

“MODIFIED DUTY”

At MHA Solutions we believe that strong loss control and claims management programs are key to containing losses. Although the best method for controlling costs is to prevent injuries in the first place, an effective cost control program must be in place if a claim occurs. Therefore, we encourage all of our customers to maintain a Return to Work/Modified Duty program.

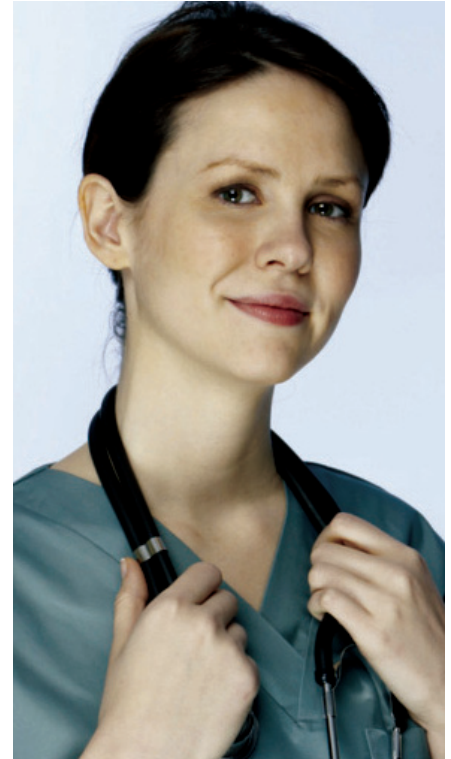
Modified duty provides an opportunity to demonstrate a high level of concern for employees, ensure appropriate medical care, and control the cost of work-related injuries. Industry experience shows that the sooner an employee returns to work in some capacity, the sooner they are able to return to full duty. Employees sense a true feeling of security when employers value their contribution enough to offer modified duty until they can return to full duty.

Hospitals can also monitor the medical care closer through a comprehensive modified duty program. The physician must become more involved in the case to approve and monitor the impact of modified duty. Modified duty program should require physicians to approve the modified duty position, and you should build a modified duty job description around the restrictions provided by the physician. The physician should then approve the specific duties outlined for the employee's modified duty position. This sets clear the expectations for everyone.

Every attempt should be made to make the temporary duties progressive. It also works best when the employee is not restricted to one department as this provides flexibility for the doctor when establishing appropriate progressive duties. The physician should assign an appropriate sequence of progressive duties (restrictions) building up to full duty. Assigning progressive duties can reduce the chance of re-injury as it allows for a reconditioning period before full duty.

Modified duty is one of the few opportunities provided by workers' compensation legislation which assists employers in controlling the cost of work-related injuries. In most cases, insurers are allowed to discontinue benefits when employees refuse to comply with the return to work efforts. However, money is usually saved by reducing the indemnity payment necessary when employees miss time from work. We also see a savings in medical expense as our experience indicates that employees heal faster when returned to work as soon as possible.

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MHA PUBLIC AND PRIVATE WORKERS' COMPENSATION GROUPS MISSION

To provide workers' compensation products and services that meet the needs of the members of the Mississippi Hospital Association. This is accomplished through experienced workers' compensation professionals that specialize in health care.

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In closing, employees are less likely to re-injure themselves, thereby, prolonging their absence, in a supervised modified duty program compared to sitting at home (mowing lawns, cleaning gutters ...) unsupervised. The direct cost savings are obvious and easy to see. And, studies indicate the indirect cost of an accident is four (4) times the direct cost. Properly organized and administered, modified duty programs can assist you in saving some of the indirect cost as well as the direct cost. If presented properly, employees will view modified duty as an additional benefit and get a true sense of security from their employer. Employees who feel secure in their employment tend to be more efficient and productive employees.

“How is Premium Determined?”

The answer to this question often seems quite confusing as there are many variables used in determining workers' compensation premiums. Insurance premiums are initially calculated based on estimated payrolls, job duties performed, loss experience, and the state in which you operate. The underwriter may make further use of premium debits and credits based on loss control surveys and safety programs that may or may not be in place.

Part of the premium calculation involves determining the experience modification factor, which measures how your claims experience compares to an employer of similar size and the classifications of employees. The loss experience period is based on the past three years of claims experience. To determine your e-mod in 2007, payroll and claims data from 2002-2005 will be used. The incurred value (paid claims plus reserves) of each claim will be reviewed as well as the number or frequency of claims.

An employer with one \$25,000 claim will have a better experience mod than an employer with ten \$2,500 claims. Although each employer has the same total incurred value, the employer with ten claims has a greater frequency, which has a greater impact on the e-mod than severity. The premise here is that the more frequently losses occur, the higher the chance of experiencing a severe loss.

The expected e-mod is 1.00. An e-mod above 1.00 reflects poorer experience than the expected and below 1.00 is better than expected. The e-mod can impact the premium greatly. If you pay a premium of \$70,000 and your e-mod is 1.08, you

will pay an additional \$5,600 (or 8% more). Alternatively, if your e-mod is .90, you will receive a \$7,000 (or 10%) credit.

To control your experience mod, focus needs to be placed on loss control that reduces frequency. It is also very important to be involved in the claims process. Report timely and conduct regular claims reviews with your adjuster. Working together to avoid losses should reduce the e-mod which will ultimately save premium dollars and reduce your workers compensation costs.

Downloads and Links

Flu season is upon us. Help protect your employees (and patients)!

Access www.pandemicflu.gov for the October 2006 update.

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