

CONTROLLING WORKERS' COMPENSATION COST

A

RISK MANAGEMENT PROGRAM

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Associates**
*A Division of
ConsHealth, Inc.*

Controlling Workers' Compensation Cost a Risk Management Program

Introduction

According to the Bureau of Labor Statistics, in 1998, 5.9 million nonfatal injuries and illnesses were reported in private industry workplaces. Of these, a total of 1.7 million workers – 56 percent of whom were between the ages of 25 and 44 – lost time from work as a result of their injuries or illnesses. Although it is difficult to determine national figures on return-to-work and its impact on workers' compensation settlement values, a large portion of the workforce is out of work and someone is paying for it.

The challenge of managing the rising cost of workers' compensation requires the integration of a traditional Risk Management Process. This process includes the adoption of methods and techniques, and the actions taken to **control the risk factors** that cause present and future losses related to injury or illness cases. The system includes identification, analyses, and tracking of the risk factors, an assessment of the likelihood of workers' compensation cases and the consequences, identifying program elements to manage the risk, and the development of a system for continuous assessments to determine how risks change over time. Workers' Compensation risk factors include many that can be controlled and others in which systems to only contend with their threat can be developed.

In devising programs to manage workers' compensation risks, a holistic approach as with all management systems must be taken. This approach in order to control losses includes planning, organizing, directing, and controlling the resources and activities of an organization in order to prevent the occurrence of injuries and illnesses, and to minimize the human and monetary cost of workers' compensation cases.

Because workers' compensation risk management is a form of management its purpose is the same as all management programs: (1) meet the goals of the organization, (2) the making and

implementation of decisions, and (3) the planning, organizing, directing, and controlling of the efforts of others. An effective program increases profits by preventing workers' compensation cases, which reduces both the disruption of production as well as the costs of insurance. The most important goal is to prevent pain, suffering, impairment, and disability of the organizations' employees.

A corporate level Risk Management Program for controlling Workers' Compensation Cost insures success through uniformity and standardization of the program elements.

Workers' Compensation

A Corporate Risk Management Program

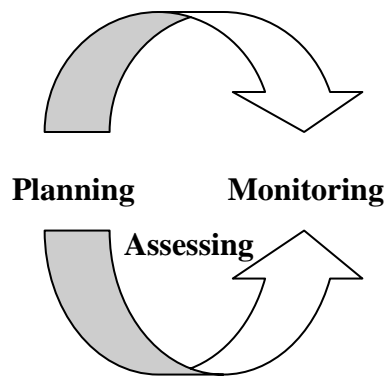
Risks are events or occurrences that prevent an organization from meeting its primary goals. Risks contain two important parts: the probability that the risk will occur and the consequences to the organization as a result of that occurrence. Risk Management involves the determination of these probabilities, the consequences of potential risk, and the identification of the actions that can be taken to limit the possibilities and the degree of the consequences.

The Risk Manager. The initial activity in the development of a Workers' Compensation Risk Management Program is to insure the active support and involvement by senior management. As such, it is important to first study the organizational relationships between the manager responsible for risk management and other managers in the organization. Secondly, it is important to determine the types and methods of communications between the risk manager and all other managers. The function of the risk manager is not to personally minimize the occurrence and the adverse effects of the losses related to worker injuries and illnesses but, instead, to coordinate the efforts of other managers in the prevention of injuries and illnesses for which each of them has some responsibility and, therefore, control. A manager with line authority over employees has the right to order individuals to do a specific task – usually those related directly to production, marketing, or finance. In regards to the safety and health of employees, it is also the line manager who controls the safe actions of the employee. Risk management is a staff function, providing advice and coordination with respect to those

managers who have line authority (right to command) to prevent cases. The staff manager has the right to advise and persuade these other managers to take actions designed to minimize the potential for worker injury or illness. These managers may decide to accept or reject the advice, and as such are responsible for the results of that decision. More success may be had if the risk manager receives a grant of limited line authority in regards to safety. In any case, his position should be like that of a “BF Hutton” when it comes to issues related to managing the risk of worker injury and illness and how they relate to production.

