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

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.
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

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.

**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
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**
- **Strongly Agree**
- **Disagree**
- **Strongly Disagree**

60%

27%

9%

4%

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**

- 75%
- 25%

**ESTIMATED REDUCTION IN REPORTED WORKPLACE INJURIES**

- 6%-20%: 48%
- 5% or less: 39%
- 21%+: 13%
- 0%: 5%

**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

“Employees would be open to other options to help reduce their out of pockets expenses.”
—IPMA-HR Member, County Government

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**
- **Strongly Agree**
- **Disagree**
- **Strongly Disagree**

**Comments**

“I think it’s a great concept.”
—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.

**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
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.

**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

“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
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.

**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

**EMPLOYEE COMMUNICATIONS REDUCE WC CLAIMS?**

- Agree: 51%
- Strongly Agree: 36%
- Disagree: 5%
- Strongly Disagree: 8%

**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
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.

**Importance of Wellness**

“Healthier people have fewer workplace injuries.”

—IPMA-HR Member, City Government

**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