

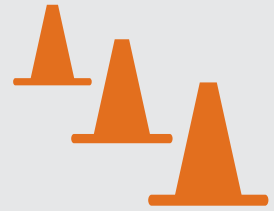
Workers' Comp & Safety News



Hospitality Insurance Specialist:

- Custom Tailored Insurance Programs
- Loss Control and Risk Management
- Safety Compliance and Training

13950 Cerritos Corporate Drive, Suite A • Cerritos, CA 90703
800-466-8951 • 800-494-6829 fax
www.petrarisksolutions.com • Lic# 0817715



Administration

June/July 2008

Volume 6 • Number 3



Two Techniques for Managing Claim Costs

Utilization reviews have saved companies around the country billions of dollars in workers' compensation costs since California mandated utilization review in 2004. Other techniques, such as using a specialized workers' compensation medical care network, can also work. Here's a brief overview.

Utilization review

Utilization review is designed to bring greater efficiency to the recovery process and help injured workers return to health more quickly. It ensures that treatments are administered within established scientific guidelines – usually those compiled by The American College of Occupational and Environmental Medicine (ACOEM).

The California legislation, since adopted by many other

states, requires every employer to establish a utilization review process. This is defined as the ability to prospectively, retrospectively or concurrently review, approve, modify, delay or deny medical treatment based in whole or in part on medical necessity to cure and relieve work-related illness and injury.

Studies have shown that UR effectively tames workers' compensation costs. A report prepared by the California Workers Compensation Institute on the

impact of reform legislation shows that in five of six types of services, utilization review resulted in fewer visits and lower amounts paid per claim. The greatest decrease was in chiropractic manipulation and physical therapy, with visits decreasing by 68.9 percent and 16.3 percent respectively between pre-reform 2002 and post-reform June 2006. Payments slid by 74 percent and 61 percent respectively.

But Jay Garrard, vice president of Pasadena, California-based medical management company GSG

This Just In

Workplace Deaths on The Rise

The Bureau of Labor Statistics has revised its workplace fatalities figures for 2006 to show a 2 percent increase in occupational fatalities over 2005. Preliminary figures released last August by the BLS showed 5,703 fatal work injuries, a decrease of 1 percent from 2005's workplace fatality count; the revised data showed 5,734 deaths.

The sharpest discrepancy came in fatalities for Hispanic workers, which rose by 53 cases. That brought total numbers for Hispanic workers to 990 fatal work injuries, for a fatal injury rate of 5.0 per 100,000 employed workers.

Fatal occupational injuries in California increased by 89 cases from the preliminary figure. As a result, California surpassed Texas as the state with the highest number of fatal work injuries in 2006.

Fatalities in the transportation and material moving industry were up by 38 deaths, the largest revision in fatalities among the industries. It was followed by construction and extraction occupations (15 fatalities).



Sound Methods for Reducing Noise Hazards

Noise-induced hearing loss is one of the greatest occupational health threats in the United States – a silent threat that can go unnoticed because it develops over time, there are no visible effects and except in very rare cases, there is no pain.

According to OSHA, more than 30 million American workers are occupationally exposed to hazardous noise levels and 10 million workers suffer work-related hearing losses.

Under OSHA regulations, businesses must accurately identify employees exposed to noise levels at or above 85 decibels (dB) averaged over eight working hours. This is done by testing and mapping noise levels. As a rough guide, if workers have to raise their voice to speak to someone in touching distance they are likely exposed to excessive noise. Other telltale signs are ringing

ears or dull hearing after leaving a noisy place.

Workers exposed to noise levels above 85 dB must comply with strict exposure limits as detailed in the table below. The employer must notify each employee who is exposed at or above the action level of the results of the monitoring. Employers that have any workers whose noise exposure meets or exceeds these levels must develop a hearing conservation program for them.

To satisfy OSHA requirements, this program must include annual monitoring, audiometric (hearing) testing, hearing protectors, training and recordkeeping.



| Noise level | Time Exposure |
|-------------|---------------|
| 85 dB | 8 hours |
| 88 dB | 4 hours |
| 91 dB | 2 Hours |
| 94 dB | 1 Hour |
| 97 dB | 30 mins |
| 100 dB | 15 mins |
| 103 dB | 7.5 mins |
| 106 dB | < 4 mins |
| 109 dB | < 2 mins |
| 112 dB | < 1 min |

Environmental noise levels can be significantly reduced by using ear protection devices. Most manufacturers will give a noise reduction rating (NRR), or a measure of the reduction in noise, in decibels, the device achieves in a laboratory setting.

Occupational health professionals use several different calculations to determine noise exposure, but generally speaking, you can estimate effective noise exposure levels by subtracting the NRR from the environmental noise level. You want a NRR high enough to block harmful noise, but not so high that the worker is unsafe.

