

# **Workers' Compensation: The Occupational Safety and Health Perspective**

**The Greater Cleveland Safety Council**

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January 12, 2012**

## Why workers' compensation?

- Why not
- Living with the alternative
- 100 years in the making
- Still evolving

## Keeping it simple...

- Replacement of income
- Rehabilitation of injured workers
- Prevention of accidents
- Cost allocation

# Prevention is key...

## Division of Safety and Hygiene

BWC's DSH is tasked with elevating occupational safety and health as well as prevention of workplace accidents and injuries in Ohio's workplaces.

- Employers will protect their most valuable asset: Their Employees
- Lower premiums
- Attract new businesses
- Economic prosperity
- Lower unemployment
- Healthy society

## The big picture: OHIO

- Seventh/eighth largest state:
  - Population
  - Economy
- Third in manufacturing

### The Privilege:

- Fifth underwriter of WC in the nation
- Largest WC state fund

### The Responsibility

- Best in class<sub>PERIOD</sub>

# Best in class<sub>PERIOD</sub>

SERVICE

SIMPLICITY

SAVINGS

- Vision
- High caliber programs, services, people
- Beyond expectations
- Better relationships, feedback and continuous improvements

## What is Next? OSHA and beyond

### PREVENTION

- Regulations are good start
- Solutions that work
- Safety is everybody's business
- Safety everywhere

Always ahead of the curve...

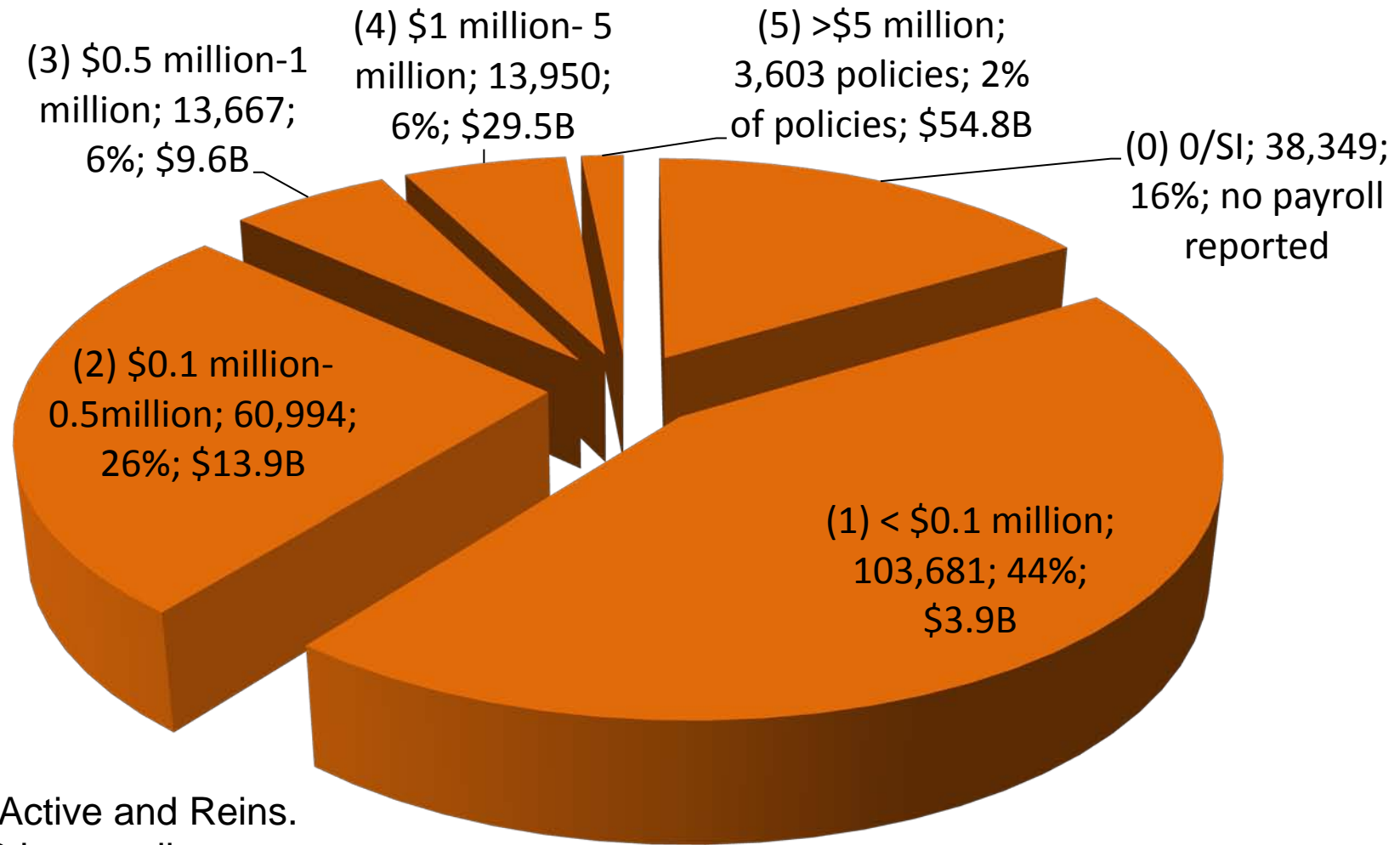
Proactive...

**PREVENTION  
is a Standard  
for Living**

# Challenges

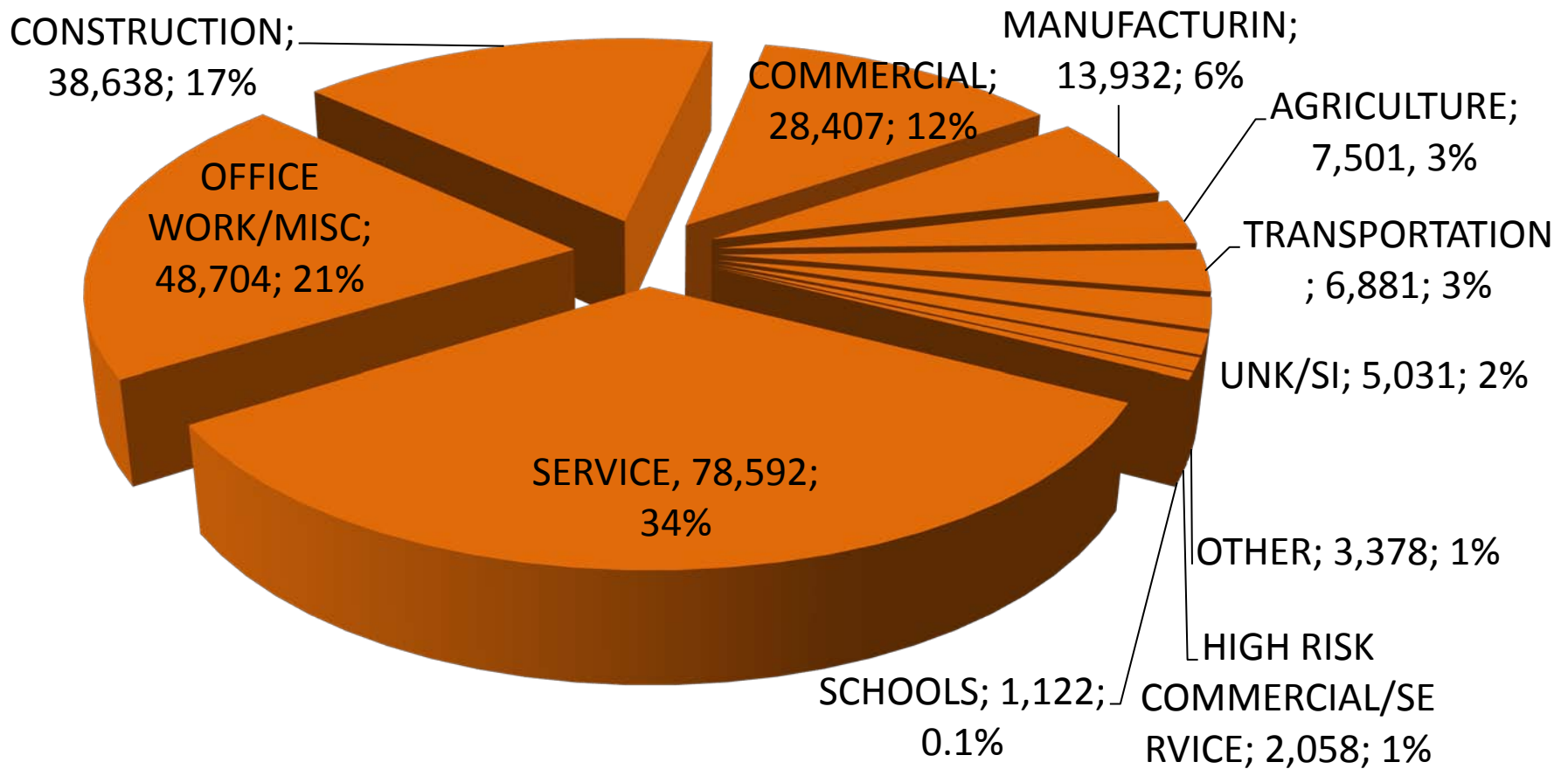
- Understanding
  - Customer needs
  - Cost drivers
- What kind of injuries are taking place?
- Who is getting injured?
- What can be done to prevent and attend to these injuries?
- What needs to be done to have injured workers return to work?
- Measurement and evaluation

# Distribution of all active policies by size



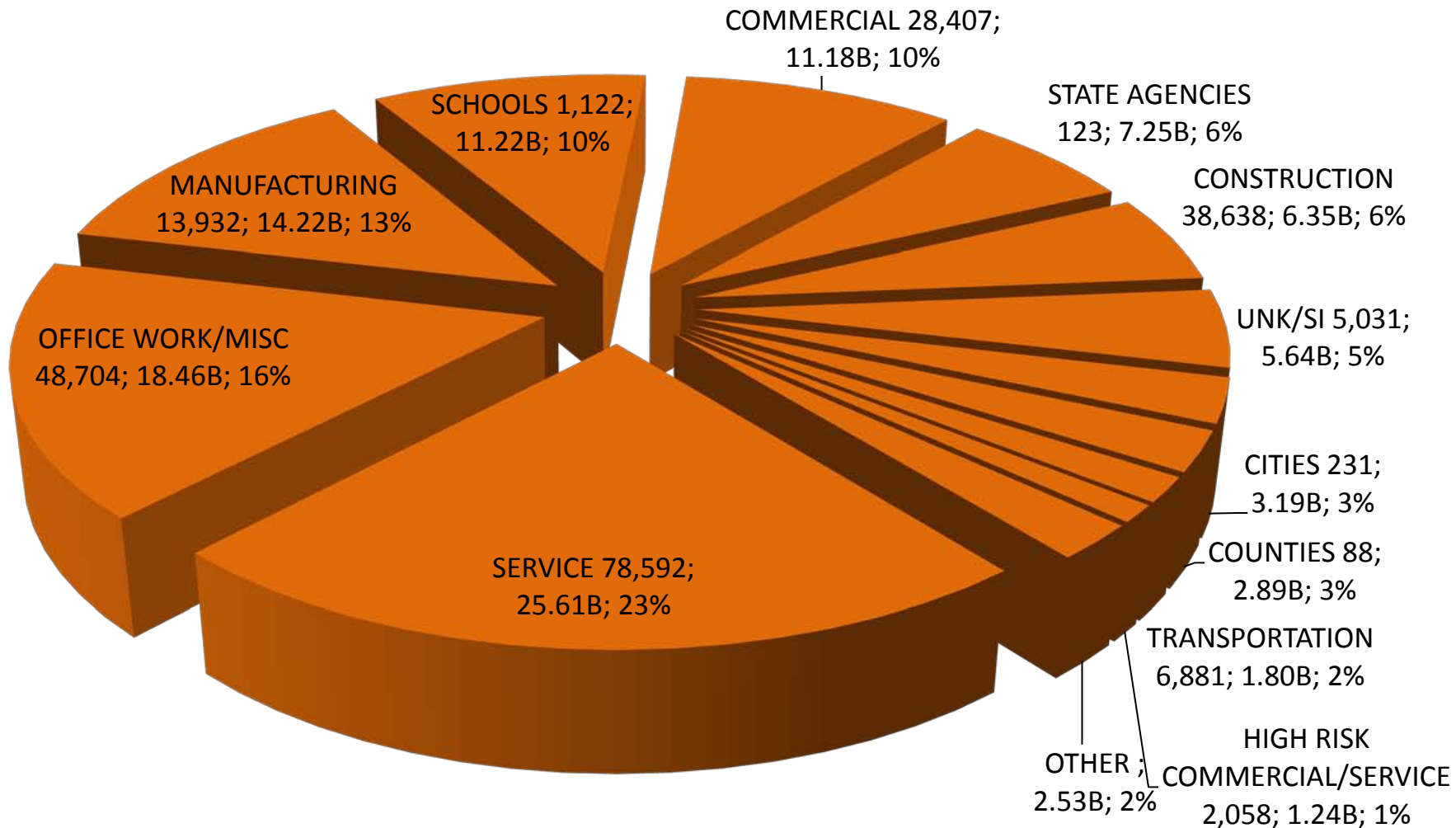
234,244 Active and Reins.  
\$ 111.5 B in payroll

