

# **The Incentive/Disincentive Disability Management Connection**

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Not too many years ago I was hired by a large national company to find out why their Return-to-Work program was simply not working. Headquarters had spent considerable time and money in developing it. It was in the format of a step-by-step manual. They had rolled the program out to their local sites with full-day training sessions for managers and supervisors.

I reviewed the program and found it to be fundamentally sound. The training for the rollout was excellent and the manual itself was clearly written and easy to use. However, after one year, the company could not identify one injured employee who had come back to work in a transitional employment assignment because of the program. Like the movie "Field of Dreams" they built it. But unlike the movie no one came.

My next step was to go into the field and find out why no one wanted to play. The Company had over one hundred locations in over forty states. It took me six locations in two states to confirm my worse suspicions. The program was not going to work; in fact, from day one it never had a chance of succeeding.

The company forgot to factor in the issue that dooms a significant number of otherwise solid workers' compensation cost reduction programs. They forgot to consider the antiquated built-in corporate disincentives to take injured workers back to work early. They never installed in their place any incentives encouraging supervisors at the local level to participate in the program. Too often corporate disability management goals conflicted with local production or profit goals. In this case one does not have to be a corporate genius to predict who will win or lose the battle. Clearly, the organization always loses such battles.

The success or failure of a good disability management system can often be measured in the distance between corporate policy and local procedures. In a nutshell, do not tell your local organizations that you want them to do something and then punish them for doing it.

In this article I will detail the many disincentives that I have found over my years as a disability management consultant, how they were neutralized, and in many cases turned into incentives.

- 1. A bad program is the greatest disincentive of them all**
- 2. Not sharing the pain, not sharing the gain**
- 3. Conflicting issues regarding performance standards**
- 4. Lack of ongoing technical assistance**

# 1. A bad program is greatest disincentive of them all

All Return-to-Work programs are not alike, nor are they equal. Some are supervisor friendly and some are downright hostile. The following are four elements of Return-to-Work programs that nearly ensure non-cooperation at the supervisor level.

## ❖ Open-ended time frames

There is no element of a bad Return-to-Work program more frustrating to a supervisor than an assignment that has no end date or end in sight. Supervisors must be able to see some light at the end of the tunnel...they need some purpose to bring injured workers back. That purpose is that the injured worker will recover faster or more completely with a transitional work assignment.

Yet many Return-to-Work programs place the injured worker in an assignment and leave them there for months, sometimes even years. This creates frustration for the supervisor, the co-workers and the injured employee. The majority of transitional assignments should last no more than 90 days.

Leaving an injured worker in an assignment beyond the time that is medically necessary to benefit from the assignment is in conflict with the reasons that these assignment are offered in the first place, which is to help the worker get better and return to his or her previous job.

Every Return-to-Work assignment should have a start and an end date. Circumstances may require that these be modified from time to time but they should never be open-ended.

## ❖ Useless or make work jobs

Sitting in the cafeteria and counting the holes in the ceiling is no joke, I have actually seen that as a light duty assignment. Light duty assignments must have purpose and provide value to the organization. When they do not, their therapeutic value is compromised.

When asked to supervise assignments that have little or no value it is not only the injured worker who feels demeaned but the supervisor as well. Treating an injured worker as if he or she was a child does little to help the injured worker recover, and treating the supervisor as if he or she were a babysitter will only create resentment.

The truth is that if a company can bring a worker back at all, that company can, with a little imagination and creativity, find something productive for the

worker to do. Bringing the worker back and failing to take the next step to find meaningful work is nothing more than laziness on the part of the employer.

Interestingly enough, the best sources for meaningful work are the supervisor and the injured worker. Including them in the creative process goes a long way to promote “buy in” for the program.

#### ❖ **Restriction based assignments**

“Can’t walk, can’t bend, can’t stoop, and can’t lift; do you have any work for me?” Trying to develop a job for an injured employee by only knowing his or her restrictions puts the supervisor at a distinct disadvantage. Restrictions are important and useful because they can be used to eliminate certain jobs or assignments but restrictions themselves do not tell the supervisor what the worker can do.

These programs work best when the supervisor knows not only what the worker’s restrictions are but also what the worker’s abilities are and even more importantly, what the worker should be doing. When the supervisor is given the “ability” information instead of just the “disability” information, developing a good transitional employment assignment is much easier.

#### ❖ **Lack of feedback or supervisory authority**

Let supervisors do what supervisors do best – supervise. Supervisors often feel they cannot effectively supervise injured workers. They lack knowledge of what the restrictions are. There may be breakdowns in communication between the worker and the supervisors about the duties of the job. Often nothing is in writing.

This breakdown can cause a reaction of both frustration about the process and indifference towards its success. Transitional employment assignments should be written down and reviewed by the supervisor and the injured employee. Expectations should be set and the supervisor should be given the authority to supervise the work.

## 2. Not sharing the pain, not sharing the gain

There are two elements in the way that corporations charge back workers' compensation costs that endanger the support of a Return-to-Work program at the local level. The first element is when a company pays the cost of workers' compensation at the corporate level and leaves the local level with little or no bottom line responsibility for cost savings at all. The second is when the burden of absorbing the costs of a Return-to-Work program are born at the local level with the savings for the program all going to corporate.

