

Risk Management

Presented by

WWSC Risk Management Team



WWSC Risk Management

Who is Risk Management?

An element within OSHA, Funded by Workers' Comp.

The RM Team is comprised of two (2) Risk Management Specialists who travel to employers throughout the entire State:

Donald Ashley dashle@state.wy.us (307) 777-5961

Carolyn Grieve cgriev@state.wy.us (307) 777-3452



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Whom and What

- ❑ One of Three Elements of Wyoming OSHA (Compliance, Consultation, RM)
- ❑ We (Risk Management) do not do Safety Inspections or give Safety advice.
- ❑ We do discuss and inform the Employer about their Workers' Compensation Account and methods of managing it.

Risk Management Analysis

What is Risk Management?

The *ongoing* process of *protecting* your organization from financial harm by

1) *Identifying* & 2) *Analyzing* your risks of doing business

3) *Controlling* & 4) *Financing* the risks you retain

5) *Administering* those *risks*

all at the *lowest possible cost*.



Risk Management Analysis

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 - Premiums
- **COMPANY RMA**

Risk Management Analysis

Free Services: RMA Presentation

Why Request an RMA?

- In Wyoming, the employer is financially accountable for work related injuries.
- Wyoming Workers' Compensation
 - Premiums are **NOT** a fixed cost
 - **Be proactive** for the future
 - ◇ Promote Safety / Build Safety Culture
 - ◇ Investigate Accidents
 - ◇ Manage Claims
 - ◇ Apply for Discounts
 - An **RMA** educates you on some tools and methods available to help you manage your claims and can reduce Workers' Comp costs



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RM Techniques: Claims Management

Risk Management Techniques & Services

1. Develop an *EFFECTIVE* injury reporting policy

- Communicate policy to your employees & supervisors
- Ensure injuries are reported promptly

2. Review past injuries through the use of Loss Runs

- Monitor claims while looking for **trends** and **root causes**
- DOE Risk Management

<http://doe.wyo.gov/employers/RiskManagement/Pages/RiskManagementOnlineRequest.aspx>

3. Save money by entering our Safety Discount Program

- OSHA Consultation <http://doe.wyo.gov> (FREE)
- Health & Safety Program drafts
- Apply with Risk Management

<http://doe.wyo.gov/employers/RiskManagement/Pages/RiskManagementOnlineRequest.aspx>

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RM Techniques: Claims Management

An Effective Injury Reporting Policy

- Assist your employee in obtaining prompt medical care
 - Provide first-aid when needed
 - If possible – **Go with the Employee** – to the medical provider's office
 - Consider requesting a post accident drug test
- Maintain contact with the employee, the medical provider, and the claims analyst



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RM Techniques: Claims Management

Injury Report Form(s)

■ Workers' Comp Injury Report

- Filled out completely and accurately
- Information is used by the **claims analyst**
 - A written explanation is needed if:
 - ◇ Employee reports injury to employer after 72 hours
 - ◇ Division receives the injury report more than 10 Calendar days after the injury
 - ◇ Your company may have a policy stating a shorter timeline

■ Internal Accident Investigation Forms

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RM Techniques: Claims Management

*Risk Management is **Actively Evaluating** questions of root cause*

Internal Investigation



- Conduct an **investigation immediately** and take the necessary **corrective action(s)** to prevent the injury from happening again

- **Discuss the attributes of the accident with all involved**

- ◇ Who ~ What ~ Why ~ When ~ Where ~ How

- ◇ Find out if there were any witnesses

- ◇ Rely on physical observations, not assumptions

- ◇ ***Was it a work-related injury?***

- ◇ ***Was a Drug test conducted on the day of the injury?***

- ◇ ***How can we prevent it from happening again!!!***



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RM Techniques: Claims Management

Return to Work / Light Duty

Provide meaningful light or modified duty for injured workers within their medical limits

- Contract set up through the *claims analyst* between Employer, Medical provider, & Employee
 - Form: “Agreement For Light Duty/Restricted Work”
- Gets employee back into a productive working environment
 - Employer Pays Part – WC Pays 80% of Diff – **Non-chargeable**
 - If Claimant Refuses, TTD drops to 1/3 – **Still non-chargeable**

Temporary Partial Disability Calculation (Light Duty)

• Employee earns \$3000./mo. TTD would be \$2000.10 chargeable (\$3000 X .6667)

With Modified/Light Duty Program

- Actual monthly earnings at time of injury: **\$3000**
- Less light duty wage for month: **\$1500**
- Difference: **\$1500 X 80% = \$1200 Paid by WC**

• <u>\$1500.00</u>	+	<u>\$1200.00</u>	=	<u>\$2700.00</u>
Light duty paid by employer		80% difference Paid by WC		Combined employee earnings

Temporary Light Duty = **\$1200.00** (**non-chargeable** to employer)

Win Win Win

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RM Techniques: Loss Runs

The Elements of a Loss Run

The Injury

- Period of the report
- Fiscal Yr
- Calendar Yr
- Injury Date
- Case #
- Employee Name
- Status
- Injury Type
- Injury Description

The Cost

- + Medical Cost
- + Medical Reserve
- + Indemnity Cost
- + Indemnity Reserve
- = Case Totals

The Cause

- Source Code
- Nature Code



SAMPLE DATA



Wyoming Workers' Safety, 1510 East Pershing Boulevard, Cheyenne, WY 82002

Loss Run by State Fiscal Year

State Fiscal Year: July 1st - June 30th

Example Company

Employer Number: X111333
 Location(s): All
 Period: 07/01/2005
 Information Date: Date Report Was Run

