



**WORKERS' COMP
TRAINING CENTER**

How to Hire the Right Employees to Avoid Immediate WC Problems

Introduction: (5 minutes)

- Welcome to WC Mastery training
 - Companies most valuable assets are it's people – Peter Drucker
 - Everything we do in WC management is about people
 - If have right people on the bus, everything is a whole lot easier
 - Increase odds of success so not swimming upstream
- Biggest Challenges
 - Turnover
 - finding qualified candidates
 - physically capable
 - legally defensible
- Introduce 3 Major Points
 - Cost of a Bad Hire
 - Employee Screening & Placement Best Practices
 - Integration and Implementation

Notes:



Main Point #1: Cost of a Bad Hire – (10 minutes)

- Bad Hires Are Expensive!
 - Careerbuilder - 2012
 - 7 in 10 companies (69%) affected by bad hire
 - 41% said cost > \$25k
 - 24% said cost >\$50k
 - Characteristics of Bad Hire
 - Lost productively
 - Lost time
 - Retraining
 - “Indirect workers’ comp costs”
 - Why Bad Hires
 - Fill position quickly
 - Lack of talent pool
 - Unemployment at 49 year low 3.6%
 - 9.6% in 2010
 - Sourcing techniques
 - Fake References
 - 3 in 10 (29%) caught fake reference on application
 - Studies of Tenure & Engagement
 - **Trial by fire: relation between job tenure and work injuries**
 - 4-6x injury rates.
 - Injury rates 4-6x higher first month on job compared with > 1 year
 - increased injury risk when new or unusual tasks
 - lots of employment movement in today’s world
 - 2-4x lost costs.
 - Inexperienced workers have 2-4 times the loss cost relativity
 - Severity is higher in older workers, regardless of experience
 - **WCRI – Predictors of Worker Outcome Studies**
 - Tenure. Employees who had been at their companies less than one year were more likely to have a poor claim outcome.
 - 21% greater likelihood to not be working 3 years post-injury if job tenure was less than one year.
 - Other Predictors:
 - Education



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- Fear of Being Fired
- Comorbidities
- English language proficiency
- **Gallop Poll: How engaged do you feel in your work?**
 - 30% actively engaged.
 - 52% not engaged
 - 18% actively disengaged
- **NCCI:**
 - Injuries increase in times of recovery
- **BLS:**
 - < 1 year employees account for 30% of injuries

Notes:



Main Point #2: Employee Screening & Placement Best Practices

Integrity Testing & Post Offer Testing – (15 minutes)

- What is Integrity Testing?
 - “Work with people who believe what we believe” - Simon Sinek;
 - the quality of being honest and having strong moral principles that you refuse to change.
 - form of insurance: it guards against spending too much time and money on a candidate who should not be hired.
 - Screen out “bad actors”
- What testing
 - Drug and alcohol
 - Hostility
 - Dishonesty
 - Theft
 - Absenteeism, grievances, overall job performance
- Issue of Lack of Talent – Getting Butts In Seats
 - engaging with candidates today is problematic - perception is not enough candidates for the jobs
 - Ghosting - 20-30 people applying for each job
 - How many applications each month?
 - Example:
 - 24,000 applicants
 - Hire 1,300
 - How many jobs filling?
 - Know your numbers
 - Engage right away
 - Micro-commitment - pre-interview questionnaire
 - Ask ‘Out for Coffee’ rather than ‘Meeting the Parents’
 - People move quickly
 - Emotional – developing relationship
- Testing Example Questions and Workflow
 - Overt – direct questions
 - What is largest amount of money you have stolen?



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- Pre-interview questionnaire, strictly pass fail
- Test doesn't change, 54 questions, < 10 mins
 - 1% abandonment rate
 - Other tests 30% abandonment rate
- Won't people just lie on the test?
- Results
 - 25% fail rate on average
 - Value structure doesn't change based on economics, ethnicity, or culture
 - Employers are not special or different
 - Roughly the same across industries
 - 15% in transportation, lower in pharmaceuticals, financial
 - Reject candidates that fail
 - Liability if move forward with hire
 - Know reason why failed
 - Of those that pass test
 - 99% pass background and drug test
 - 88-90% pass normally w/o integrity test
 - Less risky employees
- ROI
 - \$10-\$20 test based on volume
 - Subscription model
 - 8 to 1 ROI across clients
 - 2009 Cornell University: "The Utility of Integrity Testing for Controlling Workers' Compensation Costs"
 - 27k employees
 - Tested 29k candidates
 - Hired 6k employees
 - 1 year later
 - 2x Frequency
 - Untested group double the frequency of screened group
 - Higher average claim per claim
 - Untested group higher average cost per claim
 - 2011 Pacific University
 - Use of Integrity Tests May Reduce Workers' Compensation Losses
 - 4 industries:



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- Auto
- Nursing home
- Food processing
- Multi-media
- Unscreened employers higher likelihood to file claim
 - Lowest 2.5x in food processing
 - Highest 4.8x in auto
- Average cost per claim didn't vary much between groups

Post-Offer Testing

- Conditional offer of employment:
 - “We are pleased to conditionally offer you the position noted above based on your ability to physically and mentally perform substantially all of the essential job duties of the position”
- Background testing
 - Criminal records
 - Driving records
 - Credit report
 - SSN verification
- Drug testing
 - 2006 U. S. Drug Enforcement Administration: substance abusers are 60% more likely to be involved in a workers' compensation claim

Notes:



Compliance & Job Descriptions (10 minutes)

- Adverse Impact: Must Be Related and Consistent with Business Necessity
 - EEOC vs. Dial Corp, November 17, 2006
 - \$3.4m in damages to 52 employee for discrimination of employment test
- ADA – Essential Functions & Reasonable Accommodation
 - Can't discriminate against disability
 - Medical condition likely qualifies as disability
 - Reasonable accommodation – change way things done to accomplish essential functions
 - Output equal to employee w/o accommodation
- Accurate Job descriptions at core of decision making
 - Interactive process to accommodate essential functions
 - Validate essential functions
 - one of most important points is to validate the essential function
 - Best things to protect is have experienced people go through and tell you this is what we do; validate essential functions
 - ADA is not a charity
 - Follow system to stay out of trouble
 - Better off to have no job descriptions vs generic job descriptions

Functional Evaluation – Physical Testing (15 minutes)

- What is functional evaluation testing?
 - Examination and evaluation to objectively measure the employee's level of functioning.
 - Document the employee's ability, or the lack of ability, to perform the essential functions
 - Legitimizing people's physical and mental ability
 - Gives employer opportunity to come back into the role;
 - Test your ability; if not an undue hardship then will accommodate you
 - What does test actually look like?
 - At facility?
 - At clinic?
 - Design?
 - How long does it take?
 - More Flexibility in Testing Than People Realize
 - Can have employee pay for the test



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- Timing
 - Post-offer test: biggest bang for buck
 - Essential functions test
 - Fit for Duty test
 - Confirm ability to work
 - inhuman to put employee in unsafe position
 - Challenge “off work for 2 months” from doctor
 - Peer-peer discussion of ability to work
 - Testing
 - At time of injury
 - At MMI
 - Proactively if limping (triage)
 - ADA tells when can test
 - 19 different parameters
 - Employee can't decline
- Sincerity of effort
 - 2001 Study: Test was 99.9% accurate in classifying sincerity of effort
 - Significantly more accurate than the use of observational and subjective input commonly used in medical practice
 - Take to doctor and get full duty release to work
- Issue of Lack of Talent – Getting Butts In Seats
 - 7% fail screening process
 - Asking for trouble hiring bottom of barrel
- Establish Baseline
 - Identify pre-existing conditions (8% or 10% impairment)
 - Avoiding “buying” pre-existing injuries
 - Can tell doctor exact difference in function and strength
 - Accommodate the ones you can
- Establish Impairment Rating
 - Accurate settlement assessment
- Cost and ROI
 - \$100 - \$200 / test
 - Number of claims and cost per claim typically reduced 50% in one year
 - Decrease absenteeism
 - Better retention
 - Employees better matched to the right jobs



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Main Point #3: Integration & Implementation (5-7 mins)

- Different testing strategies based on companies needs
 - Can start with warehouse position with Integrity and physical testing; then change in a few months
 - Based on the companies desires and what they need
- Evaluate and improve job descriptions
 - Something all companies need regardless
- Pilot program
 - Test and evaluate effectiveness

Notes: