

companion

A workers' compensation resource for employers served by SFM Companies

CUTTING COSTS or CAUSING INJURIES?

Times are tight. Overhead needs trimming. It is tempting to cut expenses relating to safety— but at what price?

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The Work Comp Experts

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SFM recovers record subrogation amount in 2009

SFM's recovery of dollars from at-fault third parties reached a record high in 2009 and, as a percentage of premium, significantly exceeded industry averages.

SFM recovered nearly \$1.8 million in subrogation monies from at-fault third parties involved in 118 claims in 2009.

"That's nearly 2 percent of our written premium, which is outstanding in the workers' compensation business, and is passed on to our policyholders through reduced claim

costs. It's a testament to the dedication of our claims representatives, subrogation specialists and in-house attorneys to recover every dollar owed no matter how small," said SFM General Counsel Scott Brener.

Of the 118 claims, 101 involved motor vehicle accidents, 13 were general liability claims, 3 involved bites from animals and one was a product liability case. The smallest recovery was \$153 from an at-fault third party in a motor vehicle accident.

BRIEFS

Penalties for failure to insure up 71 percent in Minnesota

The number of employers fined by the Minnesota Department of Labor and Industry for failing to insure against workers' compensation injuries rose 71 percent for the 12-month period ending June 30, 2009, according to the department's annual *Collection and Assessment of Fines and Penalties* report.

More than 500 Minnesota employers were assessed penalties totaling \$4.4 million.

The increase is due primarily to the department's stepped-up enforcement and investigation of employers that should have obtained workers' compensation insurance but never did, according to the report.

The report shows a decrease in other penalties and assessments, including those for late filing of First Reports of Injury.

SFM policyholder meeting set; please return proxy ballots

The annual SFM policyholder meeting is scheduled for June 21 at SFM's headquarters in Bloomington, Minn.

Policyholders unable to attend the annual meeting in person are encouraged to contribute to the business of their mutual company by returning their proxy ballots by June 21.

Official notice of the meeting and proxy ballots are scheduled to be mailed to policyholders in mid May.

Balloting will be conducted to re-elect Eugene Merriam and Robert Mars to the board of directors. SFM's independent auditor will also be appointed.

Contractors recognized for excellence in safety

SFM policyholders Hardrives Inc., based in Rogers, Minn., and Ryan Companies, based in Minneapolis, recently were recognized at the Minnesota Associated General Contractors Safety Day for participation in the Construction Health and Safety Excellence program. CHASE is a joint program of the Minnesota Occupational Safety and Health Administration and Minnesota AGC.

Bent named to MWCIA board

SFM Assistant Vice President and Director of Underwriting Brian Bent recently was appointed to the Minnesota Workers' Compensation Insurers Association board. The MWCIA is licensed by the state to collect policy, claims and financial data to calculate Minnesota employers' experience modification factors and develop annual ratemaking reports.

Multi-taskers feel busy but produce less, study says

Employees who are the worst at multi-tasking may be the ones doing it the most.

A study by Stanford University found that people who are high multi-taskers scored worse than others in the areas of memory, ability to switch tasks, and ability to focus. The more media the person used, the worse the results.

The study found that, compared to those who seldom multi-task, high multi-taskers condition themselves to be more easily distracted and less able to ignore irrelevant information, and that affects their performance even when not multi-tasking.

Other findings showed that the memories of high multi-taskers become conditioned to be less able to store and organize information.

Hiring minors

Be aware of laws, safety concerns when hiring summer help

Minor workers are protected by the federal Fair Labor Standards Act and the Occupational Safety and Health Act. In addition, child labor laws are in force in most states.

State and federal laws recognize that minors are not always ready to handle jobs that expose them to certain risks. People under 18, for instance, are prohibited from:

- Serving or handling alcoholic beverages.
- Working in the presence of hazardous materials.