Fiscal Year	Calendar Year	Injury Date	Case Number	Employee Name	Status	Injury Type	Injury Description	Medical Cost	Medical Reserves	Indemnity Costs	Indemnity Reserves	Case Total	Source Code	Nature Code
2006	2005	07/01/2005	11111111	SMOE, JOE	ACTIVE	NOSE	STEPPED ON RAKE, BROKE NOSE	\$ 8,336.32	\$ 7,108.52	\$ 1,987.26	\$ -	\$ 17,432.10	25	20
2006	2005	07/07/2005	11111111	SMOE, JOE	INACTIVE	CERVICAL - NE	NECK & RT SHOULDER MVA	\$ 282.55	\$ -	\$ -	\$ -	\$ 282.55	29	3
2006	2005	07/28/2005	11111111	SMOE, JOE	ACTIVE	NOSE	STEPPED ON RAKE, BROKE NOSE	\$ 13,286.72	\$ 5,231.69	\$ 18,749.57	\$ 1,524.44	\$ 38,792.42	22	20
2006	2005	08/03/2005	11111111	SMOE, JOE	INACTIVE	LEG(S)	RT KNEE STRAIN	\$ 1,149.62	\$ -	\$ -	\$ -	\$ 1,149.62	5	20
2006	2005	09/20/2005	11111111	SMOE, JOE	ACTIVE	CERVICAL - NE	ROAD GRADER REAR WHEELS S	\$ 106,525.31	\$ 62,502.44	\$ 56,134.59	\$ 8,041.83	\$ 233,204.17	30	20
2006	2005	11/07/2005	11111111	SMOE, JOE	INACTIVE	NOSE	STEPPED ON RAKE, BROKE NOSE	\$ 75.00	\$ -	\$ -	\$ -	\$ 75.00	22	7
2006	2005	12/19/2005	11111111	SMOE, JOE	INACTIVE	FINGER(S)	SAWHORSE COLLAPSED PINCHI	\$ 203.65	\$ -	\$ -	\$ -	\$ 203.65	42	7
2006	2006	01/10/2006	11111111	SMOE, JOE	INACTIVE	HEAD	LIFTING TABLE UP WHEN IT	\$ 841.19	\$ -	\$ -	\$ -	\$ 841.19	18	3
Total 2006								\$ 130,700.36	\$ 74,842.65	\$ 76,871.42	\$ 9,566.27	\$ 291,980.70		
2007	2006	03/24/2006	11111111	SMOE, JOE	INACTIVE	NOSE	STEPPED ON RAKE, BROKE NOSE	\$ 123.34	\$ -	\$ -	\$ -	\$ 123.34	43	7
2007	2006	06/22/2006	11111111	SMOE, JOE	INACTIVE	BACK	LIFTING A 5 GL BUCKET OF	\$ 11,590.94	\$ -	\$ -	\$ -	\$ 11,590.94	5	21
2007	2006	09/20/2006	11111111	SMOE, JOE	ACTIVE	FOOT,FEET,TOE	EE WAS CLEANING THE BATH	\$ 34,223.66	\$ 3,116.19	\$ 17,832.09	\$ 2,961.17	\$ 58,133.11	41	12
2007	2007	11/13/2006	11111111	SMOE, JOE	INACTIVE	FOOT,FEET,TOE	BOARDS COLLAPSED OVER OIL	\$ 538.11	\$ -	\$ -	\$ -	\$ 538.11	42	20
2007	2007	01/24/2007	11111111	SMOE, JOE	INACTIVE	BACK		\$ -	\$ -	\$ -	\$ -	\$ -	5	20
2007	2007	03/25/2007	11111111	SMOE, JOE	INACTIVE	UPPER LEG(S)	SLID OFF THE TAILGATER OF	\$ 157.62	\$ -	\$ -	\$ -	\$ 157.62	27	3
Total 2007								\$ 46,633.67	\$ 3,116.19	\$ 17,832.09	\$ 2,961.17	\$ 70,543.12		
2008	2007	04/25/2007	11111111	SMOE, JOE	INACTIVE	SHOULDER(S)	MOWING HAY WITH TRACTOR M	\$ 1,383.01	\$ -	\$ -	\$ -	\$ 1,383.01	43	20
2008	2007	06/30/2007	11111111	SMOE, JOE	ACTIVE	BACK	BACK STRAINED, LEG PAIN W	\$ 26,695.81	\$ 34,498.93	\$ -	\$ 13,628.10	\$ 74,822.84	8	21
2008	2007	09/12/2007	11111111	SMOE, JOE	INACTIVE	LEG - KNEE	WALKING ACROSS CAMPUS FOR	\$ 337.55	\$ -	\$ -	\$ 1,733.00	\$ 2,070.55	12	3
2008	2008	01/14/2008	11111111	SMOE, JOE	ACTIVE	SHOULDER(S)	REPEATED MOTION INJURY TO	\$ 11,218.53	\$ 34,802.51	\$ -	\$ 6,191.22	\$ 52,212.26	43	20
Total 2008								\$ 39,634.90	\$ 69,301.44	\$ -	\$ 21,552.32	\$ 130,488.66		
2009	2008	02/06/2008	11111111	SMOE, JOE	ACTIVE	SHOULDER(S)	STEPPED OVER WATER PUMP,	\$ 1,792.61	\$ 1,173.45	\$ -	\$ -	\$ 2,966.06	36	20
2009	2008	02/25/2008	11111111	SMOE, JOE	INACTIVE	CERVICAL - NE	LIMBER BOX BLEW SHUT STRI	\$ 2,618.90	\$ -	\$ -	\$ -	\$ 2,618.90	7	20
2009	2008	03/15/2008	11111111	SMOE, JOE	ACTIVE	FOOT,FEET,TOE	SLIP AND FALL, LT FOOT RO	\$ 1,095.92	\$ 1,117.94	\$ -	\$ 1,347.32	\$ 3,561.18	5	12
2009	2008	04/03/2008	11111111	SMOE, JOE	ACTIVE	HEAD	MOVING ARTIFACTS TO CHICK	\$ 47.25	\$ 1,357.75	\$ -	\$ -	\$ 1,405.00	5	3
2009	2009	04/25/2008	11111111	SMOE, JOE	INACTIVE	BACK	IT WAS VERY COLD & FOGGY	\$ -	\$ -	\$ -	\$ -	\$ -	11	20
2009	2009	05/15/2008	11111111	SMOE, JOE	ACTIVE	FOOT,FEET,TOE	SLIPPED ON ICE IN PARKING	\$ -	\$ 2,131.98	\$ 776.69	\$ 1,156.82	\$ 4,065.49	41	20
Total 2009								\$ 5,554.68	\$ 5,781.12	\$ 776.69	\$ 2,504.14	\$ 14,616.63		
Grand Total								\$ 222,523.61	\$ 153,041.40	\$ 95,480.20	\$ 36,583.90	\$ 507,629.11		

EMR EVALUATION PERIOD 07/01/2005 THRU 06/30/2008 \$ 147,260.28 \$ 94,703.51 \$ 34,079.76 \$ 493,012.48

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RM Techniques: Loss Runs

Loss runs on the internet

- Now available to you 24/7

 - <https://egov.state.wy.us>



- Signed release authorization from a company representative is required

Must build profile at <https://egov.state.wy.us>

Must submit PIERS Administrator Request to Risk Management to have profile activated to be able to access Loss Run Reports FAX 307-777-3646

Discount Programs

❑ Wyoming Workers' Comp Offers Two Discount programs.

■ **Safety Discount Program (SDP)**

○ Risk Management

■ **Voluntary Drug and Alcohol Testing Program**

○ Employer Services

THESE ARE TWO SEPARATE PROGRAMS!!

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RM Techniques: Safety Discount Program

The Safety Discount Program?

