

**LESSONS LEARNED FROM LOSSES
AUGUST 2011**

THE BENEFITS OF A TRANSITIONAL DUTY PROGRAM:

With Workers' Compensation claims leading the way in frequency and severity, and the maximum rate at \$792.00 per week, having a Transitional Duty program is *essential* in controlling the cost of Workers' Compensation claim. Attached find a chart from the NJ Department of Labor and Workforce Development that highlights the ever-increasing wage replacement (T.T.D.) benefit through 2011.

Transitional Duty Programs have measurable benefits: reduced temporary wage replacements results in reduced indemnity (permanency) awards. The length of time an employee is out of work for a work-related injury is evaluated when a final award for permanency is calculated.

One key element to having a successful program includes ongoing review of how the policy is administered. The transitional duty assignment should be placed in writing to the employee and should always be described as temporary in nature, and up for reevaluation in a specified period of time (i.e. every 30 days, etc.). An ongoing review of the employee's restrictions needs to be evaluated in conjunction with the movement, or "transition" of the employee back to full duty. This ongoing evaluation requires a team effort between the employer, the nurse case manager, the adjuster, the doctor and of course, the employee.

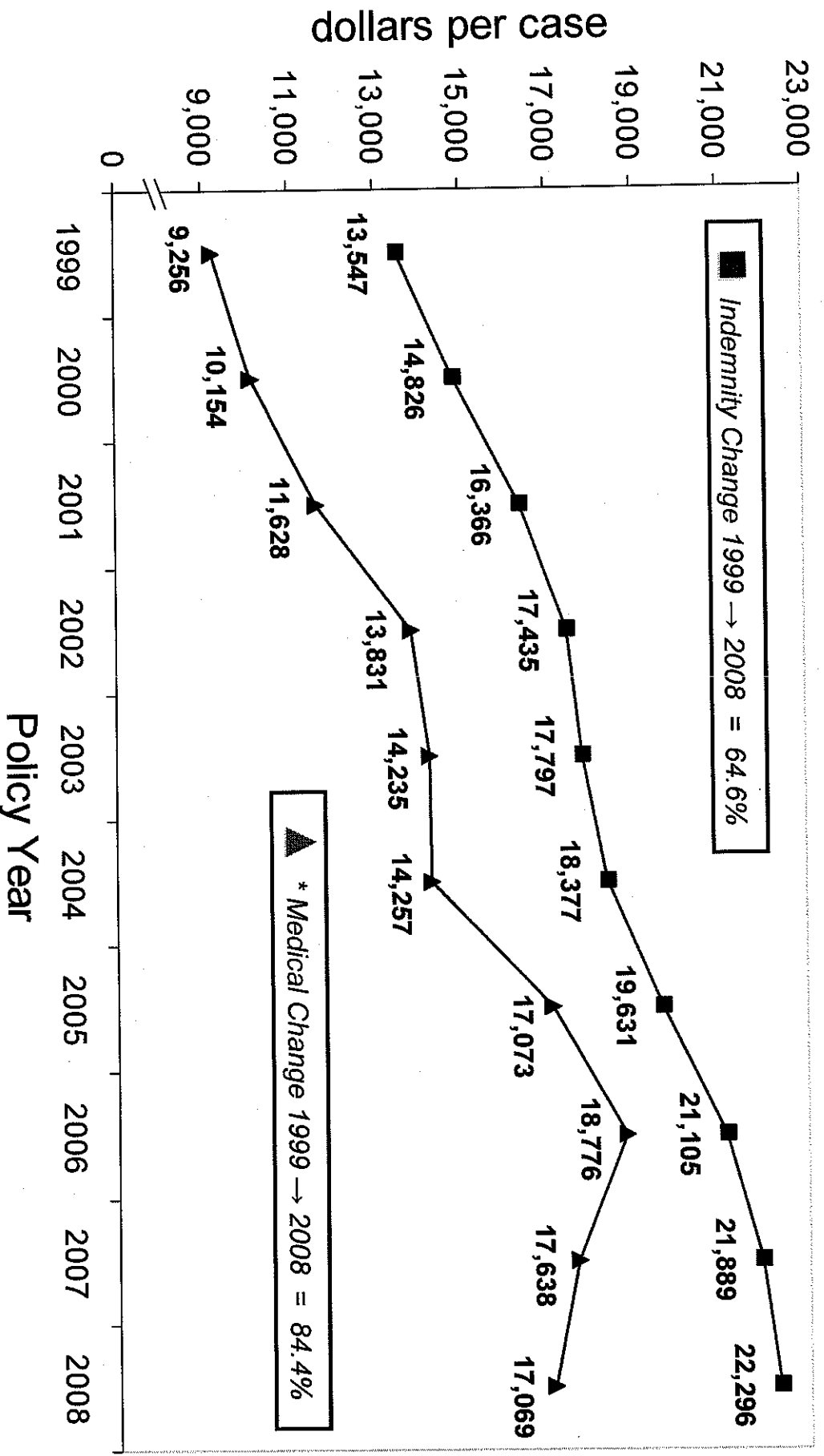
Fortunately, many JIF members have embraced this aspect of claim management and cost reduction. In many claims presented against members, "transitional" duty was accommodated for employees allowed to return to work with temporary restrictions. In addition to the obvious savings in the reduction of temporary total disability benefits paid, accommodating "transitional" duty achieves the following:

- *Employer gains control and increases the chance for a positive resolution to a claim*
- *Employer retains the services of valuable, trained employees*
- *Employer avoids employee replacement and training costs*
- *Employer reduces the chance of a permanent disability*
- *Employer discourages fraud*
- *Employer increases morale among injured worker and co-employees*
- *Employee fosters faster recoveries, both physical and psychological*
- *Employer resolves American with Disabilities Act compliance issues*
- *Employer achieves overall reduction in cost of the worker's compensation claim*

THANK YOU!



New Jersey Workers Compensation Average Cost Per Case



* Excludes Medical Only
Policy Years 2005 through 2008 are developed to 5th Report
Source: New Jersey Workers Compensation Statistical Plan