The Corporate Risk Management Process. The basic risk management process for controlling Workers’ Compensation includes three key phases. These include Risk Planning, Risk Assessments and Monitoring. These phases address the activities of Planning, Identifying, Assessing Impact, Prioritizing, Developing Action Plans and Managing and Monitoring Risks. Quite often at the corporate level, efforts are more often directed toward individual facilities within the corporation; those with the highest incidence rates and thereby the highest cost. It is important to realize that **risk management is forward looking, whereas problem management is reactive.** Risk management helps to avoid the “putting out fires” mentality by dealing with risk before they become problems. It is also common to put the initial or most effort into the development of loss reduction programs at an individual facility just to see the same problem “pop up” at another facility. The development of a viable Risk Management Program for controlling workers’ compensation cost must be a “top down” program capitalizing on uniformity and standardization of program elements. Senior management must declare that minimizing the adverse effects of worker injury and illness is a goal of the organization. Once such a declaration has been made, the logical procedures for achieving this goal is to: (1) identify and analyze exposures which may lead to injuries or illnesses; (2) formulate feasible risk management alternatives for dealing with these exposures; (3) select the best alternative control technique or combination of techniques; (4) implement the selected technique(s); (5) monitor the results and if necessary, (6) modify the chosen techniques to adapt to changes.

The three key phases in the risk management process must be a part of a structured process. The phases include Risk Planning, Risk Assessment, prioritization, and handling, and Risk Monitoring.



Following a structured process in solving risk management problems has distinct advantages. First, because the steps are similar to problem-solving techniques used by those in general management, many decision techniques by the risk manager include the use of procedures recognized by management. In addition, the structured decision process helps the risk manager explain and justify decisions to senior management and other personnel in the same terminology used to make other decisions within the organization.

Risk Planning. The planning process begins with a risk management approach that includes an evaluation of the present or needed level of senior management support; a full assessment of the procedures presently in place to determine the probability that risk are present and the consequences to the organization as a result of worker injuries and illnesses; the approach to define how risks will be assessed and managed is determined and, an identification of who will participate in each risk management activity, the methods and tools to be used, and the process for reviews and re-assessments tied to key program elements are made.

Risk Assessments. The assessment to identify the losses that can occur related to worker injuries and illnesses, and analyzing how likely and how severe those losses may be relates to the aforementioned structured process. This is the first step toward solving the problems these exposures pose by controlling the losses they may generate and/or by financing the restoration of these losses at the least possible cost.

The identification of potential losses related to the health and safety of workers is unique to other areas of risk management. Assessments require evaluations in many areas to include human resources, safety, health, toxicology, medicine, epidemiology and statistics, workers'

compensation administration, and engineering. In addition, assessments related to compliance with guidelines by regulatory agencies and workers' compensation law is a necessity. An assessment in these areas is required to not only assess the potential risk, but also to be able to determine the needed controls. **The workers' compensation risk to an organization can generally be categorized into several categories:** (1) Workplace hazards that may effect the health and safety of the worker; (2) the risk related to cost of an injury or illness in both direct cost (medical cost) and indirect (all other cost associated with an injured worker), estimated to be 5 times the cost of medical treatments; (3) the cost of permanent impairments with the award of short or long-term disability payments; (4) the cost of replacement and retraining of key personnel and the effects on production with their loss; (5) the cost of the disruption of production; (6) the risk related to non-compliance with regulatory guidelines; (7) the cost of legal representation and liability, and (8) the cost of public relations.

The assessment must also include an evaluation of factors in which the initiation of specific controls are not as easily possible. One of the most important ones is the demographics of the workforce related to gender and age. Today's workforce is made up of a population in which more than 50% are over 40 years old. Near 75% of women of both the childbearing and post childbearing ages are in the paid workforce. Hazards in the manufacturing workplace may have significant and specific adverse effects according to the type and degree of hazard. One example is the increasing incidence of ergonomic type disorders. In addition, many in the workforce have non-occupational, age related disorders that may be exacerbated by hazards in the workforce. Quite often the company has an increased risk that disorders, which are caused by non-occupational factors are contributed to the occupational environment.

