

# Employee Benefits & Workers' Comp News



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Employee Benefits

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## Does Sick Pay do What it's Supposed to do? The Case For and Against

Studies show sick pay can reduce the spread of disease in the workplace, but also increase absenteeism.

**S**ick leave allows employees to take a set amount of paid time off when they're ill. It's a coveted employee benefit, but some observers wonder if it encourages absenteeism, while others believe illnesses such as flu and colds would spread faster without it.

The amount of sick pay an employee can earn varies from company to company. According to the Bureau of Labor Statistics, a majority of employers offer one hour of sick pay for every 30 to 40 hours an employee works — an average of seven to eight days of sick pay per year.

Sick pay policies often are mandated and more generous in other countries. In



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## Health Premiums Up; Health Benefits Down

**I**f it seems as if you're paying a lot more for your employees' health insurance, you're not wrong.

A Kaiser Family Foundation report reveals annual premiums for employer-sponsored family health coverage reached almost \$20,000 in 2018, with workers on average paying \$5,547 each and employers paying \$14,100 per employee.

This is up five percent from last year and up 65 percent from a decade ago. While that might not sound like much, annual premium growth has outpaced workers' raises.

To keep premiums lower, employers have opted for higher

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1883, Germany became the first country to mandate paid leave. According to a Statistisches Bundesamt report (the federal statistical office of Germany), German employers typically offer employees 10.8 sick days each year.

In comparison, Canada, Japan and the United States are the only industrialized countries that do not provide paid sick leave to all employees. A report by Philip Susser and Nicolas Ziebarth in 2016 showed that low-income, part-time, and service sector workers had coverage rates of less than 20 percent. Some cities, such as San Francisco, now are mandating sick pay.

While few employees would argue against being paid for days when they are ill and cannot work, the big question is whether sick pay does what it's designed to do and is worth employers' resources.

### The Case for Sick Leave

Employees who know they will get paid, even though they take time off from work for a day or more to recuperate, are more likely to stay home. But employees who don't have paid time off often work while ill in order to continue getting a paycheck, possibly spreading infection to other employees and customers. Therefore, sick leave plays a big part in stopping the spread of disease.

Besides the potential of sharing infectious diseases, sick employees often are less productive and take more time to recover.

Stefan Pichler and Nicolas Robert Ziebarth published a report in 2018 showing that during flu season sick pay mandates reduced the

flu rate as much as 40 percent.

Many employers view paid sick leave as a necessary benefit to keep and attract a skilled workforce. That's especially true this year for retail establishments. Federal labor statistics indicate that there are 100,000 more retail job openings this year than last. *The Business Insider* attributes the shortage to a low unemployment rate and many workers' interest in full-time, not part-time, jobs. Employers like Target, JC Penny, Kohl's and Macy's were particularly worried about this holiday season and ramped up recruitment efforts. According to the outplacement firm Challenger, Gray and Christmas, Target was looking to hire 120,000 part-time workers for the holidays.

*The Wall Street Journal* reported that employers seeking seasonal help were adding paid time off as a perk for part-time employees — something they hadn't done before — hoping to attract more employees.

Another benefit of sick leave pay is it makes it easier for low-wage, hourly employees to take care of sick family members without fear of losing wages. It also puts lower wage and higher wage employees on the same footing, reducing inequalities between the two groups.

### The Case Against Sick Leave

There are concerns that some employees view paid sick leave as vacation days and will call out frequently without notice. A Statistisches Bundesamt report released in 2018 showed that back pain was one of the most

deductible plans. The average deductible is \$1,350, up 212 percent since 2008 — increasing eight times faster than wage growth.

Some employers have stopped offering health coverage, but more have added it. According to the Kaiser survey, 68 percent of employers offered health benefits, but in 2017 that number dropped to 53 percent. The good news is that the number of employers offering benefits in 2018 has increased to 57 percent.

Representatives from the Employee Benefit Research Institute, a Washington, D.C.-based research organization, attribute the increase in benefit offerings to the current labor market. The low unemployment rate has made it harder to attract employees, many of whom are concerned about medical bills and want a job providing health care benefits.

common reasons that workers in Germany called in sick. In 1996, when Germany enacted a bill to reduce sick pay from 100 percent to 80 percent of wages, the number of sick days was reduced. In particular, absences due to back pain decreased by almost 30 percent. On the flip side, more employees came to work sick.

When an hourly employee takes paid sick leave, employers often pay another employee to cover the employee's job duties — an expense that can add up since an employer is paying double for the same amount of work.

## The Case for and Against an Alternative

Paid time off (PTO), also known as personal time off, is becoming a popular alternative to sick leave. Many companies have replaced sick leave, vacation days and personal days with a PTO plan. Employees earn days off after working a certain number of days and can use the time any way they like.

While many employees currently earn 10 paid holidays, two personal days, and eight sick leave days annually (not including vacation days) they typically would get 30 days paid time off under a PTO plan

This plan works great for employees who are healthy, since they rarely use all of their sick days. Instead, they get extra vacation time.

PTO has some downsides for employers. The plan gives employees more sick days, which means they could be away from work more often without notice. Also, some employees who want to keep all of their "vacation days" could come into work sick in order to use their paid days off later.