- ☺ Incentive program offered by Worker's Comp
- ☹ Eligibility = submission & approval of a **Health & Safety Program** by **December 15** of any given year
- ☺ A **reduction** of 3.33% off your Base Rate may be awarded per year (*up to 10% maximum*) if your **loss ratio** is reduced by 10% per year.

Risk Management Services Safety Discount Program

Health & Safety Program Elements

- Affirmation in writing of a company **Health & Safety Policy**
- Clear definition of a **safety committee or coordinator**
- Clear definition of **accident prevention rules**
- Clear definition of **employee accident prevention training**
- Clear written policies and procedures on **claims management**
- Written policy & procedures establishing a **drug-free workplace**

Soooo Easy a



can do it!

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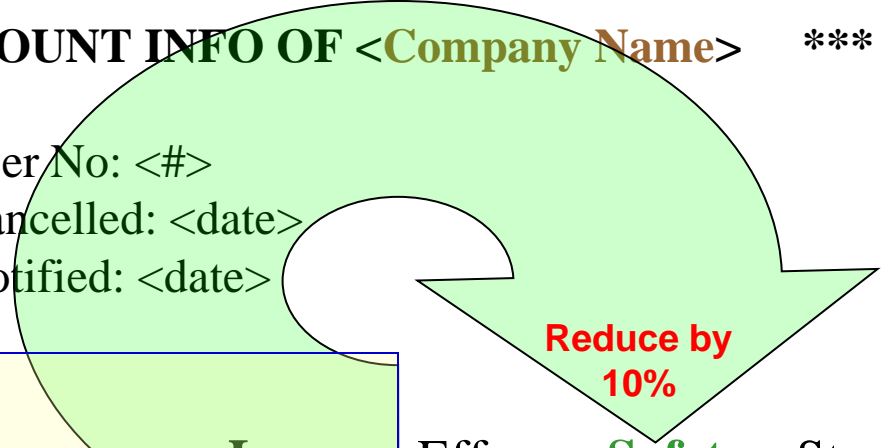
RM Techniques: Safety Discount Program

SAMPLE DATA

**** SAFETY DISCOUNT INFO OF <Company Name> ****

Account No: <#>
 Date Submitted: <date>
 Date Approved: <date>

Employer No: <#>
 Date Cancelled: <date>
 Date Notified: <date>



FY	Injury Cost Amount	÷	Premium Amount	=	Loss Ratio	Eff CY	Safety Goal	Step	Disc Pct
2006	75,895.37		104,757.54		72.00	2007	65.00	0	0.00
2007	61,975.49		108,643.94		57.00	2008	51.00	1	3.33
2008	42,924.56		116,592.34		36.00	2009	33.00	2	6.66
2009	29,724.29		107,349.37		27.00	2010	24.00	3	10.00



Risk Management Analysis

Voluntary Drug and Alcohol Testing Program

What is the Voluntary Drug and Alcohol Testing Program?

- ❑ Incentive program offered by Workers' Compensation
- ❑ Eligibility = Submission & Approval of a Drug Testing Program.
** ANNUAL SUBMISSION IS REQUIRED **
- ❑ A reduction of 5% off your Base Rate may be awarded per year.
- ❑ Brandy Schaneman (307) 777-5262

Send Drug Application and Approval Authorization to:

Wyoming Workers' Safety & Compensation
Employers Services
1510 East Pershing Ave
Cheyenne, WY 82002

General Questions AskMeWC@state.wy.us

Larry Hammons (307) 777-5476

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RM Techniques: Premium Assessment

Overview of Premium Assessment

○ The **Base Rate** *for your occupation code*

- Determined by an actuarial team independent of the State of Wyoming

○ Experience Modification Rating (**EMR**)

- Based on an employer's **PAST** (3 State Fiscal Years) claims history and premium payments
- $EMR = ((MCL-ALA)/ALA) * Credibility$

$$\text{Premium Rate} = \text{Base Rate} + (\pm EMR \times \text{Base Rate})$$

Risk Management Analysis

Premium Assessment

Base Rates Examples

CY	Base Rates				
	521000 Central Bank	10 Clerical	238161 Residential Roofing Contractor	213111 Drilling Oil & Gas Wells	113300 Logging
2006	\$0.26	\$0.61	\$7.12	\$9.02	\$17.78
2007	\$0.24	\$0.58	\$6.71	\$8.46	\$17.78
2008	\$0.21	\$0.50	\$5.87	\$7.29	\$15.12
2009	\$0.18	\$0.38	\$4.77	\$6.77	\$11.94
2010	\$0.18	\$0.38	\$4.77	\$6.77	\$11.94