Workers' Compensation Risk Management assessments must be conducted within three tiers of prevention as defined by the American Public Health Association – **Primary, Secondary, and Tertiary**. The risk management assessment activities are categorized as follows:

Primary Prevention

Risks Identification & Analysis
Risk Control Alternatives Selection
Management Commitment
Workplace Hazard Audits
Safety Committees
Line Manager Training
Employee Training
Light Duty Job Identification
Written Policies Development
Regulatory Compliance

Secondary Prevention

Risk Identification & Analysis
Risk Control Alternatives Selection
Expedient Medical Treatment
Workers Compensation Plan
Management of Recordables
Loss Time Case Management
Accident Investigation
Communication:
Employee
Medical Personnel
Attorneys

Tertiary Prevention

Risk Identification & Analysis
Risk Control Alternatives Selection
Regulatory Compliance
Case Management

Within the **Primary Prevention** tier the goal is to identify the risk to an organization in consideration of several factors to include, previous injury and illness incident rates, rates in similar industries' according to the Bureau of Labor Statistics data, population demographics, hazards in the workplace and the risk that a worker will be exposed to such hazards leading to an injury or illness. In addition, to identify what risk management or safety and health programs are required to decrease hazard exposure and to meet regulatory guidelines. Conduct training of supervisory personnel and employees as a part of written policy and procedures documents.

Should injuries and illnesses occur, light duty positions for expedient return-to-work is determined.

Secondary and Tertiary Prevention relates to occurrences where workers have already been injured or made ill. The assessment must involve a review of the extent of reported disorders and the risk that the cases will lead to disability compensation. Also, a determination of the seriousness of the loss as it relates to such factors as the value of the particular person's services to the organization and the difficulty and costs associated with replacing that person. Close communication with all parties involved to insure thorough care and evaluation with a return-to-work as soon as possible.

Unfortunately companies must contend with the fact that every day thousands of injured workers avoid going back to work. According to Gordon (2002), they intentionally sabotage interviews by wearing wildly inappropriate attire or acting hostile, aggressive and even threatening toward potential employers. They act out what some call the workers' comp return-to-work drama. In this production, the primary cast includes the injured worker, physician, adjuster and, finally, lawyers. They are supported by the employer, private investigator, rehabilitation supplier and re-employment specialist. As some members of the cast try to end the play by getting the employee back to work or settling the claim, others counter their effort. After all, if the play ends, the money flow stops for some of these characters.

The good news is that such stories are the minority – about 85 percent of injured workers return to their jobs within thirty days of their injury. The remaining 15 percent, however, have been led to believe by physicians and lawyers that they may never work again; they are angry, afraid and often unmotivated to find work. Securing employment for them through a traditional return-to-work program is a major challenge.

Frequency and Severity. After the events that may lead to worker injuries or illnesses have been identified as well as the types of losses, which may stem from these events an analysis of the likelihood and severity of the losses must be conducted. The likelihood of an injury or illness may directly correlate with the types and extent of chemical, physical, ergonomic, or biological

workplace hazards. The frequency and severity of losses will also relate to the gender and age demographics of the working population. Another factor is the lack of engineering controls or the lack of supervision provided to insure compliance with safety rules and regulations.

To estimate the probabilities of various types of losses empirical loss data of the organization itself, other firms in the same industry, or statistics on society may be used. A second source of information for determining the frequency of future losses is the use of theoretical probability distribution. As a prospective activity, risk management focuses on losses that may strike in the future, and on steps taken now or in the future that the organization can minimize the adverse effects of these possible losses. As such the risk manager must be able to forecast the losses an organization is likely to suffer. Forecasts of the likelihood of particular events, of particular types of losses and of the severity of those losses are germane to specific risk management decisions. Information on past losses and on past effects of various risk management techniques is not in itself a fully reliable basis for forecasting the future. To improve reliability various “trending” methods to adjust loss data for inflation, for changes in judicial attitudes, or for the increasing size of modern manufacturing plants and machinery should be used. From the historical loss data and the statistically filled gaps, probability distributions can be developed for the frequency of a particular type of event (such as an employee developing carpal tunnel syndrome), or for the severity of any type of loss (such as the number of working days lost by employees who suffer carpal tunnel syndrome). By organizing loss data in terms of the number of losses which have happened in a given time period or in terms of severity and then charting this data, many of the graphic probability distributions of frequency and severity of losses closely approximate the shape of some theoretical probability distributions. Having a probability distribution, which fits and fills the gaps within the available loss data some conclusions can be drawn. (Head, 1976)

