Aging Workforce: What Does it Mean?

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Is This a Public Entity Issue – **YES!**

- PRIMA and PMA conducted a 2013 Survey* with Public Entity Risk Managers
  - Survey results discovered
    - An aging workforce was the biggest WC concern followed by controlling claims frequency and RTW
    - During the next three years they expect medical costs and an aging workforce to be the most significant issues affecting their WC costs

*Public Entity Risk Management-Zero In on Workers’ Compensation Cost Drivers, June 2013
An aging workforce was the biggest WC concern

An aging workforce is a very significant issue affecting WC costs
Discussion

• Understanding the Issue
• Changes Associated with Aging
• Impact on WC Costs
  – Role of Co-Morbidities
• Strategies to Achieve Improved WC Outcomes
• Rethinking the Work Environment
• Rethinking Wellness
• Your Challenge
Understanding the Issue
Baby Boomers are Getting Older

• Over the past decade employees in the 45 year-old and over category have increased by 49% and make up 44% of the workforce

• The age group over 55 has grown to 21% of the workforce

• Between 2008-2018, the number of workers age 55 and older is projected to increase by 12 million (43%)

US DOL/BLS Data
Population 65 Years and Older by Size and Percent of Total Population: 1900 to 2010

(For more information on confidentiality protection, nonsampling error, and definitions, see www.census.gov /prod/cen2010/doc/sf1.pdf)

Millions

<table>
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<tr>
<th>Year</th>
<th>Number (in millions)</th>
<th>Percentage (of total population)</th>
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<tr>
<td>1900</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>1910</td>
<td>1.7</td>
<td>1.9</td>
</tr>
<tr>
<td>1920</td>
<td>2.2</td>
<td>2.3</td>
</tr>
<tr>
<td>1930</td>
<td>2.7</td>
<td>2.9</td>
</tr>
<tr>
<td>1940</td>
<td>3.4</td>
<td>3.9</td>
</tr>
<tr>
<td>1950</td>
<td>4.1</td>
<td>4.8</td>
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<tr>
<td>1960</td>
<td>5.0</td>
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<tr>
<td>1970</td>
<td>6.0</td>
<td>6.8</td>
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<tr>
<td>1980</td>
<td>7.2</td>
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<td>1990</td>
<td>8.5</td>
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<tr>
<td>2000</td>
<td>10.8</td>
<td>11.3</td>
</tr>
<tr>
<td>2010</td>
<td>12.9</td>
<td>13.2</td>
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</table>

Sources: U.S. Census Bureau, decennial census of population, 1900 to 2000; 2010 Census Summary File 1.
Retirement at 65?

• Age 65 is no longer the “normal” retirement age
• Employees are delaying due to economics, including the need for medical benefits and sufficient resources to retire
• 80% of Baby Boomers plan to work after retirement age
• Many adults are leading active, healthier lifestyles, which lead to longer life

AARP Data
The Future is NOW!

- Bus services and urban transit (66.1%)
- Utility workers (62.7%)
- Labor unions (64%)-Hospitals
- Textile product mills (61.3%)
- Animal production (57.7%)
- Metal work/machinery (59.4%)
- Aircraft and parts mfg. (60.5%)
- Paper and pulp (58.8%)
- Foundries (55.2%)
- Navigation, controls, tech (55.8%)
- Truck transportation (56.1%)
- Lodging/hospitality (53.7%)
- Insurance (50.1%)-TPA’s

Percent of workforce over 45 years of age, by industry

2013 BLS, Current Population Survey
Changes Associated With Aging
Common Effects of Aging

• Loss of muscle mass resulting in decreased strength
• Increased stiffness and reduced flexibility that impacts range of motion
• Poorer visual and auditory acuity
• Tire more quickly and recover slower

• Lower dexterity
• Reduced physical fitness level and aerobic capacity
• Slower cognitive speed
• Increased risk of chronic disorders, disease and obesity – diabetes, heart and lung disorders, cancer, hypertension
Body and Mind Changes

Muscle mass

Pupil size

Presbycusis

Fig. 1. View of the human eye
Data is Pointing toward a Workforce of Diminishing Physical Capacity and Poorer Health

In 2009–2010, 35.7% of U.S. adults were obese.

Figure 1. Prevalence of obesity among adults aged 20 and over, by sex and age: United States, 2009–2010

- Significant increasing linear trend by age ($p < 0.01$).
- Significant increasing linear trend by age ($p < 0.001$).

NOTE: Estimates were age adjusted by the direct method to the 2000 U.S. Census population using the age groups 20–39, 40–59, and 60 and over.