***Note* Higher Risk = Higher Cost**

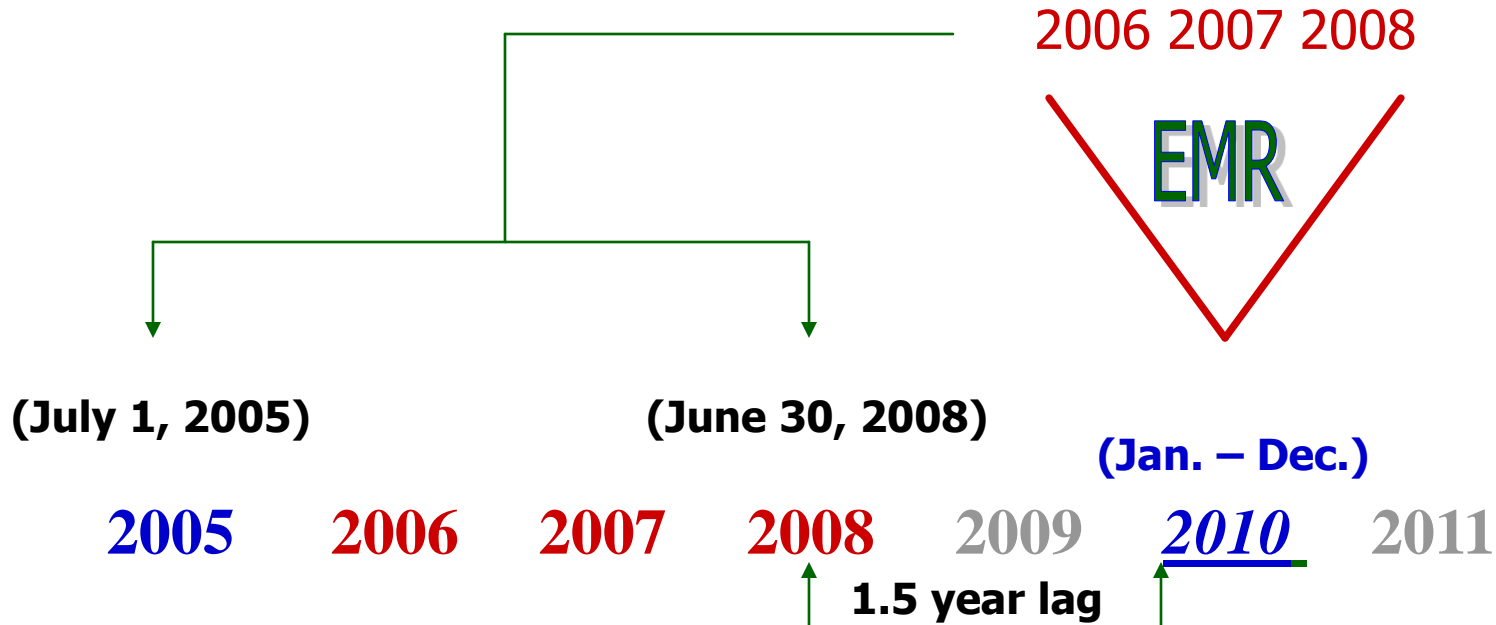
Risk Management Analysis

Premium Assessment

EMR Calculation

FY 2010 EMR Time Frame

3 State Fiscal Years



Premium Payments are made during a calendar year.
 The rating is based on three (3) State fiscal years of claims experience.

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RM Techniques: Premium Assessment

EMR: Cost Driven, *Not Frequency*

	# Claims (3 FY's)	Incurred Cost	Employer Group	EMR
Entity A	40	\$55,000	4	+14%
Entity B	28	\$238,000	4	+55%
Entity C	36	\$7,500	4	-51%

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RM Techniques: Premium Assessment

Premium Rates EXAMPLE

Employer	Base Rate	EMR	Calculation	Employer Rate/(\$100GPR)
Entity A	\$1.01	-10%	$\begin{aligned} & \$1.01 + (-10\% \times \$1.01) \\ & = \$1.01 - \$0.10 \end{aligned}$	\$0.91
Entity B	\$3.43	+25%	$\begin{aligned} & \$3.43 + (+25\% \times \$3.43) \\ & = \$ 3.43 + \$0.86 \end{aligned}$	\$4.29
Entity C	\$8.39	0%	$\begin{aligned} & \$8.39 + (0\% \times \$ 8.39) \\ & = \$ 8.39 + \$0.00 \end{aligned}$	\$8.39

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RM Techniques: Premium Assessment

Premium Rates **EXAMPLE** 2010 Rates

With Same Classification (Base Rate): Highway, Street, and Bridge Construction

Employer	NAICS	Base Rate	EMR	Employer Rate/(\$100GPR)
Construction Co A	237310	\$4.77	-45%	\$2.62
Construction Co B	237310	\$4.77	-10%	\$4.29
Construction Co C	237310	\$4.77	+55%	\$7.39

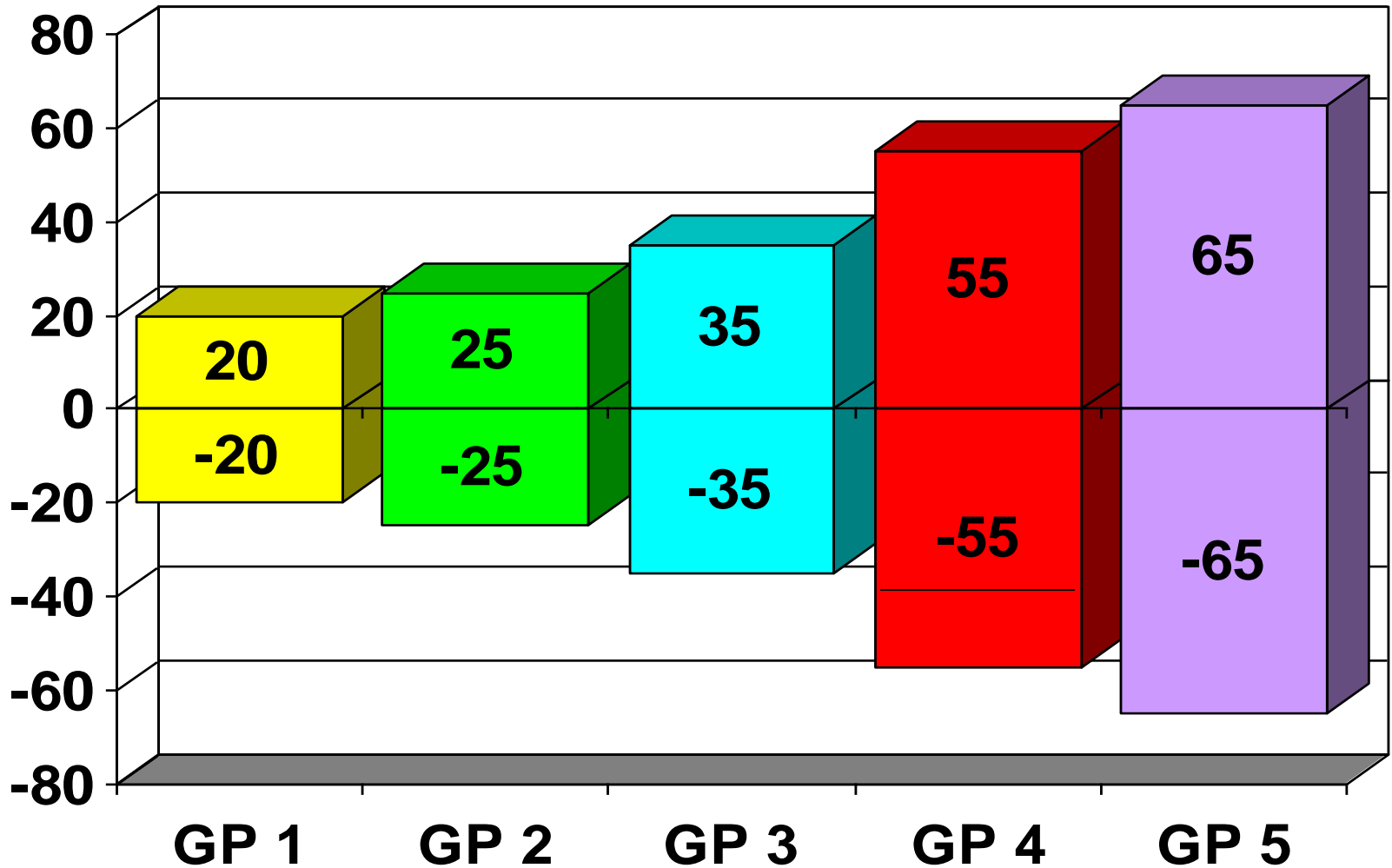
Risk Management Analysis

Premium Assessment

Employer Grouping / EMR Caps

Group	Premiums Paid During 3 EMR Assessment Years	EMR Cap
1	\$0 – 5,000	± 20
2	\$5,001 – 19,999	± 25
3	\$20,000 – 99,999	± 35
4	\$100,000 – 399,999	± 55
5	\$400,000 – or greater	± 65

