

Comparison of Workers' Compensation Costs: Hyatt Hotels Texas - Virginia - Georgia

Presented To:

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- The Hyatt Corporation is a privately held company that operates 126 Hotels/Resorts in 31 states. Presently there are 7 properties located in Texas (approximately 2000 employees).

- The seven properties located in Texas are certified self-insurers. I serve on the Board of the Texas Self Insurance Association (TSIA), which is an organization of large employers in Texas that support certified self-insurance as one alternative for workers' compensation insurance in Texas. The TSIA has company members that are certified self-insurers, commercially insured, and non-subscribers.

- Today, I am speaking to you from the perspective of an employer doing business in Texas and as an employer who has similar operations in different states that have dissimilar workers' compensation costs associated with those operations.

Return to Work Programs

- The hospitality industry is one that supports an active role in hiring employees who have disabilities under the ADA. Some of our employees may be hearing impaired, visually impaired or mentally challenged and perform valuable and meaningful job duties daily in any one of our Hotels.

- Thus it would be a rare occurrence that a Hyatt Hotel could not accommodate a return to work with modified duty for an injured employee.

- As a result of this philosophy our employees are valuable to our management teams at our Hotels thus Hyatt Hotels support a strong return to work program.

- The challenge in Texas is having the employee released by the treating doctor with physical capabilities stated in Part II and Part III of the TWCC 73 with the part following that describes how this injury prevents the employee from returning to work either left blank or stating any number of reasons from "due to possible aggravation of work related injury" to "needs physical therapy" to "needs to see a specialist".

Recent Texas Challenges with Treating Physicians

- Two claims in Texas January 2004.

- First Claim - J. Smith date of injury 1/19/04 minor laceration to one finger.

- Second Claim - J. Jones date of injury 1/30/04 minor laceration to one finger.

- Both have same job duties.

- J. Smith is released by the treating doctor to return to work with restrictions and J. Smith performs a temporary modified job but must have physical therapy 2x week.

- J. Smith released to full duty 2/19/04. No lost time earns regular wage, 4 weeks of physical therapy.

- J. Jones is taken off work by treating doctor 2/1/04 and states on TWCC 73 that "pain" prevents the employee from returning to work.

- Jones released to modified duty 2/23/04 and then three weeks of physical therapy (starting 2/20).

- Jones released to regular duty 3/9/04.

Cost of Claim Differences

- The cost comparison of the two claims
 - J.Jones' claim 35% higher than J. Smith.
 - Indemnity paid out.
 - Medical costs in J. Jones claim 76% higher than J. Smith's claim
- Remember: Both employee's had minor lacerations to one finger.

Return to work Another View Point

- Twenty- six (26) indemnity claims in Texas reviewed for this presentation with only 5 or 19% of those injured workers returned to back to work.for any type of work.
- The medical costs of those claims compared to the what has been paid in indemnity is staggering.
- Indemnity represents 4% of the claims cost and the medical the medical costs are 96% of the total costs of the 26 indemnity claims reviewed.

Number of Hyatt Properties in Texas, Georgia & Virginia

- Texas - Seven (7) Properties
- Georgia - Four (4) Properties
- Virginia - Six (6) Properties

How Treating Doctor is Chosen In the States

- Employee Choice of Physician
- Initial Choice
- Texas
- Selection from list maintained by employer
- Georgia
- Virginia

What was compared!

- 2000 - 2004 (Through March 22, 2004) all open and closed claims for TX.,GA.,VA.
- Selected Lumbar and Shoulder claims for comparison.
- Medical only claims with no lost time by employee. (Lumbar & shoulder)
- Indemnity claims - includes medical and lost time wages of employee. (Lumbar & shoulderIndemnity claims - includes medical and lost time wages of employee.-Lumbar & shoulder).

Average number of lost days per State on closed claims during 2000 - 2004 Lost Days

- The average number of lost time days on closed indemnity claims during the years 2000 - 2004.
- Texas average 32.67 days
- Georgia average 9.82
- Virginia average 24.57

Results of the Comparison on Closed Claims during 2000-2004

- The average cost per claim for a medical only claim - lumbar injury.
- Texas 11% less than GA., 33% higher than Va.

•**The average cost per claim for an indemnity claim - lumbar injury.**

-Texas 75% higher than GA or 14% higher than VA.

•**The average cost per claim for a medical claim only - shoulder injury.**

-Texas 33% lower than GA. or 14% higher than VA. •**The average cost per claim for an indemnity claim**

- shoulder injury.

-Texas 5% higher than GA. or 39% higher than VA. **Summary of Comparison**

•Employee's received medical treatment for their work related injury in all three states compared.

•In Texas the medical costs in indemnity claims was higher but yet their outcome was not better.

•In Texas only 4% of the employees returned to work compared to the other two states.

Recommendation

In the Texas Workers' Compensation system, a Medical Network needs to be established to offer good quality medical care to injured workers and facilitate positive outcomes at a reasonable cost.