Risk Management Controls. After assessing the types, frequency, and severity of potential causes of worker injuries and illnesses, one is able to formulate alternatives for dealing with these risks. Two types of decisions are needed to implement risk management techniques: (1) technical decisions as to exactly what action should be taken, and (2) managerial decisions as to

how and by whom this action should be taken (Head, 1972). Among the risk control alternatives that can be employed are:

Risk Avoidance, to completely eliminate the chance of a particular type of loss. An example is the identification of a workplace hazard risk to which engineering controls are applied.

Loss Prevention, to reduce (but not totally eliminate) the chance of a given loss. An example is the initiation of a job rotation program and warm-up exercises to prevent ergonomic related disorders.

Loss Reduction, to reduce the severity of those losses which do occur; separation or diversification of loss exposures, to reduce concentrations of value subject to a single accident and to make aggregate losses more predictable. An example is the development of an organized approach by a facility to handle the Workers' Compensation program to include such programs as Committees, Incident Investigations, light duty positions, working with medical and legal personnel, etc.

Utilization of non-insurance transfers, which rid the organization of any responsibility for the loss.

Monitoring. After the selection and implementation of risk management techniques or controls certain general results, such as reductions in losses or in insurance premiums are expected. As such, techniques to monitor the results are imperative. Effective monitoring and control has three aspects, setting standards for defining acceptable performance, comparison of actual results with these standards and correcting actual results to more fully comply with standards.

Summary

The development of a viable Corporate Workers' Compensation Cost Control Program as a part of a Risk Management Program must be holistic in its approach. The program must include Planning, Assessing, and Monitoring. The goal must be the same as that of the organization. As such, management commitment is necessary, risk must be identified, controls agreed upon, and a system to monitor the effects of the selected controls. Developed at the corporate level, the standardization and uniformity of controls and program elements will insure viability, and insure that workers' are protected, those injured or ill are cared for, and that regulatory guidelines are complied with. It is important to distinguish **risk management, which is forward looking,**

from problem management, which is reactive. In cases at individual facilities where workers' compensation cost is a problem, the following initiatives can be taken. However, though the program elements may be outlined uniformly, individuality is important. As such, each facility's program must be assessed individually.

Individual Facility Workers' Compensation Risk Management Program

Under the auspices of a Corporate Workers' Compensation Cost Control program as a part of a Risk Management Program, successes to protect the health and safety of workers can be achieved. **This requires certain elements of uniformity and standardization in which risks can be assessed on a continuum and risk management alternatives integrated, all of which are supported and blessed by line management.** This requires that all individuals at the facility involved with the health and safety of workers understand their responsibilities as risk managers to control the risk of worker injuries and illnesses while meeting regulatory guidelines. Several program elements are necessary to include programs involving **Risk Avoidance, Loss Prevention and Loss Reduction:**

Risk Management – Primary Prevention Programs

Management Commitment & Employee Participation. A commitment by management at each facility is imperative and is generally a function of the goals set by corporate senior management. As in other areas of risk management, workers' compensation cost control programs must be given priority attention in order to maintain the health of the workforce to insure longevity, decreased absenteeism, and increased productivity. Employees must be a part of the risk management team. This participation insures that line management is aware of observations made by production personnel of the risk of exposure to workplace hazards with the introduction of multiple ideas to prevent exposures. To develop programs where management demonstrates commitment to worker safety with full participation by employees, several myths concerning the Workers' Compensation Program must be considered:

Myth 1 – The Safety Department can control workers' compensation cost alone.

