Utilizing Wellness Plans to Lower Work Comp Costs

A 2010 study by the National Council on Compensation Insurance (NCCI) confirmed a study completed by Duke University in 1997 through 2004 that obesity was a significant driver of workers’ compensation costs. Obesity is not the only personal medical condition that drives up the cost of workers’ compensation. Other personal medical issues including diabetes, hypertension, alcohol abuse, drug abuse, chronic pulmonary issues and smoking all have a negative impact on the cost of workers’ compensation.

**Personal Medical Conditions That Influence Recovery Time**

Personal medical conditions influence the recovery time from many types of workers’ compensation injuries including:

* Fractures
* Dislocations
* Sprains and strains
* Nervous system diseases
* Musculoskeletal diseases
* Open wounds
* Contusions
* Crushing injuries
* Burns
* Spinal cord injuries
* Poisonings
* Toxic substances

**Injured Obese Employee Impact on Work Comp**

The Duke University study showed injured employees who are obese:

* Filed 2 times as many work comp claims as non-obese employees
* Lost 13 times as many days from work as the non-obese employees
* Had 7 times higher medical cost than non-obese employees
* Indemnity cost of obese employees was 11 times higher than the indemnity cost of on obese employees

**Impact of Other Personal Medical Conditions on Work Comp**

Per the NCCI study, the impact of other personal medical conditions on the cost of workers’ compensation can also be significant. For instance:

* Other personal medical conditions, excluding obesity, result in workers’ compensation claims that are about twice as costly as they would have been without the personal medical condition
* Complications caused by personal medical conditions frequently transform an other-wise medical only claim into a lost time claim
* Claims with a personal medical issue involved generally receive more medical services
* Claims with a personal medical issue involved generally are more costly than other work comp claims

Employer health insurance companies frequently promote the benefits of wellness programs to their clients, both the employer and the employees. Health insurance companies often state a Return on Investment (ROI) from 3 to 1 up to 5 to 1, or even higher. The ROI for workers’ compensation is similar. Employers, who for pay part or all the cost of the health insurance benefits provided to employees and for the workers’ compensation benefits paid to employees, profit twice from the utilization of wellness programs.

The benefits from the integration of wellness programs into workers’ compensation are obvious. Wellness programs improve productivity, improve return to work outcomes, reduces overall medical and indemnity cost, and of course, lower health insurance cost.

The above numbers show the impact of obesity on workers’ compensation is enough to justify an employer sponsored weight-loss program. Also, as employees who are smokers are off work twice as long when injured as non-smoking employees; a quit-smoking program will also benefit both the employee and the employer. Both obesity and a history of smoking complicate the recovery from a surgery or a fracture, making the recovery time longer and more expensive.

An exercise program increases an employee’s overall physical fitness. Physically fit employees incur fewer strains and sprains than employees who have poor physical conditioning. Employees who are not physically fit suffer a much higher level of musculoskeletal injuries, especially low back injuries. An employee who has toned muscles often will have no difficulty in moving a 40 pound object. Another employee without physical conditioning could get a herniated lumbar disc moving the same 40 pound object.

**Integrated Wellness Program Improves Health Insurance & Work Comp**

An integrated and comprehensive wellness program will reduce both the cost of your health insurance program and the cost of your workers’ compensation insurance program. If you do not already have a wellness program to reduce and prevent workers’ compensation injury claims, we recommend for your company to start one. If you need assistance on starting your wellness program or improving your assisting wellness program, please contact us for assistance.