While there are many successful models for Return-to-Work that enjoy support at the local level, the majority of them have two elements in common:

Share the Cost - To some degree the local level share in and are acutely aware of the costs of workers' compensation.

Share the Savings - A percentage of the savings caused by the Return-to-Work activities at the local level are passed down to the local level.

### ❖ Share the Cost

A lack of a real local level connection to the corporate workers' compensation costs can cause indifference to Return-to-Work programs by local managers and supervisors. It is true that in some cases if the total burden of a department's workers' compensation bill were assessed against that department it would make that department less profitable and sometimes unprofitable. This gives the organization an unrealistic view of the bottom line of local departments and compromises the corporation's ability to make good management decisions.

Some times these high cost departments are vital to the overall operation and profitability of the entire corporation. There is a good corporate reason to keep them open even if they are not profitable in themselves. In these cases there is a tendency for top-level management to write off the workers' compensation costs at the corporate level.

When corporations do this it is a form of their giving up on controlling these costs. What is important is not that corporate charges back dollar for dollar the workers' compensation costs to the local level, but that the local departments are aware of the costs and feel them in some way. We have seen companies pass on a percentage of the costs; whereas in some cases, simply breaking down the costs so the local departments are more aware of them can be effective.

In every case, making the reduction of the workers' compensation costs through good disability management a local performance goal is the key to having the local level take cost reduction seriously.

### ❖ **Share the Savings**

In the best cases, corporate finds a way to pass on a percentage of the workers' compensation savings onto the local level as an incentive. Sometimes this is done in the form of bonuses or funds that can be used for special projects. If the organization already charges back the workers' compensation costs to the local level, the reduced charges will be an incentive. When a company starts a disability management program the savings may not be apparent for a year or two. Sometimes it takes as long as three years to fully realize the full extent of the savings because of the history and development factor. This is all well and good at the corporate level but local departments are better motivated by short-term reinforcement of behavior. If the corporation has the cash flow, rewarding the departments on the basis of calculated expected savings rather than long-term fully realized savings goes a long way to keep up local interest and support of the program.

## **3. Conflicting issues regarding performance standards**

The most common disincentive I see at the local level is performance standards. Here is how they usually work. The number of staff hours in a given location is expected to produce a certain result. So if a warehouse department has 400 staff hours on Tuesday, the 400 hours should translate into 'x' number of orders filled. More staff hours equal higher production expectations and a lower number of staff hours should result in a lower production requirement.

The problem occurs when an injured employee is brought back to work but cannot perform up to general expectations. For instance, what if the worker accounts for eight staff hours but can only produce at a level of four staff hours. The work unit is then evaluated as working below standard.

This view does not factor in the benefits of bringing the worker back to work in a transitional employment assignment. The injured worker in this situation may not be as productive, but he or she is getting well sooner or more completely and is significantly reducing the employer's workers' compensation costs.

Now, take into consideration if the worker was at home. There would be no production from that worker. A replacement worker would be paid at the same rate or a higher rate if the injured worker's production responsibility were assigned to a temporary worker or an employee working overtime. In these cases the employer is paying more than twice the amount for the production.

Organizations need to factor in the overall cost saving benefits to the organization from the worker returning, rather than just focus on lowered production. When employers do not factor in the potential workers' compensation cost savings into the production equation and give the local level credit for their return to work effort, they shift the responsibility for paying for the overall organizations workers'

compensation costs savings over to the local level by penalizing the local level for not meeting production standards.

This unfairness is always obvious to the local level and is one of the main friction points between supervision and management about return to work. The solution is simple. Management needs only to reward the efforts to bring injured employees back to work at the local level by adjusting staff hours and production requirements fairly to reflect the investment made by the entire organization in the return to work process. This can be done in two ways:

- ❖ Determine what a fair expectation of production would be for returning an injured employee in a transitional employment assignment and adjust the local unit's goals accordingly.
- ❖ Allow the local unit to charge back all or a percentage of an injured employee's hours while in a transitional employment assignment to a separate cost code. This code should later be used to measure the costs and the savings of the organization's disability management program.

#### **4. A lack of ongoing technical assistance**

The role that the supervisor plays in the disability management process is crucial. He or she helps identify the transitional employment assignments, performs the day-to-day supervision of the injured worker, and serves to evaluate the progress of the program.

But supervisors do not run the program. I have been called in to evaluate many disability management programs that have started out with great fanfare and financial successes, only to have fallen out of fashion and no longer be utilized after three to five years of existence. Why? Did the organization get tired of saving money? No. More times than not I found that the organization, while very happy with the program, came to believe that after initial implementation the program would run itself. Key staff leave and supervisors are promoted or replaced and soon everyone knows that the organization has a disability management program but no one is sure just how it works; and furthermore, no one remembers how expensive it was before the program was started.

Every organization needs what I call an "Angel" to run their disability management program. It may not be that person's entire job but that person must have the time, responsibility and authority to oversee the program and to provide technical assistance to the local level in running the program.

