

Aging workforce = higher workers' compensation costs

By Julie A. Croushore

The growing concern over a slow economic recovery is causing many older Americans to either delay retirement or return to the workforce after they retire to supplement their income.

Interestingly, AARP (formerly the American Association of Retired Persons) reports that passenger transportation is one of the leading industries employing these older workers. At the same time, the National Research Council points out that 54 percent of all U.S. bus drivers are aged 45 or older.

This trend creates both benefits and challenges for employers, with one of the challenges being the impact older employees can have on an operator's workers' compensation costs.

Senior employees are one of the transportation industry's greatest assets. They bring vast experience and knowledge to the workforce, as well as maturity and professionalism needed in an industry revolving around customer service.

At the same time, older employees also present an added risk of injury as many older Americans suffer from obesity, arthritis and other chronic pre-existing medical conditions. At a recent conference of the National Council on Compensation Insurance it was revealed that the fatality rate among injured workers aged 65 or older is triple that of workers ages 35-44, and there is a 50 percent increase in days missed from work by those injured workers.

Employers cannot ignore these alarming statistics or the fact these risk factors can lead to increased workers' compensation claims costs, and ultimately higher insurance premiums. Our

aging workforce demands we to take a pro-active approach to risk management.

A typical claim

As a workers' compensation claims management professional, I'm frequently asked by employers: "Why do I have to pay for this?"

Take this typical claims scenario:

John Smith, a 65-year-old veteran and retired heavy labor truck mechanic, re-enters the workforce as a part-time motorcoach driver. John has always loved to drive and sees this as a great opportunity to supplement his Social Security income.

He readily admits he has a bad back from an old military injury that has progressed as he has aged, but he's a safe driver willing to take any available run.

Then, one day, he's assisting a passenger with luggage when he strains his back. Now he faces back fusion surgery which will keep him off his feet for more than three months. He files a workers' compensation claim with his employer.

Of course, the employer wants to know why he is responsible for the workers' compensation claim. The answer is that the workers' compensation system treats an aggravation of a pre-existing condition as a new injury if the last exposure, or the incident that results in work loss, occurred while Smith was employed with this company.

In this case, the employer must pay the workers' compensation claim even though Smith's pre-existing condition was a contributing factor.

The employer faces substantial expenses. The claim cost for the back injury and surgery will likely run \$100,000-\$300,000,

depending on the state.

Additionally there are residual expenses an employer can face, including replacement costs to cover the lost work of the injured employee, reduced employee morale, and possibility for similar claims from other employees.

There is also the potential exposure from discrimination claims under the Americans with Disabilities Act or state fair employment acts, which require employers to make accommodations for employees with known disabilities.

Reducing risk exposure

Although accidents will always happen, the majority of workers' compensation claims are not accidental — they are preventable. Many claims actually occur because the employee does not have the physical capacity to safely perform the job. This is especially true when employing older workers with pre-existing and chronic conditions.

The ADA and state fair employment acts prevent employers from questioning job candidates about prior injuries or disabilities. So, how do you determine if an individual can safely perform the job duties?

Here are some ways to assess potential employees, and help control your workers' compensation claim losses:

- Engage a service or medical clinic to provide pre-employment physical examinations and/or pre-employment physical abilities testing.
- Invite the service's medical director to tour your facility to gain a better understanding of the nature and duties of your various positions.
- Provide clear job descriptions to the physician who per-

forms your fit-for-duty exams.

Know options up front

Going back to our example, let's assume the employer requires its motorcoach operators to assist with luggage as stated in the job description. This being the case, they could have sent Smith for a pre-employment physical examination or abilities test to determine if he could safely lift luggage weighing between 20-50 pounds.

The employer would have learned the extent of Smith's back injury, and would have also discovered he could not safely lift heavy suitcases. Having this knowledge would have empowered this employer to make a more informed employment decision.

Obviously, they could have decided not to hire Smith since he was medically unable to safely perform an essential function of the job, or offered him a driving position that did not require lifting.

While a certain number of workers' compensation claims are unavoidable, implementing pre-employment physical exams and/or physical abilities testing with a reliable medical facility can significantly reduce your exposure.

Given today's older workforce and the associated risks, it's more important than ever to carefully evaluate your hiring practices. Developing and following a pre-employment program will go a long way to ensure you don't 'hire' your future workers' compensation claims.

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