Max/Min EMR By Group Size





Risk Management Analysis

Premium Assessment

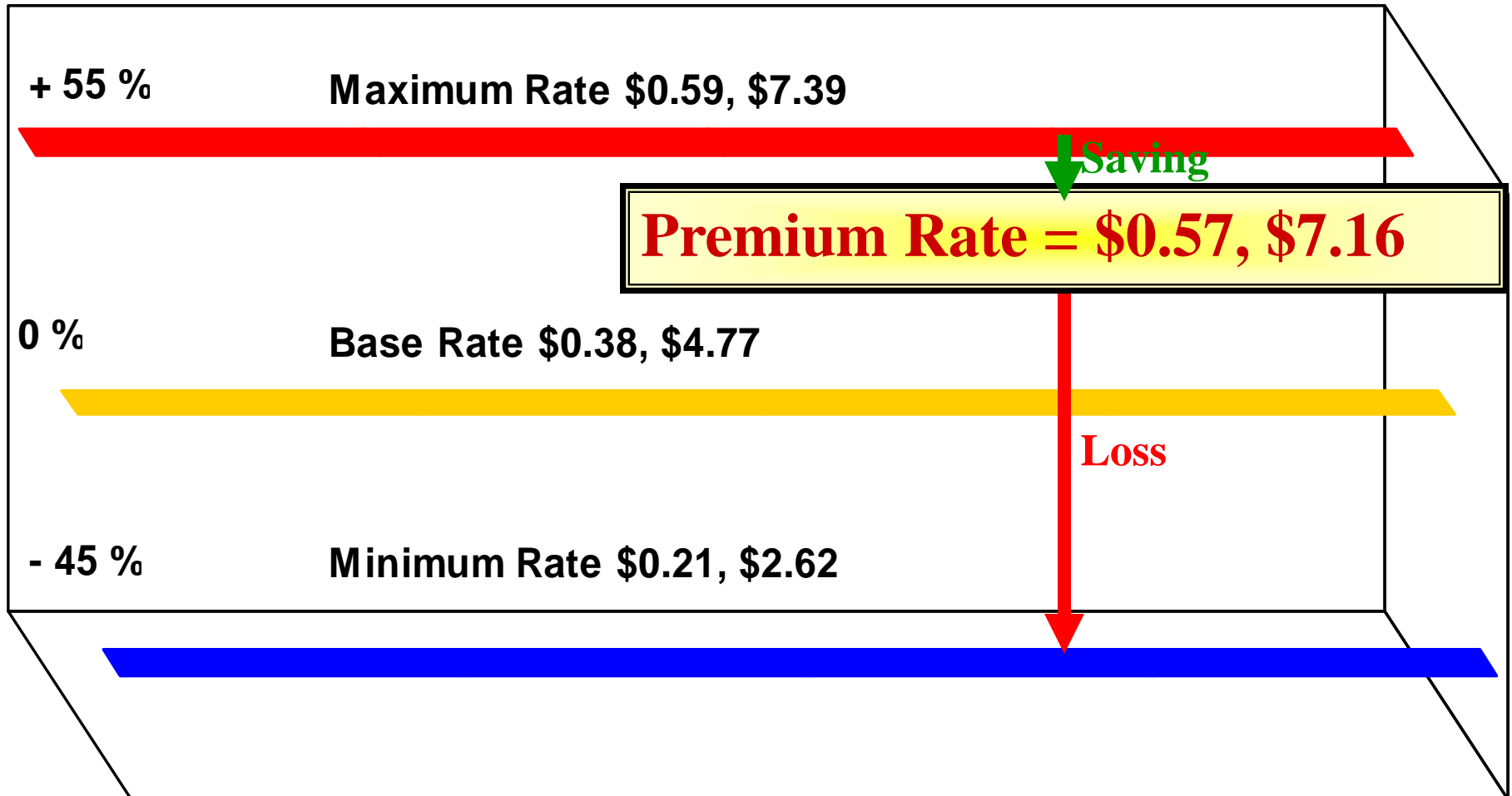
Group 4 Credibility Range

Minimum Premium	Maximum Premium	Credibility (How low –EMR goes)
\$100,000	\$114,999	-0.36
\$115,000	\$129,999	-0.37
\$130,000	\$144,999	-0.38
\$145,000	\$159,999	-0.39
\$160,000	\$174,999	-0.40
\$175,000	\$189,999	-0.41
\$190,000	\$204,999	-0.42
\$205,000	\$219,999	-0.43
\$220,000	\$234,999	-0.44
\$235,000	\$249,999	-0.45
\$250,000	\$264,999	-0.46
\$265,000	\$279,999	-0.47
\$280,000	\$294,999	-0.48
\$295,000	\$309,999	-0.49
\$310,000	\$324,999	-0.50
\$325,000	\$339,999	-0.51
\$340,000	\$354,999	-0.52
\$355,000	\$369,999	-0.53
\$370,000	\$384,999	-0.54
\$385,000	\$399,999	-0.55

EMR & Rate Range for 2010

Group 4 NAICS 10, 238310 (Drywall)

