

INTEGRATING  
EMPLOYEE BENEFITS &  
PROPERTY CASUALTY  
RISK MANAGEMENT TO IMPROVE  
EMPLOYEE WELLBEING & STUDENT  
ACHIEVEMENT AND REDUCE COSTS

**Presented by**

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# POSITIVE OUTCOMES

## Benefits of Coordinated Approach



- Lower workers' compensation costs
- Lower health care costs
- Decreased absence

- Increased student achievement



# IT WORKS! AND STARTS WITH WELLBEING

Per the Harvard Business Review:

*“It turns out that a comprehensive, strategically designed investment in employees’ social, mental, and physical health pays off.”*



# START WITH WELLBEING

## Strategic Drivers

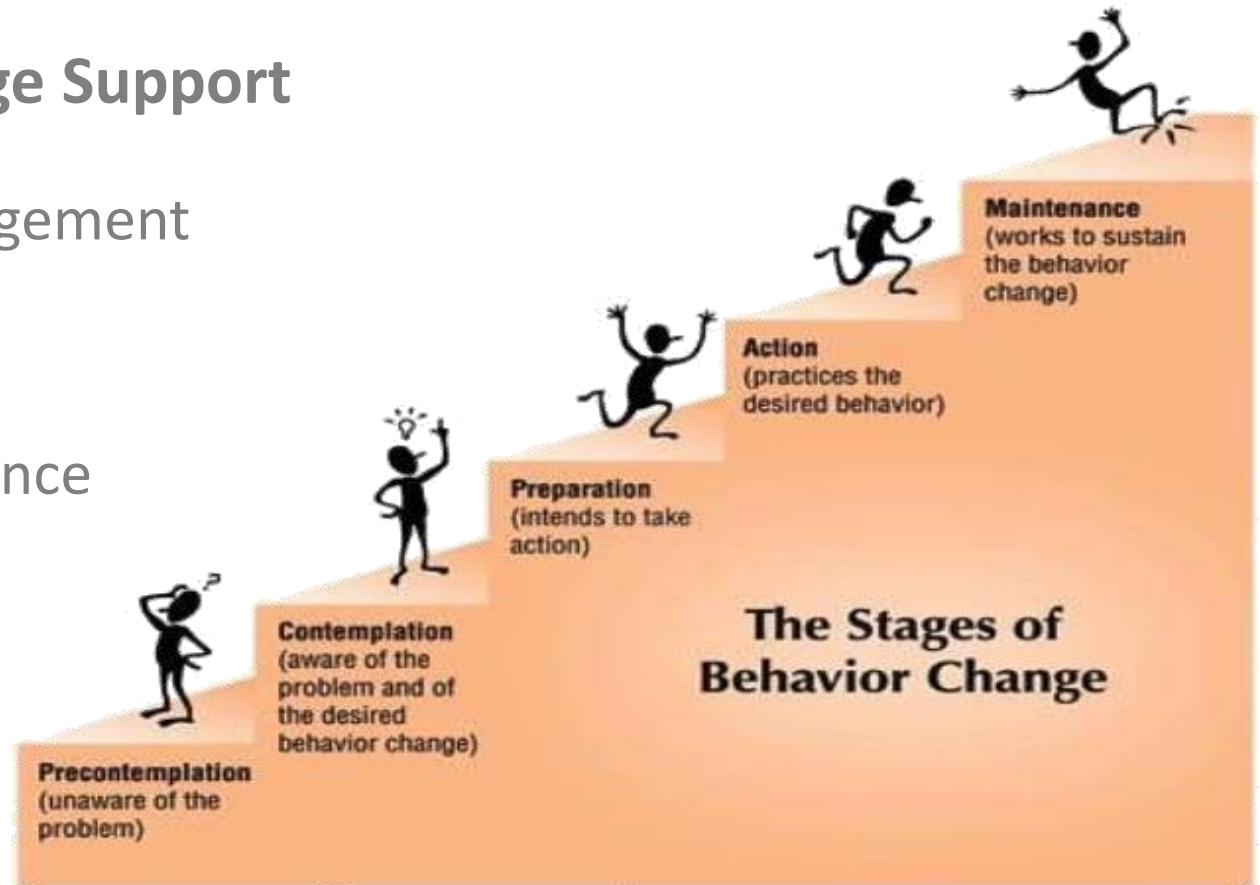
- Focus on obesity and chronic disease management
- A vision for success
- Leadership
- Wellbeing committee