Myth 2 – Regulatory compliance alone will control workers' compensation cost.

Myth 3 – The insurance carrier manages the workers' compensation program.

Myth 4 – The facility has no control over workers' compensation cost.

Myth 5 – A good light duty program will fix the workers' compensation program.

Myth 6 – The facility has no control over the medical management of workers' compensation cases

Myth 7 – The facility has no control over the legal management of workers' compensation cases.

Workers' Compensation and the Safety Program. The cost of workers' compensation is directly correlated to the viability of a facility's safety and health program. Safety programs include a significant psycho-social component with applicable engineering activities. As a behavioral science, a viable program requires the development of a culture at the facility with established concepts, philosophies, and policies. Another component of establishing a culture is to outline the expectations of workers related to safety behavior.

Workplace Analyses. To determine the risk to the health and safety of workers at the facility assessments of the risk related to workplace hazards and regulatory compliance are necessary. Hazards are categorized into chemical, physical, ergonomic and biological. The assessments include qualitative and quantitative analysis as to the type and degree. Additionally, an assessment as to the risk of exposure to such hazards is required. Once assessed, the need for and types of controls can be determined. Controls are in the form of engineering and/or administrative. Such controls are also a requirement of regulatory guidelines. These controls may include:

Risk Avoidance, to completely eliminate the chance of a particular type of loss. An example is the identification of a workplace hazard risk to which engineering controls are applied.

Loss Prevention, to reduce (but not totally eliminate) the chance of a given loss. An example is the initiation of a job rotation program and warm-up exercises to prevent ergonomic related disorders.

Loss Reduction, to reduce the severity of those losses which do occur; separation or

diversification of loss exposures, to reduce concentrations of value subject to a single accident and to make aggregate losses more predictable. An example is the development of an organized approach by a facility to handle the Workers' Compensation program to include such programs as Committees, Incident Investigations, light duty positions, working with medical and legal personnel, etc.

Incident investigations. In the case where an injury or illness occurs a thorough investigation of the incident is needed to determine the risk to other employees and which controls failed. The participation by members of management and employees insures the necessary thoroughness to prevent future occurrences. In addition, a thorough assessment limits liabilities to both the facility and its personnel.

Safety Knowledge and Accountability of Line Management. Two of the most important factors in the control of workers' compensation cost in the development of a viable injury prevention program are, the level of knowledge and accountability of line management personnel. Unequivocally, the risk of injury and illness risk are limited and/or eliminated by the supervision over the safety behavior of the workers they supervise. Though safety personnel, as risk managers, can advise line managers, only the line manager controls the actions of workers. In order to meet their responsibilities for the safety of the workers they supervise, the line manager must be knowledgeable in the science of safety management and regulatory requirements. This requires particular and specific training of these personnel in order to legitimately hold them accountable. In addition, the insurance of training helps to limit the liabilities of the line manager and the company.

Employee Training. Based on the hazard assessment risk data and the requirements of regulatory guidelines, a successful risk management program for controlling workers' compensation cost must include an organized training program. The training may be as a part of several types of forums including over-the-shoulder by supervisors, instructor lead courses, and/or automated formats. It is important that particular attention be given to the curriculums or formats used in consideration of not only the workplace hazards and the types injuries or illnesses occurring, but also the demographics of the workforce related to gender and age.

Hiring Decisions. To the extent allowed by regulatory guidelines certain judgments in the decisions related to the risk involved in hiring should be made. As such, it is vital to have a thorough risk assessment of workplace hazards and documentation of the physical requirements of each job operation. With this data, collaboration with supporting medical personnel is possible to insure safe and healthful job placement during the hiring process. Several formats are available to include the Job Safety and Job Hazard Analysis. Decisions can also be made after a review of available records within the Department of Labor concerning an individual's job history.

Risk Management – Secondary and Tertiary Prevention

A Workers' Compensation Plan. In those cases where injury and/or illnesses have occurred procedures to manage the risk to the company are necessary. These risk include disruption of production, loss of key personnel, pain and suffering, disability payments, rising insurance cost, citations by regulatory agencies, and damage to public relations to mention a few. Once the occurrence has occurred, risk avoidance, loss reduction, and loss prevention controls are necessary.

