



# 2019 IPMA-HR Spotlight Report

Impact of Employee  
Out-of-Pocket  
Health Plan Costs on  
Reported Workplace  
Accidents

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**Colonial Life**

**IPMA-HR**  
INTERNATIONAL PUBLIC MANAGEMENT  
ASSOCIATION for HUMAN RESOURCES



## Summary

A survey was issued to IPMA-HR members to get their feedback on the potential relationship between out-of-pocket (OOP) health plan costs and workers compensation (WC) claims. The survey was digitally distributed to IPMA-HR members in November of 2018 and garnered 196 responses.

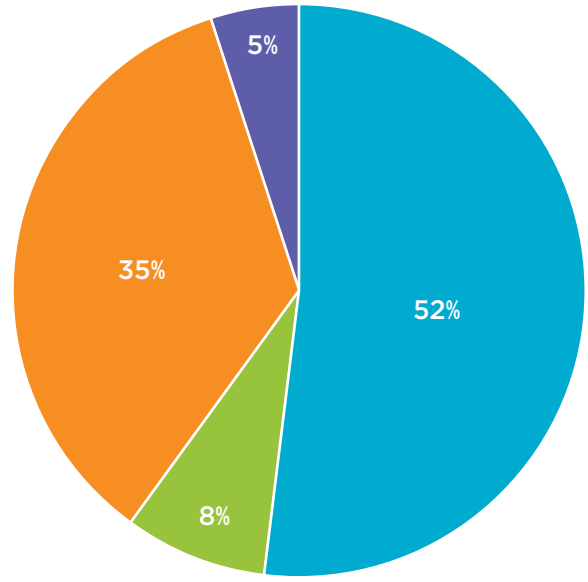
### The goal of this study was to

- Capture views from HR subject-matter experts on employee OOP health plan expenses and potential impact on reported workplace injuries.
- Assess their perspective on the scope of the issue.
- Identify possible mitigation strategies and potential impact.
- Provide data to assist IPMA-HR members and other HR practitioners in future planning.



60% of respondents agreed or strongly agreed that employees who have difficulty affording out-of-pocket costs on their health plan could be more likely to report an injury sustained off-the-job as a workplace injury.

CAN OOP COSTS IMPACT WC CLAIMS?



- Agree
- Disagree
- Strongly Agree
- Strongly Disagree

### Comments

*“There could be some untreated injuries and illnesses that employees report as occupational injury to gain access to treatment.”*

—IPMA-HR Member, City Government

*“I could definitely see where this would apply to an employee who has a high deductible plan.”*

—IPMA-HR Member, City Government

*“If we had a high deductible plan, it might be more prevalent”*

—IPMA-HR Member, School District

*“Especially if the injury was close to duty hours and can be “linked” to the job.”*

—IPMA-HR Member, City Government

*“They will probably avoid getting any medical help for fear of cost”*

—IPMA-HR Member, Special District

## Framing the Issue

*“This was a concern and discussed when we moved away from HMO plans. First year we did see an increase in WC claims.”*

—IPMA-HR Member,  
City Government



## Framing the Issue

Many respondents who did not agree that health plan out-of-pocket costs have an impact on reported workplace injuries, stated they felt this way because OOP expenses were very low on their health plan.

*“I don’t feel this applies to our municipality as our insurance plan is very rich.”*

—IPMA-HR Member, City Government

*“Our plans are very affordable in terms of co-pays, deductibles, etc.”*

—IPMA-HR Member, City Government

*“Our co-pays are so low I do not think they would use that as an excuse.”*

—IPMA-HR Member, City Government

*“Our organization offers wonderful health plans where our employees have no co-payments and no out-of-pocket costs.”*

—IPMA-HR Member, City Government

Additionally, some felt the disposition of an individual employee was a greater influence on their behavior than health plan out-of-pocket expenses.