There are three basic types of hearing protection devices:

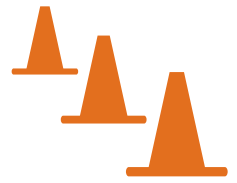
- ✳ **Expandable foam plugs** – These conform to the shape of the individual's ear canal to block sound. They provide good protection if they fit right. But the plugs must be rolled into shape manually. This means that they will not always fit properly and could introduce dirt or dust into the ear canal.

- ✳ **Premolded plugs made from silicone, plastic or rubber.** These are washable and convenient and won't introduce dirt into the ear canal. However, each worker must find their right size and style to make sure they adhere properly to the shape of the ear canal.

- ✳ **Earmuffs.** These block noise by covering the entire outer ear. Some contain noise cancellation electronics that produce sound waves designed to counteract specific environmental noise. Other features allow users to communicate. But they work poorly if not properly sealed around the ear, which is often the case for workers with glasses, beards or long hair. Also, they can be heavier than other devices and can get hot.

Experts recommend annual training to ensure proper device use, supervision to make sure devices fit properly and encouraging workers to use the devices outside the workplace to reduce the chances of cumulative damage.

It's also important to remember that noise is not the only risk factor. Exposures to chemicals and other substances can also cause hearing loss. Combined exposures to noise and chemicals can cause more hearing loss than exposure to either agent alone. Vibration and extreme heat are also potentially harmful to hearing when combined with noise. Employers whose workers face these hazards will likely want to implement a hearing conservation program, whether or not noise levels require one. ■



Ensuring Worker Safety Abroad

Although kidnappings of Americans abroad get all the publicity, other risks await business travelers. Here's what a business manager needs to know before sending an employee overseas.

Before traveling

✦ **Research.** Before a trip abroad, travelers should gain a general understanding of the country's cultural, economic and political situation. The U.S. State Department issues Consular Information Sheets for every country of the world with information on such matters as the health conditions, crime, unusual currency or entry requirements, any areas of instability, and the location of the nearest U.S. embassy or consulate in the subject country. Travelers should also check the State Department's current list of travel advisories before leaving at www.state.gov/travel.

✦ **Learn something about local customs and cultural taboos.** Knowledge of local customs can help business travelers win friends and avoid causing offense. As an example of a cultural taboo, people in Arabic cultures consider it an insult to show someone the soles of your shoes, yet Americans often sit cross-legged with their soles showing. Knowledge of the local language—even basics such as “please” and “thank you”—also show respect for the host country.

✦ **Learn something about local laws.** While in a foreign country, travelers are subject to its laws. Many countries have very strict laws about carrying drugs—even ones prescribed by a doctor. Carry only the amount needed in the original container. Consider carrying a copy of your written prescription and your doctor's phone number, in case you run out.

✦ **Check with the Centers for Disease Control (CDC)** for health warnings and vaccination recommendations for the countries you will be visiting. www.cdc.gov/travel

✦ **Pack with safety in mind.** Where possible, travelers should try to blend in with the locals or

to be as inconspicuous as possible. Avoid bright colors, designer labels, ostentatious jewelry, expensive luggage—anything that suggests wealth or screams “American.”

✦ **Plan travel arrangements carefully.** The safest floors are the second and third floors of most hotels. Staying in a ground-floor room makes you vulnerable to break-ins, while upper floors might be out of the reach of fire-fighting equipment. Avoid rooms with shared balconies.

✦ **Obtain a valid passport and visas, if needed.** Make sure to fill in the emergency information page of your passport.

✦ **Leave copies** of your itinerary, passport and airline tickets with a relative or friend and with someone in the office.

✦ **Register with the nearest U.S. embassy** or consulate through the State Department's travel registration Web site. Registration will make your presence and whereabouts known in case it is necessary to contact you in an emergency. http://travel.state.gov/travel/tips/tips_1232.html.

✦ **Check insurance coverages.** In general, workers' compensation applies to injuries occurring in the jurisdiction(s) named in your policy. In some countries, visitors are entitled to free emergency medical treatment; however, standards might not be up to those of U.S. hospitals. A separate foreign workers' compensation policy will cover your employees for work-related injuries incurred overseas; some will also cover injuries incurred on personal time while on an



overseas business assignment. Look for a policy that covers medical evacuation services, which can cost \$50,000 or more.

Companies that send workers overseas should also consider buying kidnap and ransom insurance. Virtually unheard of in the U.S., kidnap for ransom is growing in certain parts of the world. In 2004, Mark Hall, a security expert interviewed by CNN, estimated there were 8,000-10,000 kidnaps for ransom reported every year. But many of these crimes are never reported, either due a company's reluctance to bring attention to its operations, an insurer's hesitance to advertise that it will negotiate with kidnappers or pressure from local officials.