# Distribution of all active policies by industry



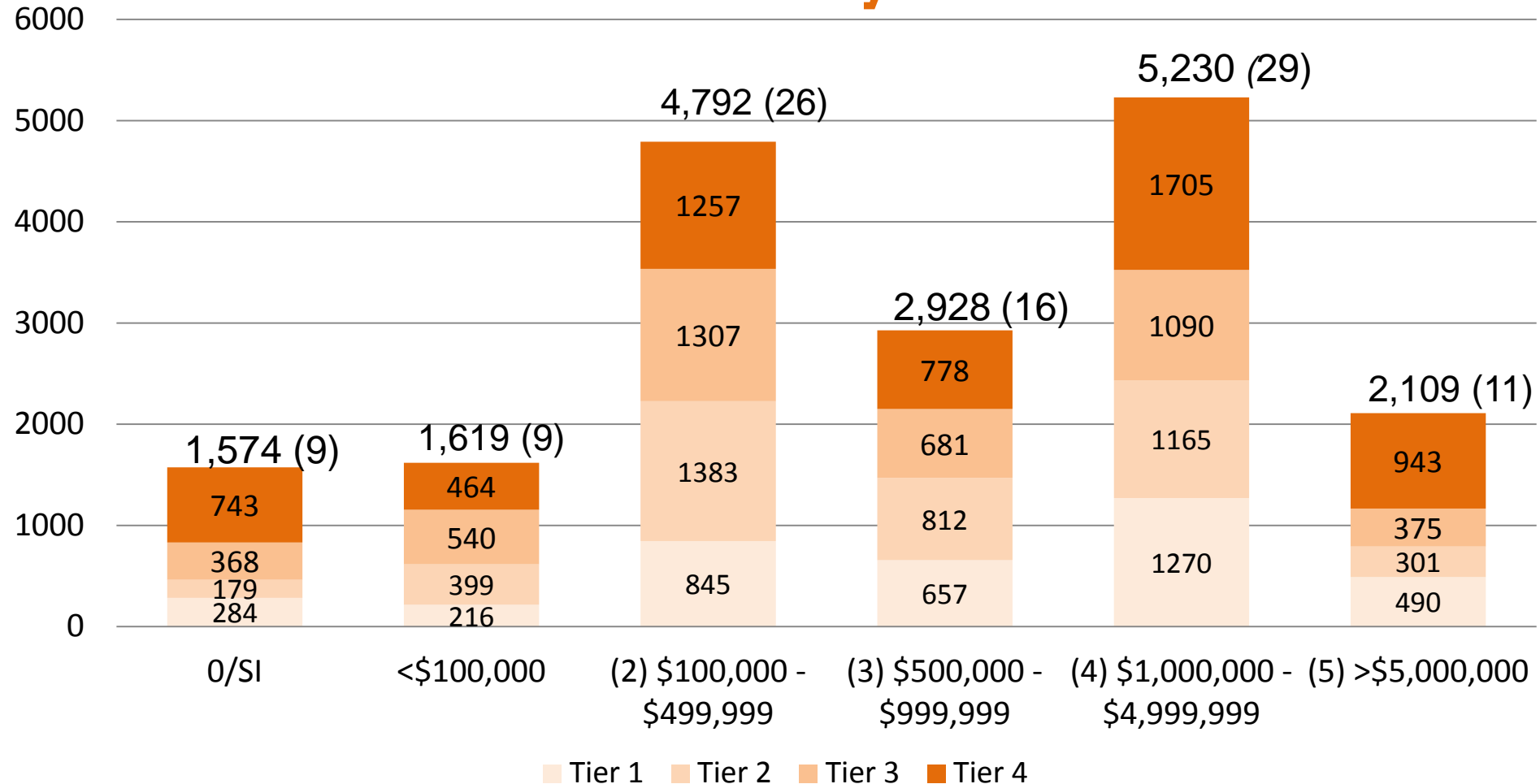
234,244 Active and Reins.

# Distribution of payroll by industry



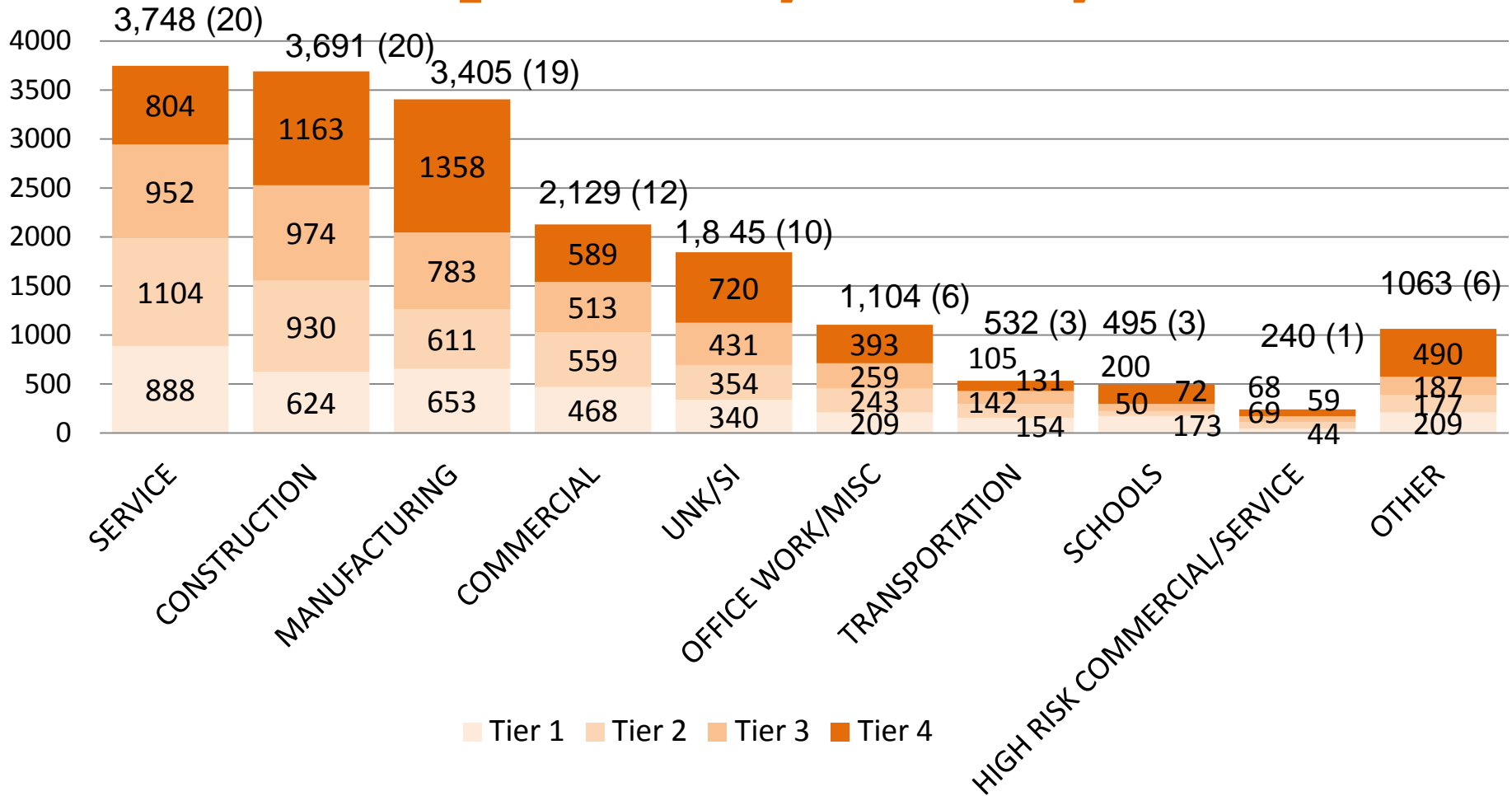
OTHER includes; Villages, Special Districts except Transit Authorities, Hospitals, Public Works Relief Employers, Transit Authorities, Contract Coverage., Utility, Townships, Agriculture and Extraction

# Serviced Policies by size and tier\*



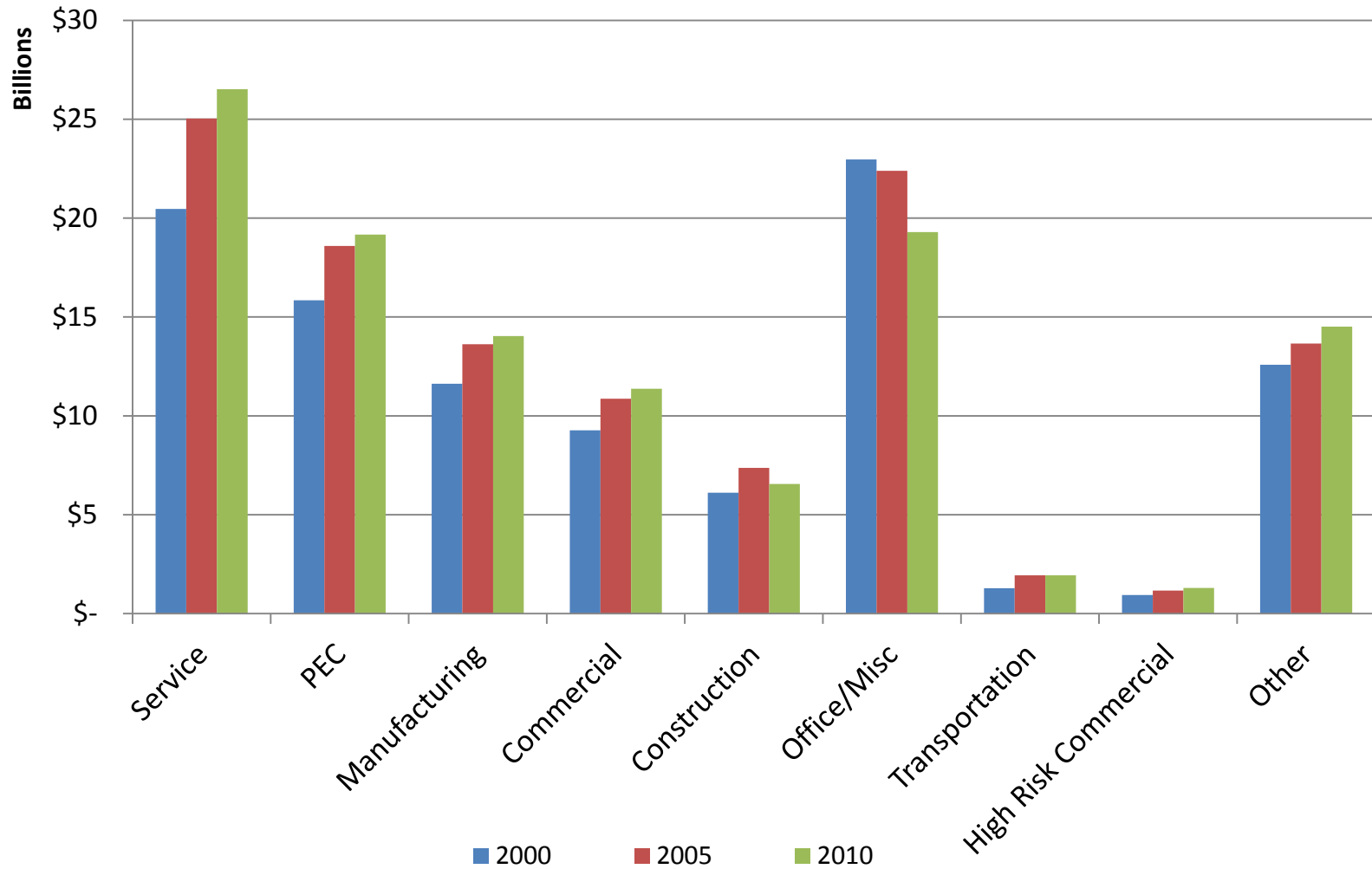
\*Tier 1=Councils, Tier 2= Congress; online course; Tier3=In-class course; video rental; virtual consultation, Tier4= On-site consulting; safety grants; on-site training; reports. 18252 Unique policies.

