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# Having a Wellness Plan Can Save You Money on Workers Comp Premium



Many companies are now considering wellness plans and how they can help reduce health insurance costs. With health insurance costs on the rise every year, I can see how this becomes a topic for health insurance brokers and TPA's (Third Party Administrators) to explore. What is seldom talked about, however, is how a wellness plan can reduce your Workers' Compensation costs.

When we are looking at ways to cut costs, the addition of a wellness plan is an expense that just might pay for itself. Consider that a Duke University Medical Center analysis found that obese workers filed twice the number of Workers' Compensation claims, had seven times higher medical costs from those claims, and lost 13 times more days of work from work injury or work illness than non-obese workers did. Further, smokers were absent from work 50% more and took longer to recover from injuries. With Workers' Compensation costs continuing to rise, a wellness plan can promote the balance between treating injured workers and returning them to work with cost containment strategies.

By implementing a wellness plan and incorporating it into your workplace accident procedures, the ROI (Return on Investment) for Workers' Compensation alone is estimated at 4:1.

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# Wellness Plans Can Save You Money

Knowing this, some companies are starting to involve the risk management department in the development and implementation of wellness plans and then offering it to injured workers as a way to get them back to work quicker. Because the best, and easiest way to educate employees and get them engaged in wellness is through their health insurance, many companies are now offering incentives to encourage participation in wellness programs such as lower deductibles, additional employer contributions to HSA accounts, lower coinsurance, etc. On the flip side, others are introducing the “stick” approach whereby deductibles and co-payments are higher, etc. for not participating in wellness initiatives such as smoking cessation plans or health risks assessments.

The real savings derived from a wellness plan that is often overlooked is the cumulative savings when it is incorporated into a company’s benefit package.

For example, add all the savings that the health insurance community describes with the Workers’ Compensation facts I just explained and the savings from both sides are exponential. If you are under a fully insured (standard) group health plan and a Workers’ Compensation fully insured plan, this could be a good savings. If you are self insured or insured in a captive or large deductible, the savings could be even more and would start immediately in this case as the cash flow is more rewarding early on with this type of plan.

Would all industries benefit from this approach? Since Construction, Oil and Gas, Service, and Manufacturing pay much higher Workers’ Compensation rates than industries primarily with office workers, they stand to benefit the most from implementing a wellness plan. If I were a CFO at one of these companies I would consider this immediately.