# WHAT INCREASES WELLBEING PROGRAM ROI?

## Behavior Change Support

- Disease management
- Fitness
- Nutrition
- Work/life balance
- Mental health
- Finance
- Coaching



Sources: Grimley 1997 (75) and Prochaska 1992 (148)

# RAND STUDY: WELLBEING WORKS

**Initial Investment**



**=**

**ROI**



Analysis findings estimated a return of \$1.50 for every dollar invested in wellbeing program.

# WELLBEING & WORKERS' COMPENSATION

- The same factors that effect health care costs effect workers' compensation costs
- NCCI
- Journal of Occupational and Environmental Medicine



# WELLBEING & WORKERS' COMPENSATION

Per National Council of Compensation Insurers Study:

- *There is mounting evidence of obesity contributing to the cost of workers' compensation.*





# WELLBEING & WORKERS' COMPENSATION

Journal of Occupational and Environmental Medicine Article:

“Personal health risk does impact future lost productivity in workers’ compensation claims even after adjustment for demographic, health factors, and job type. Employers wishing to reduce the impact of lost productivity should consider a worker's personal health risks as predictors of future lost productivity and may want to address this in broad risk reduction programs.”

# WELLBEING & WORKERS' COMPENSATION

## Effect on workers' compensation premium cost

- Self-insured
- Retrospectively rated insurance plan
- Fully insured



# WELLBEING & WORKERS' COMPENSATION

Fully insured workers' compensation costs are largely determined by your experience modification

- Loss time cases have a disproportionate effect on your experience modification

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses
2812	3.33	.15	220,000	7,326	1,099
5437	5.00	.11	215,000	10,750	1,183
7380	4.66	.13	35,000	1,631	212
8810	.13	.15	260,000	338	51
9501	1.88	.13	111,000	2,087	271
9807	ADDITIONAL PREMIUM			0	0
<b>Policy Total:</b>			<b>841,000</b>	<b>Subject Premium:</b>	<b>64,325</b>

12-ILLINOIS Firm ID: Firm Name: JOSEPH WOOD  
 Carrier: 17132 Policy No. WXXXXXXXXX Eff Date: 0

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9807	ADDITIONAL PREMIUM			0	0
<b>Policy Total:</b>			<b>841,000</b>	<b>Subject Premium:</b>	<b>56,832</b>

# WELLBEING & WORKERS' COMPENSATION

Medical-only claims are reduced by 70% in the experience modification calculation

- Healthier employers are more likely to return to work before indemnity payments start, in which case their claims would fall into the medical-only 70% discount

70%  
savings

# WELLBEING AND WORKERS' COMPENSATION SOFT COSTS

Claims cost more than actual dollars paid.

According to an OSHA study:

- Indirect costs are greater than hard costs.
- This study does not take into consideration the cost of employee absence



# LOWER PRODUCTIVITY DUE TO ABSENCE

Per Mercer/Kronos Study presented at SHRM:

- Unplanned absences result in the highest net loss of productivity per day



# STUDENT ACHIEVEMENT/TEACHER ABSENCE

## Most Comprehensive Studies:

- NBER for Harvard
- Columbia University
- Albuquerque Public Schools



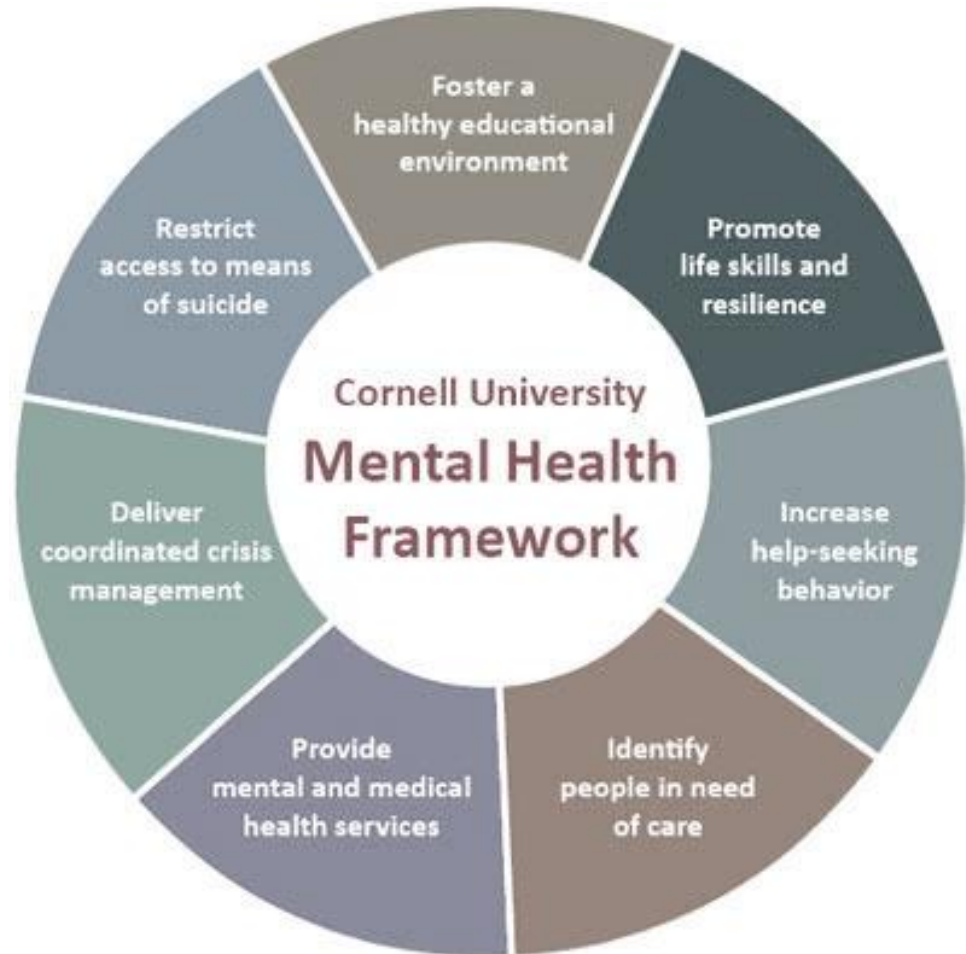
# IMPROVING STUDENT ACHIEVEMENT

- Every **10 days** a teacher is absent standard tests scores **decrease 3.3%** - *Harvard University Study*
- A long-term substitute is only as effective as a teacher in the **10<sup>th</sup> percentile** of all teachers in a school district - *Columbia University Study*
- Permanent teachers are important and **their absence has a negative impact** on student achievement - *Albuquerque Public School System Study*