# Serviced policies by industry and tier\*

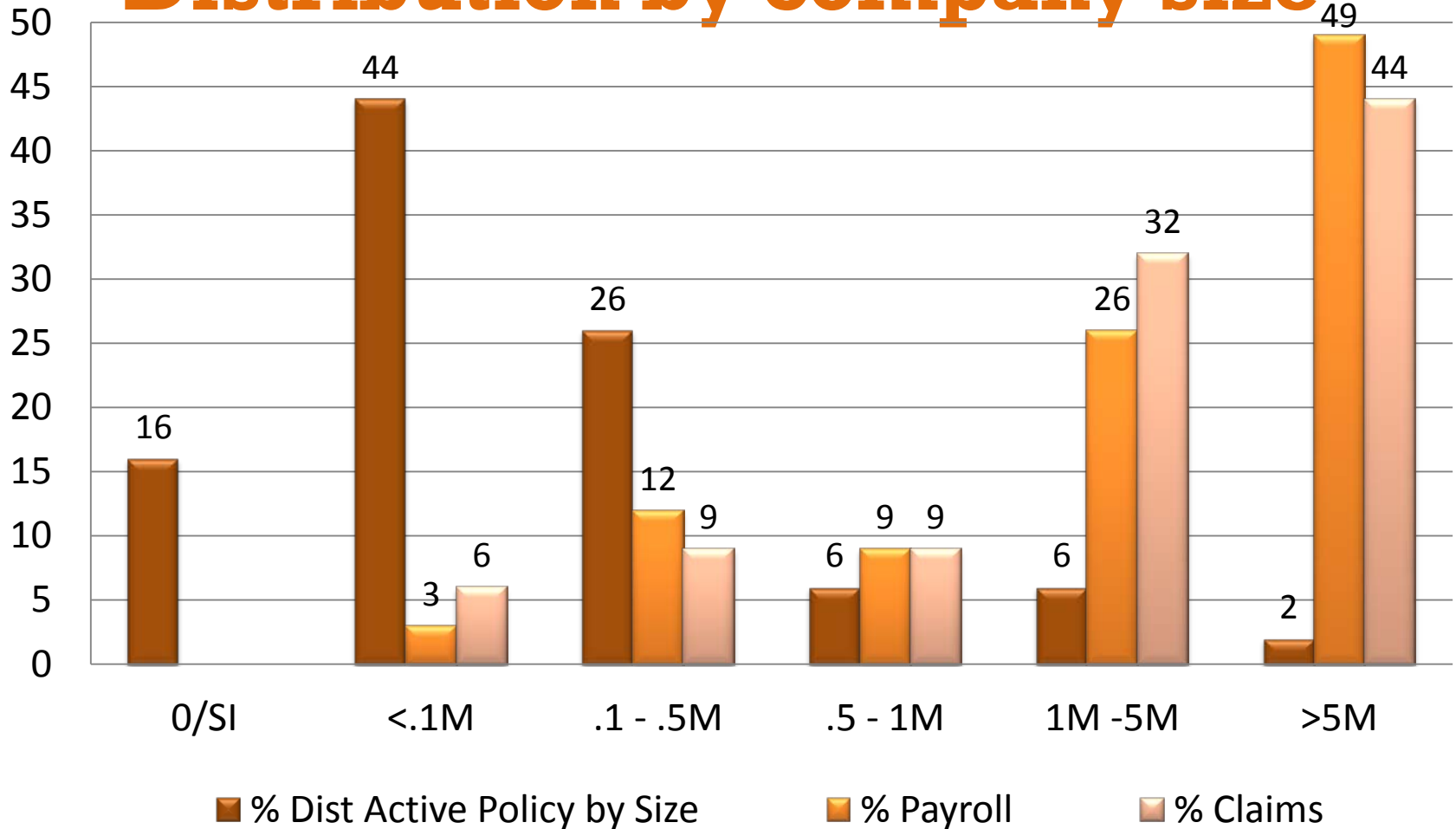


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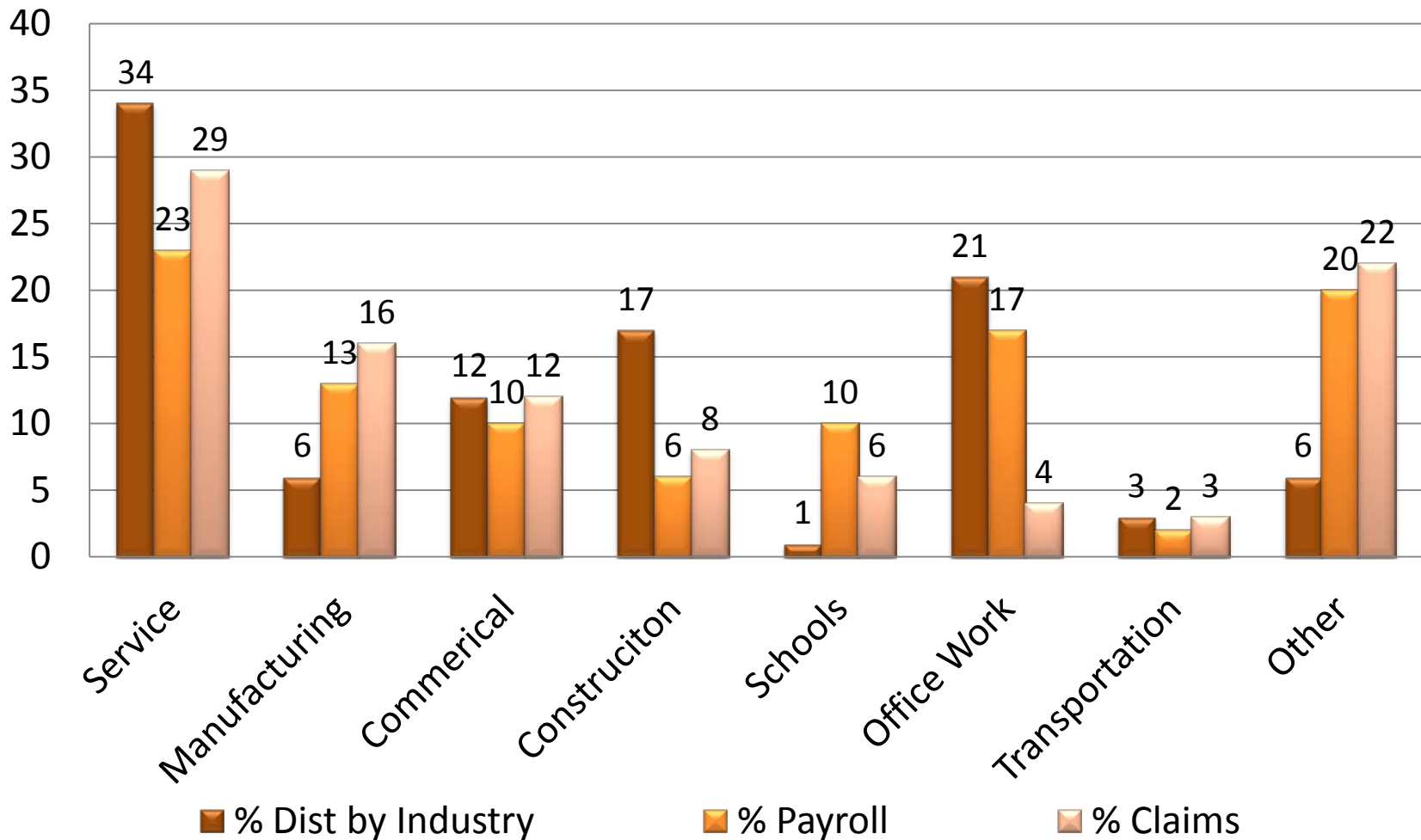
# Payroll by Industry Over Time



# Distribution by company size

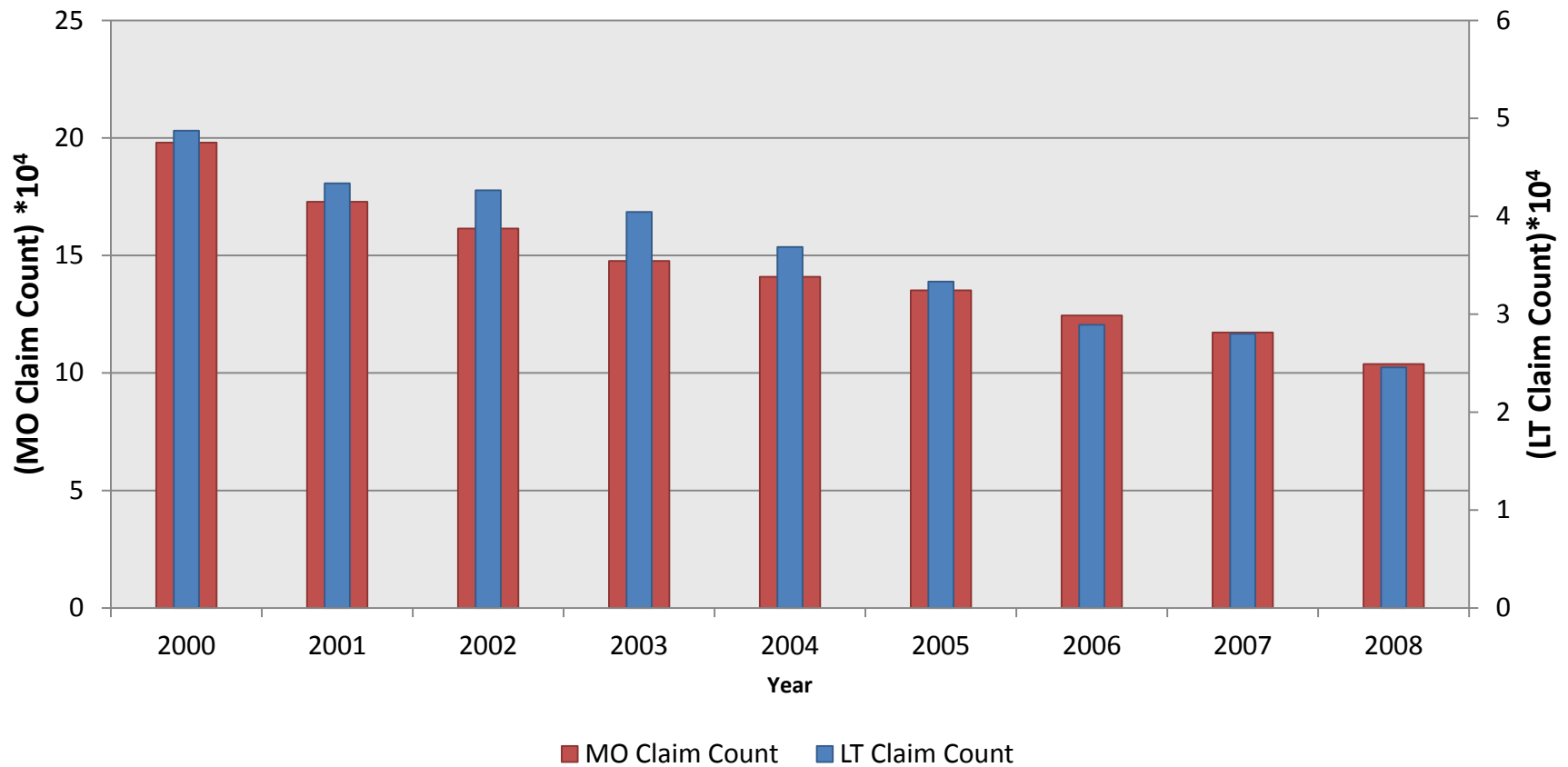


# Distribution by industry type



# Severity of claims

LT & MO Claim Count (2000-08)