Financial incentives are useful and the removing of financial disincentives is crucial to a cost saving disability management program. But the removal of disincentives and the creation of incentives will not overcome the natural entropy of any program that is not encouraged, serviced and technically assisted on a day-to-day basis.

The person providing the technical assistance for the program needs to intervene and do the necessary paperwork and logistics for the transitional employment team meetings, obtain the medical reports and co-ordinate the supervisors' meeting and decisions about disability management with the members of the transitional employment team. The technical assistance person should be available to the supervisor to help solve the problems that invariably happen with an organization with an aggressive disability management program. These can include everything from relapses to changing needs in the department for transitional employment assignments.

A good disability management program is not easy for an organization but it is worth it. However, supervisors can and will only take on so much work without positive reinforcement and assistance. Often during the initial implementation of a program that assistance is readily available. After a few years we see that assistance begins to decline. As the technical assistance declines so does the effort and enthusiasm of the local departments. Without ongoing technical assistance, the disability management program can be perceived to be more trouble than it is worth. This has been the beginning of the end for many very successful programs.

## Conclusion

While there is no question that a good disability management program begins from the top, organizations must keep in mind the reality that they work from the bottom up. The identification and solving of valid concerns and disincentives towards Return-to-Work at the local level is vital to the program's acceptance and ultimate success. The continued servicing of the program, and support of the supervisors who play such an important role in the program's success through technical assistance, is the key to maintaining a viable program over the years.

A highlight of the incentive/disincentive disability management connection is offered on the following page. This will be the difference between a successful program and a failed one.

### About the author

Richard Pimentel is a Senior Partner of Milt Wright & Associates, Inc. He is a nationally renowned expert on disability management, workers' compensation cost containment, rehabilitation, and job retention in the workplace. His vast and penetrating knowledge about issues related to disability and people of difference is communicated with humor and conviction.

As a consultant, keynote speaker, professional trainer and author of numerous curricula and training guides, Richard Pimentel is distinguished by his unerring ability to predict and anticipate the needs and requirements of both public and private sector employers. He has pioneered proactive risk management, return-to-work and equal employment opportunity (EEO) programs to generate both cost savings and enduring attitudinal changes in corporate culture.

Richard Pimentel is an acknowledged authority on the Americans with Disabilities Act (ADA). His training has not only successfully enabled managers and supervisors to participate in cost reduction initiatives and implementation of policies and procedures to reduce worksite accidents and re-injury, but also to dispel stereotypes and embrace diversity. Richard Pimentel offers powerful training and consultation for personnel engaged in planning and development, human resources, health and safety, risk management and benefits administration.

## Implementing A Return-to-Work Program

Disincentives	Incentives
1. The creation of open-ended time frames for Return-to-Work assignments can create frustration amongst all parties. It contradicts the purpose of helping an employee get better by returning to work.	1. Provide reasonable start and end dates for Return-to-Work assignments and encourage timely review and modifications as appropriate.
2. Return-to-Work assignments that do not have meaning or value to the injured worker are demeaning. Return-to-Work assignments that do not have meaning or value to the organization are useless.	2. Include the injured worker in the creative process of developing a win-win Return-to-Work assignment that promotes “buy in” and therapeutic value.
3. Too much focus on restrictions and what an injured worker cannot do create complications for developing a transitional employment assignment.	3. In addition to the restrictions, provide “ability” information and focus on what the employee can do to create a good transitional employment assignment.
4. A breakdown of communication between the supervisor and the injured worker creates animosity and miscommunication.	4. Maintaining communication with clarity is imperative. Keep supervisors and employees well informed. Create written transitional employment assignments in which all parties are in agreement. Allow the supervisor to continue to supervise the employee when appropriate.
5. Corporate level handles all workers’ compensation cost issues and leaves the local level with little or no bottom line responsibility. Limited knowledge results in limited concern.	5. The Corporate level needs to keep the local level acutely aware of the workers’ compensation cost and offer rewards for reducing workers’ compensation costs.
6. Local level absorbs costs of a Return-to-Work program; however, only Corporate benefits from the savings of the program.	6. Local level earns a percentage of the savings caused by the Return-to-work activities.
7. The organization’s performance standards are based on staff hours without adjustments for bringing a worker back to work in a transitional employment assignment. The organization punishes the local unit for bringing injured workers back to work when production requirements are unmet.	7. The organization’s performance standards determine what a fair expectation of production would be for returning an injured employee in a transitional employment assignment and adjust the local unit’s goals accordingly.
8. The organization does not have a system for factoring in the benefits of implementing a Return-to-Work program.	8. The organization provides a system to measure the cost plus saving of a disability management program. (I.e., allowing the local unit to charge back all or a percentage of an injured worker’s hours while in a transitional assignment to a separate cost code.)
9. The organization implements a Return-to-Work program but does not continue to manage it.	9. The organization implements a Return-to-Work program that is closely monitored and provides technical assistance for ongoing development and improvement.

**To contact Richard Pimentel or to obtain more information on the design and implementation of Return-to-Work programs, contact:**