Effects of Overweight and Obesity

• Risk for developing the following conditions increases:
  – Coronary heart disease, Type 2 diabetes, Cancers, Hypertension, High total cholesterol or high levels of triglycerides, Stroke, Liver and Gallbladder disease, Sleep apnea and breathing problems, Osteoarthritis, etc.

• Overweight is defined as a body mass index (BMI) of 25 or higher; obesity is defined as a BMI of 30 or higher.
Overweight and Obesity Impact

• Potentially contribute or hasten an injury
• Can affect the healing process after an injury
  – It induces complex negative effects on multiple organ system functions and processes, including issues related to wound healing
• Your weight is the result of many factors
  – Environment, family history and genetics, metabolism (the way your body changes food and oxygen into energy), behavior or habits, etc.
Chronic Disorders and Diseases
Age of the Workforce is Increasing and Health Decreasing

- 44% • Workers > 45
- 38% • Obesity in > 45
- 37% • Workers that plan to work beyond age 65
# The State of Obesity in Tennessee

Sources: Current diabetes (2014) and hypertension (2013) rates are from [The State of Obesity 2015](https://www.stateofobesity.org/) [PDF]; 2010 diabetes, hypertension, heart disease, arthritis and obesity-related cancer numbers and projected cases of obesity-related health problems related are from [F as in Fat 2012](https://www.obesity.org/) [PDF].

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<tr>
<th>Health Issue</th>
<th>Rate</th>
<th>Rank among states</th>
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</thead>
<tbody>
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<td><strong>Diabetes</strong></td>
<td><strong>13.0%</strong></td>
<td><strong>2/51</strong></td>
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<tr>
<td><strong>Hypertension</strong></td>
<td><strong>38.8%</strong></td>
<td><strong>6/51</strong></td>
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<tr>
<td><strong>Heart disease</strong></td>
<td><strong>396,752</strong></td>
<td></td>
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<tr>
<td>Projected cases in 2030</td>
<td>= 1,896,993</td>
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<tr>
<td><strong>Obesity-related cancer</strong></td>
<td><strong>101,301</strong></td>
<td></td>
</tr>
<tr>
<td>Projected cases in 2030</td>
<td>= 260,360</td>
<td></td>
</tr>
<tr>
<td><strong>Obesity</strong></td>
<td><strong>31.2%</strong></td>
<td><strong>14/51</strong></td>
</tr>
<tr>
<td><strong>Obesity rate by gender</strong></td>
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<td></td>
</tr>
<tr>
<td>Men</td>
<td><strong>30.5%</strong></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td><strong>32.0%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Obesity rate by age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td><strong>18.6%</strong></td>
<td></td>
</tr>
<tr>
<td>26-44</td>
<td><strong>32.5%</strong></td>
<td></td>
</tr>
<tr>
<td>45-64</td>
<td><strong>38.7%</strong></td>
<td></td>
</tr>
<tr>
<td>65+</td>
<td><strong>23.9%</strong></td>
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</tbody>
</table>
Aging Worker

- Increased risk of errors
- Increased risk of falls
- Higher MSD rates
- Co-Morbidities
- Obesity Risk
- Retention of New Skills
- Higher disability costs
- Change Avoidance
Impact on Workers’ Compensation Costs
Impact on Your WC Costs

• Older workers tend to have fewer accidents, but injuries tend to be more severe
• Recovery time may be prolonged
• Chronic, pre-existing conditions can make treatment more complex
• Therefore, severity of accidents increases as related to the aging process compounded by pre-existing health conditions
WC Claim Cost Study

• $3 billion in WC claims from 2007 – 2015
• To monitor the impact of work-related injuries to aging workers
• Found consistently higher average costs for older claimants across all industry groups
• This trend varied in degree by Industry, but only by the pitch of the slope
Results – All Industries

Figure 2: Results from Aon Laser report
Data Reveals Significant Cost Differences

Employees < 45

Average Incurred $5,215

Employees ≥ 45

Average Incurred $9,068

73% Higher
Key Cost Drivers on ≥ 45 Claims

- Percentage of WC claims with Temporary Total Disability (TTD) payments: > 38%
- Average TTD days per TTD claim: > 14%
- Average value of indemnity paid claim with greater than 7 days of TTD: > 70%
- Medical only to Indemnity claim conversion rate (for all claims): > 27%
- Claim Closure Rate (within the most recent 12 months): < 9%
- Percentage of Litigated claims: > 40%
Three Key Areas Require a Closer View

1. Modify the claims process to improve post-loss response and management of the claim

2. Rethink the physical and cognitive demands

3. Partner with Human Resources to create prescriptive wellness programs
Strategies to Achieve Improved WC Outcomes
Understanding the Problem