# Severity of Claims

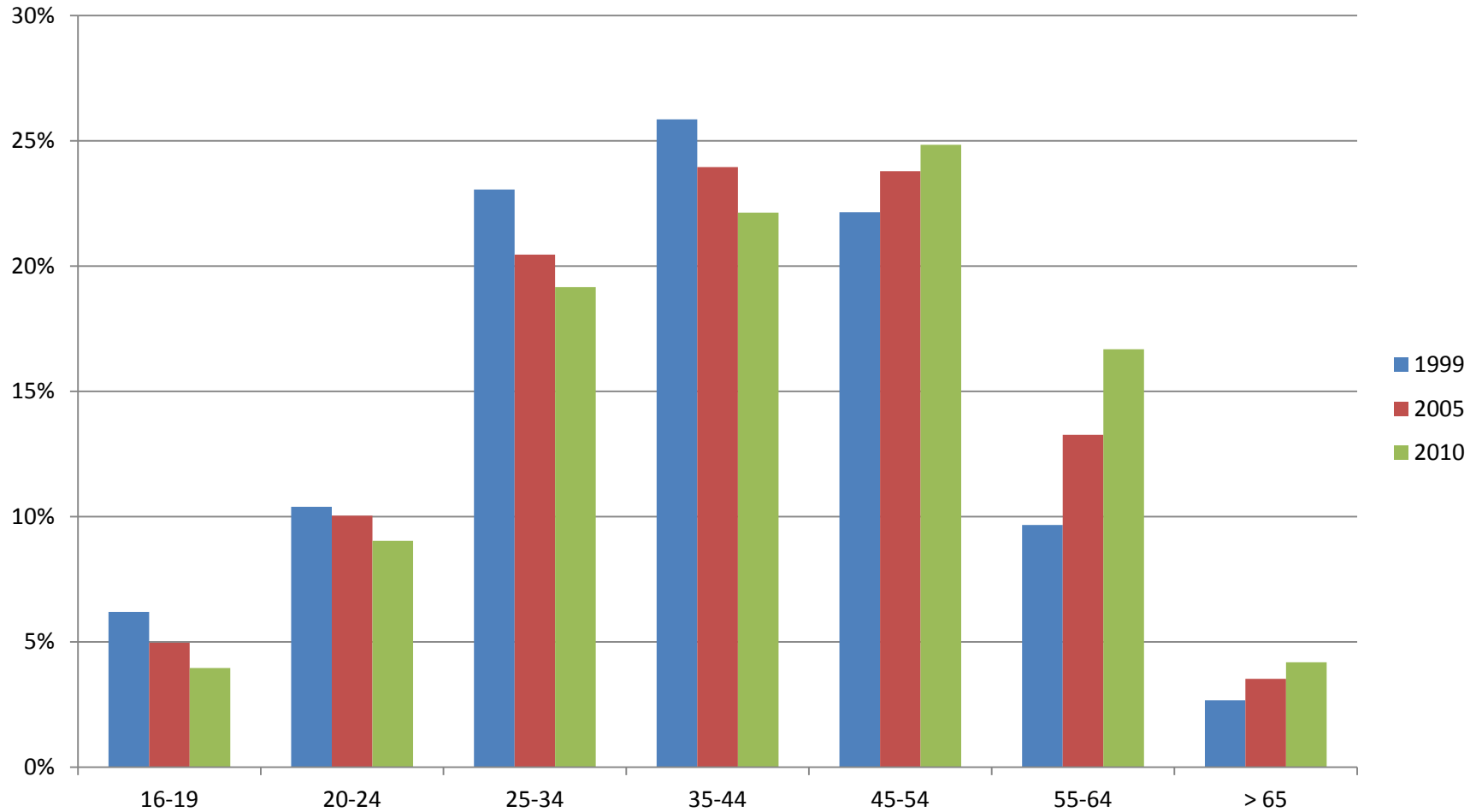
Description of selected ICD9 codes

<i>Optimal RTW ICD9 Code</i>	<i>ICD9 Code Description</i>	<i>Claim Count</i>	<i>Claim Count Rank</i>	<i>Total Cost</i>	<i>Total Cost Rank</i>	<i>Average Cost/claim</i>
<b>722.1</b>	Lumbar Disc Displacement	16042	<b>21</b>	\$928,183,543	<b>1</b>	\$57,860
<b>840.4</b>	Sprain Rotator Cuff	13372	<b>26</b>	\$570,401,618	<b>3</b>	\$42,656
<b>836</b>	Meniscus of knee current	11329	<b>29</b>	\$426,785,494	<b>4</b>	\$37,672

Decreasing Claim Count Rank between 2000-2008

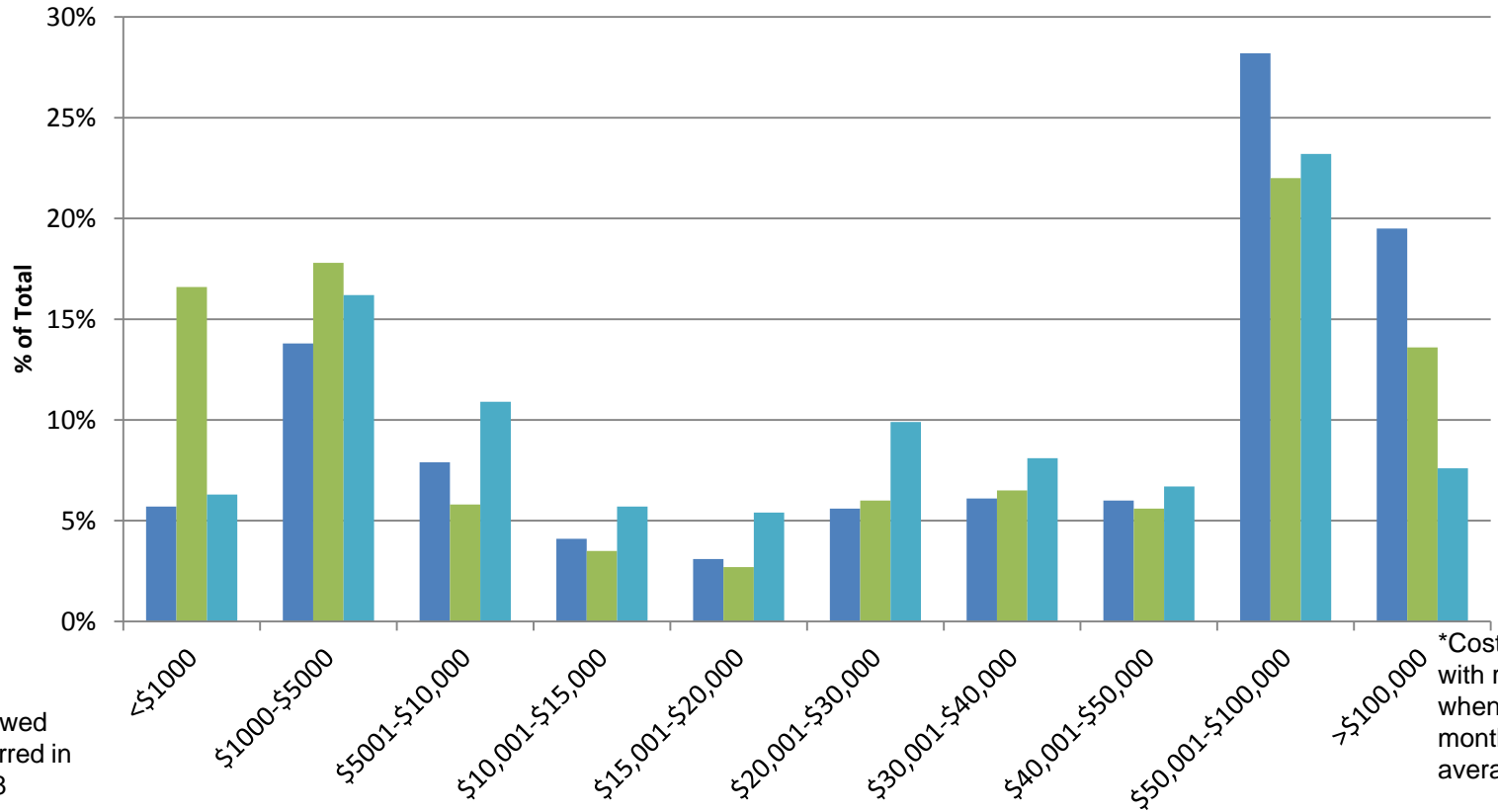
<i>Optimal RTW ICD9 Code</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
722.1	23	21	20	20	20	20	22	21	21
840.4	32	28	27	26	24	24	24	23	22
836	40	33	32	28	29	29	28	24	25

# Ohio Workforce Aging Trends



# 2000-2008 Cost Distribution of Various Injuries

## Cost Distribution of Lumbar Disc Displacement, Sprain Rotator Cuff and Tear Medial Meniscus\*



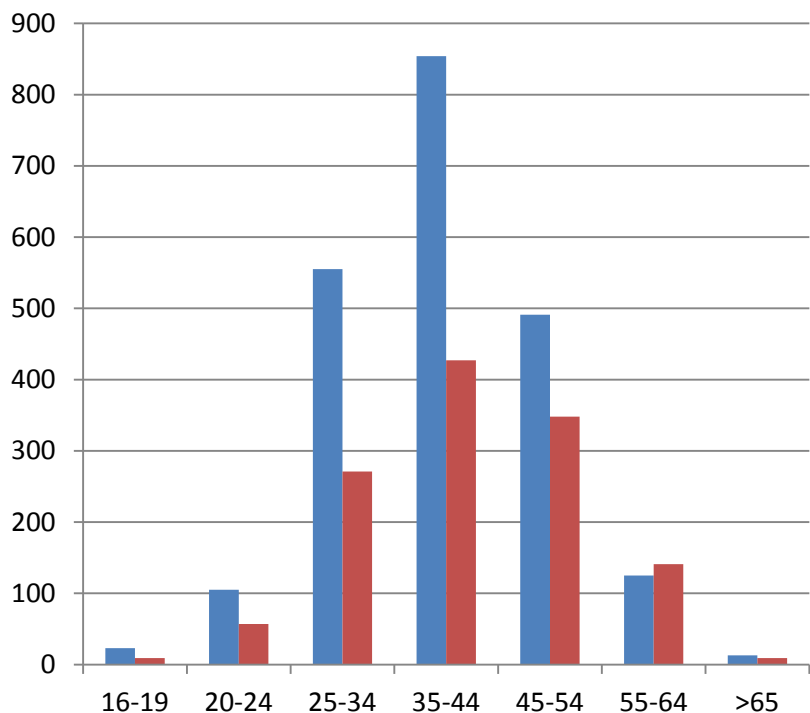
\*Costs assessed with reserve and when claims are 12 months old on average

\*Includes all allowed claims that occurred in years 2000-2008

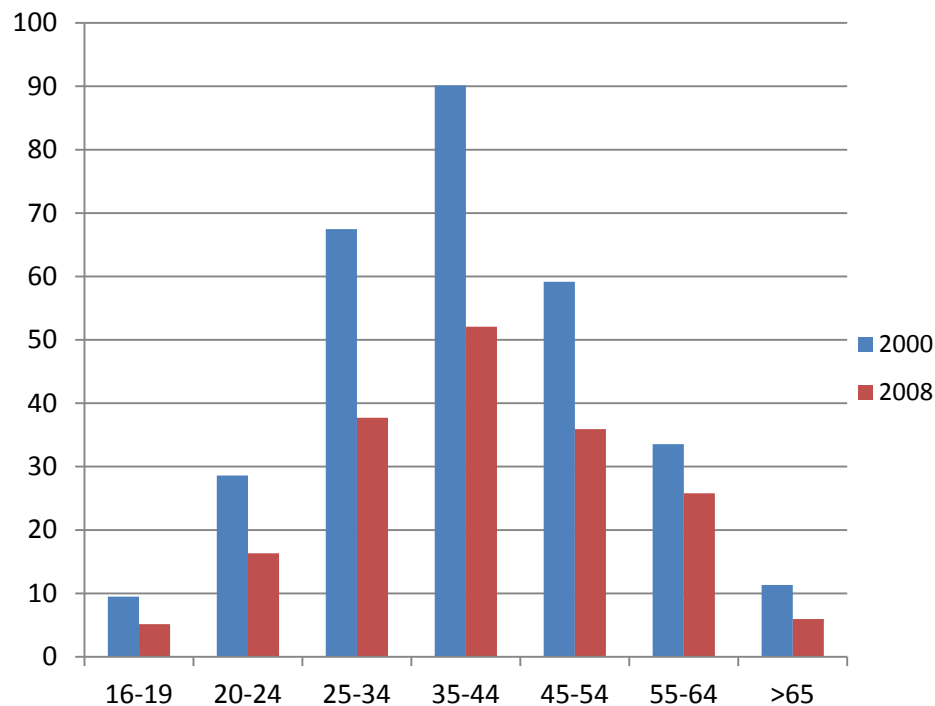
■ Lumbar disc @ 12 month w/reserve    ■ Rotator cuff @ 12 month, w/ reserve    ■ Tear medial meniscus @ 12, w/ reserve