# WELLBEING AND POSITIVE OUTCOMES INCLUDE MENTAL HEALTH

- Let's talk about the importance of mental health



# MENTAL WELLBEING CAN CONTRIBUTE TO WORKERS' COMPENSATION LOSSES

## Mental Wellbeing is more than just mental health

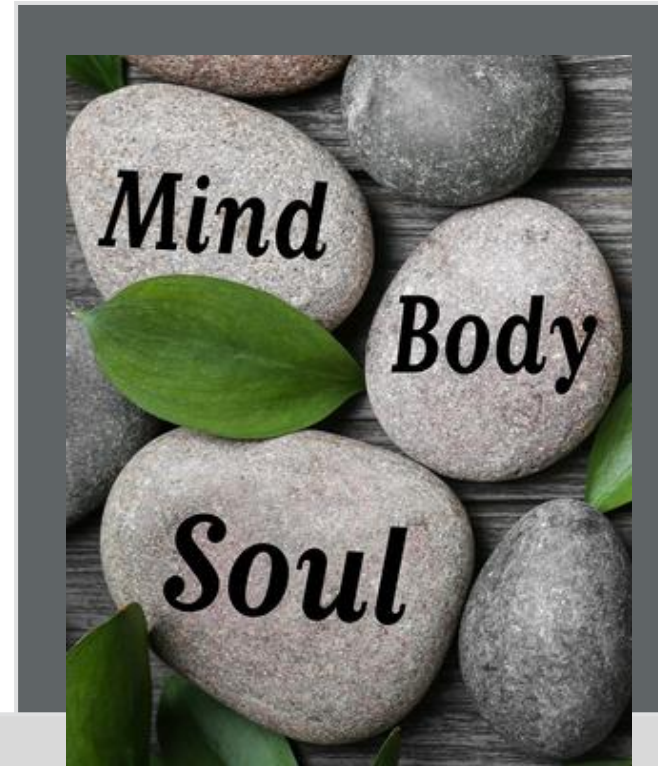
- Understand the difference between wellbeing and well-being
  - Physical, mental/emotional, & social
- Understand the true impact of well-being
- Mental wellbeing issues can lead to increased workers' compensation claims



# MENTAL HEALTH

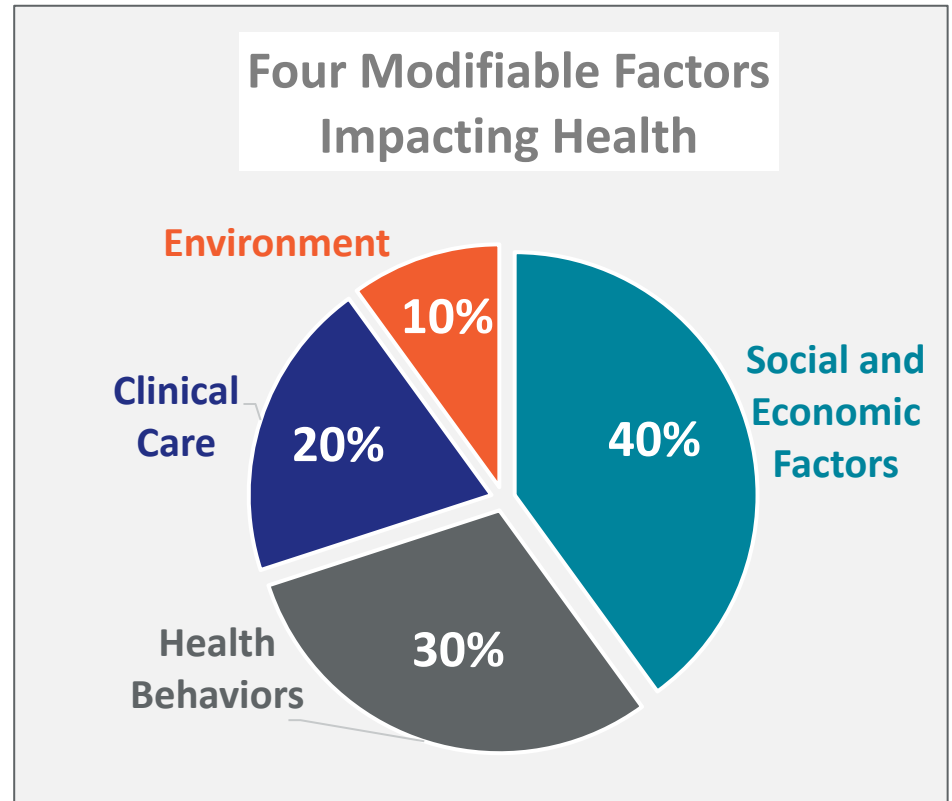
## According to the CDC:

- The mental health of workers is an area of increasing concern to organizations.
- Depression is a major cause of disability, absenteeism, presenteeism, and productivity loss among working-age adults.