*“I think if you are predisposed to dishonesty, it matters not if you have higher out-of-pocket expenses.”*

—IPMA-HR Member, School District

*“The likelihood of this occurring is affected by the character of the employee.”*

—IPMA-HR Member, City Government

*“Besides losing their job if it is discovered they lied, they may face criminal charges, fines, and/or jail time.”*

—IPMA-HR Member, City Government



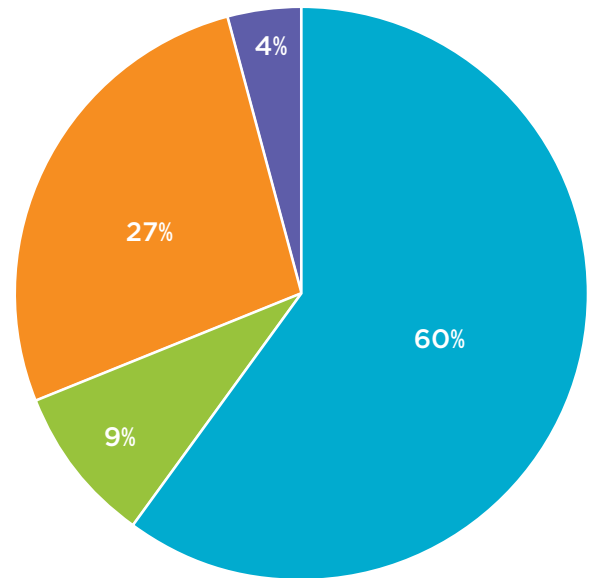
## Impact of Cost Increases

*“I feel increasing costs could have an adverse impact on improperly reported workplace injuries.”*

—IPMA-HR Member,  
City Government

69% of respondents agreed or strongly agreed that employers looking to increase employee out-of-pocket costs on their health plan, could be unintentionally increasing the risk of some employees reporting an off-the-job injury as a workplace injury.

### INCREASING OOP COSTS INCREASES WC RISK?



■ Agree                      ■ Disagree  
■ Strongly Agree           ■ Strongly Disagree

### Comments

*“I think there is potential for this type of cause/effect.”*

—IPMA-HR Member, City Government

*“This is certainly possible if copayments are greatly increased.”*

—IPMA-HR Member, State Gov.

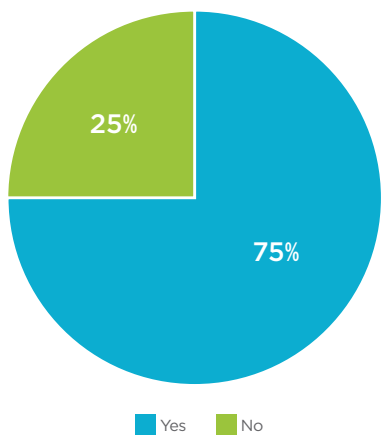
*“If it was a very substantial increase.”*

—IPMA-HR Member, City Government

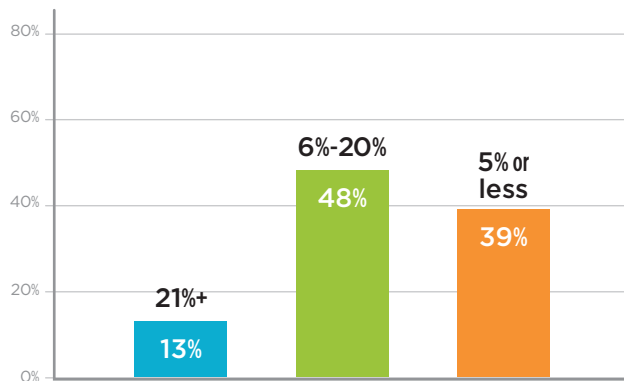
## Mitigating Current & New Costs

75% of respondents agreed that employers who find ways to reduce out-of-pocket costs on their health plan could see a positive reduction in reported workplace injuries.

**AGREE THAT MITIGATING OOP COSTS COULD REDUCE REPORTED WORKPLACE INJURIES**



**ESTIMATED REDUCTION IN REPORTED WORKPLACE INJURIES**



### Comments

*“Yes, because employees would be able to afford medical costs on their own.”*

—IPMA-HR Member, State Government

*“If out-of-pocket costs are less; employees are more likely to go to the doctor.”*

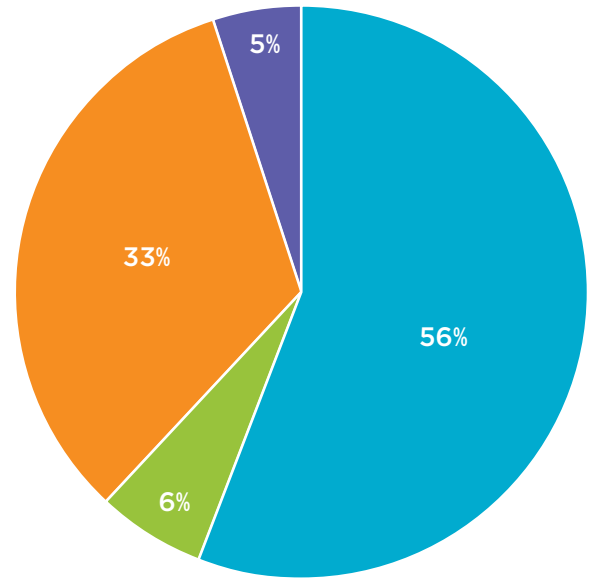
—IPMA-HR Member, City Government



## Leveraging Voluntary Benefits

62% of respondents agreed or strongly agreed that an employer offering supplemental insurance to help an employee cover the out-of-pocket costs on their health plan, could potentially decrease the risk of an employee reporting an off-the-job injury as a workplace injury.