# 2000-2008 Distribution of Lumbar Disc Displacement by Age

2000-2008 Total Lumbar Disc Displacement

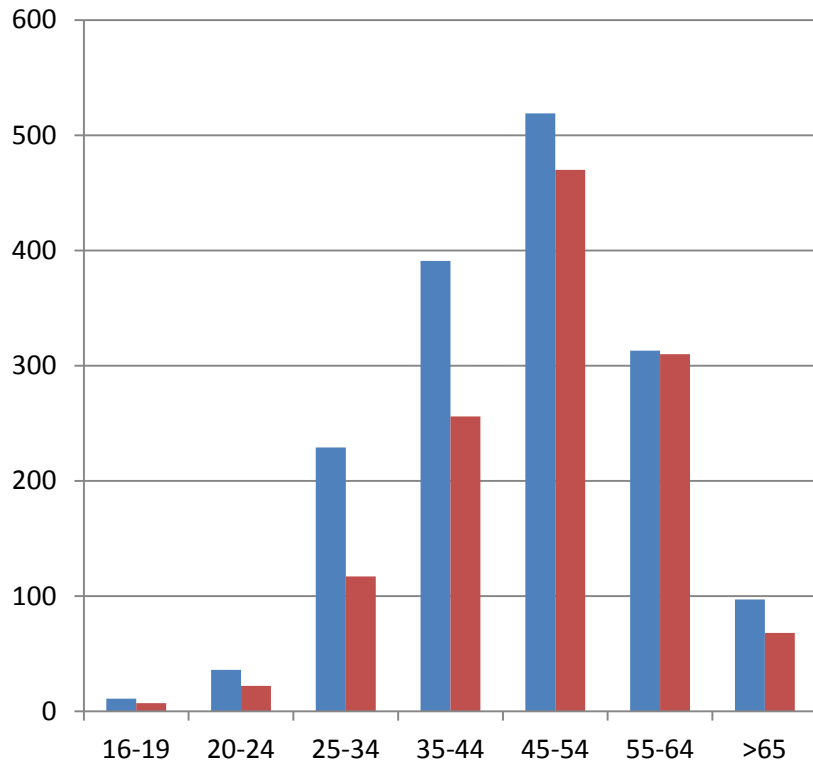


2000-2008 Lumbar Disc Displacement per 100,000 Employees

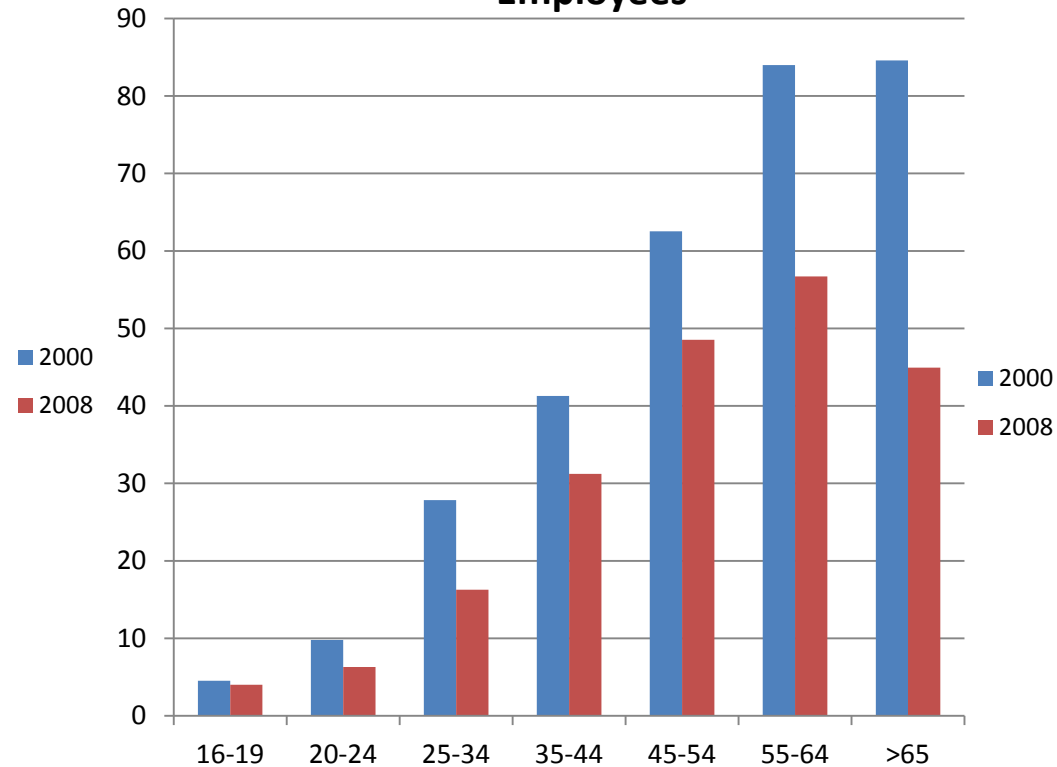


# 2000-2008 Distribution of Sprain Rotator Cuff by Age

2000-2008 Total Sprain Rotator Cuff

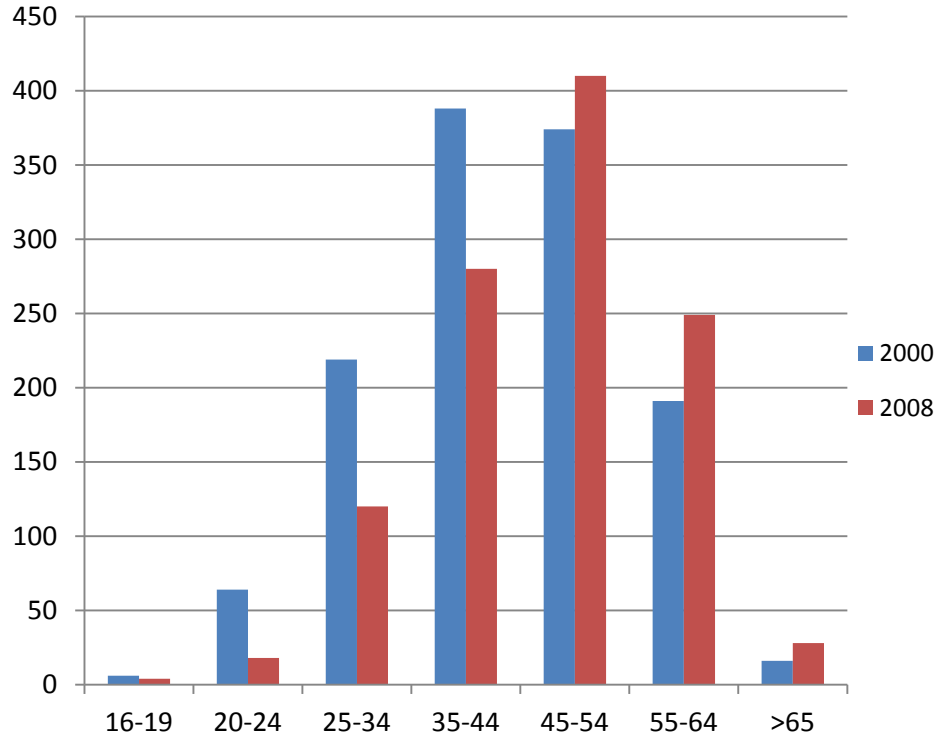


2000-2008 Sprain Rotator Cuff per 100,000 Employees