PTO plans work best for companies with the flexibility to easily manage when employees call out. Employers must stress the importance of requesting approval for days that are actual personal days or vacation days.

For help deciding which PTO plan will work best for you please contact us. ■

# Compact Workers Comp Glossary

Workers Compensation terms can seem arcane and legalistic.

**A**lthough there are many special terms used in workers compensation insurance, these are basic. Though there are variations in terminology and procedure in every state, these definitions are widely used.

## Benefits

### Temporary Partial Disability (TP)

Payments for temporary, but only partial, incapacity from work of an injured worker with a work-related injury or illness. During such a period, the worker is able to perform SOME types of work, as defined by his or her attending physician, but earns less than before the injury.

### Permanent Partial Disability (PPD)

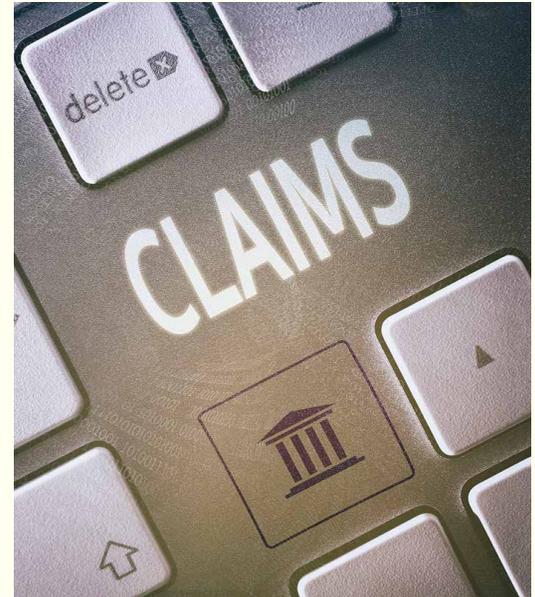
Payments for the permanent loss, or loss of use, of one or more body part(s) resulting from a work-related injury or illness to a worker who can still work, but whose ability to compete in the open labor market is reduced.

### Temporary Total Disability (TT)

Payments for temporary, but total, incapacity from ANY type of work of an injured worker with a work-related injury or illness. A percentage of wages, usually two-thirds, are paid during the period of total disability.

### Permanent disability (PD)

Payments to a worker when an injury or illness results in a permanent impairment that reduces the injured worker's ability to compete in the labor market. The amount the injured



worker will receive depends on the extent of the disability. Factors considered when calculating PD include the date of the injury, the age when injured, and occupation. PD benefit amounts are set by law.

### Vocational rehabilitation (VR)

Once a physician determines that an injured worker is medically eligible and unable to return to his or her previous type of work, the employer and worker jointly select a rehabilitation counselor who will determine whether vocational rehabilitation is feasible, and if appropriate, develop a suitable rehabilitation plan. The

goal of a rehabilitation plan is to return the injured worker to suitable, gainful employment. The benefits are paid if it is unlikely the worker will be able to return working the same job held prior to his/her injury and the employer does not offer other work.

## Forms

### Accident Report

Form required to be filed by an employer in cases of an employee's work-related injury or illness that results in incapacity from work of one day or more. An accident report is NOT a claim for workers' compensation benefits, although it usually gets things started once filed.

### Claim Form

This form is filed by the employee with an alleged work-related injury or illness, or dependent(s) of a deceased employee, claiming workers' compensation benefits.

### IRS Form 941

This is a form used by the federal Internal Revenue Service to report income on your employees. It is submitted to the IRS quarterly and is a good source of information for your workers' compensation premium audit because it should

be very accurate and comprehensive. Generally, it should not be the only documentation of your compensation for audit purposes. See the [www.irs.gov/forms-instructions](http://www.irs.gov/forms-instructions) website for more details.

### IRS Form 944

This form serves the same purpose as the IRS Form 941, but is submitted annually, rather than quarterly. You would usually use only the Form 941 or the Form 944, not both. See the [www.irs.gov/forms-instructions](http://www.irs.gov/forms-instructions) website for details.

## People

### Attending Physician

The medical practitioner who is the primary medical caregiver of an employee with a work-related injury or illness.

### Claimant

Any person making a claim for workers' compensation benefits: usually an employee claiming a work-related injury or illness, but may also be a surviving dependent of a deceased employee claiming survivors' benefits.

### Respondent

An employer or its workers' compensation insurance carrier in a workers' compensation case. ■

# Telemedicine and Workers Comp 2019

It looks as if telemedicine is a technology whose time has come.

In 2012, only 14 percent of large employers offered access to telehealth for select services. In 2018 — just six years later — 95 percent offer telehealth for minor, nonurgent services, in states where it is allowed, according to a survey by the Washington-based National Business Group on Health.

"We're a mobile society. We are a consumer-driven society. We have to get our health care when it's convenient for us, not when it's convenient for the health care provider," according to Jeffrey Levy, a Houston-based insurance broker.