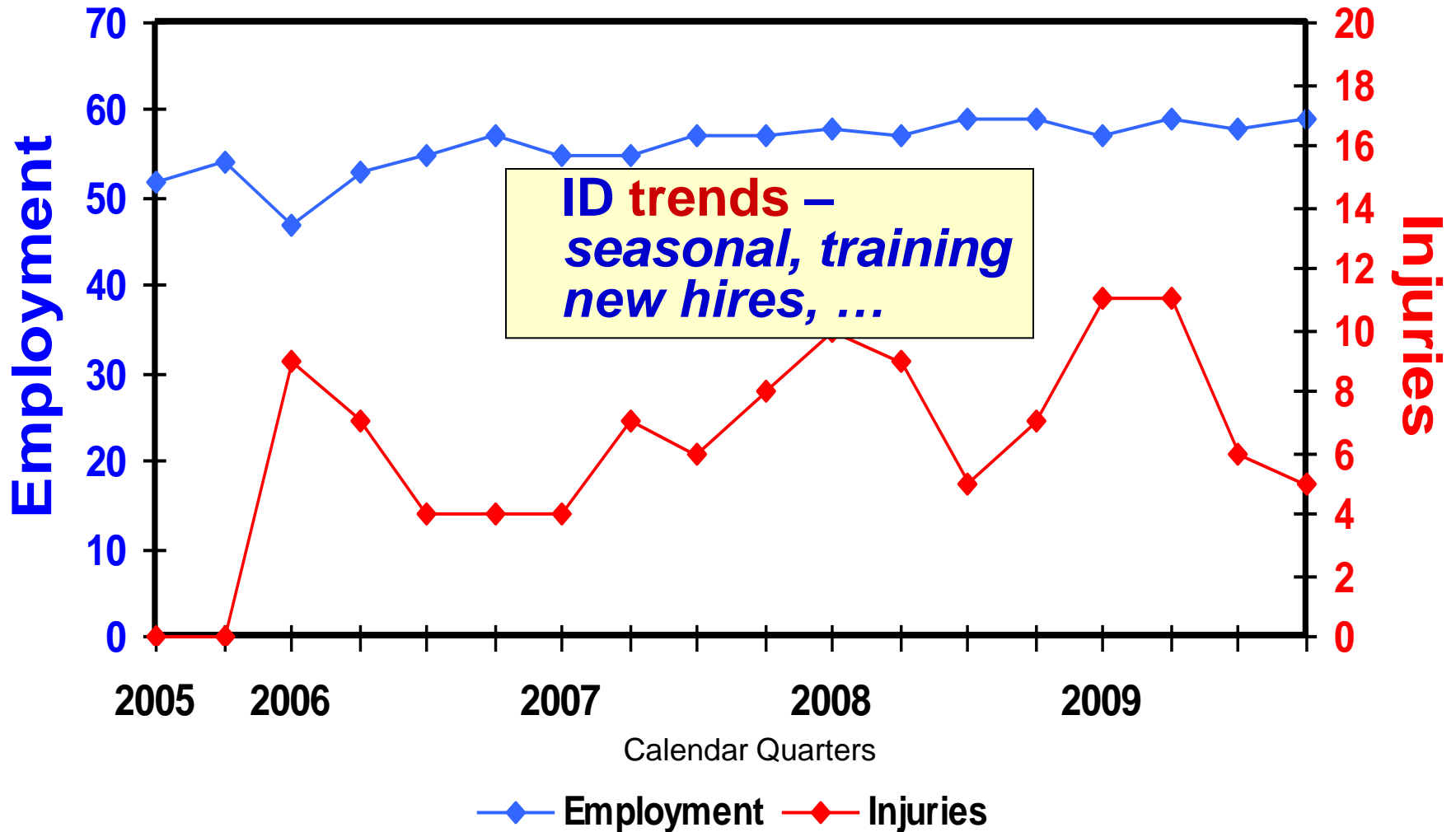
EMR 50% Premium Rate = \$0.57, \$7.16



Employment vs. Injuries

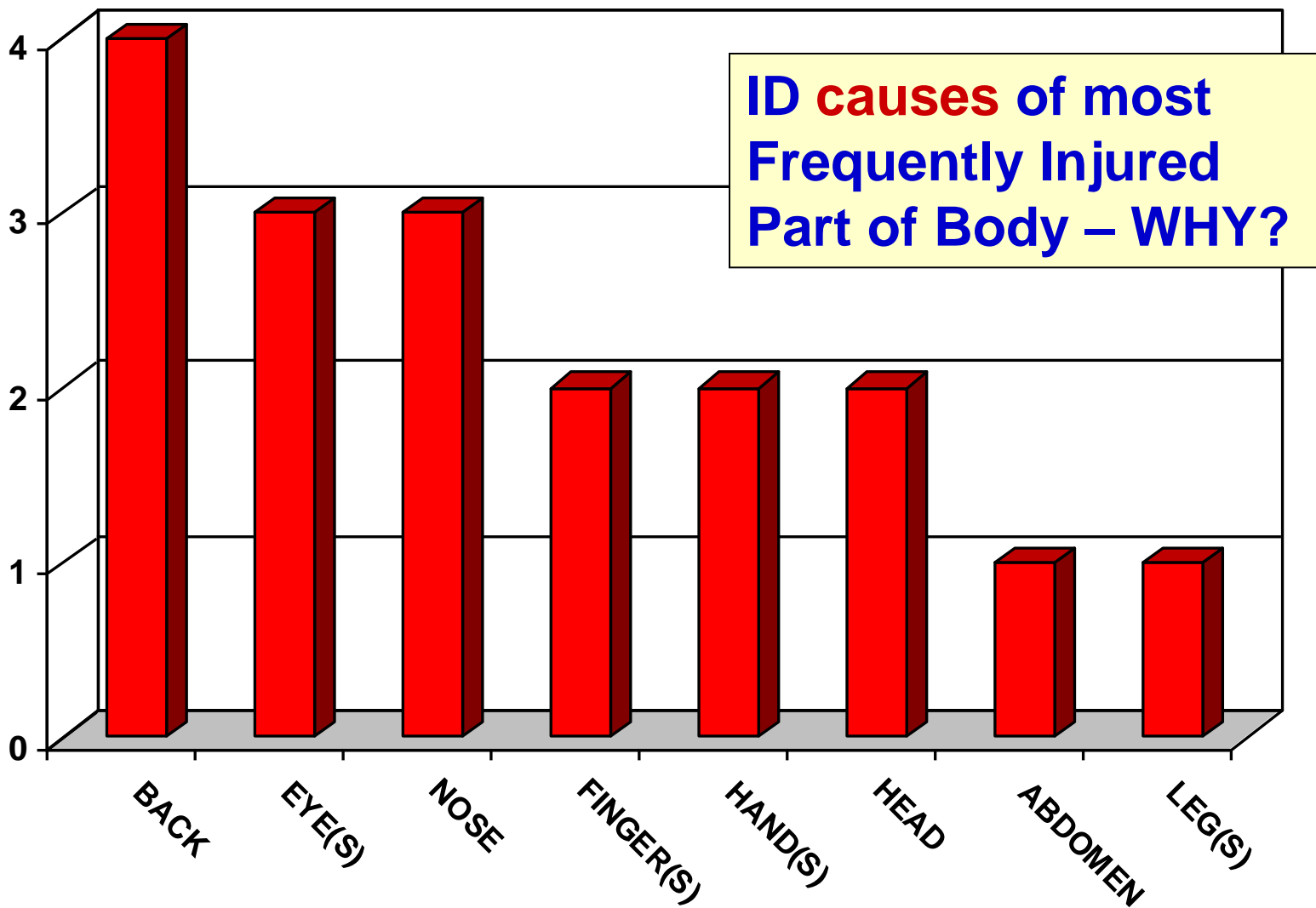
(July 1, 2005 – Current)

RMA Tool – ID Trends – seasonal, new hires, ...