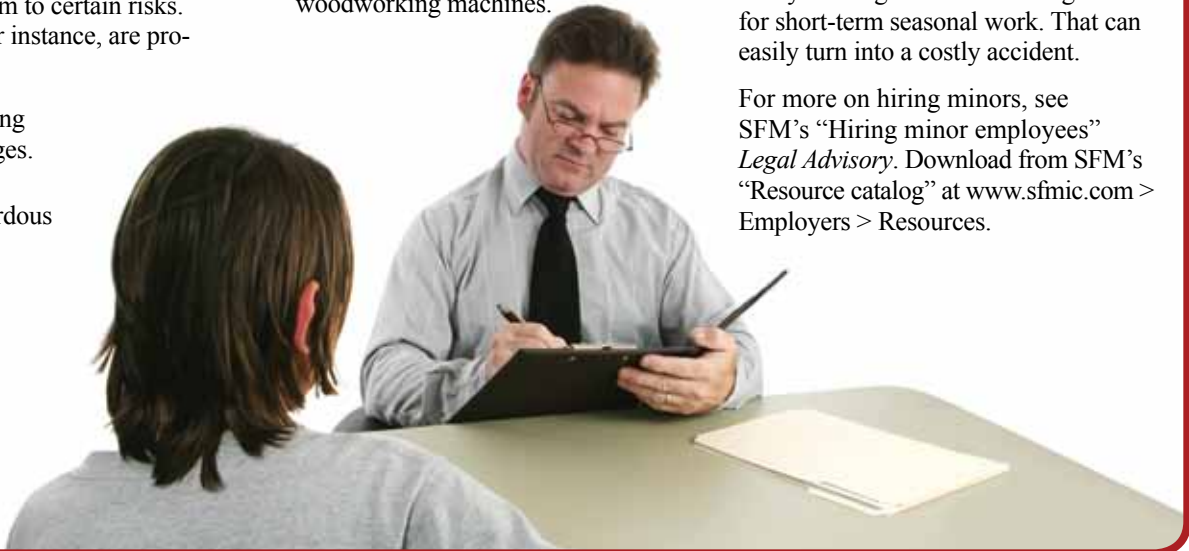
- Working in hazardous operations like lumbering, quarries, and certain construction projects.
- Driving passenger vehicles like buses or cabs.
- Operating power-driven machinery like forklifts, grinders, presses and woodworking machines.

Laws also restrict the hours that minors may be asked to work.

Check with an employment attorney about the specifics on these and other jobs as they relate to your organization.

And be sure not to skimp on job and safety training even when hiring minors for short-term seasonal work. That can easily turn into a costly accident.

For more on hiring minors, see SFM's "Hiring minor employees" *Legal Advisory*. Download from SFM's "Resource catalog" at www.sfmic.com > Employers > Resources.



Monitoring results

Honored CEO puts safety values into practice, tracks results

"We track daily the number of days without an injury and the number of days without a lost-time injury," says Vetter Stone Co. CEO Ron Vetter, recently honored by the National Safety Council with a "CEOs Who 'Get It'" award.

Vetter, quoted in *Safety+Health magazine*, says returning home healthy is at the heart of employee safety for the company, which quarries and fabricates limestone products. The Mankato, Minn.-based firm is a long-time SFM policyholder.

"We hold daily pre-shift stretching, weekly meetings to review safety issues, review incidents and near misses, and review safe work practices . . . Employees are reminded of safety

each time they check their bingo number . . . We share wellness tips . . . offer annual health assessments, share in

exercise club memberships . . . Safety needs to be a way of life on and off the job," he said.



Vetter Stone Co. team members stretch wrists and forearms before beginning work.

—From SFM photo archives

Employment practices

High liability risk continues; SFM expands coverage

The volume of employment practice charges against employers that surged to record highs nationally in 2008 continued in 2009.

Small business owners, however, remain largely unprotected, studies show.

SFM, meanwhile, has enhanced its coverage at no additional charge. In addition to defense costs and liability damages, SFM's basic employment practices liability coverage now includes punitive damages to the full extent permitted by state law.

Most states—including Wisconsin, Iowa, Nebraska and South Dakota—allow punitive damages to be an insurable risk. However, some states, including Minnesota, have enacted laws excluding certain types of punitive damages from insurability.

SFM's expanded coverage is part of an employment practices liability package designed especially for small businesses and available as an endorsement to the SFM workers' compensation policy.

Charges are escalating

Nationally, charges of employer retaliation are escalating faster than other charges, rising 26 percent in 2009 over 2007, according to data by the U.S. Equal Employment Opportunity Commission.

Charges of disability discrimination, which rose 10 percent in 2008, rose an additional 11 percent in 2009, for a 21 percent increase over the last two years.

Charges of employer retaliation narrowly surpassed race discrimination as the most frequent charge against employers in 2009.

New laws are adding new dimensions to the growing risk of employment practices lawsuits.