• Of the top 4 co-morbid conditions negatively impacting WC claim outcomes (diabetes, hypertension, chronic pulmonary disorders and drug abuse), only drug abuse is not commonly associated with aging

• 4% of all claims are reported as having related treatments

• Claims involving these conditions are more likely to be disabling

• For Strains/Strains and MSD claims, 27-29% involve obesity as a contributor and 20% involve hypertension
8 Basic Strategies to Achieve Improved Claims Outcomes

1. Be specific on the medical conditions being accepted

2. Facilitate an aggressive integrated transitional duty program

3. Make investments in the infrastructure of an effective disability management program
8 Basic Strategies to Achieve Improved Claims Outcomes (Continued)

4. Facilitate accurate investigations of workplace injuries

5. Don’t assume or allow assumptions!

6. Insure that the claims administrator has an “80/20” plan and not “frog soup”
8 Basic Strategies to Achieve Improved Claims Outcomes (Continued)

7. Don’t let doctors be lawyers and lawyers be doctors

8. Coordinate claims strategies for all disability programs
Additional Thoughts

• One unfortunate result of claims involving aging workers is the benefits for wage disabilities when workers cannot return to their former job

• Succession planning, including assisting aging workers in physically demanding jobs to transition to other jobs/vocations

• Many institutions/agencies provide the training for post-injury vocational assistance plans to help an injured worker return to gainful employment
Rethinking the Work Environment

- Biomechanical Needs Assessment
- Body Mechanics Knowledge
- Product Selection & Specifications
- Increased Productivity
- Management Commitment

HIGHLY PRODUCTIVE, HEALTHY EMPLOYEES

OPERATOR ORDER PROCESSING
What can be done?

• Enhance your EHS program toward the older employee
• Re-evaluate work areas/stations and job tasks
• Provide the “new” training to all employees
• Rethink your wellness programs for injury prevention
  – smoking cessation, weight management, annual health assessments, fitness coaching, etc.
Methods of Accommodation

For the following issues:

• Vision
• Hearing
• Cognitive Ability
• Physical Ability
• Slip, Trip and Fall
Vision

- Adequate lighting including task lighting
- Decrease glare on equipment and video displays
- Video display software adjustments (font/color)
- Magnification for small objects
- Daytime driving
Hearing

• Reduce noise levels including background and high-frequency noises
• Relocate, enclose or replace excessively noisy or loud equipment
• Use sound-absorbing materials when considering workplace design
• Address noise-related complaints
• Ensure alarms are audible with visuals (strobe lights)
Cognitive Ability

• Minimize the complexity of tasks
• Automate certain processes
• Increase time between steps
• Reduce need for multitasking
• Increase decision-making time
• Eliminate clutter on VDT screens & work areas
Physical Ability

• Adequate material handling equipment to reduce or eliminate heavy lifts
• Review tasks to reduce back, shoulder and knee strains
• Tasks should have a comfortable range of motion
• Job rotation to reduce RMDs
• Layout of production lines
• Strength training and balance exercises
Slip, Trip and Fall

• Assess walkways for uneven surfaces, cracks and changes in grade

• Slip-resistant footwear, flooring and floor dressing procedures/products

• Improve stairways and ramps
  – Handrails, anti-slip treads, correct height, illumination

• Good housekeeping
Remember, we can no longer operate in silos to address aging workforce issues.
Rethinking Wellness
Wellness Programs

• Align wellness programs with injury trends on the Workers’ Compensation side
• Deliver innovative and meaningful solutions to meet aging employees needs
Benefits Programs

• Align with age-specific data trends
• Support WC, STD, LTD, trends
• Align with safety and ergonomics program
• Understand and develop strategies for casual absence for aging employees (e.g., care taker programs, flex schedules, etc.)
Human Resources Programs

• Assess workforce profile and age stratification
• Understand production demands and review for jobs for age-appropriateness
• Understand absenteeism and structure work in ways that reduce fatigue and improve retention
• Create synergist program within the organization
Your Challenge

Consider the following when deciding on accommodations:

• Impact of older employees on the business
  – Advantages

• Injuries to older employees that have occurred in the past

• Tasks and jobs that may increase risk to older employees
Questions?
Additional References

• PRIMA/PMA

• AARP
http://assets.aarp.org/rgcenter/econ/ib49_health.pdf

• BLS

• CDC
http://stateofobesity.org/states/tn/
http://www.cdc.gov/vitalsigns/AdultObesity/
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• Ageonomics
http://www.aon.com/risk-services/ageonomics.jsp#
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