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OBESITY'S CLASSIFICATION as a disease creates new exposures in the workers' compensation arena.

Weighing the Obesity Exposure

The sedentary nature of working at a desk can trigger workers' compensation obesity claims. **BY MISTY PRICE AND MARIAH BAESEL**

The recent action by the American Medical Association to reclassify obesity as a disease has generated a great deal of discussion about its potential impact on workers' compensation.

Notably, in August, the California Workers Compensation Institute (CWCI) issued a report suggesting that the reclassification could spark a rise in the number of work injury claims involving obesity.

This should raise some new red flags for risk managers, who may view this as a signal to revisit their workers' compensation and employee wellness initiatives.

Not surprisingly, CWCI found that in workers' compensation, obesity historically has been a comorbidity — a condition coincidental to, but independent of, an injury or other illness. Thus, medical providers might include an obesity comorbidity code on their bills when they believed the condition needed to be addressed so the work-related injury could be treated and the worker could recover and return to work.

An earlier CWCI survey (conducted in 2011) found that, while 28 percent of injured workers reported that they were obese, fewer than 1 percent of job injury claims from those workers included an obesity comorbidity diagnostic code.

So, at that point, obesity infrequently was found to be a condition that had to be addressed in order to treat most work injuries and illnesses.

Now, however, according to CWCI, that may change: "… if medical providers feel a greater responsibility to counsel obese patients about their weight and to treat the condition, especially if there is a greater likelihood that they will be paid for doing so. That could prompt an influx of claims that include obesity as a comorbidity, as well as an increase in cases in which obesity is claimed as a compensable consequence of injury (e.g., when an injured worker gains weight due to lack of exercise or a medication prescribed to them during recovery)."

THE COST OF OBESITY

By latest estimates, about two-thirds of American adults are overweight or obese. And the difference in medical costs is more than five times higher in severely obese workers than those with a normal Body Mass Index (BMI). Citing the Duke Health and Safety Internal Medicine Archives, NCCI described how workers' compensation claims rose in step with workers' BMI.

Consider the following medical claims costs per 100 workers:

- Normal BMI: $7,500
- Overweight: More than $13,300
- Mildly Obese: More than $19,000
- Moderately Obese: More than $23,300
- Severely Obese: More than $51,000

Indeed, when obesity is a comorbidity in workers' compensation, its impact on medical costs is substantial.

With respect to indemnity costs, an NCCI study in 2012 found that claims involving obesity have five times the indemnity costs of those where obesity is not a comorbidity. The multiple jumps to six when permanent partial disability claims are included.

The NCCI study follows a Duke University study, which pointed to substantially higher odds of injury for workers in the highest obesity category.

That study tallied workers' compensation claims for Duke University and Duke University Health System employees over an eight-year window, and classified the employees according to six BMI categories ranging from underweight, to recommended weight, to overweight and three classes of obese.

The Duke study found that medical costs for morbidly obese employees were 6.8 times higher than for recommended-weight employees. Morbidly obese employees were also twice as likely to have a claim, and missed almost 13 times more days of work.

Beyond the studies, AMA's classification of obesity as a disease adds a new wrinkle — and that's whether workers might claim their disease stems from the forced sedentary lifestyle of the work environment.

OBESITY AND MODELING

In workers' compensation management, the use of predictive modeling is rapidly gaining momentum. When identified early, obesity is an absolute driver in predicting the size and complexity of the loss. Obesity is one of the most effective "predictors" of serious injury.

Tracking the overall health of the workforce will allow risk managers to design proactive solutions to obesity and related conditions before a claim occurs.

However, after the claim occurs, risk managers will need to determine early on what solutions are available for changing the "predicted direction" of that claim, if the claimant is obese.

Here, the value in predictive modeling is if the claim is likely to be a large loss, then it is important to devise intervention strategies as soon as possible to change the claim's trajectory.

The workers' compensation industry has a wealth of data on obesity. Employer claims data with payment detail is rife with employer-specific information on comorbidities and costs.

To address the impact of obesity on the organization, it is necessary to tackle the data.

As the CWCI research found, diagnostic coding isn't isolated around comorbidities consistently. That is a critical data element in prediction, intervention

Summary

- **Obesity's impact on claims costs is undeniable.**
- **Workers may now claim their sedentary work environment causes weight gain.**
- **As in many risk management challenges, good management of data will help control losses.**

and return on investment tracking.

