through which labor and management assume joint responsibility as proactive decision-makers, planners and coordinators of workplace-based interventions and services. It promotes disability prevention strategies, rehabilitation treatment concepts and safe work-return programs designed to control personal and economic costs of workplace injury and disability.

KEY PROGRAM ELEMENTS

Several elements are common to successful disability management programs:

- early intervention—early return to work;
- joint labor/management involvement, support and accountability;
- interdisciplinary disability management team approach;
- case management services;
- employer-based transitional work programs;
- ergonomics.

Early Intervention

It is vital that injured workers continue to perceive themselves as valued employees—that they remain attached to the workplace. Setting return-to-work goals soon after the onset of disability and providing timely rehabilitation services are critical for a successful return-to-work outcome. Immediate response to a worker's rehabilitation needs prevents him/her from feeling powerless or not responsible for recovery (Andrews 28+). Galvin studied several disability management systems and concluded that delaying rehabilitation jeopardizes its effectiveness. He suggested that when disability intervention, management and rehabilitation services are delayed or absent, an employee's health condition becomes increasingly severe; s/he begins to accept the "sick role," and disability benefits become an attractive alternative to continued, but problematic, employment (Galvin).

Studies have also documented the cost effectiveness of early intervention and early return-to-work programs. In a study of 5,620 WC beneficiaries, Rundle identified the financial disincentive of delayed rehabilitation services. He reported a 47 percent return-to-work rate among workers referred for rehabilitation services within three months of the injury, resulting in a 71-percent reduction in costs. Employees referred between four and six months post-injury only returned to work 33 percent of the time, and cost savings dropped to 61 percent. Only 18 percent of those referred more than 12 months post-injury returned to work, and corresponding cost savings fell to 51 percent (Rundle 10+).

These findings suggest that an important predictor of successful rehabilitation potential is the amount of time that has elapsed from injury to referral. In other words, timely intervention is cost effective.

Joint Labor/Management Involvement

Joint labor/management involvement, support and accountability are key elements in successful disability management programs. Understanding the complex dynamics of employee/environment relationships in the workplace is an important step in resolving injury and disability claims. Compatible relationships often equate to job satisfaction, enhanced productivity and positive labor relations, all of which are mutually rewarding for employee and employer. Unresolved conflicts and negative labor relations can adversely affect an actual disability claim.

Results of a survey of 124 Michigan firms support the assumption that many factors which cause unacceptable WC costs are internal to companies and within the employer's control. Management philosophy, policies and practices were found to be strongly related to successful outcomes. Conducive factors included 1) open management style; 2) human resource orientation; 3) more-rigorous adoption of safety and prevention interventions; and 4) specific procedures to prevent and manage disabilities (Hunt and Habeck).

Interdisciplinary Team Approach

Team members may include employer representatives (occupational health nurses, risk managers, safety managers, human resource personnel), labor union representatives, treating physician and rehabilitation personnel. Through cooperation and communication, the team strives to ensure that all issues related to a worker's injury or illness are fully addressed.

Case Management

Case management services facilitate implementation of disability management strategies and return-to-work plans. Case managers may have various backgrounds, including occupational therapy, safety management, nursing or WC administration. They play a vital role on the disability management team—by strengthening communication and serving as the liaison between employer representatives, employee, insurance company and rehabilitation providers.

By managing medical claims, case management services may achieve substantial economic benefits for employers. The Health Insurance Assn. of America has reported that for every dollar insurance carriers spend on medical rehabilitation and case management services, they average a 30-to-1 return on investment (Delvin 3).

Employer-Based Transitional Work Programs

Transitional work programs (TWPs) maintain the occupational bond developed between employee and employer. TWPs are developed by integrating any combination of job tasks that may be performed safely by an employee whose physical capacity to perform functional job demands has been compromised. These programs encourage and support an injured worker's safe and timely return to work. They provide appropriate accommodations and help an employee gradually "transition" back to work through conditioning, education on safe work practices and work re-adjustment.

StorageTek has illustrated the impact of an effective TWP. The company created a transitional duty department that has helped significantly reduce the firm's disability lost-time costs. Under the program, if an employee has temporary medical restrictions that cannot be accommodated in his/her own department, that employee is transferred into the transitional duty department for temporary work assignment. The department pays the full salary of injured workers performing transitional work; these workers can stay in the department for up to six months.

In 1994, before the department was created, lost-time injuries averaged 33 days off work. By the end of 1997, the average time off was 11 days. In addition, the average lost-time indemnity cost incurred for a WC claim has been reduced from $5,000 to $1,000 over this same period ("StorageTek" 5).

Ergonomics

Ergonomics is the science of designing jobs and tools to accommodate human capabilities. Properly applied, its principles enhance human effectiveness and reduce the risk of injury. This process starts with a thorough task analysis to identify risk factors associated with the occurrence of injuries. Based on findings, jobs can be redesigned to minimize risk factors.