Kidnap and ransom insurance covers ransom payments for your employees who are kidnapped. Perhaps more importantly, though, this coverage gives employers access to experts in hostage negotiation, who can help handle a kidnapping situation more effectively.

Despite the fact that kidnap for ransom is a growing phenomenon, your overseas workers are much more likely to run into more mundane problems, such as illness or injury, which could just as easily occur at home.

For more information on protecting your workers when they travel overseas, please call us. ■



Associates, warns that not all URs are created equal. Differences in approach by the client and the medical management company can cause a huge disparity in results, he explains.

For instance, all utilization review providers use registered nurses to perform the original review. If they find discrepancies, they often refer the case to a consulting physician, who charges much higher rates. Instead, it's often cheaper and more effective for the nurse to contact the provider to discuss the reasons for the apparently inappropriate treatment. "It could be something as simple as the treating physicians not being familiar with the nomenclature," Garrard says. "If the plan makes sense or the nurse can negotiate, you don't have to send the case to a physician advisor so it's a lot cheaper."

Dr. Paul Umoff, the medical director at GSG Associates, notes that taking a holistic approach to medical cost management pays off for both the employer and the injured worker. "You need to look at the big picture," he advises. "You have to look at outcomes and not each request for treatment."

Garrard recommends such a strategy even if it goes beyond the formal terms of utilization review and crosses the boundary to utilization management. "Utilization review asks whether the treatment matches the medical guidelines," he says. "Utilization management is a process that starts before treatment begins and is more hands-on."

Medical care networks

But other techniques also offer important cost efficiencies, according to a recent study in the *Journal of Occupational and Environmental Medicine*. Led by Dr. Edward J. Bernacki of

Johns Hopkins University School of Medicine, Baltimore, the study found that in workers' compensation cases, using a specialized network of occupational healthcare providers to manage the treatment of injured workers—without third-party utilization review—can still reduce missed work days and health care costs.

The researchers looked at how injury management by a specialized network affected the care and outcomes of Louisiana workers' compensation claims. In the statewide network, called Omnet Gold, each phase of treatment was coordinated by an occupational medicine physician or other specialist with experience in treating workers' compensation patients and expert knowledge of the physical demands of work. These managing physicians could call in other network specialists and were free to make diagnostic and treatment decisions without utilization review.

The study found that claims managed by

Omnet Gold averaged 53 missed work days, compared to 99 missed day for cases managed in the traditional way. The costs of care were also lower for claims managed in the network: about \$12,500, compared with \$20,400 for traditional claims. Average costs for medical care were \$3,995 with Omnet Gold versus \$9,850 for traditional care. Other costs, such as management fees and legal expenses, were also lower with Omnet Gold.

"Utilization review seems to have little impact on the behavior of experienced healthcare providers pre-selected for their ability to appropriately treat and manage workers' compensation cases," Dr. Bernacki said. However, if a specialized network is not available in your area, utilization review can prove helpful. For more information on these and other techniques for managing the cost of workers' compensation medical claims, please contact us. ■



Pharmacy costs in the U.S. workers' compensation industry increased 11.91 percent per injured worker in 2007, compared to 8.67 percent in 2006, pharmacy services provider PMSI said in its 2008 Annual Drug Trends Report.

The survey covered only PMSI clients, but the data mirror the growth in pharmacy spending tracked by the National Council on Compensation Insurance. PMSI said the impact of price accounted for 39 percent of the spending increase, while utilization contributed the remaining 61 percent.

Among the report's other findings:

- Six medications accounted for 65 percent of total utilization increases.
- New brand medications in 2006 and 2007 contributed 2.54 percent to total spending.

- Generic drug launches in 2007 resulted in a savings of 1.98 percent.

- Narcotic analgesics remain the top drug class, representing 35 percent of total drug spending.

Following is PMSI's top 15 workers' comp drugs of 2007:

- | | |
|-------------------------|-----------------------------------|
| 1. Lidoderm (patch, 5%) | 9. Ambien CR (12.5 mg) |
| 2. Celebrex (200 mg.)* | 10. Duragesic (patch, 100 mcg/hr) |
| 3. OxyContin (80 mg.) | 11. Cymbalta (30 mg.) |
| 4. Skelaxin (800 mg.) | 12. Topamax (100 mg.) |
| 5. OxyContin (40 mg.) | 13. Provigil (200 mg.) |
| 6. Cymbalta (60 mg.) | 14. OxyContin (20 mg. CR) |
| 7. Lyrica (75 mg.) | 15. Lyrica (50 mg.) |
| 8. Celebrex (200 mg.)* | |

*(dispensed under different NDCs, National Drug Codes)