

ASA American Staffing Association

# Best Practices for Reducing Workers' Compensation-Related Costs

ASAPro WEBINARS

Sept. 24

---

---

---

---

---

---

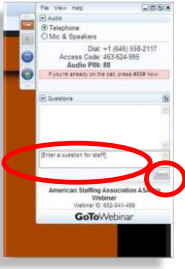
---

---

ASA American Staffing Association

## How to Ask a Question

- Questions Panel
  - Type your questions into the Questions panel and click Send.




---

---

---

---

---

---



---

---

ASA American Staffing Association

## How to Submit Your CE for This Webinar

- Visit [americanstaffing.net](http://americanstaffing.net) and click on Education & Certification
- Scroll down to access the "Already Certified?" section for the CE submission form and to view your CE summary

---

---

---


---

---

---

---

---

 American Staffing Association

### Today's Presenters

- Bob Thompson, vice president, World Wide Specialty Programs
- Brad Isaacs, managing partner and senior vice president, Risk Transfer LLC
- Melissa Bowman Miller, vice president of risk management, Staffmark
- Jeff Friedrich, principal and board member, Assurance Agency Ltd.
- Moderator: Kelly Verberg, assistant vice president, membership and sections, American Staffing Association

---

---

---


---

---

---

---

---

 American Staffing Association

### What Will Be Covered Today

- Best practices for reducing workers' compensation costs
- Who should be responsible for risk management in your firm
- Why candidate selection matters
- How classification codes can affect your bottom line
- Which risk management techniques are often overlooked by staffing firms
- Why workers' compensation costs are on the rise

---

---

---


---

---

---

---

---

 American Staffing Association

### Workers' Compensation Committee

**Purpose:**  
 Provide input on issues regarding workers' compensation insurance and risk management, and on their effect on the staffing industry. Much of the committee's work is based on current trends or issues in the marketplace. The committee is composed of insurance professionals and staffing industry executives.

---

---

---

---

---

---

---

---

ASA  
American Staffing Association

## Best Practices

- Operational Philosophy
- Candidate Screening, Evaluation, and Management
- Client Selection, Evaluation, and Management
- Client Contracts
- Injury Prevention and Protocols
- Claims Management
- Modified Duty and Return-to-Work Programs
- Pricing Methodology and Financial Metrics
- Classification Codes
- Legal Information and Guidance
- Insurance Carriers, Brokers, and Risk Management Consultants

---

---

---

---

---

---

---

---

---

---

---

---

ASA  
American Staffing Association

The screenshot shows the ASA Central website. At the top, there is a navigation menu with options like Home, My Profile, and Account. Below the menu, there is a section titled "ASA Library and Content" with a list of folders. A red arrow points to the "ASA Library and Content" folder. The URL [asacentral.americanstaffing.net](http://asacentral.americanstaffing.net) is visible at the bottom of the screenshot.

---

---

---

---

---

---

---

---

---

---

---

---

## Best Practices Hiring, Training, Selection

Bob Thompson  
World Wide Specialty Programs

---

---

---

---

---

---

---

---

---

---

---

---

### Hiring Candidates

- Don't fall into trap of just hiring to a fill a job request
- Written instruction on job duties
- Qualify based on job requirements



---

---

---

---

---

---

---

---

---

---

### Client Selection

- Have selection protocols in place
- Financially sound
- Safety conscious
- Understand client loss history
- OSHA logs
- E-mod
- Survey client location
- Know the codes/jobs that need to be billed



---

---

---

---

---

---

---

---

---

---

### Company Philosophy

- Safety program—must be in place
- Owner/risk manager buy-in
- On site supervision—where applicable
- Training program for all jobs for which they are hiring
- Have a solid broker/carrier relationship
- Claims meetings
- Lag time
- Risk manager/safety director
- Good working environment



---

---

---

---

---

---

---

---

---

---

## Tough Market

- Many variables we look at
- High mod
- Loss ratio
- Safety program
- Bad losses/open claims
- Carrier loyalty
- Owner buy-in
- Cause and correction




---

---

---

---

---

---

---

---

## Best Practices for Reducing Workers' Compensation-Related Costs

Bradley Isaacs, CIC, CRM  
Risk Transfer, LLC




---

---

---

---

---

---

---

---

## Data Visualization

Bringing Life to Your Data  
Bringing Insight to Your Business




---

---

---

---

---

---

---

---

### The Importance of Understanding Client Company Experience Mods

- Staffing companies often cannot collect loss runs
- OSHA Logs are often not available or accurate
- Identifier of potential poor management of worksite

---

---

---

---

---

---

---

---

### The Importance of Understanding Client Company Experience Mods

- Management may now be outsourcing the positions or work that caused high mod
- If no change in risk management has been applied at client company, then similar claims could happen causing your mod to increase as well
- Be cautious of clients with over a 1.35 mod! The ASA best practices suggest red flags and potential time to walk away

---

---

---

---

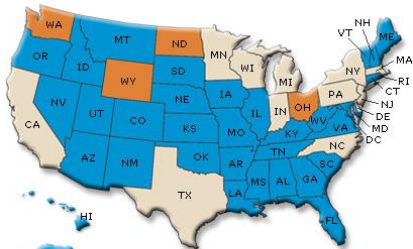
---

---

---

---

### The Importance of Pulling Experience Mods



---

---

---

---

---

---

---

---

**The Importance of Understanding Class Codes:  
Every Class Code Performs Differently in Every State**

**The Workers' Compensation Dollar**

- Carriers want to maintain under a 65% Developed Loss Ratio.