Management of Recordable Cases. The criteria for recording injuries and illnesses are outlined by regulatory guidelines set forth by the Occupational Safety and Health Administration (OSHA). These include cases requiring more than first aid, restricted duty, time away from work, loss of consciousness, and point of operation amputations. In addition, there are specific program recording requirements such as significant hearing loss. In order to limit the monetary and liability risk to the company specific and required management actions are required. Communications between the facility risk manager and the treating medical facility is imperative. This helps to insure expedient medical treatment and the return to of the employee to work at his regular job or a light duty position as soon as possible. Additionally, a thorough incident investigation is needed to prevent others from being exposed to the situation causing the accident. A thorough investigation also identifies situations in which safety policies have been violated in order to administer counseling and corrective actions as necessary. Finally, information to determine appropriate recording and/or reporting is gathered.

Management of Loss Time Cases. The management of cases in which the worker is away from the job, the risk manager and other members of management need to be actively involved. First, and most importantly compassion or concern for the injured or ill worker must be shown. Secondly, the risk manager must work closely with the insurance company and those assigned as case managers in an attempt to return the worker to work as soon as feasibly possible.

Impairment/Disability Settlement Cases. In those cases when impairment results from the injury or illness, the risk manager must assess the potential losses to the company while having appropriate concern for the needs and rights of the employee. As such, the risk management program must maintain an interactive dialogue with attorneys, mitigators, physicians, and the employee. The key is active involvement with all parties concerned insuring the necessary level of aggressiveness to include agreeing appropriately, however denying claims without merit while assessing fraudulent or malingering situations.

Communications. Employers often show support at the time of the injury, but strong communication during the entire recovery process has an equally important impact on the injured worker's ability to fend off psychological tailspin. Such strategies can promote the worker's mental and emotional recovery:

- Show sincere concern
- Avoid disputes
- Invest in proactive internal resources

During the recovery process, many injured workers experience negative emotional training from medical and legal professionals. Rather than exploring their patients' (or clients') potential for the future, doctors and lawyers often focus on what they will not be able to do until (or when) they recover. This is hardly intentional, since doctors and lawyers generally want what is best for their client. By stepping in before these events unfold, employers can reduce their effect.

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A

RISK MANAGEMENT PROGRAM

PROFESSIONAL ASSISTANCE



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Controlling
Workers' Compensation Cost
a
Risk Management Program
Professional Assistance

Introduction

The staff of *Risk Management Associates (RMA)* provides professional assistance to corporate and facility level personnel with the responsibility for the management of risks associated with the potential for, and the occurrence of worker injuries and illnesses. The services include direct guidance, and the application of traditional risk management processes to the client's Workers' Compensation, and Safety and Health Program. RMA provides assistance from several perspectives to include health, safety, health education, medicine, jurisprudence, statistics and epidemiology, and regulatory compliance.

RMA acts to facilitate the identification, analysis, and tracking of risk factors that may or have contributed to injuries and illnesses, and the development of risk management alternatives (controls) of such factors. This involves the gathering and utilization of empirical loss data and the development of theoretical probability distributions to provide information upon which forecasting of future potential losses can be accomplished as well the management of cases already existing. The assessments include the analyses of the losses that can be prevented and the losses that can be expected with active cases at the present time. The goal is to develop systems to collect, analyze, and track data upon which the client is able to integrate methods and techniques to control the cost of worker injuries and illnesses. These processes include the full spectrum of services from auditing systems presently in-place to the development of systems that need to be developed.

Our team includes graduate level trained personnel in the various sciences as listed within the approach perspectives previously outlined. A Doctor of Health Services, specialized in

Occupational Health and Safety, who also holds a Masters of Public Health and a second Masters of Science in Health Education, facilitates the team's activities. The facilitator is also a former general medical practitioner with specialty training in Occupational Medicine. According to the assistance we provide, our team includes a Statistician with a Ph.D. and MBA who is a Registered Professional Engineer; a M.D. specialized in Occupational Medicine; a Masters of Science in Risk Management and Workers' Compensation, and a Masters of Science majoring in Occupational Health and Safety.

