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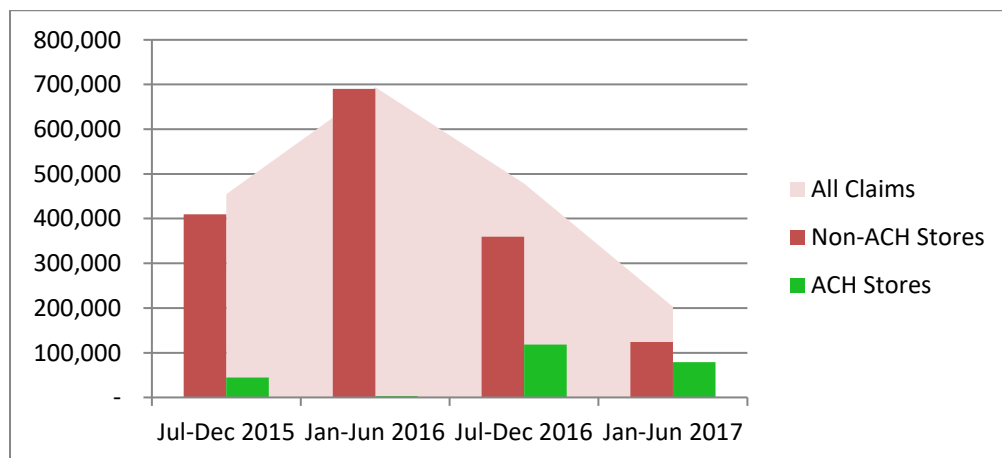
## Wellness and Claims Observations for California Supermarket Chain

American Corporate Health provides musculoskeletal wellness services to a California Supermarket Chain, currently offering its program at 13 stores covering about one-third of the corporation's employees. Late last year, I was given the opportunity to review claims data for 2015 and 2016 to help evaluate the impact of ACH's program on the company's overall workers' compensation costs. I am now pleased to be able to update my study using data through mid-2017.

This analysis uses loss run data from January 2013 to June 2017 for 41 stores for claims managed by ESIS, the company's third-party WC administrator. Claims have been 'scrubbed' for all years to eliminate non-musculoskeletal conditions and conditions for which ACH's protocols would not be an initial treatment modality, such as slips and falls. Corporate, distribution center and 5 unmatched claims were excluded, so the resulting data set is 364 claims, with a total incurred of \$6,108,195.

Claim trends for the 13 stores participating in ACH's program show a favorable reduction in severity after just 24 months into the ACH program:

- The average cost of claims after implementation of ACH is \$7,907, versus \$10,369 for non-ACH stores.
- The company incurred \$1,358,300 more at non-ACH stores than ACH stores over the past 24 months.



These are truly impressive statistics considering that the frequency rate of claims for both ACH and non-ACH stores remains almost identical with an OSHA TRIR of around 5.8% (or about 0.15 claims per month per store). Reviewed in tandem with several significant claim successes (see next page), the partnership between the company and American Corporate Health is demonstrably reducing its claim costs while improving employee outcomes from work-related injuries.

### **American Corporate Health Triumphs at Supermarket Chain**

Two extraordinary stories demonstrate the success of the ACH program:

The first, a 56 year-old checker was unsuccessfully treating with conservatively and was dreading the prospect of surgery, which her physician said was inevitable. The employee received six weekly treatments from ACH, along with a home exercise program, and reported 90% improvement in her level of pain. Surgery was successfully avoided, and the employee has been able to continue doing her usual and customary job. Had the employee's condition progressed to the point of surgery, the cost could be \$8,500 – 10,500 in addition to the cost of treatment already provided, involve at least four months of temporary disability (\$14,400 at \$600 per week), and result in permanent disability up to 10% or \$9,000 – 10,000. Litigation would certainly be involved, with thousands more spent for medical/legal exams and other frictional costs. The employee would also likely not be able to return to work, and be forced out of the labor market. It's easy to see how the WCIRB comes up with an average cost of \$40,000 for an upper extremity claim. Fans of predictive analysis will tell you the claim cost could easily exceed \$60,000.

The second was a 60 year-old employee suffering from low back pain with radiating sciatica, deteriorating to the point that he was having difficulty doing his regular job. The employee received six weekly treatments from ACH, plus home exercises, which produced 80% improvement in symptoms. After the 7<sup>th</sup> visit, the employee reported 90% improvement and was able to work with minimal pain. A monthly visit should keep him practically symptom free. Sciatica is often an indicator that surgery will be required. If the employee was a candidate for micro-discectomy, the cost might be between \$18,500 and 23,000, with 6 to 8 months of temporary disability. Permanent disability might be over 20%, or \$23,000. The employee would likely be unable to return to work, creating the distinct possibility of litigation, driving the costs up even higher. The WCIRB's average cost of \$52,000 is a low estimate for the potential cost of this case.

### **All Indications Point to Continued Success with American Corporate Health**

Unnecessary absences, improper diagnoses, delayed treatment and hostility from supervisors and co-workers all serve to discourage injured employees to make speedy recoveries. Almost every 'bad' claim I've handled could have been resolved smoothly with a little TLC. An employer who offers a program like the one from American Corporate Health is on the right track in caring for its workers day-to-day and to help employees regain their productivity and independence after an injury.

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

Sincerely,

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