# SOCIAL DETERMINANTS OF HEALTH

- Conditions in the place where people live, learn, work and play affect a wide range of health risks and outcomes (CDC)



# VENDOR SUMMIT

Bring your vendors together to discuss:

- What they do
- How they work with you
- How they can work together to reduce your costs



# VENDOR SUMMIT ON INTEGRATION OF WORKERS' COMPENSATION & BENEFITS

## Vendor Summit Outcome Example

### Workers' compensation claims review:

- Employee not returning to work
- By all metrics the employee should be able to return to work
- Discussion during summit led to the conclusion that employee may be inflating symptoms to miss work and help elderly mother
- Workers' compensation claims adjuster suggested the employee contact employer's EAP provider
- Employee contacted the EAP provider
- EAP provider was able to provide a solution for elder care
- Employee returned to work

# TEACHERS PERFORM BETTER WHEN THEY FEEL SAFE

Adding property & casualty risk management helps improve employee wellbeing and keeps teachers in the classroom

- Workplace safety
- School safety & security
- Active safety committee
- Return-to-work program



# IT CAN WORK

Per Oregon Health & Science University Meta Data Study:

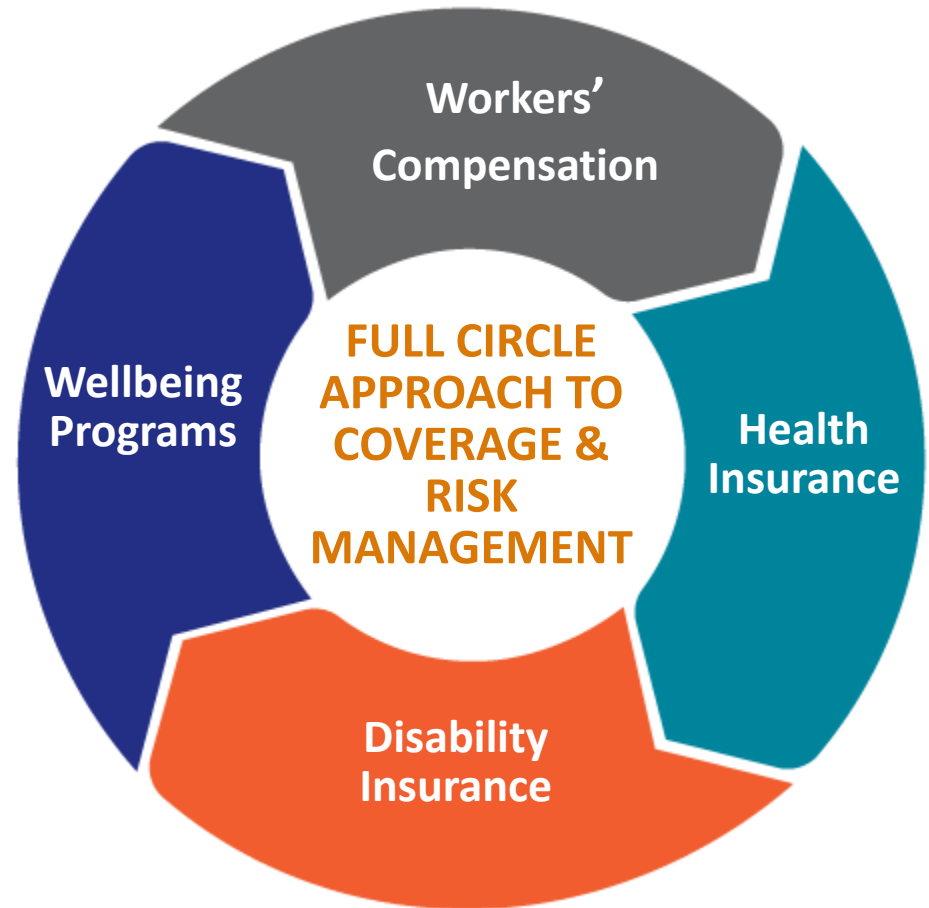
- Integration of health, wellbeing and workers' compensation can lead to an overall cost reduction of 25%





# INTEGRATE & IMPROVE

Improve employee wellbeing & student achievement and reduce costs by partnering with M3 on coverage programs and risk management strategy



## IN CLOSING...

Property casualty risk management and employee benefits are interconnected. When integrated, they can reduce the cost of your total benefit program:

- Healthier employees
- Lower health care costs
- Lower workers' compensation costs
- Less absenteeism/more presenteeism
- Higher Student Achievement



**CONCLUSION**