### OFFERING SUPPLEMENTAL INSURANCE REDUCES WC RISK?



■ Agree                      ■ Disagree  
■ Strongly Agree           ■ Strongly Disagree

### Comments

*"I think it's a great concept."*

—IPMA-HR Member, City Government

*"We have not tracked it but would certainly be curious as to how you might go about that."*

—IPMA-HR Member, City Government

*"I think many of the injuries could be greatly reduced if employees could better afford to seek treatment for a health issue before it leads to an injury at work."*

—IPMA-HR Member, City Government

*"Employees would be open to other options to help reduce their out of pockets expenses."*

—IPMA-HR Member,  
County Government



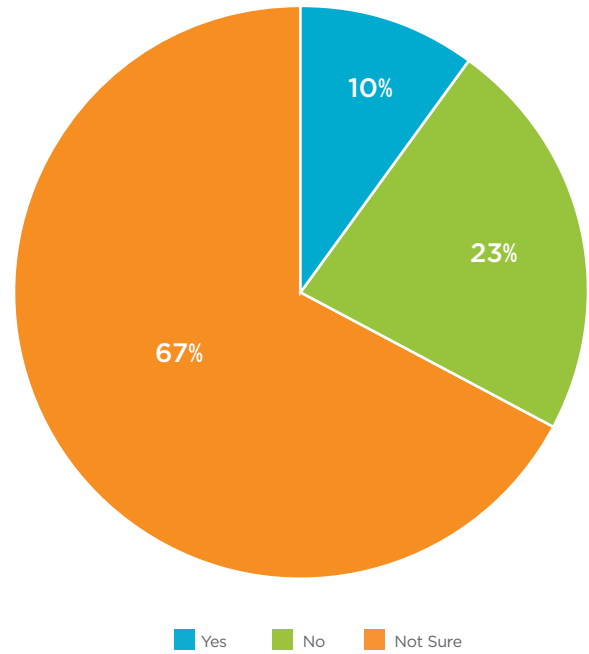
## Future Planning

*“Yes, when major changes are being considered.”*

—IPMA-HR Member,  
City Government

Only 10% of respondents indicated that impact on workers compensation claims was a factor given consideration when designing employee benefits plans. The majority at 67% were unsure.

### CONSIDER WC WHEN BENEFITS PLANNING?



### Comments

*“Worker’s comp is separate from employee benefits.”*

—IPMA-HR Member, State Government

*“I do not think so.”*

—IPMA-HR Member, City Government

*“We do not design benefits plans at my agency.”*

—IPMA-HR Member, State Government





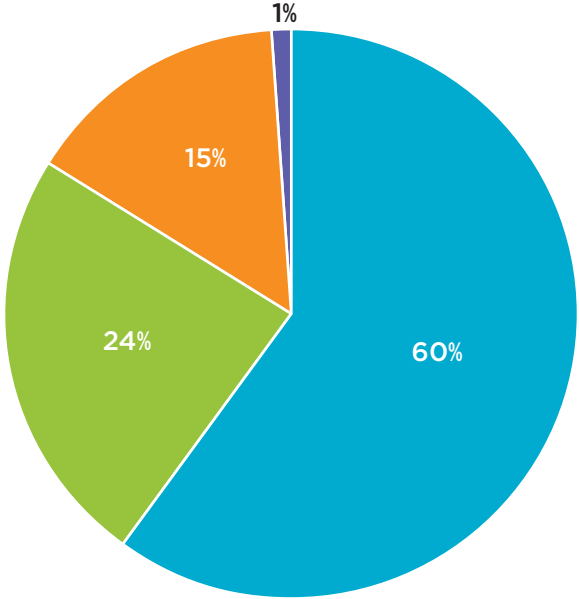
**Leverage External Expertise**

*“The broker should have a comprehensive and in-depth understanding of the entire employee benefit plan and how it intersects with all unintended consequences (including WC).”*

—IPMA-HR Member,  
 City Government

84% of respondents agreed or strongly agreed that an employer should be able to expect their insurance advisor/broker/consultant to help them understand and manage the risk between out-of-pocket costs on their health plan and workers compensation claims.