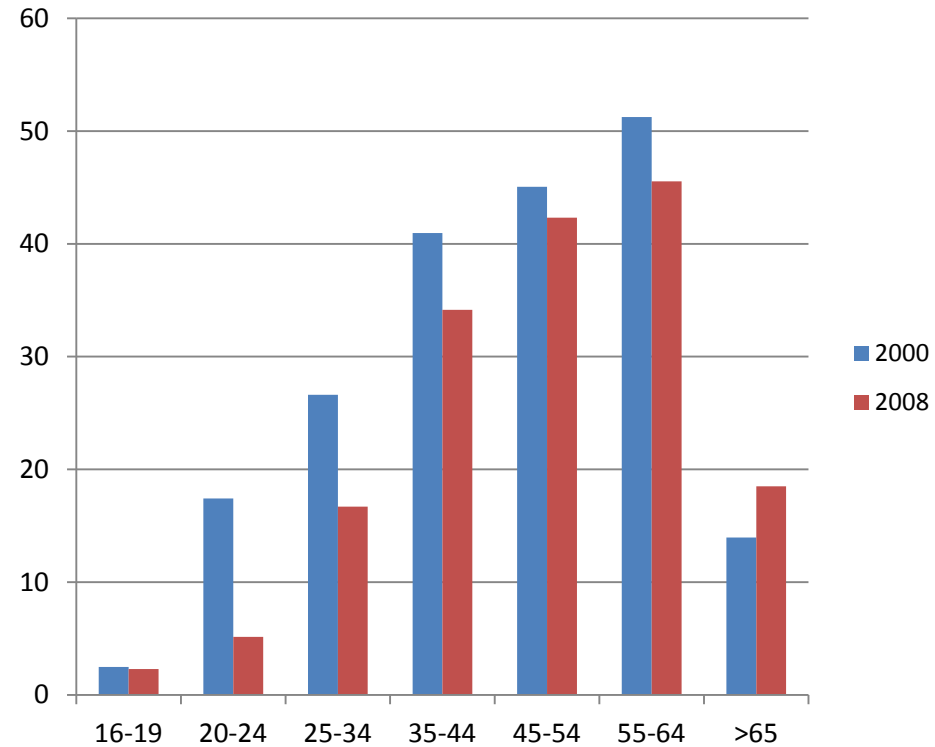


# 2000-2008 Distribution of Tear Medial Meniscus by Age

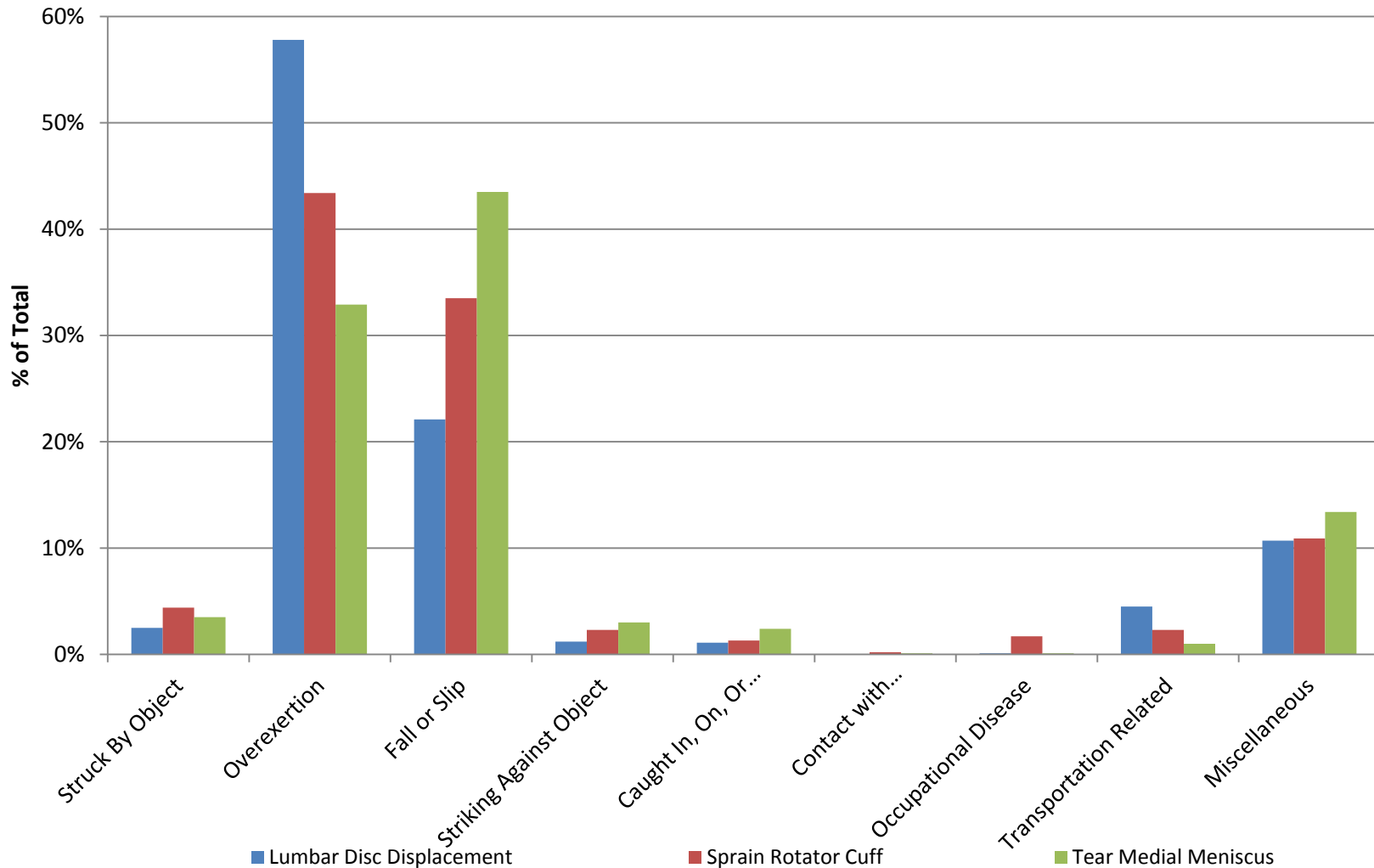
2000-2008 Total Tear Medial Meniscus



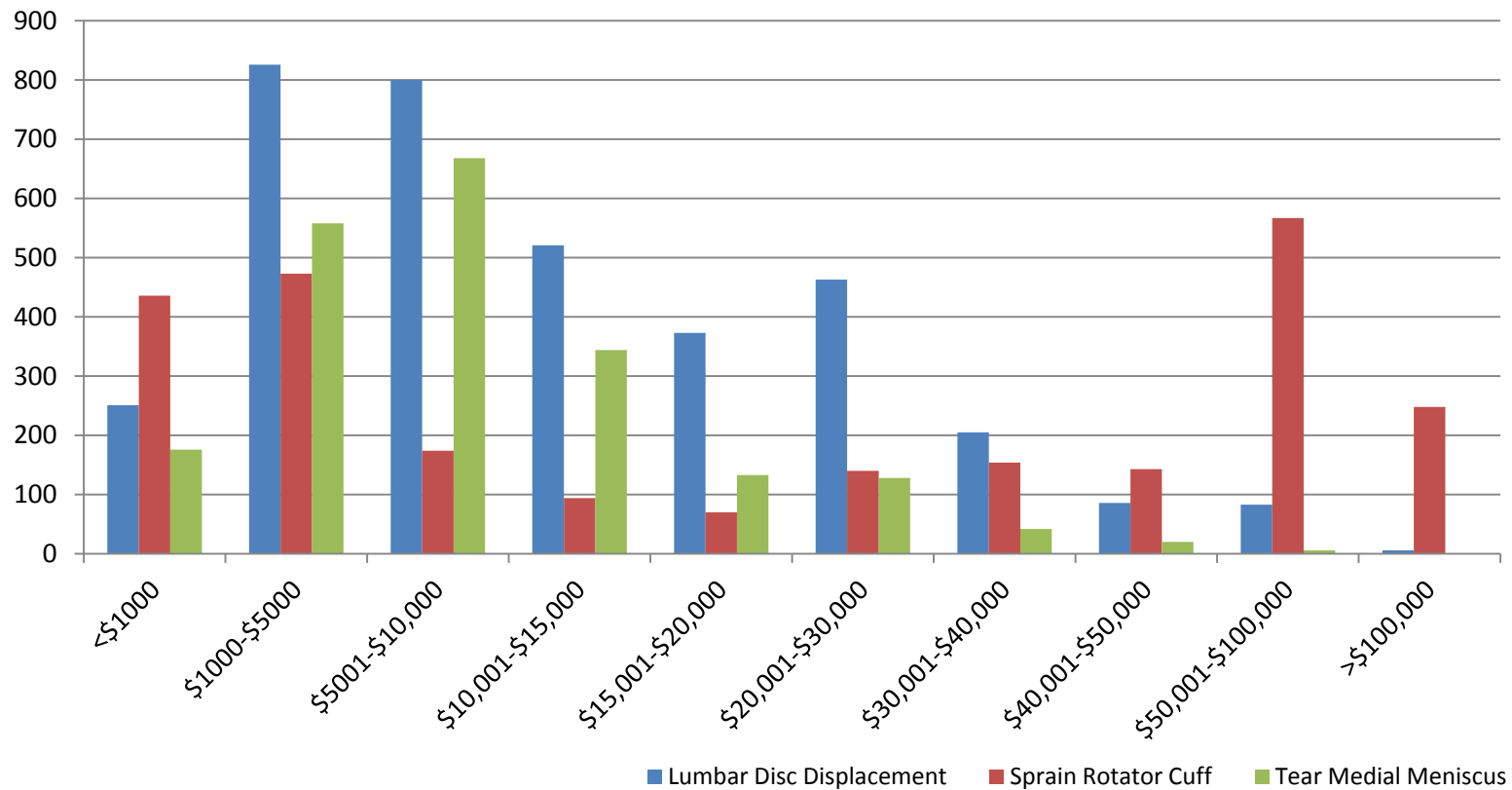
2000-2008 Tear Medial Meniscus per 100,000 Employees



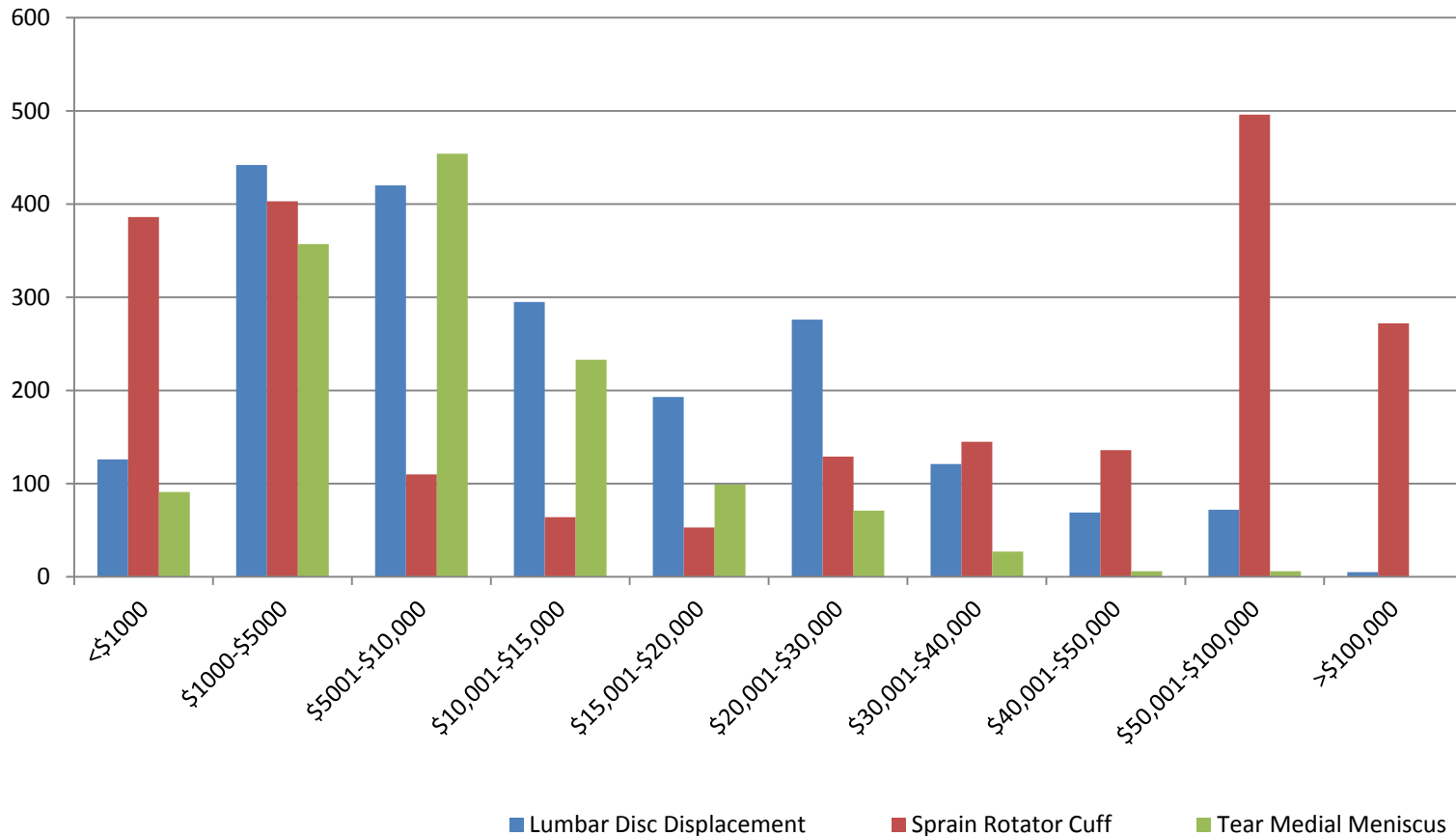
# 2007-2008 Claim Type Distribution by Causation



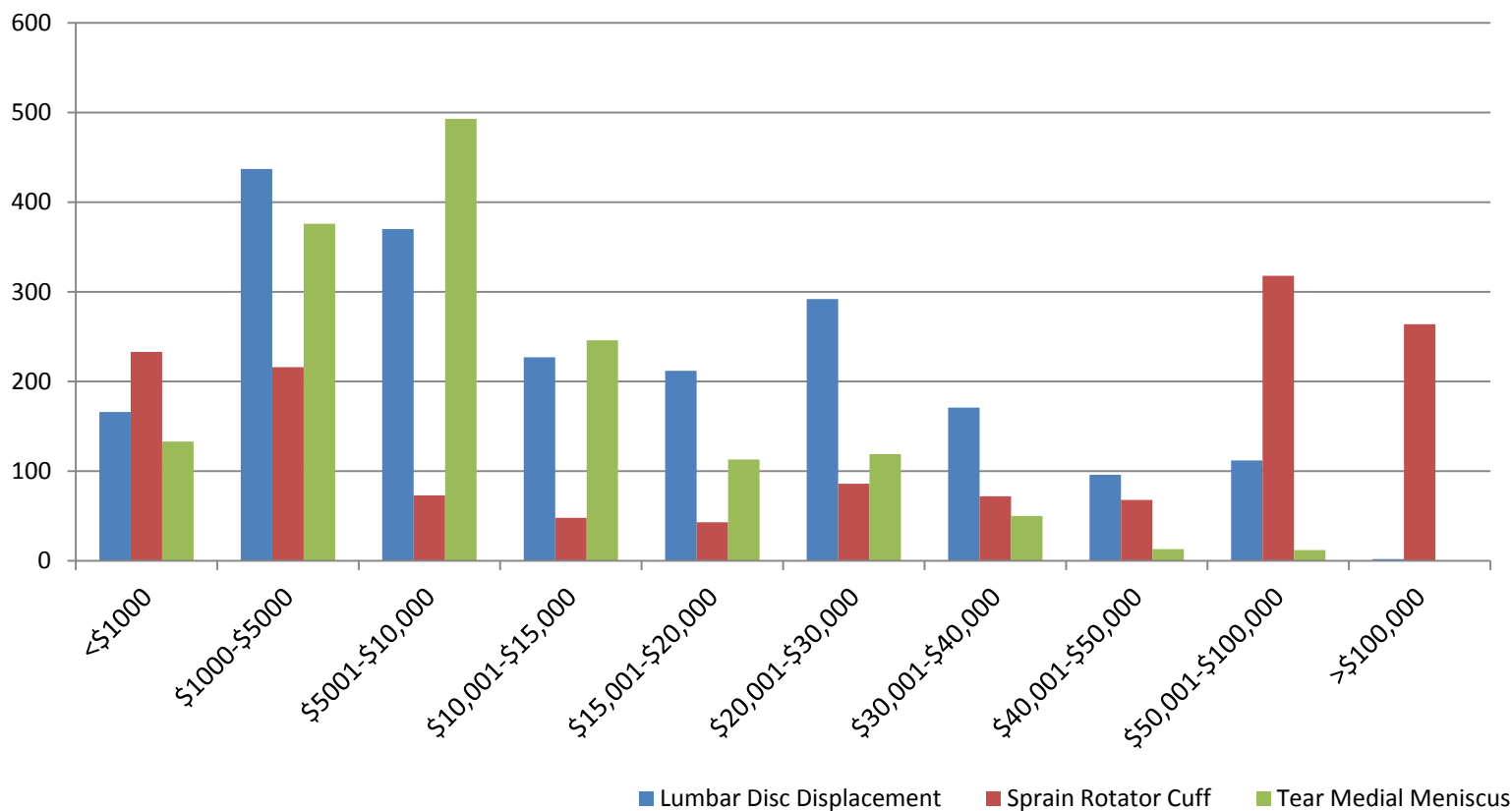
# 2000-2008 Cost Distribution in Service Industry



