

**Washington State Department of Transportation (WSDOT)**

**Submittal for NAPSE AWARD**

**Category: Innovative State Human Resource Management Program**

Program Title: Worker Compensation Return to Work Program  
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**Summary:**

In February 2009, WSDOT created a Worker Compensation Return to Work Unit to better assist our employees and manage our employee workplace injury claims. The dedicated unit enables the agency to more effectively manage the claims, by taking a proactive and holistic approach to maximize the options and benefits available to WSDOT's injured workers.

Goals of the program include:

- Improving communication with the injured worker to ensure the right medical care is provided,
- Working with medical providers and vocational counselors to monitor recovery,
- Developing return-to-work options when appropriate,
- Informing supervisors about the status of recovery and the prognosis for the future,
- Helping employees return to work more quickly

The program works closely with agency supervisors and the Washington State Department of Labor and Industries (L & I) to facilitate timely return-to-work and streamlined processes. Since the unit's inception one year ago, it has successfully reduced our time loss, reserve and medical costs, as well as providing a service to our injured workers.

**1. Please provide a brief description of this program:**

In 2008 WSDOT identified the need to make a concerted effort to tackle return-to-work issues within the organization. In February 2009 the department established a Return to Work Unit within Human Resources to focus on managing industrial insurance claims, Jones Act maritime claims and assist employees with returning to work. Case managers in this unit work with employees, management and external resources to proactively manage claims, and bring employees back into the workplace as soon as possible. With the new approach, we regularly communicate with the injured worker and, coordinate with their medical providers, monitor their care and work with the injured worker's supervisor to assist in bringing the employee back to work. The injured workers will sometimes perform modified duties as they heal and can return to their regular job.

In addition, this team has also been trained in Reasonable Accommodation, Family Medical Leave Act and Employee Benefits. This allows us to take a holistic approach in managing worker compensation claims and maximizing the options and benefits available to WSDOT's injured workers.

**2. How long has this program been operational (month and year)?**

Since February 2009.

**3. Why was this program created? (What problem(s) or issues does it address?)**

As we reassessed our safety program and worker injury issues it became clear that a concerted effort could reduce costs for the agency and employees, and at the same time help employees return to work more quickly. By creating this unit, we are able to provide a more holistic approach to managing our workplace injury claims through dedicated resources and by establishing a working relationship with the Department of Labor and Industries (L & I) to effectively manage the program. L & I is the Washington State agency responsible for industrial injury claims.

One of the issues facing WSDOT is its annual premium for industrial insurance claims, which is regularly about \$9 million dollars. Employees also pay a premium every pay check based on the agency's rating. In addition, our tort costs with Jones Act claims continue to rise, with limited mitigation on the part of the agency. The strategic and proactive management of the claims by this unit have already begun to achieve reductions in premium costs.

**4. Why is this program a new and creative method?**

This unit's work actively manages a part of our business that previously was undermanaged internally. By partnering with the L & I, WSDOT identified ways to reduce our agency's annual premium which included: working with L & I claims managers to close claims, monitoring the injured workers care and returning employees back to work. We also identified the Top 50 claims that would most impact our future rates. In less than four months, we closed 29% of

these high impact claims. Cost reductions have also been achieved by diligent management of the claims resulting in reduction of medical expenses, time loss payments and reserve costs.

**5. What was the program's start up costs? (Provide detailed information about specific purchases for this program, staffing needs and other expenditures, as well as existing materials, technology and staff already in place).**

The program start up costs required staffing of a manager, supervisor and three claims managers for an annual cost \$403,000 which includes salary and benefit. We utilize existing technology and office space within our Human Resources Department.

**6. What are the program's operational costs?**

For 2009, the Return to Work Unit originally consisted of a team of five individuals with an annual total compensation cost of: \$403,000. On 12/31/10, we added a Jones Act Administrator to replace our outside third party administrator (TPA) at a cost of \$67,000 and eliminating the TPA fee of \$75,000 annually.

**7. How is this program funded?**

Program costs are absorbed by the agency's administrative group.

**8. Did this program originate in your state?**

Yes, the WSDOT Return to Work program is the first of its kind in a State of Washington agency. This program is unique in that it has dedicated staff who manage the full-cycle of return to work, and not simply claims management. No other agency has a centralized, devoted unit for the purpose of managing the holistic claims process. This unit combines benefits staff and reasonable accommodation activity that moves it far beyond a typical claims management environment. L & I has been impressed with our unit and are contacting other agencies to recommend they utilize our model of managing claims.

**9. Are you aware of similar programs in other states? If yes, how does this program differ?**

We are not aware of similar programs in other states.

**10. How do you measure the success of this program?**

For the first year of operation this program has realized the following savings and reductions:

\$661,000 Claim Reserves Savings

\$287,000 Time Loss Reduction\*

\$563,000 Medical Cost Reduction\*

\$1,511,000 Total Savings/Reductions compared to 2008 expenditures.

Based on this trend the new unit will more than pay for itself annually in savings.

\*This is a snapshot of costs incurred through 2/1/10. Additional charges to these claims may apply.

**11. How has the program grown and/or changed since its inception?**

Since the program's inception, our relationship with L & I has evolved into a collaborative effort in managing claims and returning the employees back to work. In the beginning, L & I was not accustomed to an agency having such a high level of involvement in the claims. We have both found it extremely beneficial in working together to find solutions to our challenges and manage claims more effectively.

In addition, at the end of 2009, our contract with an outside third party company expired and we hired a Jones Act Administrator (JAA) to manage the claims within our Unit. In the past, maritime employees only communicated with a third party company or had limited employer contact. Having our own JAA is a tremendous benefit to the agency as now our Jones Act maritime employees are also receiving the same benefit of individual claims management that we provide to our L & I claims.