

Established 1950

**MORRIS & REYNOLDS**  
Insurance

# Workers Compensation

COMMERCIAL COVERAGE

FINANCIAL SERVICES

PERSONAL PROTECTION

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*"Savings and Service Has  
Been Our Policy Since 1950"*



## The Good, The Bad, The Ugly *Fewer Injuries, Higher Medical Costs, Higher Premiums*

The National Council on Compensation Insurance (NCCI) recently released its findings on the results for the year 2000. The good news: There has been a persistent decline in workers compensation claims frequency spanning almost all industries since the early 1990s.

The bad news: the decline in frequency was offset by increases in indemnity payments and medical costs. Both have been on an upswing since 1994 and have increased about six percent annually.



NCCI says the combined ratio for 2000 will be 118%. For every dollar in premiums the industry took in, it paid out \$1.18 in losses and expenses. Worse still, this represents the fifth consecutive year of deteriorating combined ratios. For employers, this means that premiums will almost certainly continue to rise.

You can mitigate the rapid growth in workers compensation premiums through aggressive loss control. Please give us a call and we'll help you set up a program that should minimize your workers comp premiums. ■

### Non-Traditional Employment Might Cause Liability

Contingent employment arrangements – such as independent contractors, leased and temporary employees, and telecommuters – are replacing traditional, full-time positions.

These changing employment relationships can alter workers compensation coverage needs. Although there are many reasons for these changing relationships, a key reason is employers wanting to obtain and retain good workers. These changing relationships often are considered necessary to maintain working relationships with independent-thinking employees. Telecommuting is an excellent example of the changing work patterns that employers are willing to undertake.

Current estimates of “non-traditional”

workers are 12.5 million, and growing each year. Employers cite several key advantages to non-traditional approaches. These include reducing time spent on employee screening and recruiting, employee benefits, and other related paperwork.

In some cases, the need for workers compensation is eliminated, but there could be a need for stronger liability coverage since you're no longer protected by the “exclusive remedy” available under workers comp law.

If you're an employer with non-traditional workers or if you're considering a non-traditional work environment, then be sure to check with us about the impact on your workers compensation and other insurance coverages. ■

## Medical Networks Help Lower WC Costs

The Workers Compensation Research Institute (WCRI) has released a new study showing that workers compensation costs can be reduced if injured workers initially visit a non-emergency room, network medical provider.

The study, which reviewed more than 300,000 claims in eight states and included more than 20 different workers comp networks, notes that cost can be greatly reduced without increasing income benefit cost. Among the sig-

nificant findings:

- The first visit is key, because it's the main factor that determines

**Savings ranged from 16% to 46% when the patient was treated exclusively by network providers.**

whether a patient will continue receiving care through the network.

- Workers compensation net-

works are generally associated with lower medical cost; savings ranged from 16% to 46% when the patient was treated exclusively by network providers.

- Even when treatment was not provided exclusively by network doctors, savings up to 11% were realized.

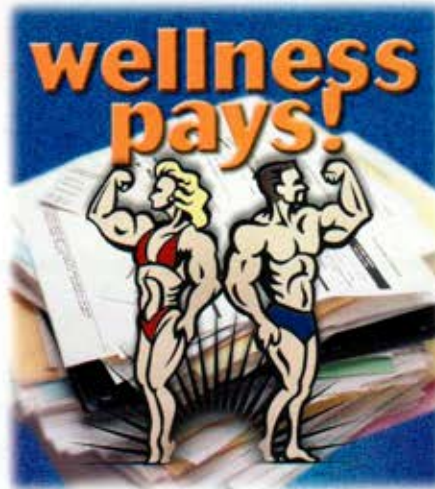
If you're struggling with higher workers compensation costs and don't have a medical network, please give us a call. We'll be happy to work with you on ways to keep your costs down. ■

## Help from Managed Care

The workers compensation industry pays \$111 billion for medical care, wage replacement and disability payments for the 11 million employees injured each year. And these numbers are expected to grow.

This means employers must design and implement innovative approaches to controlling these costs. You can't afford to leave any stone unturned. And under one of those stones you may find a familiar face to those who deal with health care – managed care. Over the past year or two, managed care organizations have begun offering their services to workers compensation insureds. These programs have shown merit, since they focus on wellness; and, when illness or injury does strike, they focus on getting the injured worker back on the job.

The book is still open on managed



care providers. However, with most of the \$111 billion in annual payout going for lost wages or medical costs, controlling those costs makes sense.

We'll be happy to discuss managed care or other cost-savings options with you. Just give our workers comp experts a call. ■

## Confusion Remains about Back Belts

Over the past 10 to 15 years, employers have searched for methods to help reduce a persistent and major workers compensation problem – back injuries. One solution advanced by the safety industry several years ago was the back belt.

However, a December 2000 National Institute for Occupational Safety and Health (NIOSH) study indicated that back belts neither reduced nor increased the incidence of back injury. The NIOSH study left employers in a quandary.