Last year, the federal Lilly Ledbetter Fair Pay Act was enacted, significant changes

Escalation of employment discrimination charges

■ Employer retaliation	Up 26 percent YE 2007 to YE 2009
■ Disability discrimination	Up 21 percent
■ Age discrimination	Up 19 percent
■ Sex discrimination	Up 13 percent
■ Religious, national origin, race discrimination	All up significantly

—U.S. Equal Employment Opportunity Commission

to the federal Americans With Disabilities Act took effect, and the new Genetic Information Nondiscrimination Act took effect, the latter having implications for things like employment decisions involving persons with dispositions to particular diseases.

Looking ahead, Congress has before it some 30 legislative proposals crossing nearly all aspects of the employer-employee relationship. Given the political landscape, it is likely that additional significant changes in employment law may be passed during this administration.

Many employers unprotected

Despite the growing risk, small employers remain largely unprotected.

Only 1.2 percent of small businesses nationally are insured against the risk of employment practices lawsuits, according to a recent survey by Hartford Steam Boiler Insurance Co., with whom SFM has partnered to make EPL coverage available.

Yet more than half of employment practices lawsuits are filed against small businesses, whose vulnerabilities may generally be due to lack of HR professionals, lack of carefully developed employment practices, and less awareness of risk management. Most lawsuits are found to be meritless, according to HSB, but the cost—mostly for

legal defense—typically runs \$22,000 to \$40,000 and can be devastating for a small business.

EPL coverage through SFM

Combining employment practices liability coverage with workers' compensation under SFM provides special advantages. For instance, when an employee files a claim, whether for workers' compensation or employment discrimination, the two risks can easily interconnect. SFM's expertise will help the employer anticipate and manage a broader range of potential HR-related issues, producing lower overall cost to the employer.

Talk with your insurance agent for more information about employment practices liability coverage or to obtain a competitively priced quote from SFM. ♦

For more, see SFM's website at www.sfmic.com > Employers > Learn about SFM's EPL coverage.





Needs & ...
 Please indicate each of the following programs if they were offered at work during the next ...

<input checked="" type="checkbox"/>	Body fat testing
<input type="checkbox"/>	Smoking cessation program
<input type="checkbox"/>	Stress reduction program
<input type="checkbox"/>	Nutrition education

Health risk management

To plan the next step, take stock of the results of your wellness program

Last in a series

You've got your leaders inspired and committed to encouraging healthier lifestyles for your employees, and you've got your employees participating in your organization's wellness activities. Now it's time to move your wellness program forward by analyzing the results and making improvements.

Your organization's wellness program, whether small or comprehensive, can be improved and built upon each year. Changing employees' attitudes and behaviors takes time. But it's worth the investment by giving your organization healthier, more productive employees and a break to your bottom line.

At SFM, for example, wellness activities and programs have been part of the company's culture for more than 10 years. Along the way, the program has grown. A year ago, for instance, SFM began offering health screenings for employees.

Here are three steps to help you go the distance with your organization's wellness program.

✓ Gather employee feedback. Find out how employees value current activities. That will help you engage them in future activities.

Tap your employees for ideas on brown-bag lunches and low-cost ways to get exercise into their day. Check out the Wellness Council of America's website for sample surveys and questions to ask your employees, perhaps annually when they're electing healthcare coverage.

✓ Measure change. Over time, you may see changes in employees' attitudes and behaviors. Those changes can result in lost weight, decreased blood pressure and cholesterol numbers, an increased awareness of health and wellness, increased productivity, reduced number of sick days and fewer dollars spent on healthcare. Or, you could see a marked increase in employee participation in your program, or changes in the company's culture.

Be sure to track aggregate numbers of employees participating in your activities including challenges, brown bag seminars, etc. Set a baseline of initial participation, set a goal where you'd like to be, and then analyze the final numbers.

Showing employees how far they've come can help motivate them toward even higher health accomplishments.

✓ Establish accountability. The best wellness program is nothing without

employee participation and commitment to healthier lifestyles. Changing employees' attitudes and behaviors includes the idea that employees need to take responsibility for their own health.

Joint reinforcement from their family doctor, family members and coworkers will help keep health and wellness top of mind.

Eventually, your wellness program may include incentives such as offering health insurance discounts, gift cards or other incentives for successful completion. These kinds of things help encourage employees to take ownership and responsibility for their own health.

Going the distance

Wellness should be a long-term commitment by your organization and your employees.

