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Appropriate Care—and Encouraging Healthy Choices—

CAN PUT A DENT IN WORKERS' COMP AND HEALTH COSTS >>

it has been suggested that there really aren't any problems, only unique opportunities. Few would argue that falling revenues and rising expenses are the kinds of opportunities local officials hope for, but there are two closely linked budget items that can, with a willingness to rethink old habits, provide some unique opportunities to not only improve the health of the municipal work force but also to control costs. The linked budget items are group health insurance and workers' compensation.

An abundance of research indicates that lifestyle choices, such as smoking, diet and exercise, play a significant role in not just an individual's health, but also in the cost of keeping the person healthy, which is reflected in health insurance costs. Likewise, these lifestyle choices play a significant role in workers' compensation costs because they affect the employee's ability to heal and return to work following an injury. And the faster the return, the lower the costs.

When a worker is injured, it's a good idea to get that employee back on the job as soon as possible. Unfortunately, the traditional health care system is not well-engineered to do that. Nor is it geared up to help individuals make the best choices, and develop the best habits, to attain optimum health. In both cases, employers bear the burden of higher costs as a result. The good news, though, is that municipal employers have "opportunities" to address both issues directly, in ways that traditional treatments don't.

Risk Factors

In 2003, one of the state's largest workers' compensation insurers, the AIM Mutual Insurance Companies, undertook a major research effort to understand the differences between those injured workers who return to work as one might expect and those who become what are referred to as "creeping catastrophic" cases—"creeping" because the injury did not start out as a serious one, and "catastrophic" because the injured worker did not improve and was not able to return to work as would be expected. The study demonstrated that several behavioral risk factors were strongly correlated with failures to return to work in expected timeframes. The risk factors include smoking, obesity, a history of emotional or physical abuse, a history of depression, and a history of previous work-related injuries. Within the study population, those with "creeping catastrophic" injuries represented sixty percent of the most costly injuries, while genuinely catastrophic injuries (e.g., motor vehicle accidents, severe falls, and other types of severe trauma) accounted for the other forty percent.

A 2004 study conducted by Best Doctors for the AIM Mutual Insurance Companies (which is sponsored by the Associated Industries of Massachusetts), found that seventy-five percent of workers' compensation costs result from just three to five percent of all work-related injuries. In other words, out of one hundred work-related injuries, just three to five cases will account for the lion's share of expenses. What is it about these three to five cases? For the most part, these workers exhibit the risk factors that lead to poor health in general.

A similar pattern is found in group health insurance expenses. Studies by the U.S. Centers for Disease Control suggest that seventy-five percent of all medical expenses are directly attributable to lifestyle choices such as smoking, lack of exercise, and poor diet. Yes, the Marlboro Man and Joe Camel are still at it, and one in every five Americans is still puffing away.

The Agency for Healthcare Research and Quality, part of the U.S. Department of Health and Human Services, reports that five percent of the population accounted for approximately half of all medical expenses in 2002. Proprietary data from a local data analytics firm indicate that in the group health environment (which excludes Medicare and Medicaid), five percent

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of covered lives will account for sixty percent of all medical expenses. While these ratios may vary somewhat in the municipal environment, the basic principles do not change. The "opportunity" here is that lifestyle changes made by a relatively small group of people could have a significant positive impact on health care costs.

In both group health and workers' compensation, it doesn't take much of a reach to think of premiums paid as scorecards illustrating how well employees and their families are doing at managing their health and protecting themselves from injury. Fees paid for medical services are ultimately translated into insurance premiums, which are, essentially, a reflection of health expenses over time. (The difference for workers' compensation is that the costs include replacement wages.) When one peels back the onion on both group health and workers' compensation expenses, it becomes clear that the types of behaviors that are driving workers' compensation expenses are the same behaviors that drive group health costs. (The difference being that workers' compensation reflects the costs for individual employees, while group health includes the costs of spouses and dependents.)

With this information as a backdrop, the question becomes: What strategies can a municipal manager employ to modify these drivers of workers' compensation and group health expenses?
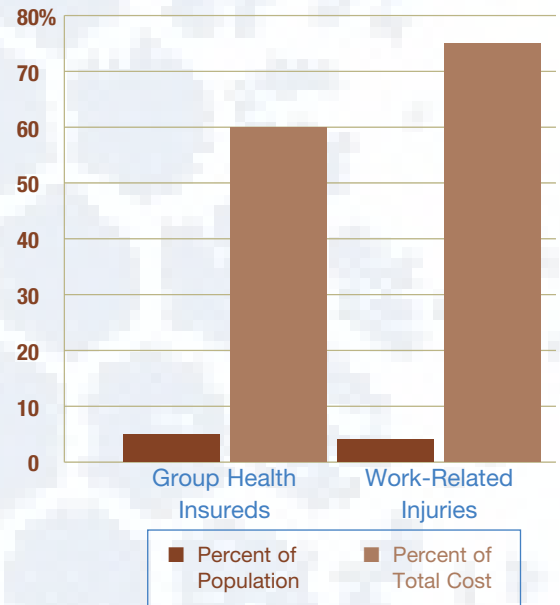
Occupational Health Clinics