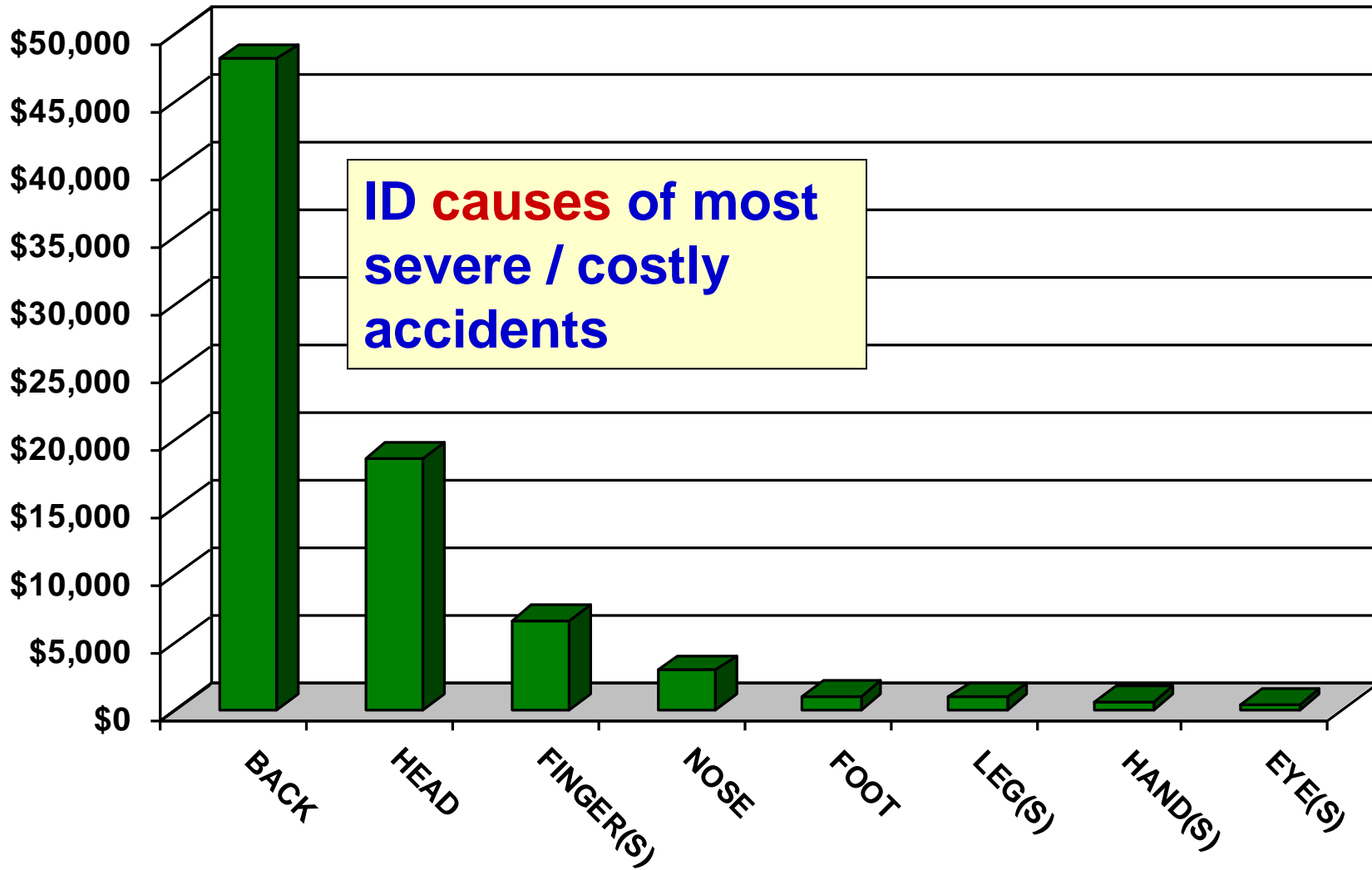
Injury Types (July 1, 2005 – Current)

RMA Tool – ID Causes – most frequent / severe accidents



Injury Costs *(July 1, 2005 – Current)*

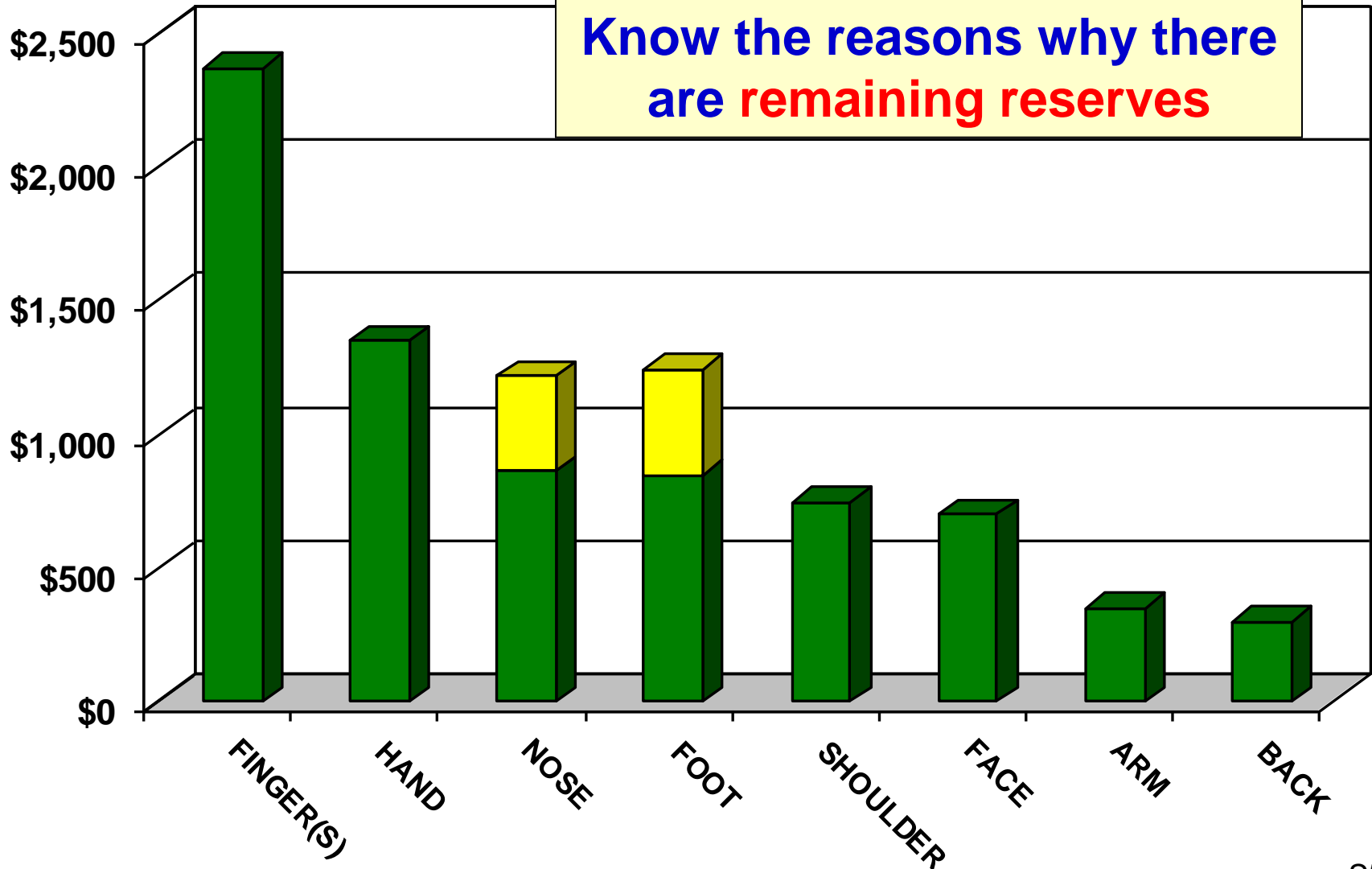
RMA Tool – ID Causes – most frequent / severe accidents