Don't be afraid to shake things up or make adjustments; otherwise, they can grow stale. Just like a marriage, activities need to be fresh and stimulating to generate interest and get results.

Visit www.sfmic.com > Employers > Resources > Wellness in the workplace. ♦



About the Premier Partner Award

SFM serves more than 13,000 employers across the Midwest. We engaged nearly our entire SFM staff in choosing this year's five winners of our Premier Partner Award. The award recognizes these employers for outstanding performance in workers' compensation and putting good ideas into action.

~ Editor

Tracking injuries

How a large employer drastically reduced work injuries by comprehensively tracking them

DULUTH, Minn.— Over the last decade, members of the human resources team at St. Luke's, a healthcare system with hospitals and clinics, have developed work injury trending reports.

The data has helped the Duluth-based healthcare system identify opportunities for safety training, reassess the safety equipment needs of certain areas, and build safety modifications into structures and equipment.

It's worked, too.

Since 2002, St. Luke's workers' compensation claims costs have decreased nearly two-thirds even as it acquired new locations and increased its staff to more than 2,200 employees. Additionally, it has reduced the number of lost-time claims by 10 annually over the same period, which is also a testament to the organization's dedication to return injured employees to work.

Nothing measured, nothing gained

"When Melanie and I came on board, there really wasn't a comprehensive way to track injuries," said Shawn Burns, St. Luke's human resource generalist. "We had no way of knowing which jobs had the highest risk of injuries, how injuries occurred, and more importantly, how to prevent injuries from occurring."

Burns began using SFM's online risk management tool, CompOnline®, for its graphs, charts and claims data. Also, he used data from OSHA reports and managers' accident reports.

"We tabulate all the information and summarize it in a quarterly report," Burns said. "The report is reviewed and discussed by human resources, our executive team, our safety

team, our SFM loss prevention representative, and our agent" from Liscomb Hood Mason Co.

Quarterly injury trending

The quarterly reports allow the human resources staff to do injury trending, according to Melanie Mesojedec, St. Luke's Hospital compliance specialist.

For example, a recent report showed an uptick in back injuries among staff nurses.

"We talk about possible causes of the injury and solutions with the vice president in that area. We focus efforts with the people who can make changes in those areas," Burns said.

In another example, quarterly data indicated an increase in tripping mishaps among employees with desk jobs.

"The reports alerted us and helped us know where to look. We found that some employees were catching their feet on computer cords and other cords as they were going to and from their desks," Burns said.

Burns contacted St. Luke's IT department to get the cords tied together and tucked under each station's desk. The result: Trips are down, Burns said.

Strategic approach to safety

The trending reports are a strategic investment in safety, helping St. Luke's engineer injuries out of its workplace, he said.