Let's start with tactics that can lead to immediate benefits. Three very interesting studies have shown the benefits resulting from the use of specialized occupational health clinics for work-related injuries. A study in National Underwriter published in 2003 showed that services provided by occupational health centers cost roughly half as much as medical services provided by emergency rooms or general practitioners. Those numbers translated into savings of forty-nine percent in indemnity or lost-time expenses and a twenty-nine percent reduction in medical expenses. A recent study by Bickmore Consulting for the Massachusetts Interlocal Insurance Association's Workers' Compensation program showed a statistically significant difference in loss costs between those municipal employers who participated in its specialized occupational therapy program (OccHealth Connect) and those who did not. Studies conducted by the AIM Mutual Insurance Companies have shown similar results.
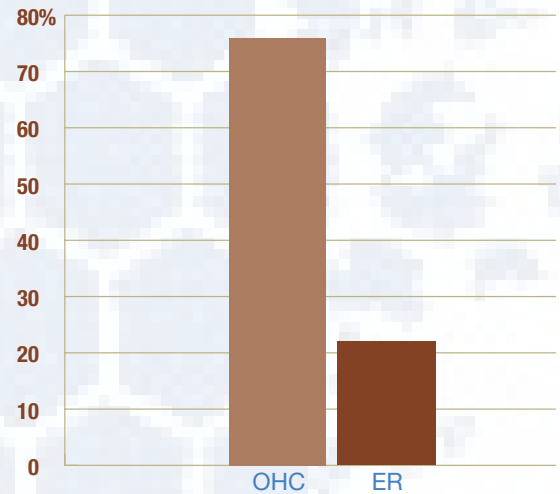
Why is this? Simply put, "work-related" injury is not part of the medical education for most practicing physicians. The successful treatment of work-related injuries requires not only expert diagnosis and treatment, but also an understanding of the work environment and an appreciation that success is defined by an excellent clinical as well as vocational result. Most physicians, regardless of intention, simply do not have the time and often lack an understanding of the importance of modified duty or the need to expedite specialty or physical therapy referrals to reduce time lost from work. Unfortunately, delays in care directly translate into higher indemnity expenses. Contributing to this problem is the fact that very few physicians have the time to actively counsel injured workers or patients who have risk factors such as smoking or obesity that by their nature will complicate the healing process.

To be practical, some Massachusetts communities simply do not have a large enough industrial base to support an occupational health center. But all need not be lost. Inevitably, there will be a medical practice or an urgent care center that, with a little assistance and guidance, can serve as a primary site for occupational health injuries. It is not at all unreasonable to ask your workers' compensation insurer to assist you in identifying local resources that can serve as a primary occupational health facility for your employees. It's time well invested.

Who Drives the Cost?

Legend: ■ Percent of Population ■ Percent of Total Cost

(x-axis: Group Health Insureds, Work-Related Injuries)

Claims Closure Rates for Occupational Health Centers Vs. Emergency Room Care

(x-axis: OHC, ER)

Influencing Choices

What about those risk factors? Study after study has demonstrated that the toxic contents of cigarette smoke not only harm one's health, but also dramatically diminish the human body's ability to heal itself. The availability of a doughnut shop or fast food joint on every corner also contributes to the growth in health risk factors. The simple fact is that, as a species, we are evolved for hunting, gathering and running—not downing an abundance of readily available high-calorie foods, sitting for hours in front of a computer, or riding in a vehicle. Just think, as recently as three hundred years ago, those who could not hunt, gather or run simply did not survive. It was really only about five hundred years ago when our forebears who could not master these skills might have become breakfast for a toothy predator.

Our current lifestyles create the excess body weight that puts excessive strain on our knees, backs and ankles, which, in turn, complicates recovery from injuries to these body parts. A study published through the Framingham Heart Study in 2007 indicates a threefold increase in the obesity rate over the last fifty years. The Massachusetts Department of Public Health reports that seventeen percent of Massachusetts citizens are currently obese, and another thirty-three percent are overweight.

When one looks at rising medical costs in both group health and workers' compensation, it quickly becomes apparent that it is our lifestyles that are literally and figuratively killing us—and breaking our budgets. But the news does not have to be all bad. Many of the habits that contribute to health risks involve personal choices, so encouraging better choices has the potential for making a large dent in these risk factors.

For starters, what are the real and imagined preclusions to creating a smoke-free workplace in your municipality? By smoke-free, we literally mean that those who choose to smoke are not eligible to *be* an employee. The simple process of beginning the discussion will begin to create behavioral changes that can have a dramatic effect on both group health and workers' compensation costs. Remember, a small number of people account for the majority of costs, and lifestyle risk factors help to drive that equation. Realistically, the creation of a smoke-free workplace is not going to happen overnight. The best way to implement changes like this is to get both management and labor leadership to first acknowledge the issue and then to work together to constructively address it and determine policy. The practical reality may be that current employees might simply be "grandfathered" for a certain number of years. While some may never find the quit-smoking tool that works for them, just getting the incidence of smoking down by fifty or seventy-five percent will have a major impact on health and health-related costs. And while it may be hard for folks to quit, the non-smoking policy is actually a precious gift of better health for both employees and their families.

Employers also have opportunities to reduce risk factors associated with obesity and a lack of exercise. In January, the state Office of Health and Human Services launched Mass in Motion (www.mass.gov/massinmotion), a statewide effort to help businesses, citizens groups and municipalities increase exercise and improve dietary habits. Many of the resources found on the Web site can be adapted to the municipal environment. With a bit of imagination, how hard would it be to launch a community weight-loss effort called "Let's All Tighten Our Belts for Better Health"? There are simple things we can all do each day: park the car a bit farther from the office to increase walking, take the stairs rather than the elevator, and reduce food portion sizes.

It has been said that a journey of a thousand miles begins with one step. Well, think two steps. The first is to make sure all employees have access to an occupational health center for their work-related injuries. The second is to begin an active dialogue to create a smoke-free and healthier workplace. For those with a bias for action and a willingness to lead, building an organizational culture with healthy lifestyles as a strong value, and helping injured workers get access to the right kind of care, will provide healthy dividends to workers as well as the municipal bottom line. ✸

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