

Selling Yourself by Understanding Workers' Compensation Management

Theodore Oslay, DC

My previous article, "Focusing Your Goals," discussed the foundation on which to build an industrial consulting practice. While focusing on the foundation is important, focusing your goals on a company's needs is what wins the battle for the "industrial warrior." Regarding musculoskeletal disorders (MSD), a company's needs are simple: contain, reduce, and prevent direct costs, time loss and work restrictions pertaining to MSD. Keeping this in mind, whenever you have something to offer a company, ask yourself, "Will what I am doing result in direct reductions in costs and time loss, and can it be measured directly by the company?"

With each article, it is important to add some insight into how companies view, function in and react to the area of workers' compensation (WC). This article focuses on a well-managed facility that has in place a team of individuals to handle WC cases. You may deal with many small, usually family-owned "mom-and-pop" companies that do not have the time or resources to put these simple concepts in place. By understanding the system, the consulting physician can help implement these concepts with these companies, and will secure a position higher than the "chiropractor we sometimes send our people to."

The consulting physician must understand how funds become available for his or her services, and the system in which he or she will be working. The following is a quick layperson's overview of how the system works. The services you will offer are outsourced (not channeled through the worker's compensation system), and are bought through a purchase order (PO), much like those of any other outsourced vendor.

Budgets in manufacturing facilities are established based on either a calendar or a fiscal year. If an item isn't budgeted, it has a difficult time getting authorization for the current year. There are occasional exceptions: when someone from the company sees enough merit in a product or service, it sometimes finds its way into a facility, regardless of the budgeting status.

Some companies have procedures in place to manage WC cases as they occur and develop. If the company has a case management team, chances are its costs are less than what they could be. This is also the type of company that would be more receptive to at least listen to a proposed strategy for cost and time-loss reductions from you. A company that allocates the resources to manage cases may be receptive to preventing those cases, instead of managing them.

Case Management

A traditional, proven solution to increasing WC costs is effective case management. A better solution is the addition of an effective prevention process to effective case management. Ideally, the process of claims management involves assisting the employee after the accident, throughout the recovery process, and during the return-to-work process, both for the well-being of the employee, and to control the costs associated with injury and recovery. Effective case management requires a team approach that includes an ongoing relationship with the employee, to stay informed of the progress and to encourage an early return to work. It is not uncommon for outside

specialists to be brought in for evaluation, counseling, rehabilitation, or job placement.

Case Management Team: The purpose of the case management team is to direct activity, to ensure costs are controlled and the employee receives the proper treatment to return to work as soon as possible. (Do you notice the recurrent theme, "returning to work?") The team will be made up of people from within and outside of the facility, and will be broken into two groups: those meeting monthly and those meeting "as needed."

- Meeting monthly: plant manager, employee relations/human resource manager, plant controller.
- Meeting "as needed": direct supervisor of the employee, company physician, claims administrator, and attorney.

Case management team objectives are to:

- control the assets of workers' compensation at that facility;
- accurately track each case;
- effectively manage existing cases to return employees to work as early as possible;
- increase the accuracy of reserves for claims to minimize unexpected year-end surprises; and
- actively participate in the settlement of claims.

In the best-run facilities, team management will be present, although no management also may work in certain situations (rare in today's economy). However, it is evident that minimizing costs and lost time are of utmost importance in the application of management of workers' compensation.

One point concerning funding: When funds are budgeted, a certain amount of money is allocated to individual departments within the facility. For example, an environmental health and safety department has \$10,000 allocated for that particular year. Therefore, if it needs any outsourced training, such as forklift certification, it would be paid for out of that fund. If supplies pertaining to the department are needed, such as gloves, safety glasses, aspirin, wrist braces, back belts, etc., it is paid for out of that fund. If the manager goes to the National Safety Council's annual trade show every year, or goes to two seminars a year, it is paid for out of that fund. Sometimes the manager receives a year-end bonus for not spending a certain amount of money in the department's budgeted funds. Anything you are proposing to sell that company is going to come out of that particular budget. If funds are running low, which do you think will have a priority - the annual safety conference, or a "back" school?

What complicates this issue even further is that a department manager may not realize the benefits derived from this service you have proposed. For example, you may implement a program that has direct measurable reductions of \$7,200, based on a decrease of the number (in this case, three) of new claims per month, compared to the average number per month over the last year. The third-party administrator might have additional funds in the account allocated for WC payments left over as a direct result of the service you provided. In this case, the money would most likely not be routed back to the manager's allocated funds for environmental health and safety, even if the manager gave up his mini-vacation funds to the National Safety Council's annual conference.

Another factor to consider is that this same manager may need approval from the plant manager. To do so, the manager also must assume responsibility for the success or failure of the program.

Finally, if there is a slowdown in operations due to customer slowdown, a product recall (like that of Firestone tires last year), or a question of quality, everyone is affected and spending is frozen internally, especially for any new projects.

As you can see, a number of factors influence the decision to purchase your consulting services, and these factors involve much more than just the merit of what you are selling. It is important to be aware of these factors and arm yourself accordingly.

The "industrial warrior" knows that this is just one segment of the market, and is not intimidated. Remember, these factors apply to everyone; health care groups, insurance providers, and other consultants face the same obstacles. What will set you apart from the rest is the ability to reduce direct costs and time losses attributable to MSD in a consistent and predictable manner.

If you are serious in establishing long-lasting relationships with companies, contact me and I will send you my newsletter.

Ted Oslay, DC
Ozark, Illinois
t.oslay@verizon.net

FEBRUARY 2003