# 2000-2008 Cost Distribution in Manufacturing

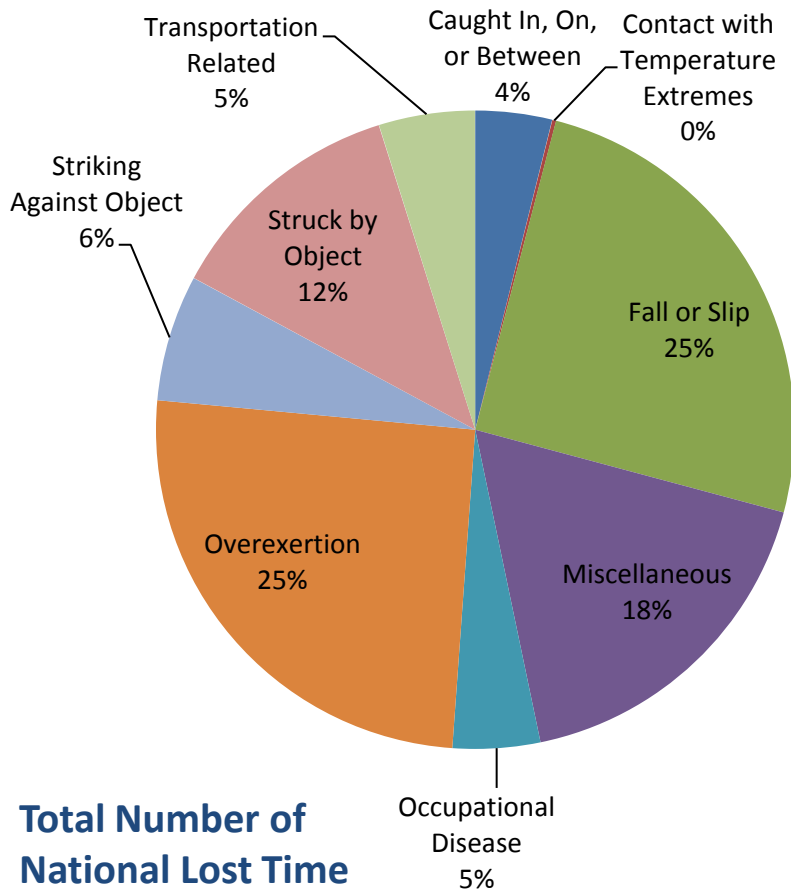


# 2000-2008 Cost Distribution in Construction



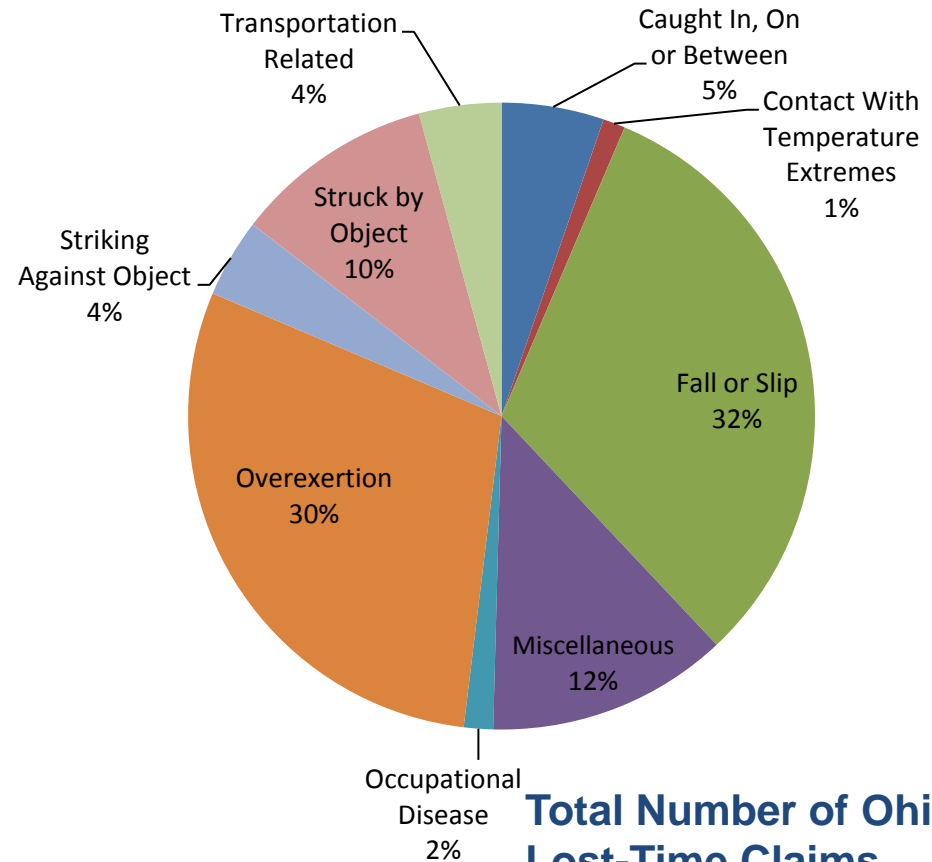
# Causation Information for LT Claims

## 2009 National Lost Time Claims



**Total Number of National Lost Time Claims = 1,238,500**

## 2010 Ohio Lost Time Claims

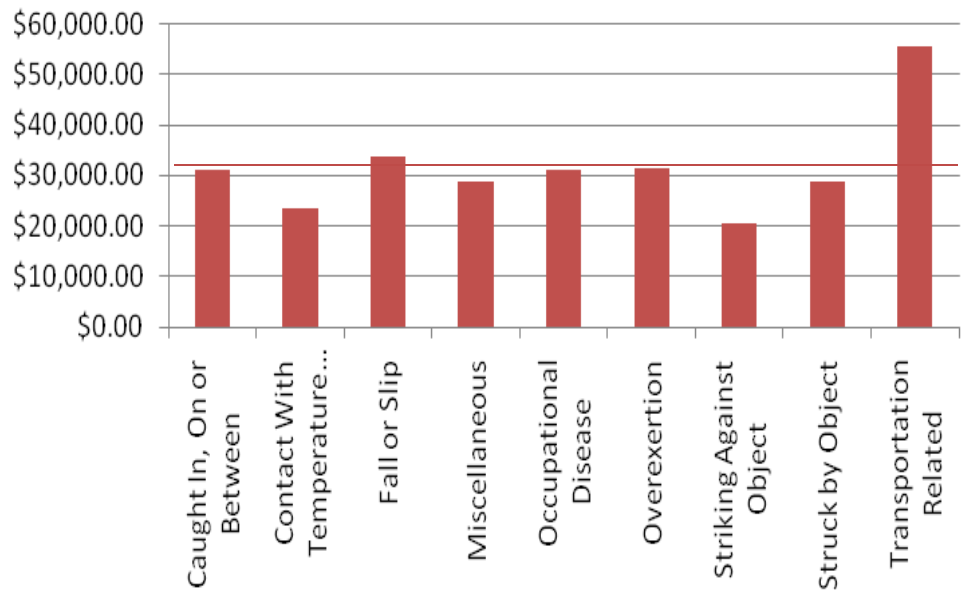


**Total Number of Ohio Lost-Time Claims Coded = 15,367**

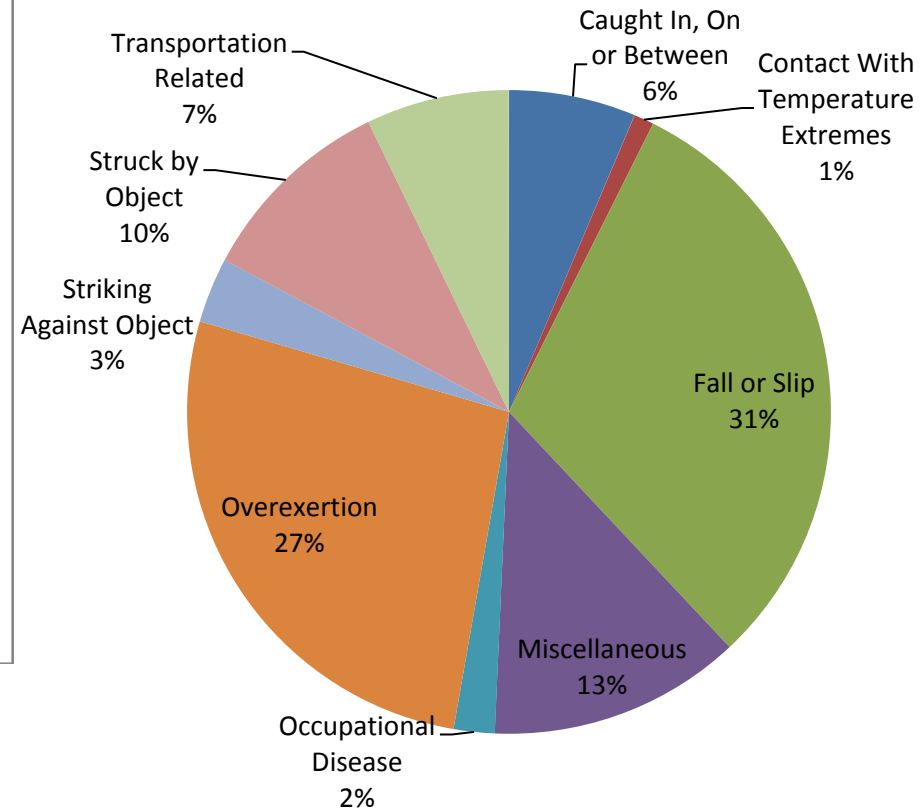
# 2007 Cost Analysis

## Lost Time Claims

2007 Avg. Claim Cost \*

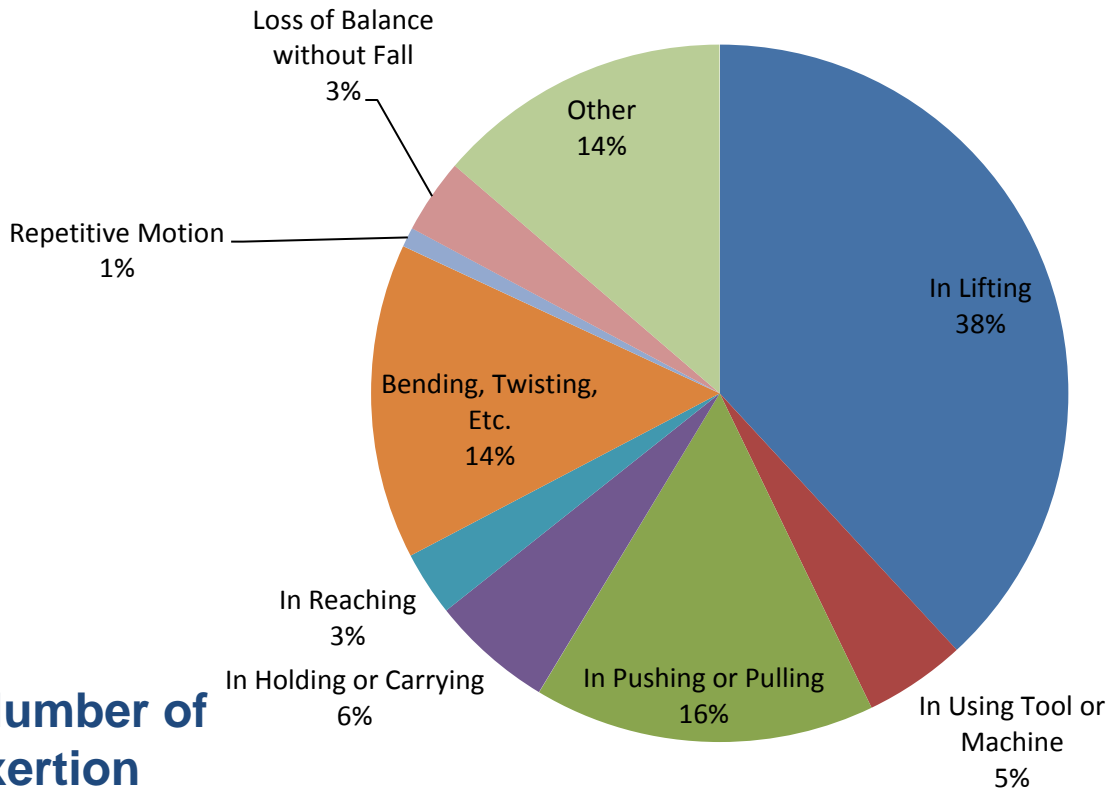


2007 Percent of Total Cost



\* Includes reserves

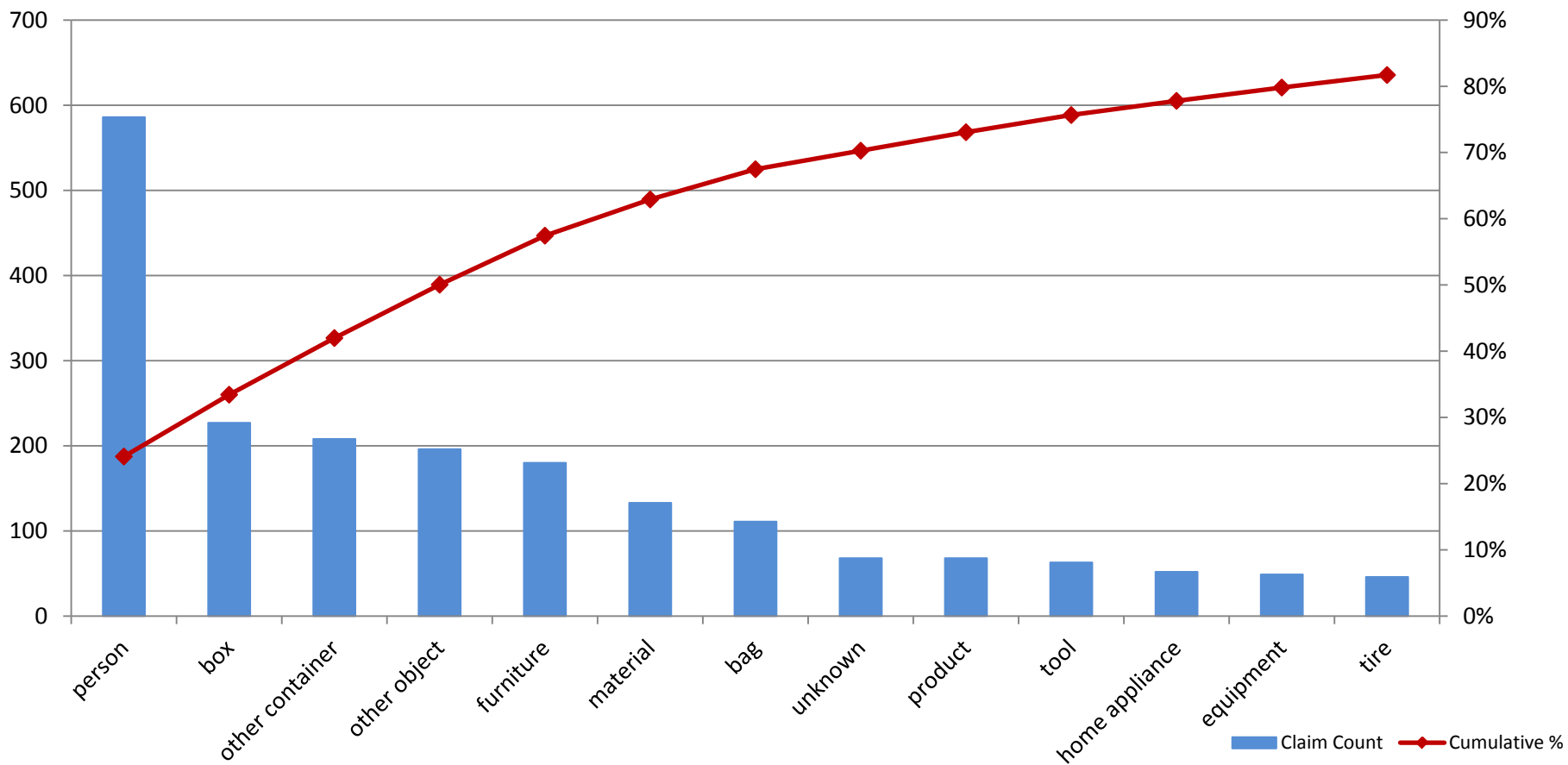
# Overexertion Injuries by Subtopic



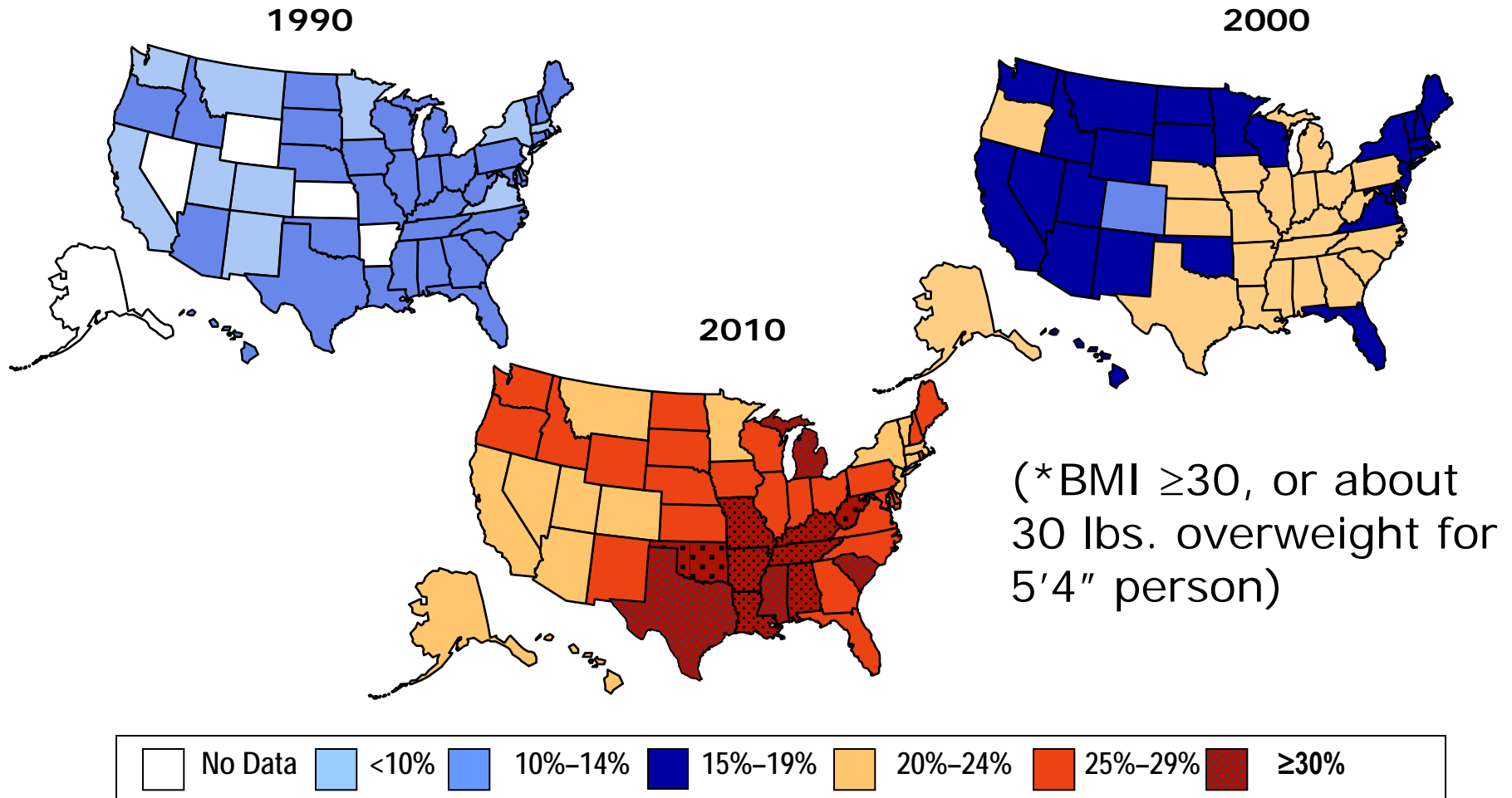
**Total Number of Overexertion Claims = 6,379**

# 2010 Overexertion Injuries in Lifting

What is being lifted?

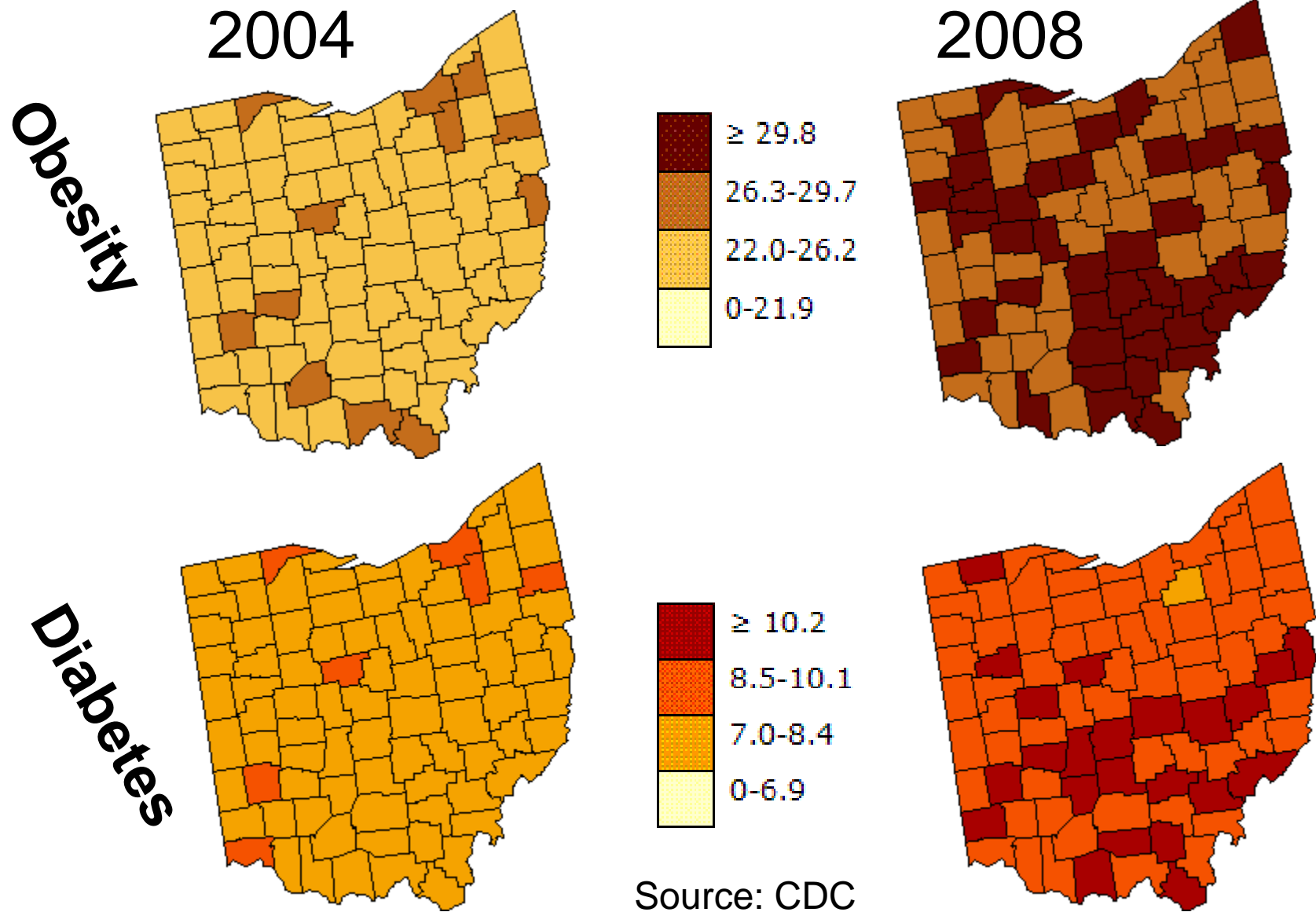


# Obesity Trends among U.S. Adults



Source: CDC

# Trends among Ohio Adults



# WC Cost: Obesity & Aging Effects

Weight Category	BMI	Claims*	Lost Days*	Medical Cost (\$)*	Indemnity Cost (\$)*
Underweight	<18.5	5.5	41.9	\$7,109	\$3,924
Rec. Weight	18.5 – 24.9	5.8	14.2	\$7,503	\$5,396
Overweight	25 – 29.9	7.1	60.2	\$13,338	\$13,569
Obese (Class I)	30 – 34.9	8.8	75.2	\$19,661	\$23,633
Obese (Class II)	35 – 39.9	10.8	117.8	\$23,373	\$34,293
Obese (Class III)	≥40	11.7	186.6	\$51,091	\$59,178

Age Group (yrs)	Claims*	Lost Days*	Medical Cost (\$)*	Indemnity Cost (\$)*
15-34	7.4	35.3	\$9,810	\$7,820
35-54	7.3	53.7	\$15,578	\$17,517
>55	7.0	100.5	\$20,443	\$23,991

\*Cum. per 100 FTEs over the 7-yr study period

Source: Ostbye et. al. Obesity and Workers' Compensation. *Arch Intern Med.* 2007; 167(8).