If it is difficult to gather program data, remediating that situation should be a top priority. Require vendors to make information readily available. Obesity is often voluntarily reported to doctors and available in diagnostic codes as claims begin creeping upward. TPA adjusters should be able to share that information with an employer's defense attorneys. And the organization's RMIS can be used to conduct a multivariate analysis.

Many employers have difficulty putting their fingers on their specific experience and losses. Try to fix that now. Scrub the current open claims. Extract the obesity information so it can be readily correlated with other information in reports.

With the help of the organization's HR department, work with HR consulting firms — independent consultants or those associated with brokers — to seek out integrated claim and human resource analysis.

In addition, the CDC's Obesity Cost Calculator, available through the CDC website, can help employers estimate obesity-related costs to the organization, as well as compare the costs and benefits of obesity prevention programs.

For example, risk managers can develop the following estimates for their organizations:

- Total costs attributable to high BMI;
- Total annual medical costs attributable to high BMI;
- Total annual work loss costs attributable to high BMI;
- Number of employees with high BMI;
- Average attributable cost per high-BMI employee;
- Expected costs of interventions to reduce obesity;
- Potential reductions in medical costs and work loss resulting from interventions; and
- The number of years before a break-even period is reached.

Once there is a baseline, risk managers can see how obesity is driving the organization's experience.

And when the actual costs associated with obesity (not assumptions or broad industry numbers) are known, employers can begin evaluating intervention options.

In workers' compensation, the longer a claim is open, the more issues arise — and the higher the costs.

TEAMING WITH HUMAN RESOURCES

Given the increasing costs and potential exposures associated with obesity, the time is right for risk managers to collaborate with their HR counterparts and educate senior management about obesity, workers' comp and related issues.

With the AMA classification, employees might claim their new disease is a compensable consequence of injury, acquired through free meals or poor snack choices available in meetings and break rooms, and long work hours that reduce time available for exercise.

As risk managers initiate internal dialogues on obesity, the time is ripe for employers to revisit or establish policies that reduce exposure and strengthen wellness. They can improve available food options or eliminate them altogether.

Consider workplace interventions on obesity, including wellness programs. The Wellness Council of America estimates the annual cost per employee of $100 to $150 for a wellness program generates a return of $300 to $450. And several studies show wellness programs generally pay for themselves. Harvard health economist Katherine Baicker led a 2010 study considered the "gold standard" in measuring return on investment: It found that "medical costs fall about $3.27 for every dollar spent on wellness programs, and absentee day costs fall by about $2.73 for every dollar spent."

In January 2014, wellness measures under the Affordable Care Act take effect. Some may help expand corporate wellness programs and improve their effectiveness in reducing obesity, including:

- **Larger employer incentives.** Starting in 2014, employers will be able to boost incentives for employee participation in health promotion and wellness programs by 20 percent to 30 percent.
- **More robust wellness benchmarking.** Federal workforce wellness programs will be evaluated and reported to Congress by the Department of Health and Human Services (HHS). Under the law's Section 4402, the evaluations will include employee absenteeism, productivity, workplace injury rates, and "medical costs incurred by employees, and health conditions, including workplace fitness, healthy food and beverages and incentives."
- **Long-term measurement.** Surveys will be conducted nationwide on worksite health policies and programs, and assessed by HHS. Subsequently, surveys will be conducted periodically to measure the effectiveness of the programs. The surveys are outlined in Section 399 MM-1 of the bill.
- **Funding assistance.** Small business tax credits and grant money will be available for implementing wellness programs.

INCENTIVES DON'T GUARANTEE SUCCESS

In addressing obesity, wellness programs to date haven't been a panacea. Nearly three in four (74 percent) U.S. employers already offer some sort of incentive or wellness program, but many have had modest effects due to low employee participation.

Be aware that incentives alone don't guarantee success. Experts at WELCOA (Wellness Councils of America) point to seven benchmarks of successful, results-oriented employer wellness programs:

- Capture CEO support.
- Create cohesive wellness teams.
- Collect data to drive health efforts.
- Craft an operating plan.
- Choose appropriate interventions.
- Create a supportive environment.
- Carefully evaluate outcomes.

So if the organization's wellness program has limited participation, it may warrant revisiting it.

As cost issues associated with obesity gain more attention, risk managers recognize they cannot solve these challenges exclusively with traditional approaches. Consider intervention options. Understand the costs. And do the necessary analysis to be able to justify the investment in necessary risk management resources to stakeholders.


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