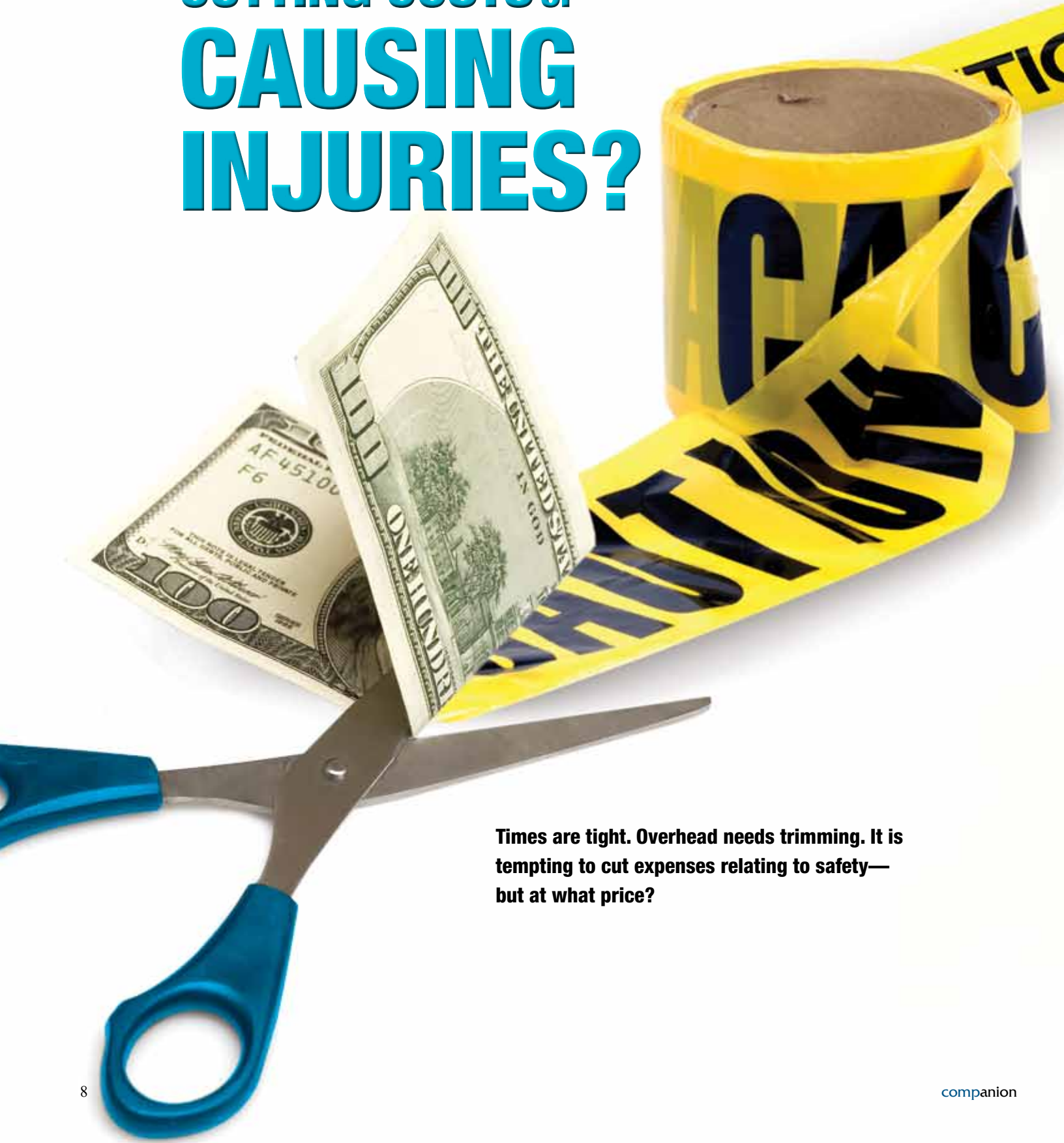
"The reports have helped us determine which units we target first with things like necessary equipment and training," Mesojedec said. "We're getting a better return on our investment." ♦



St. Luke's Clinical Supervisor Zlata Bushey shows nursing student Katiann Kimm how to assist patients using a lifting machine.

St. Luke's safety committee and executives meet to discuss its quarterly workers' compensation injury report and address injury trends.

CUTTING COSTS or CAUSING INJURIES?



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Based on true situations—

Resources

Stephanie is a registered nurse at a nursing home. She strained her back while doing a patient transfer and has been off work several days.

The patient should have been transferred with a mechanical lift or with assistance from another care attendant. But Stephanie had been in a hurry. She didn't think she had the time to locate a lift, and she didn't want to bother an equally busy co-worker.

Lesson for employer: Looking at ways to operate leaner makes sense, but be aware of the fine line. Know how your business decisions will play out. Find new time-saving efficiencies for employees. Be sure supervisors and employees understand your expectations for working safely and what needs to give when difficult situations arise.

Equipment

Joe runs a punch press. He's been on the job two months but has extensive experience from a previous employer.

Particles of steel flew into Joe's eye because he wasn't wearing the safety glasses given to him when he started the job. The glasses weren't as comfortable as the ones he wore before.

Lesson for employer: With personal protection equipment, treat the item's "wearability" with as much concern as its price.

Training

Mike is a custodian at a local school. He's a new employee who was to be trained by his supervisor.

The supervisor, now with a larger scope of responsibilities, was working on other projects he considered a priority and put off the training. While Mike was on a ladder replacing a light bulb in the parking lot, he fell and broke his hip.

Lesson for employer: Training would have shown Mike that the light posts are hinged and tip to the ground for easy, safe maintenance. Underestimating the value of job and safety training is among the costliest oversights an employer can make.

When cutting costs leads to injuries

Yours may be among the many companies in these difficult economic times that are cutting costs. But a close look may be in order so cost-cuttings now don't turn into greater expenses later. Safety is one place where that is likely to happen.