Injury Costs + Reserves

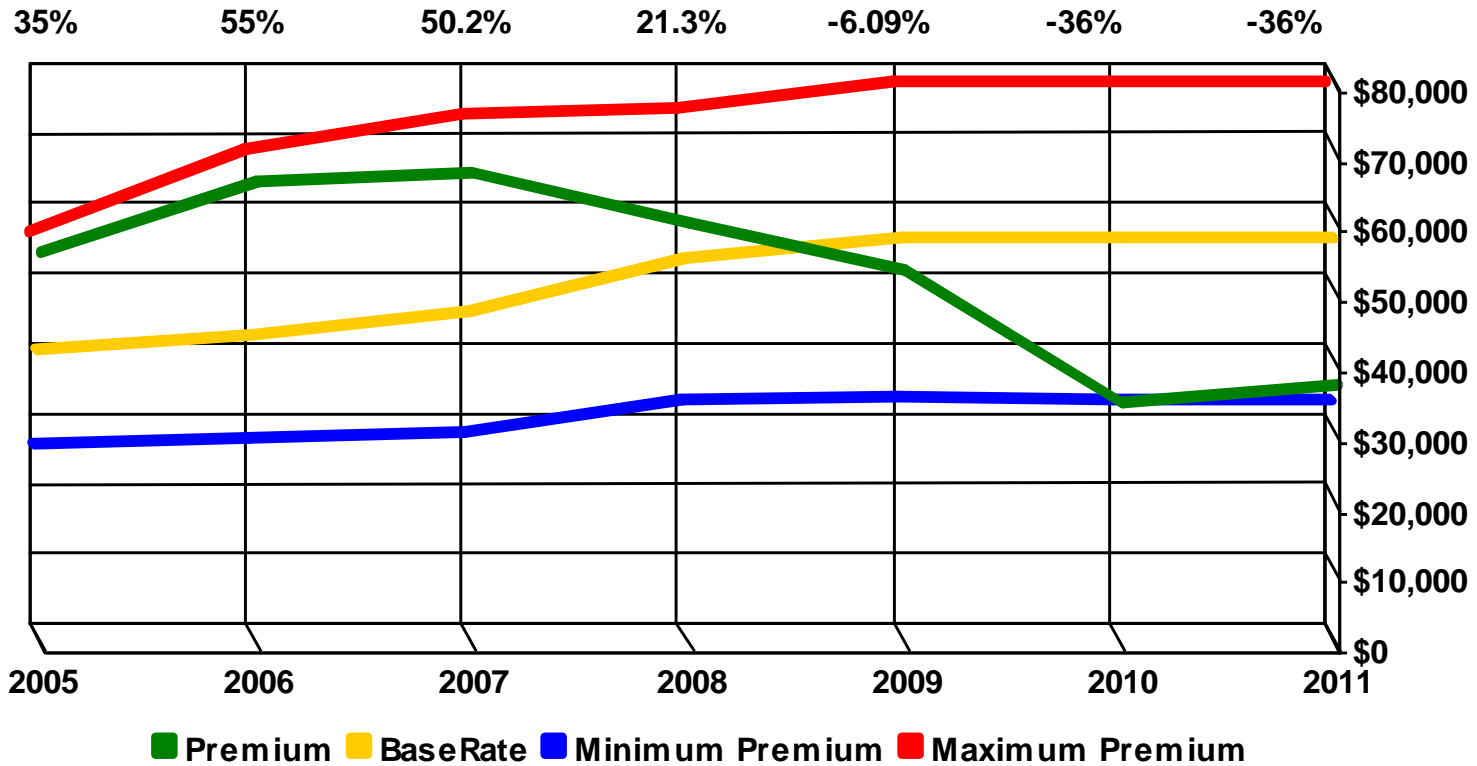
(July 1, 2005 – Current)

Know the reasons why there are remaining reserves



Premium Projections:

Past, Present, & Future – *Focus on cost of risk*



	2005	2006	2007	2008	2009	2010	PROJECTED 2011
Loss (Min - Premium)	\$29,270	\$38,451	\$39,018	\$27,545	\$20,058	\$1,694	\$4,076
Savings (Max - Premium)	\$8,342	\$1,470	\$5,373	\$23,877	\$30,811	\$54,077	\$51,696

Safety Pays for Itself!!!



Additional Slides For Individual Employer

- Source & Nature (Causes of Injuries)**
- POB vs Cost+Reserves**
- Injuries, Costs, Reserves Timeline**
- Projected (Premium) Losses**
- Approximately 15 additional slides
personalized to Employer's Account**

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Summary

□ Overview of Risk Management

- *Protecting your organization from risk*
- *Claims Management*
 - *Effective Injury Reporting Policy – Who's your CA?*
- *Loss Runs / PIERS – Have a PIERS administrator!*
- *Discount Programs – Get into Them!*
 - *Health & Safety Program – Have one! Make one! Submit it! Use it!*
 - *Drug-Free Workplace Premium Credit Program*

□ Risk Management Analysis – A Service

- *How rates are determined using Base, EMRs, & Premium*
- *Risk Management Techniques Using WC rates & injury data*

Helping Your Bottom Line with Risk Management Techniques

Safety Pays for Itself

By saving with your Workers' Comp Premium



WWSC Risk Management

The End Thank You

Workers' Safety Risk Management Services

1510 E. Pershing, West Wing

Cheyenne, WY 82002

Fax: (307) 777-3646

Donald Ashley

dashle@state.wy.us

(307) 777-5961

Carolyn Grieve

cgriev@state.wy.us

(307) 777-3452