Key Risk
a Berkley Company

July 7th, 2023

NAPEO – First Friday

How a solid return to work program can affect a Workers Compensation claim: Promoting a culture of early return to work within your PEO and client companies.

- Innovative Insurance Solutions
- 35+ Years of Expertise
- 100% Focused on Workers Compensation
- Creative Underwriting

Agenda

What will we cover today?

1. Introductions – Who is Key Risk?
2. Why is early RTW Important?
3. How to set up a solid RTW program
4. Applying at the claim level
5. How and when to get creative
6. Underwriting – How can an effective RTW process affect decisions

Introductions – Who is Key Risk?

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Director, Specialty Claims

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Director, Client Experience

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Senior PEO Underwriter

Why is early RTW Important?

Quick RTW Paramount

Probability of returning to work:

- Within 12 weeks = 92.2%
- 13-26 weeks = 55.4%
- 27-40 weeks = 42.7%
- 52-65 weeks = 32.2%
- 66-79 weeks = 22.8%
- 80-92 weeks = 10.7%
- > 104 weeks = 4.9%

The Difference

Closure Rates:

	Key Risk	Industry*
12 months-	41.9%	34.9%
24 months-	80.0%	73.5%
36 months-	92.0%	87.7%

Average Severity:

	Key Risk	Industry*
12 months-	$31,060	$41,129
24 months-	$36,883	$46,876
36 months-	$37,212	$47,927

Roadblocks to Return to Work

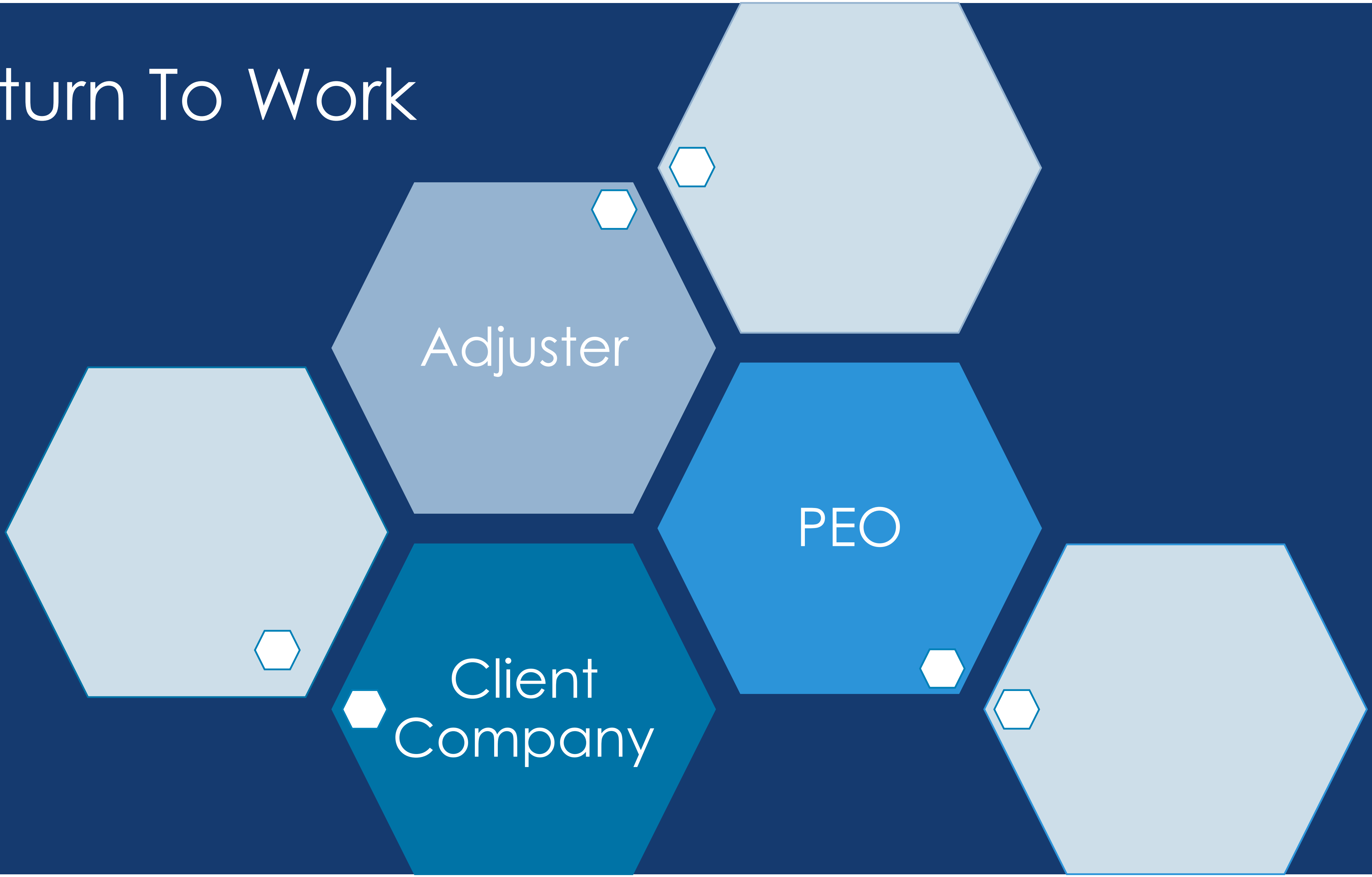
1. Onboarding – Client Companies and PEO's
2. Culture
3. Setting Expectations
4. Reporting Delays
5. Lack of communication/collaboration

