

ONE80 MANCHESTER SPECIALTY CONTROLLING WORKERS' COMP

FOR THE HOME CARE HOSPICE INDUSTRY



Exclusive The Alliance Affinity Partner



Manchester Specialty

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Employees providing home health care and hospice services are frequently at risk of becoming ill or injured by the very nature of their job. Due to the unique and often complex hazards associated with this occupation, safety or “risk-management” measures are vital to ensuring your employees’ well being AND protecting your business’s bottom line.



Workers' Compensation 101

Most businesses are required by law to provide Workers' Compensation coverage for their employees (though some state exceptions apply). In exchange for a premium paid to the insurance company, your Workers' Compensation policy covers medical expenses and lost wages arising from an injury or illness that occurs during the course and scope of employment. Medical expenses might include hospital care, surgery, doctor visits, physical therapy, an emergency room visit, prescription medication, etc. When your employee cannot return to work, replacement income (indemnity) is paid after a pre-determined waiting period and at a percentage of your employee's average weekly wage.

Understanding Your Premium Calculation

Workers' Compensation premiums are calculated using a prescribed formula which is typically based upon the annual payroll for your business. Factors included in the formula are:


$$\begin{array}{r} \text{(Classification Rate} \\ \times \\ \$100/\text{Annual Payroll} \\ \times \\ \text{Experience Modification Factor)} \\ + \\ \text{Fees \& Assessments} = \\ \hline \text{Your Workers' Comp Premium} \end{array}$$

Classification Rate

Classification is a way to categorize different workplace exposures. Workers' Compensation rates are assigned commensurate to the associated risk. For your industry, a typical classification might be 8835 (home health care) and an approximate rate of \$3.87. This rate is multiplied per \$100 of payroll.

Annual Payroll

Payroll is defined as the total annual remuneration (or salaries) for services performed by your employees including commissions, bonuses, overtime, holiday/sick/vacation pay, tax deferred payments, car or tool allowance, and any other substitutes for wage (i.e., store certificates, merchandise, etc.). Common exclusions from payroll are tips, severance pay, premium portion of overtime, and payroll limitations. Both inclusions/exclusions vary by state.

Experience Modification Factor

Experience modification factors can either increase or decrease your Workers' Compensation premium based upon your business's past claims experience. Calculated using data from the three most recent years, this factor is a value that compares the claims profile of your business with similar employers (based on payroll, industry type, etc.). Credit mods (less than 1.00) reduce premium. Debit mods (greater than 1.00) result in a premium surcharge. Not all businesses qualify for an experience modification factor, and different state requirements apply. However, **controlling your "mod" by reducing claims has a direct correlation upon the Workers' Compensation premium you pay.**

Fees & Assessments

Fees and assessments are state specific and often include terrorism and catastrophe charges.

Choosing the Right Insurance Company

When seeking an insurance company from which to purchase your Workers' Compensation coverage, don't sacrifice quality for a small discount on price; this move could end up costing your company over the long run. Although most Workers' Compensation policies are similar in nature, the level and type of services provided by all companies are not.

Choose to work with an insurer that:

- ✓ clearly has expertise in identifying and controlling the occupational injuries and illnesses most common in your industry.
- ✓ offers a wide range of loss control resources to help you prevent incidents from occurring.
- ✓ provides toll-free and online claims reporting 24/7.
- ✓ is able to effectively reconcile those claims that do occur through fair and prompt handling.
- ✓ can help facilitate quality, cost-effective medical care (where allowed by state) through the use of occupational health provider networks, utilization review, nurse case management, and other techniques.
- ✓ provides assistance in setting up a stay/return-to-work program that helps your caregivers get back on the job as soon as reasonably possible.
- ✓ is rated "A" or better by A.M. Best's Rating Services for financial stability (i.e. Berkshire Hathaway GUARD Rating is "A+")



The Real Cost of Work Related Injuries & Illnesses

As an employer, you are probably aware of the direct costs associated with work-related injuries and illnesses. Medical expenses plus indemnity payments to compensate for a caregiver's time away from work can translate into a costly Workers' Compensation claim. Ultimately, claims impact your organization's Workers' Compensation loss experience and can increase the amount of money you pay for your insurance.

Costs you may not be as familiar with are the indirect ones resulting from an workplace incident. These can include:

- A slow down in patient service/care during and immediately after an incident.
- A disruption in normal employee activities during the investigation period.
- Increased wages for unscheduled overtime to make up for a slow down in service.
- The hiring and training of new/temporary replacement staff.
- Greater possibility of litigation.
- Increased potential for malingering and fraud.