In part, telemedicine has spread because of the shortage of medical personnel in the United States. The country faces a shortfall of between 29,500 and 37,800 physicians in 2018 and a projected shortfall of between 42,600 and 121,300 physicians by the end of 2030, according to a report by the Washington-based Association of American Medical Colleges published in April.

Telemedicine has been around for a while but it is becoming increasingly popular "now that access to primary doctors is getting tougher and tougher and people have busy lives," said Tracy Hassett, president and CEO of university group captive edHealth in Providence, Rhode Island.

## What is Telemedicine?

Telemedicine uses document sharing, teleconferencing, smartphones, mobile wireless devices and other computer-mediated means to assist patients in their care. In many cases it's more efficient and economical for health-care professionals to use technology to communicate with patients. Using synchronous video calls, healthcare professionals can identify and resolve healthcare issues and send prescriptions electronically to the pharmacy.

As acceptance and implementation increase, the advantages and disadvantages to this technology are becoming more apparent.

Over time, many of the advantages will increase and, hopefully, the disadvantages will decrease.

## Advantages

- ✱ **Access to care in rural areas.** Injured workers in rural areas often don't have good access to medical facilities. They spend a great deal of time traveling to hospitals and clinics for medical treatment. Some injured workers may have to travel more than 20 miles for an office visit or physical therapy session. Traveling long distances can hinder injured workers in receiving timely medical attention and keeping follow-up appointments, and may further delay recovery and return to work.
- ✱ **Reduced Waiting Time.** When injured workers speak with a virtual physician or healthcare professional, hospital or clinic waiting room time can be significantly reduced. The Centers for Disease Control (CDC) indicated that the average wait time in an emergency room is two hours. This includes 30 minutes of wait time and 90 minutes to be evaluated and treated. Having access to a virtual physician can increase efficiencies and allow better use of resources and time.
- ✱ **Cost Savings.** Telemedicine can mean significant cost savings. The average cost of a medical claim file is between \$5,000 and \$7,500. The average cost of an emergency room visit can be several thousand dollars. These costs don't factor in follow-up visits, physical therapy sessions and possible diagnostic testing if required. Tele-

medicine services for non-complex issues on average can cost as little as \$99 for the initial visit and \$69 for a follow-up visit.

## Disadvantages

- ✱ **Patient Choice.** Telemedicine protocols do not typically accommodate injured workers who want to select their treating physician. Only one physician is usually on call for evaluating injuries via video chat. This poses a problem in states where workers comp laws permit patient choice.
- ✱ **Quality Outcomes.** There has been limited research to address the quality outcomes of telemedicine, including from the malpractice insurance community. Current research has only focused on cost control and access to care. More research is underway.
- ✱ **Trust.** Establishing relationships and building trust with treating physicians are vital for an injured worker's speedy recovery and return to work. Although online communication is familiar to anyone who uses Facebook, Twitter and other electronic media, critics argue that it's too impersonal. Obviously, the impact of intangibles such as a physician's "bedside manner," among other advantages of in-person care, would be lost with strictly telemedicine care, though this seems less troubling in many instances to some people, millennials in particular — who seem to be more comfortable with transactional relationships in other consumer situations.
- ✱ **Regulatory Issues.** There are also regulatory issues with telemedicine, most im-

portantly the issue of physician licensing in multiple states. Currently, physicians are only authorized to treat patients in the states where they are licensed. Telemedicine will eventually enable physicians to provide medical treatment in multiple states. Ways to accommodate these situations are now under review throughout the country and we should see some resolution in the next few years.

Telemedicine is here to stay and it is being used increasingly to handle workers' compensation claims.

For more information on how telemedicine can play a part in your workers' comp program, please contact us ■



# What's In and Out With Benefit Programs

When you offer benefits to your employees, you want to provide the type of benefits that will attract and keep valued employees. However, benefits that once were popular can become less desirable.

**T**he Society for Human Resource Management (SHRM) and Forbes magazine conducted surveys to determine the least popular benefits. SHRM focused on benefits which are not offered as often, while Forbes focused on benefits now seen as gimmicks.

Here are two benefits that appeared on both lists and are on their way out:

- ✱ **Certain Types of Wellness Programs:** While wellness programs are still popular, SHRM says programs focusing on preventive programs for employees with chronic health problems are no longer popular. Forbes found that wellness programs that don't provide employees with resources to make cost-effective decisions are out. What works well are those with gym memberships, gamified wellness activities and voluntary programs helping people deal with specific diseases.
- ✱ **Employee Discounts:** Many of these programs focus on generating revenue through partnerships and the services are not the best price or what employees want. The company can say that it's offering a benefit, but the benefit rarely is used.

## What Works

SHRM says that programs that focus on employees' financial wellness are highly valued. Programs that work include:



- ✱ **Health Savings Accounts (HSA):** Coupled with a high-deductible health plan, an HSA, funded by the employer and employee, can be a great way for employees to pay for medical expenses.
- ✱ **Financial Advice:** Almost half of participants in the SHRM survey offered some kind of financial advice, from online resources to one-on-one coaching. About four percent of companies offered student loan debt repayment.
- ✱ **Professional Development Opportunities:** Employees like to feel needed and want to know that they have a future in the company. Offering employees additional training leading to promotion is a popular benefit. ■