Start at the Beginning…

Preparation and Onboarding:

- Leadership Commitment
- Formal Written Program
- Formal Job Descriptions
- Sound Hiring Practices
- Onboarding

Return To Work



Return to Work

What does success look like?

- Quick and Thorough Wholistic Initial Communication (Employer, Injured Worker and Provider)
- Explain the Process/Setting Expectations
- Securing Job Descriptions
- Continuing Evaluation of Options for RTW
- Ongoing Communication

Adjuster

Return to Work

What is the role of the PEO in return to work?

- Timely Reporting
- Early RTW discussions with Client Company
- Being Transparent- Issues & Concerns
- Setting Expectations
- Collaborative conversation

PEO

Return to Work

Client Company

What is the role of the client company with return to work?

- Reporting the claim right away to the PEO
- Discussing RTW options with injured worker
- Setting Expectations with Employee - Communication
- The eyes and ears for both the PEO and the insurance carrier
- Ongoing communication with injured employee

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Creative Underwriting

When and How to get Creative

In this section we will outline some of the alternative RTW programs that are available for certain claim scenarios.

Alternative Return to Work

What is it and how is it used?

- Injured Workers working for a Non-profit within light duty restrictions
- Employer pays for hours worked, carrier pays Temporary Partial Disability
- Discussion between PEO, Client company and carrier
- Utilized in situations in which there are roadblocks to RTW
    - Major injuries
    - Long term disability potential
    - Client company is all heavy work
    - Litigation situations

Underwriting – Why Return to Work Matters

Purpose

A return-to-work policy is a critical cornerstone to a successful risk management program. It reflects the company's commitment to helping employees get back to work after an injury or illness. A robust program demonstrates to the carrier that the PEO is serious and dedicated to containing costs incurred within it's workers comp program. The PEO industry is especially susceptible to loss time claims as the experience can negatively effect both the PEO and client company's experience modifier.

Cost Containment

Medical-only claims do not have the same adverse effect that paid lost-time benefits (wages) have on an employer's/PEO's loss experience. Workers compensation premiums in part are based on an employer's claims history for the previous three years. Claim costs are calculated differently when looking at an organization's claim history and determining its experience modification (ex-mod) factor. Most states value medical-only claims at 30%, while lost-time claims are valued at 100%. If the worker's treating physician indicates that he or she can return to work during the healing time, the employer can reduce that claim's value by 70%. In order to keep a claim as medical only, an employee must return to work within a specific waiting period, which varies by state.

Underwriting – Why Return to Work Matters

Commitment to the Process

PEO's that continually evaluate their client companies and promote a culture of safety, RTW, and collaboration are key. Communication between the carrier/adjuster and PEO is critical in facilitating an effective Return-to-Work program. Upon the physician's determination of the employee's medical condition, functional capacity, and work restrictions, a list of light duty and/or transitional work can be recommended. Early intervention allows all parties to maintain a positive connection to the process that can reduce employee frustration and concern while minimizing claims costs and future premiums.

Questions