**Fixed Costs 30%**  
Overhead  
Claims Administration  
Commission  
Taxes  
Other Expenses

**Loss Payout 65%**

**Combined Ratio 5%**  
For every premium dollar a carrier takes in pays out only \$0.95

---

---

---

---

---

---

---

---

**The Importance of Understanding Class Codes:  
Every Class Code Performs Differently in Every State**



---

---

---

---

---

---

---

---

**The Importance of Understanding Class Codes:  
Every Class Code Performs Differently in Every State**

**Three key components to consider**

- **Frequency**
  - How often claims occur on a rate of \$1M of payroll
- **Severity**
  - NCCI Hazard Groups A-G
- **Jurisdiction/State**
  - State Rankings 1-5

---

---

---

---

---

---

---

---

**The Importance of Understanding Class Codes:  
Every Class Code Performs Differently in Every State**

What does that mean?

- A great performing class of business in one state may not be as profitable in another.
- Even within the same state there are wide ranges of expected profitability that create blind spots when pricing and managing workers' compensation portfolios.




---

---

---

---

---

---

---

---

**The Importance of Understanding Class Codes:  
Every Class Code Performs Differently in Every State**

Factors in rate cost deviation per state:

- Due to litigation rates, indemnity payouts and rate inadequacy
  - Same exact death claim in FL vs IL, yet Florida payout is only \$150K vs. Illinois payout which is \$1,000,000
- Class codes in one state can also include job scopes that are not included in another
  - Golf Course Management in NJ vs FL. Tree trimming is contemplated within the code in NJ vs. FL where tree trimming is a completely separate code

---

---

---

---

---

---

---

---

**The Importance of Understanding Class Codes:  
Every Class Code Performs Differently in Every State**

What does that mean?

- Access and analyze relevant data
- Consider frequency, severity, and geography
- This is how our clients outperform their peers and industry as a whole.
- Every casino (the state) has a different set of house rules.

---

---

---

---


---

---

---

---





American Staffing Association

## Best Practices for Claims Management

Workers' Compensation IS a Controllable Cost!

Melissa Bowman Miller  
Staffmark

---

---

---


---

---

---

---

---



American Staffing Association

### Claims Management

- Let the experts handle it...In-house claims management
- Ask the right questions
  - Timely and thorough investigations are key!
  - Incident reports that tell you what you need to know
  - The field are your eyes and ears
  - Questionable claims...what to do?

---

---

---


---

---

---

---

---



American Staffing Association

### Claims Management

- Get involved with claims management
  - Claims oversight
  - "Two-point contact"
  - Know your states (the good, the bad, and the ugly)
  - Closure is key
    - MSA hurdles

---

---

---


---

---

---

---

---

 American Staffing Association

## Claims Management

- **Teamwork! Field involvement is key!**
  - Consider a field incentive—target behaviors that drive your costs
    - Incident reporting (lag time)
    - Post-incident drug testing
    - RTW (so important we'll discuss it again...)
    - Misclassifications
    - Safety compliance

---

---

---


---

---

---

---

---

 American Staffing Association

## Claims Management

- **Know who is spending your \$\$\$**
  - TPA
    - RFP (you know what you need)
    - Unbundle if you can
    - Transparency
    - Claims reviews (it's worth the cost)
    - Managing claims is a partnership
  - Vendor management
    - Medical providers
    - Bill review
    - Legal
    - And all the rest...

---

---

---


---

---

---

---

---

 American Staffing Association

## Claims Management

- **Know who can save you \$\$\$**
  - 24-hour nurse triage
  - Translation services
  - Pharmacy Benefit Managers
  - DME
  - Surgical implants and Diagnostic

---

---

---


---

---

---

---

---

 American Staffing Association

## Claims Management

- **Knowledge is power**
  - Loss reports and metrics
    - Loss rates
    - Frequency
    - Incurred as a percentage of payroll
    - Average cost of claims
  - Know which clients are driving your costs
    - Profitability analysis
  - Know which injuries are driving your costs...and do something about it

---

---

---


---

---

---

---

---

 American Staffing Association

## Return to Work

- Claims management 101
- 80/20 rule
- Partner with your clients
- Did we mention incentives for the field?
- Alternative RTW options
- Modified-duty off-site programs

---

---

---

---

---

---

---

---

 American Staffing Association

## Moderated Discussion

---

---

---


---

---

---

---

---

 American Staffing Association

# Questions?

---

---

---


---

---

---

---

---

 American Staffing Association

## Thank You for Attending

- Today's webinar has been recorded
- Recording will be available within two days
- Qualifies for legal continuing education credit

---

---

---

---

---

---

---

---

 American Staffing Association

## Upcoming Webinars

- Sept. 25: Promoting Your Firm—Social Media Success Stories
- Oct. 29: Clear, Concise, and Confident Communication
- Nov. 7: Gain a Competitive Advantage—Stop the Commodity Rat Race

These ASAPro webinars each qualify for 1.0 active CE hour

---

---

---

---

---

---

---

---

The graphic is a promotional poster for the ASAF Staffing World 2013 Convention & Expo. It features a background image of a city skyline at night with palm trees. The text is arranged in several sections: the top left has the ASAF logo and the text 'American Staffing Association'; the top center has 'STAFFING WORLD 2013' with the year in orange boxes, followed by 'Oct. 8-10 • Orlando' and 'ASA Convention & Expo'; the top right is an orange rounded rectangle with the text 'Registration is now open for the premier staffing event of the year—the ASA annual convention and expo.'; the bottom left is a blue rounded rectangle with the text 'The Can't-Miss Event for Staffing Executives'; and the bottom right is a small white box with the text 'Go to [staffingworld.org](http://staffingworld.org) today to start planning your Staffing World 2013 experience, and to register at the lowest rate available!'.

---

---

---

---

---

---

---

---