Clearly, the potential impact of a loss upon the productivity and profitability of your business can be substantial. This white paper aims to provide you with steps to help minimize the damages.

Creating a Safe Workplace

The simplest way to reduce expenses incurred from Workers' Compensation claims is to prevent accidents from happening in the first place. Of course, you can't eliminate all injuries/illnesses, but taking steps to create a safe working environment for your employees will go a long way to reduce the frequency and, often, severity of workplace mishaps.

Depending upon the size and scope of your operation you may consider implementing a formal safety program which includes all or a combination of these important elements:

- An employee safety committee
- A formal safe patient-management program
- A formal safe materials-handling program
- Educational resources (guides, posters, videos, etc.)
- Employee pre-screening
- Employee training plan
- Hazard inspection checklists and accident report forms
- Safe patient lifting and transfer procedures - for both the patient and the employee
- Pandemic Plan and Personal Protective Equipment (PPE)
- Accommodations for an aging workforce



Recognizing & Controlling Common Industry Hazards

Patient Handling & Lifting – Musculoskeletal Disorders²

Lifting and moving patients creates a high risk for back injury and musculoskeletal disorders. A work-related musculoskeletal disorder is an injury of the muscles, tendons, ligaments, nerves, joints, cartilage, bones, or blood vessels in the arms, legs, head, neck, or back that is caused or aggravated by work tasks such as lifting, pushing, and pulling.

To reduce the potential for injury:

- Take advantage of equipment designed to reduce risk factors including adjustable beds, raised toilet seats, shower chairs, and grab bars.
- Consider using other safe patient handling products such as slip sheets, slide boards, rollers, slings, belts, and mechanical or electronic hoists.
- Develop policies to ensure all care plans identify when ergonomic assistive devices are necessary and implement as appropriate.
- Provide training on all devices, their use, the clinical situation requiring the device, and how to order.
- Develop policies to assess the care giver's competence with the device once trained.

Even when assistive devices are used during client care, some amount of physical exertion may still be necessary. Therefore, employees should be encouraged to:

- Move along the side of the patient's bed instead of reaching across while performing bedside tasks.
- When manually moving the patient, stand as close as possible to him/her without twisting the back, keeping the knees bent and feet apart. To avoid twisting the spine, make sure one foot is in the direction of the move. Using gentle rocking motions can also reduce exertion.
- Pull the patient up in bed when the head of the bed is flat or down. Raising the patient's knees and encouraging him/her to push (if possible) also helps.



Recognizing & Controlling Common Industry Hazards

Materials Handling & Needle Injuries³

Needles and other “sharps” are a serious hazard in any health care setting. Contact with contaminated needles, scalpels, and other sharps can expose your employees to blood that contains pathogens which can pose a very lethal risk. Only those professionals trained and certified in the use of needles and sharps should be providing this service.

Be sure to:

- Avoid the use of needle devices whenever safe and effective alternatives are available.
- Establish a bloodborne pathogen control program that meets all of the requirements of the OSHA bloodborne pathogens standard.
- Provide needle devices with safety features.
- Provide sharps containers for workers to bring into patients’ homes.
- Investigate all sharps-related injuries.
- Provide post-exposure medical evaluation.
- Encourage employees to:
 - Avoid recapping and bending needles that might be contaminated.
 - Secure used sharps containers during transport to prevent spilling.
 - Follow standard precautions, infection prevention, and general hygiene practices consistently.
 - Use devices with safety features.



Recognizing & Controlling Common Industry Hazards

Driving-Related Injuries⁴

Driving from client to client, home health care workers are at risk for motor vehicle-related injuries. Distracted driving, aggressive driving, lack of seatbelt use, driving while tired or after having used alcohol or drugs, poor weather conditions, and poorly maintained vehicles can all contribute to accidents.

To help avoid on-the-road mishaps:

- Set and enforce mandatory seatbelt use policies for all employees with driving responsibilities.
- Ensure that no care giver without a valid driver's license appropriate for the vehicle type is assigned to drive on the job.
- Choose fleet vehicles that offer the highest possible level of occupant protection.
- Maintain complete and accurate records of your employees' driving performance.
- Incorporate training on fatigue management and the dangers of distracted driving into safety programs.
- Implement a written Driver Safety Program for all new and existing employees.
- Obtain motor vehicle reports (MVRs) on a regular basis.
- Address poor driving records (before and during employment) with written criteria and consequences for the employee.
- Encourage employees to:
 - o Always wear a seatbelt.
 - o Avoid distracting activities such as cell phone use, eating, drinking, or adjusting radios and other controls while driving.
 - o Avoid driving when overtired.
 - o Use detailed maps or a GPS to determine routes before leaving.
 - o Have vehicles serviced regularly.