The specific program elements for which services are provided are included within three phases as follows:

Risk Management Planning

Risk Management Assessment

Risk Management Monitoring

Risk Management Planning

This planning includes an evaluation of the corporate level and each facility level program or system. The staff of *RMA* works closely with those designated to manage the risk within the company's Workers' Compensation Program to first assess the support and emphasis being placed within the organization to limit losses from worker injuries and illnesses. In addition, the team will determine the organizational relationships between the risk management department and other managers in the organization as to what responsibilities and authorities have been designated. This planning also includes an evaluation of the various program elements already in-place to assess and manage the risk related to the Workers' Compensation Program.

Risk Management Assessment

These assessments include an evaluation of the corporate level and each facility level loss risk data. The *RMA* staff works with those designated to manage the risk within the company's Workers' Compensation Program to identify and analyze exposures, which may lead to injuries and illnesses. This involves initially, a review of documentation of past or present cases to include an epidemiological and economic analysis, a review of empirical loss data from similar businesses by Standard Industrial Classification Code, a review of regulatory agency empirical loss data, a study of specific demographic factors to include age and gender, and an evaluation of

outstanding cases. These assessments are conducted from an individual facility perspective and in comparison to other facilities; also, in consideration of the individual types of cases and risk control programs from one facility to another.

Using already documented information or by actually conducting physical surveys, the staff will assess the risk of worker injury or illness by assessing the chemical, physical, ergonomic and biological hazards at each facility and the programs in-place to control these hazards. These results will then be compared to the epidemiological and statistical data of past cases or those at other businesses to determine direct causations. These evaluation results will also include a comparison with regulatory guideline requirements.

Risk Management Controls

These assessments include an evaluation of the corporate level and each facility's programs. After assessing the types, frequency, and severity of risk and potential causes of worker injuries and illnesses, one is able to formulate alternatives for dealing with these risks. The *RMA* staff works with those designated to manage the risk within the company's Workers' Compensation Program to determine and devise the Risk Management Alternative Controls to limit the company's risk. Among the risk control alternatives that will be considered are:

Risk Avoidance Controls, to completely eliminate the chance of a particular type of loss. An example is the identification of a workplace hazard risk to which engineering controls are applied.

Loss Prevention, to reduce (but not totally eliminate) the chance of a given loss. An example is the initiation of a job rotation program and warm-up exercises to prevent ergonomic related disorders.

Loss Reduction, to reduce the severity of those losses which do occur; separation or diversification of loss exposures, to reduce concentrations of value subject to a single accident and to make aggregate losses more predictable. An example is the development of an organized approach by a facility to handle the Workers' Compensation program to include such programs as Committees, Incident Investigations, light duty positions, working with medical and legal personnel, etc.

Specifically, these controls may include the identification of the need for training, written programs, and particular types of audits or program element developments.

Risk Management Monitoring

After the selection and implementation of risk management techniques or controls the *RMA* staff works with those designated to manage the risk within the company's Workers' Compensation Program to develop techniques to monitor the results. These techniques include three aspects,

setting standards for defining acceptable performance, comparison of actual results with these standards and correcting actual results to more fully comply with standards.

Individual Facility Program Development

The RMA staff works with those designated to manage the risk within the company's Workers' Compensation Program to develop a commitment by management and programs for participation by employees. This will involve assistance to eliminate the myths generally believed about the Workers' Compensation Program so that it is understood that the goals of this program are the same as those of the company's general management. In addition, the staff can assist with development, organization, or enhancement of the following program elements:

A Workers' Compensation Plan

Safety and Health Program Evaluation & Development

Workplace Analyses Program (Audit)

Incident investigation Program

Safety Knowledge and Accountability of Line Management Program

Employee Training Program

Hiring Decisions Program

Management of Recordable Cases Program

Management of Loss Time Cases Program

Impairment/Disability Settlement Cases Program

Communications Program