Safety professionals, however, continue to encourage the use of back belts because they remind employees to lift properly. Employers should train employees in the proper body mechanics for lifting whether or not belts are used. ■

**Q: Can an employee out on workers comp be discharged?** A: If an employee's misconduct is in any way related to the injury, or to his/her absence from work resulting from the injury, the employee should not be discharged. Failure to follow this code could lead to discrimination suits. If you need legal advice, consult your licensed counsel.

## On the Job Massage?

Although Congress defeated the proposed OSHA ergonomic standard last year, that did not end the problems caused by repetitive-stress injuries.

Repetitive-motion injuries continue as a leading workers comp claim. Implementing an on-site ergonomic program may eliminate problems associated with repetitive motion. For example, Aeroflex Microelectronics Systems in Colorado Springs, CO, a manufacturer of integrated circuit assemblies, had experienced an increasing number of repetitive-motion injuries. As a result, the company decided to establish their own aggressive loss-prevention program.

The program was developed to “best practices” standards and included ergonomic training for affected employees, and assessments of individual work areas. They also included the services of a nearby occupational medical facility. However, the program never produced the results

the company expected – until April 1998, when Aeroflex incorporated the services of an on-site professional who provided neuro-muscular massage therapy. The concept was to reduce the employee’s pain and discomfort before it escalated into a more serious problem.

Since implementing the program, only one employee out of 90 who participated in the program required outside occupational medical facility services. The result was a significant reduction in workers comp costs. And company productivity loss due to doctor and physical therapist appointments decreased by more than 96% from the previous year.

Aeroflex’s experience proves you can

look for creative solutions for your company’s workers compensation problems when traditional “best practices” don’t seem to cut it. When considering your options, think outside the box. ■



## Dosing Dilemmas

**H**eadaches, flu, fatigue, muscle aches and pains: Frequently we seek relief of minor symptoms with over-the-counter remedies. But we often don’t consider the implications of misusing these medications. Few realize they’d be equally impaired by illegal drugs or alcohol.

These steps can help you avoid injuries in the workplace from over-the-counter medications:

- Ask questions and read the fine print. Combining these substances with any other drug, or with a serious health condition such as high blood pressure, can cause life-threatening side effects in the workplace. Some questions to ask: What is the drug and what is it for? Will it cause a problem because of other drugs I am taking? What is the correct dosage? What side effects does it have, and how soon will it start to work?

- Common but serious side effects result from self-dosing at incorrect time intervals. One of the most common problems can occur when a sick employee combines medication with duplicate ingredients. This can seriously affect the employee’s reasoning, impair judgment and perception, and decrease motor skills.

- Consider implementing a policy for over-the-counter medications. Make each employee responsible for alerting his/her supervisor when there’s a problem. The supervisor should ask questions and document unusual behaviors when he or she notices them.

- Generate awareness. There are many options, including e-mails to staff, training mixed with other sessions, and formal written and signed policies. ■

## ‘Course of Employment’ Issues

**W**hile workers compensation laws vary from state to state, all require that an injured worker be engaged in the “course of employment” in order to qualify for work comp benefits. Before filing, an employer needs to verify that an injury happened on the job.

The courts have expanded the definition of course of employment liberally, so employers need to take steps to differentiate between on and off-the-job activities.

- Make social events voluntary.
- Enforce work rules.
- Minimize employee travel.
- Investigate all claims.

If an employee is not furthering the interest of the employer, he or she is not considered to be in the course of employment. If the employee breaks the law or violates work rules, he or she can be excluded from course of employment. As usual, however, the burden of proof lies on the employer. ■

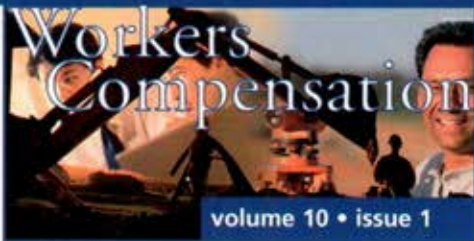
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## Combining Programs Might Be the Answer

**E**mployers are expressing renewed interest in integrated disability management (IDM) as a strategy for controlling the rapidly escalating cost of workers compensation.

IDM coordinates workers compensation with short-term and long-term disability programs, treating occupational and non-occupational injuries alike. Group health insurance, wellness programs and employee assistance programs are sometimes part of the plan.

IDM fosters open communications and coordination among different program elements so that injured employees can return to work as quickly as possible. IDM can incorporate aggressive return-to-work programs, case management efforts, behavioral intervention and independent medical exams. All of these initiatives are proven cost savers.

Our agency has a variety of cost reduction ideas that we'd be happy to share with you. Just give one of our workers compensation professionals a call. ■

### Happy Birthday, Dear OSHA

OSHA reached the ripe old age of 30 last year. Since its inception, workers have been 60% less likely to die from injuries on the job and 40% less likely to be injured on the job.

**For more information about your workers compensation insurance needs, call us or fill out this form and fax it in today!**

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FACSIMILE: 305.255.9643

### Please call me about:

- Our workers compensation policy
- Directors and officers coverage
- Workplace safety issues
- Our employee benefits plan
- Employment practices liability coverage



My name and phone number:

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e-mail address:

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