Establishing a Return-to-Work Program

When a limitation makes your employee's ability to perform original duties impossible, minimizing time away from the job is vital to containing costs. Return-to-work programs help you establish opportunities for your employees to engage in modified-duty tasks and alternative work assignments that, in turn, minimize disruptions in your business's operations. Some sample alternative work assignments include:

- Answering telephones
- Cleaning/dusting
- Computer work
- Dispatching
- Emptying wastebaskets
- Entering data
- Filing paperwork
- Handling sales
- Making deliveries
- Making photocopies
- Performing inventory
- Performing light maintenance
- Recordkeeping
- Restocking supplies
- Sorting and distributing mail
- Stuffing envelopes
- Typing
- Volunteering

Expected Savings

Employers who use alternative work assignments save between 10-40% on Workers' Compensation⁵ medical costs and between 14-25% on wage replacement and disability income replacement costs. When applied to the approximate expense per disabling injury, these types of savings can be dramatic!⁶

Example 1: Injured at work, Tom was diagnosed with a hernia that needed repair. The treating physician advised that moderate labor could resume after a recovery period of one to two weeks. Since Tom's employer had adopted a return-to-work program and modified duties that conformed to medical restrictions were in place, Tom went back to work after 14 days, incurring indemnity expenses of only \$1,250. If Tom was not offered an alternative assignment, he could have been out of work for 16 weeks, resulting in indemnity payments of \$10,000.

	INDEMNITY EXPENSES	EXPERIENCE MODIFICATION (MOD) FACTOR	DIFFERENCE IN INSURANCE PREMIUM
WITH RETURN	2 weeks x \$625 = \$1,250	0.968	\$2,087 savings in just one year
WITHOUT RETURN	16 weeks x \$625 = \$10,000	1.880	\$2,087 additional premium each year

Example 2: Jenny sustained a lower back injury while lifting at work. Her herniated disc required back surgery. Since Jenny's job involved medium-to-heavy lifting, she was totally disabled for eight weeks after the surgery and was then able to return after being offered an alternative assignment that met her physical limitations. The total indemnity expense incurred was \$5,000. If Jenny's employer had not offered her the alternative position, the recovery time could have been 36 weeks to go back to her original position. The result could have been \$22,500 in indemnity payments.

	INDEMNITY EXPENSES	EXPERIENCE MODIFICATION (MOD) FACTOR	DIFFERENCE IN INSURANCE PREMIUM
WITH RETURN	8 weeks x \$625 = \$5,000	1.185	\$4,191 savings in just one year
WITHOUT RETURN	36 weeks x \$625 = \$22,500	1.426	\$4,191 additional premium each year

⁵Business Insurance 1998.

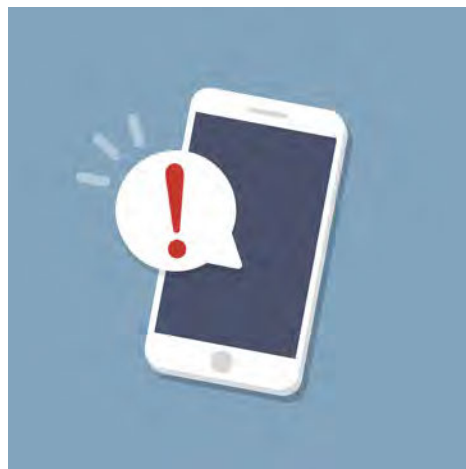
⁶These examples should be considered hypothetical illustrations of the kinds of savings which can occur when a weekly indemnity benefit of \$625 is applied. Without return estimates are based on similar claims.

Reporting Claims Promptly

When an injury/illness does occur, the faster you report the claim, the quicker your insurance company can begin managing effective outcomes. Only the administration of emergency medical care should come first.

Most insurance companies offer toll-free or online claims reporting 24/7. A supervisor and the injured/ill employee should make the initial report together. Information needed will include:

- Your Tax Identification Number
- Your Workers' Compensation policy number
- Your referred medical provider list
- The employee's Social Security Number
- The employee's personnel file, including a job description, if available





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For more information on controlling your workers' compensation costs, contact
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