



March 2018

Wellness and Claims Observations for Southern California Casino

American Corporate Health is providing musculoskeletal wellness services to a Southern California Casino, and currently offers its program to 48 employees per week.

Last year, I had the opportunity to review initial program results, and found that ACH provides an effective – and cost-effective – first aid option for employees suffering from musculoskeletal disorders (MSD). I recommended expanding the program, which would lead to significant cost savings for the Casino.

I have had the opportunity to review Commerce's workers' compensation claims history from 2014 – 2017. There are 520 claims for these four years, currently valued at \$25,474,636, with the average at \$48,990. The Casino operates in an area known for the high-cost of claims and excessive litigation, especially for post-termination cumulative trauma claims, but there are still a lot of claims that might be avoided or mitigated through the use of ACH's wellness approach. Of the 520 claim, I identified 172 with the type of complaint that benefits from ACH's program, and of these, 82 which did not appear to be litigated at onset of the claim. These 82 claims cost \$5,094,722 (\$60,652 average), and are indicative of the high potential return on investment from timely referral to the ACH program.

To date, ACH has treated 198 employees for musculoskeletal disorders. Employees average 3.5 visits and report 70% improvement in symptomology. Some ailments respond even better to ACH: Wrist complaints are 89% improved, knees are 84% and hips are 83%. Three case studies highlighted in the footnote illustrate successes achieved by ACH.

Do these figures show that expanding the program will translate into savings? Yes. Non-legal MSD claims decreased 50% in 2016, and another 38% in 2017. The 31 claims avoided during 2016 and 2017 represent as much as \$1,625,009 in savings.

In addition to those costs that can be directly tied to workers' compensation claims, employers who engage employees with high caliber wellness programs will expect to see improved morale, reduced turnover, reduced absenteeism and higher productivity.

One effect of my time in the insurance industry as a claims examiner and risk manager is that I the very expensive claims that are the failure of the system to work as it should. Unnecessary absences, improper diagnoses and delayed treatment all impede the speedy recoveries of injured employees. Almost every 'bad' claim I've handled could have been resolved smoothly with a little TLC. An employer who offers the program from American Corporate Health is on the right track in caring for its workers.

When injuries occur, the Casino will be there to help employees regain their productivity and independence.

Thank you for the opportunity to provide my comments and observations on this program.

Sincerely,

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Three Case Studies:

1. A male maintenance engineer, age 60, took a misstep off a forklift and developed tightness and discomfort in his right leg, making it difficult to climb stairs. He described his pain as 7 out of 10 on the Visual Analogue Scale (VAS). He chose to receive first aid from ACH, and reported 99% improvement in his symptoms after his course of five treatments and had no lost time from work, even after an intervening injury at home left him unable to walk for a few days.
2. A female accountant, age 41, experienced the onset of symptoms in both hands and wrists over the course of two months, reporting a VAS score of 7/10. She missed a day of work because of throbbing pain in her hands. Following eight treatment sessions, she reports 99% improvement and has not needed to miss any more work.
3. A female cashier, age 42, reported bilateral upper extremity pain, discomfort and tightness that became worse over the past year, particularly wrist and shoulder pain on her dominant side. She experienced noticeable increase in symptoms at the end of her workday, and has taken a few days of work due to pain. Following 5 sessions, the employee reports she was 90% improved, and has not required additional treatment.

Based on overall positive results, as documented by these three case studies, Commerce Casino and its employees would see significant benefits from an expansion of the ACH program. Without access to the Casino's workers' compensation claim history, it is not possible to prepare an in-depth forecast of savings, but by extrapolation I believe that the Casino saved at least \$15-20,000 through the avoidance of just these three possible claims. At a cost of \$1,575 for services, that represents a 13:1 return on investment.

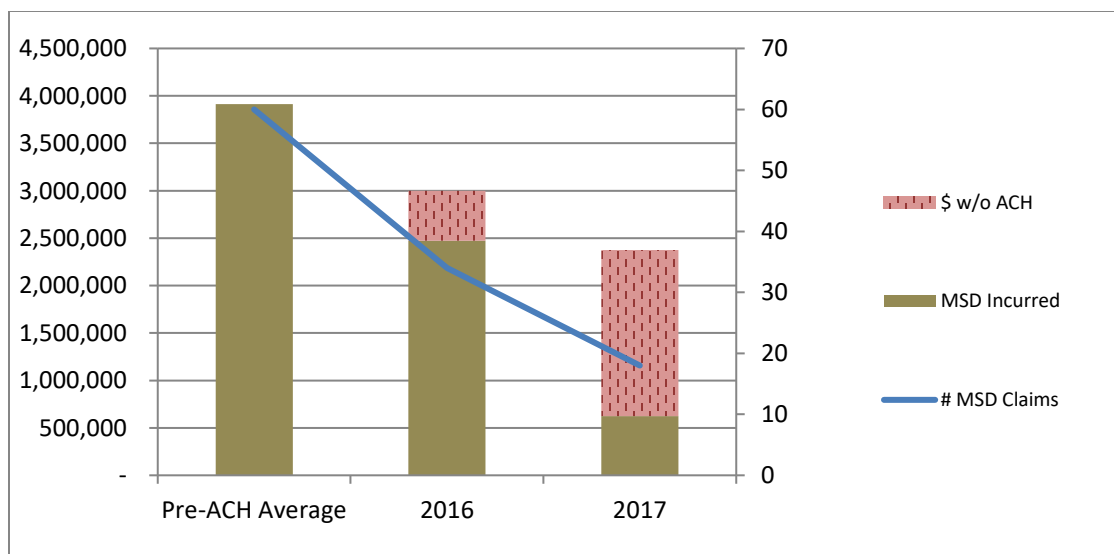


Return on Investment Analysis for American Corporate Health at an Southern California Casino

American Corporate Health (ACH) is providing musculoskeletal wellness services to a Southern California Casino, and currently offers its program to 48 employees per week. After my recent review of the Casino's workers' compensation claims history for 2014 – 2017, it was my opinion that the expansion of the ACH orthopedic wellness program produced significant savings by reducing or mitigating the frequency and severity of musculoskeletal disorders that lead to costly workers' compensation claims.

Measuring return on investment for a program involving so many variables is a challenge, but it can be done. This preliminary evaluation is based on available metrics and trends. ACH has treated 198 employees under the orthopedic wellness program, achieving an average of 70% improvement in symptoms after 3.5 visits.

The chart below demonstrates the reduction in the number of claims and the incurred costs. It is logical to assume that without ACH's orthopedic wellness program, the number of MSD claims would continue at about 60 per year. The incurred costs would be a bit lower than historical because of the impact of workers' compensation reforms and loss development, so these have been factored in. The result is that the Casino has avoided about \$2,275,000 in workers' compensation costs over the past two years.



Given the on-going nature of the Casino's operations, and the challenging litigation climate in the area where the Casino is located, it is probable that any curtailing of ACH's orthopedic wellness program would result in the loss of the savings made to date and claims trends would quickly revert to pre-ACH levels.

A comprehensive return on investment (ROI) analysis will demonstrate the significant benefits of ACH's program. The Casino is already capturing the essential data necessary to measure ROI through several different programs. Combining the different databases is a fairly straightforward task, and collating employee data on those (1) tracked through the Employee Care Center, (2) reported as workers' compensation claims, and (3) seen under the ACH orthopedic wellness program will provide the data needed to measure the success of the Casino's efforts to control the cost of work-place injuries.

Thank you for the opportunity to provide my comments and observations on this program.

Sincerely,

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