Yet, as the cases above show, some companies may unwittingly be sliding the slippery slope. Even back in 2008, a third of safety professionals surveyed at the National Safety Congress said the economy was impacting worker safety training programs and resources. Reasons they cited as significant:

- Budget cuts in education and training.
- Reductions in personnel to handle safety training.
- Business concerns taking precedence over safety concerns.

Of course, a company needs to financially scrutinize everything, perhaps even realigning its investment in safety. But it also needs an accurate grasp on the short-term value of safety programs and the long-term benefits of a safety culture. A good safety program, experts say, saves roughly five times more money than it costs. It also respects the company's most valuable asset, its employees.

Where to focus

■ **Leadership and culture.** The wonderful thing about safety is that, up to a point, you can accomplish a lot without spending anything, and this is where it starts. Safety leadership should be active and visible across your organization. Show employees that safety is part of their jobs. Be specific about your expectations. Talk about safety versus productivity. Discuss with other leaders new ways to create the environment in which employees work safely, behave safely and look out for each other.

■ **Supervisor training.** In tough times, supervisors may feel pressured to raise productivity, sometimes with fewer

workers. The result is greater risk of injury due to more over-time, rushed work, fewer resources and less training. Your supervisors should understand the consequences of work injuries, including downtime, lost productivity, replacement costs, and extra time-consuming work. When you talk about doing more with less, be sure also to engage your supervisors in helping lead safety activities, talking to employees, providing information, acknowledging employees for following safe work practices, and monitoring the success of employees' efforts.

■ **Employee training.** Give employees the know-how to create a safe work environment. Train them right from the start, whether that be when an employee is new to the company or new to a specific task. The best training takes place in the work area instead of in a conference room. If you see an employee lifting improperly, going over and showing him the proper lifting techniques is a great example of effective training.

For educational resources you can use to aid in training, go to SFM's online Resource Catalog at www.sfmic.com > Employers > Resources, where you can download or order handouts, posters, videos and more.

■ **Your safety committee.** Use it to help you promote safety and training. Maybe a committee member can be trained to do some of the services you were receiving from a safety consultant you can no longer retain. If members of the committee are a good sampling of your workforce, they know the jobs best and will have the best recommendations for safety improvements. Give the committee the authority to make change.

■ **Hiring practices.** Despite belt-tightening, you may have positions to fill. Following good hiring practices is a highly effective way of avoiding work injuries later. Examples: In addition to background checks, consider pre-placement physicals and substance screenings. Make sure job descriptions are current and thorough, so you can determine whether the candidate is physically capable of doing the required functions.

Speaking of current and thorough job descriptions, if an employee does become injured, detailed job descriptions will help you work with the treating doctor to ensure an early and safe return to work, thereby holding down the costs of the workers' compensation claim.

■ **Outside resources.** Take advantage of the resources available through indus-

try-specific associations. Many offer training sessions, educational materials and even free consultations.

The Minnesota Safety Council, for example, is an excellent resource offering quality products and services at no or low cost to members, including educational sessions and training resources.

The safety council's website is www.minnesotasafetycouncil.org

Safety resources are also available through state and federal agencies such as:

- Minnesota Chamber of Commerce.
- Iowa Division of Workers' Compensation.
- Nebraska Department of Insurance.
- Wisconsin Department of Workforce Development.
- South Dakota Department of Public Health.
- U.S. Department of Labor.
- Federal OSHA.
- National Institute of Occupational Safety and Health.

Safety grants are available to employers making capital purchases such as fall protection equipment, safe patient handling equipment, and machine guarding, to mention a few. Safety grants can also be applied to the cost of training related to equipment purchases. For more information on Minnesota safety grants, see www.dli.mn.gov > osha > safety grants program.

SFM's loss prevention staff is available to help SFM policyholders identify hazards, recommend effective corrective actions, and assess training needs. SFM also offers self-help resources including handouts, posters, safety training talks, videos, and educational materials. They are available through the SFM Resource Catalog at www.sfmic.com > Employers > Resources. ♦



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Metro area (952) 838-2020

Lynn, Scharfenberg & Associates

Toll-free (800) 937-1181
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When a work injury occurs, report it to SFM—



- **Accurately.** Pay attention to dates.
- **Completely.** Don't overlook the lost-time box.
- **Timely.** Submit within 24 hours of injury.

Don't have it all? Go ahead and report. Call SFM later with the rest.

Report minor injuries as "Incident only."

Report online at **www.sfmic.com**

