

Obesity drives workers' comp rates up

By SCF Arizona

Evidence is increasing that shows obesity is a major driver of higher medical care costs for workers' compensation claims, the National Council on Compensation Insurance (NCCI) reported.

Citing a 2007 Duke University study of workers' compensation claims, the NCCI reports medical costs per 100 full-time equivalent employees are nearly seven times higher for the morbidly obese than they are for employees of recommended weight.

The Duke study found workers' compensation insurance claims covering obese workers exceed \$73 billion annually, and that morbidly obese workers file 45 percent more claims than regular workers. The study also shows obesity affects absenteeism and work productivity.

What's more, severely obese individuals with a body mass index (BMI) greater than 35 accounted for 61 percent of all obese employee costs, even though they represent only 37 percent of the overall obese population.

The study also shows that claims filed by obese workers take longer to resolve because the types and nature of injuries sustained by obese workers are more likely to result in permanent disabilities or the injury takes longer to heal.

NCCI is the largest provider of workers' compensation and employee injury data and statistics in the nation. It compiles data for 36 states – including Arizona – and recommends to the Arizona Department of Insurance the workers' compensation premium rate for each occupation.

Meanwhile, the Centers for Disease Control and Prevention (CDC), reports the percentage of the population considered obese increased from 12 percent in 1990 to more than 26 percent in 2007. By the year 2020, 40 percent of men and 43 percent of women are predicted to be obese.

The CDC says obesity can lead to lower self-esteem, depression and discomfort in social situations. Obesity also increases a person's risk for diabetes, heart disease, hypertension, metabolic syndrome and polycystic ovary syndrome.

This trend, according to NCCI, likely means that workers' compensation rates will have to continue to increase.

As Arizona's largest provider of workers' compensation insurance, SCF Arizona is concerned about the trend and what the statistics are doing to employers' workers' comp costs.

SCF is supportive of business owners who promote healthy behaviors in their workplaces. As an advocate for healthier, safer workplaces, SCF encourages businesses to consider launching a workplace wellness program. Through such a program, employers can promote behavioral changes from simple daily exercise to more nutritious eating.

"It's a good practice to advocate wellness and nutrition without focusing solely on obesity, said Bobbie Fox, SCF Arizona Legal Compliance and Risk Manager. "There are many causes of obesity and some are health related. This can be a touchy subject and a focus on obesity could even run afoul of the law."

Wellness doesn't have to mean on-site gyms or off-site gym memberships, says Maria Simpson, SCF's wellness coordinator. Smaller companies can encourage healthy living through top-down communications and offer compelling perks to employees for taking care of their health.

SCF offers these tips on how companies of any size can get a wellness program started:

- **Clean out the vending machines.** Get rid of the candy bars and replace them with healthier snacks.
- **Invest in pedometers.** For a small price, you can buy pedometers for your employees. Pass them out and encourage staffers to keep track of the number of steps they take daily. (Your company's health insurance provider may actually offer these free.)
- **Communicate food facts.** Create a pocket guide showing the number of calories certain foods have to help employees make informed decisions.
- **Offer health-risk assessments.** Employees who complete assessments may find they are at risk and can take steps to head off health threats. Your company's insurance company or a third-party vendor may be able to provide personal online assessments based on a user's family health history, eating habits and physical activity. "Be sure to consult your legal advisor to ensure you stay out of hot water when seeking any type of medical information, including family history," said Fox.
- **Review claims.** When it's time to renew your company's health insurance, review your claims data. If you spot trends among your employees, such as high blood pressure, consider bringing in speakers to talk about managing it or screeners from a local hospital or clinic.
- **Healthy Challenge.** Consider a companywide healthy challenge with incentives for employees who reach weight or BMI milestones. A friendly competition that pits employees against each other raises interest.

Above all, a company-implemented wellness program should excite and encourage employees, not make them feel threatened, Simpson said.

The potential savings in health insurance and workers' compensation insurance costs are worth the effort.

Your business partner in workers' compensation insurance & workplace safety



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