**RELIANCE ON ADVISORS FOR GUIDANCE?**



- Agree
- Disagree
- Strongly Agree
- Strongly Disagree

**Comments**

*“Ideally this would occur; I do not know if this does happen.”*

—IPMA-HR Member, City Government

*“These are two different areas of expertise.”*

—IPMA-HR Member, County Government



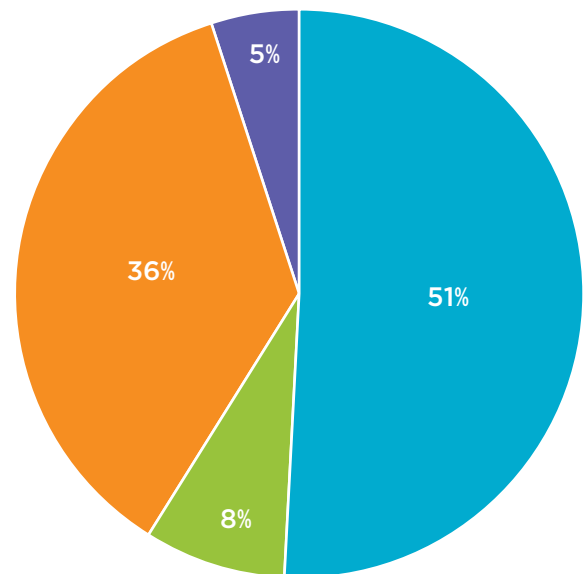
## Role of Employee Communications

*“Workers comp and benefits are different, and most employees are aware of that. But it does not hurt to do an overview of the differences.”*

—IPMA-HR Member,  
State Government

59% of respondents agreed or strongly agreed that a robust employee communication program highlighting the differences between health insurance and workers compensation could help reduce workers compensation claims.

### EMPLOYEE COMMUNICATIONS REDUCE WC CLAIMS?



■ Agree                      ■ Disagree  
■ Strongly Agree           ■ Strongly Disagree

### Comments

*“Strong communications of intent for any cost increase, and on safety will help decrease costs.”*

—IPMA-HR Member, City Government

*“Our employees are made aware of distinctions.”*

—IPMA-HR Member, City Government

*“I believe communication is always helpful.”*

—IPMA-HR Member, City Government

*“Well worded communications with illustrative examples and scenarios.”*

—IPMA-HR Member, County Government

*“Our work force is very well versed in worker’s comp vs. off the job injury.”*

—IPMA-HR Member, City Government



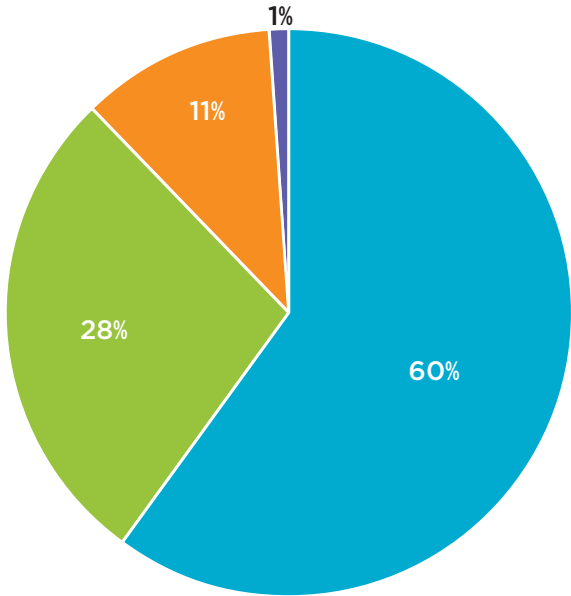
## Importance of Wellness

*“Healthier people have fewer workplace injuries.”*

—IPMA-HR Member,  
City Government

88% of respondents agreed or strongly agreed that employees who have improved their overall personal health via workplace wellness programs are potentially less susceptible to workplace injuries.

### WELLNESS PROGRAMS COULD REDUCE WC RISK?



- Agree
- Strongly Agree
- Disagree
- Strongly Disagree

### Comments

*“Getting the employees to focus on health and provide incentives to do so is highly effective in reducing workplace injuries.”*

—IPMA-HR Member, State Government



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