The role of ergonomics in disability management involves making job accommodations to allow an injured employee to perform meaningful transitional work. It may also be used to determine the employee's residual work capacity; this information helps the employer make reasonable accommodations as required under the Americans with Disabilities Act.

SUCCESS STORIES

Companies continue to document successful outcomes from the implementation of proactive disability management programs. Measurable results have shown that employers can reduce WC costs by 30 to 50 percent (Hursh).

Steelcase, a $2.5 billion furniture manufacturer with 8,000 employees, began a light-duty program to address escalating WC costs. The firm developed a redirected work center, where workers recovering from injury performed transitional production work and were able to learn new skills. Steelcase lowered costs per lost-time claim by 50 percent to $2,500 (previous average was more than $5,000) (Hursh and Shrey 45+).

Ryder Systems Inc., a self-insured $5 billion truck rental and leasing company, had an annual WC cost of $1,500 per injured employee. The company instituted a return-to-work program, accelerated claims reporting procedures and improved worker communication, and implemented an early contact and early intervention program. Annual costs per employee were reduced to $600.

Employees at Walt Disney World in Orlando, FL, have been encouraged to report all work injuries immediately. Company physicians then decide whether an employee will return to work or will work under a light-duty program. An employee may function in this program for up to six weeks, but the average stay has been about 15 working days. Disney has reduced lost-time cases by more than 30 percent in each of the last three years (Gemignani 75+).

At the Somass Div. of MacMillan Bloedel Ltd., a formal disability management program that emphasizes joint labor/management collaboration was ini-

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tiated in 1994. As a result, WC costs have been reduced 50 percent, and the number of employees on WC dropped from 37 in 1991 to five in 1996 (Hursh and Shrey 45+).

During the mid-1980s, General Electric Co. implemented an early intervention program that yielded highly significant results. The goal was to provide quality medical and rehabilitation services to injured or ill workers in a timely, coordinated manner. Over a three-year period at one plant, the cost per worker consistently decreased in the areas of short-term disability (33 percent decrease), salary continuance and hourly sick pay (23 percent decrease) and WC (35 percent decrease) (Stempien).

Taulbee evaluated important economic outcomes attributed to early intervention strategies in several disability management programs. Consumer Power Co.'s program produced a 48-percent decrease in the number of workdays lost due to recordable lost-time injuries. Safeway Stores saved $8 for each dollar spent, and reduced back injuries and related costs by 50 percent. Marriott, with 20,000 workers, utilized early intervention strategies and reduced the number of WC cases 50 percent, saved $4 for each dollar spent and reduced litigated WC cases by 50 percent (Taulbee 46+).

Red Wing Shoes implemented an ergonomics program that encompassed training, conditioning, stretching, adjustable chairs, equipment modification and hiring an ergonomic consultant. The company reportedly reduced WC costs from $4.4 million in 1990 to about $1.3 million in 1995 (Gauf 79).

Newport News Shipbuilding's welding department, which employs 1,800 workers, was averaging two to four wrist injuries per month. After in-depth training on tool selection, work methods and scaffold placement, only six wrist injuries were reported in the one-year time period that followed. A lifting training program in the maintenance department reduced frequency of back injuries from one per month to zero. In 1996, the firm reported a 30-percent reduction in its ergonomic case rate and a 55-percent reduction in its lost-time ergonomic case rate. Overall, it saved $4.1 million in WC costs.

In the early 1990s, Silicon Graphics attributed 70 percent of its medical costs to upper limb disorders. A training program was initiated in 1992 and a self-directed ergonomics resource center was established. In 1995, the company hired an ergonomics consultant. That year, the firm achieved a 41-percent decline in reportable upper limb disorders, followed by a further 50-percent drop in reportable cumulative trauma disorders in 1996 ("Silicon Graphics" 7+).

In 1997, Navistar International Corp. decreased its incident frequency rate, lost-time case rate and WC costs as a result of proactive safety and ergonomics programs and closely coordinated case management efforts. The ergonomics program, which included hiring consultants and establishing educational seminars, helped reduce WC costs from more than $500,000 in 1991 to about $176,000 in 1997 (U.S. Dept. of Labor).

Employers often use multiple disability management interventions to produce profitable results. The Long Island Railroad combined transitional duty jobs, health and wellness programs, and early intervention strategies to produce annual savings of more than $6 million. Four years after the program's initiation, only eight of the firm's 7,000 employees had more than one year of lost-time. Prior to instituting the program, 244 workers had remained out of work for a year or more (Hursh and Shrey 45+).

CONCLUSION

Successful disability management strategies require strong commitment and great effort by labor and management to maintain the health and safety of the workforce and work environment. Are these activities worth it? The results provide clear evidence that they are. ■

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