# Benchmarking

- Pinnacol Assurance of Colorado
- Safe Work Australia
- NCCI
- NIOSH
- Self insured

## Obesity and WC

- Increased rate for filing claims (1.5 to 2)
- Increased time away from work (3 to 13)
- Increased cost of a claim (2.8 to 11)

The answer: Wellness programs

- ROI (1-6.5)
- Less healthcare cost
- Less WC cost
- Less absenteeism

## This is the beginning

### The challenges:

- Escalating costs
- Health of the workforce; obesity and aging

### The answer:

#### Understanding

- Cost drivers
- Bending the curve

## PREVENTION is a Standard for Living

A wholesome approach to OSH

## What is happening

- BWC-NIOSH Partnership
- WRT Research
- Incorporating wellness with OSH
- Share and disperse information with customers and partners
- Market sector research in manufacturing, healthcare, agriculture, and trucking



# OSHA On-Site Consultation Program Overview

- Free service: Safety and industrial hygiene consultative services
- Similar to OSHA inspection, but no fines or penalties
- Other services

## **SHARP Recognition**

- SHARP (Safety and Health Achievement Recognition Program)
- Pre-SHARP inspection deferral
- Twenty nine SHARP participants

# SHARP Program Benefits

- Completion of sustainable safety and health management system
- Official recognition of achievement of exemplary safety and health management system
- Reduction in workers' compensation expenses

# General Overview of Analysis

- Analysis period: 6 years
- Total number of policies evaluated: 16
- Total number of claims for the group: 1,368
- Significant reduction in the frequency, cost and lost time for these employers following entry into SHARP