

THE EFFECT OF PUBLIC AND PRIVATE EFFORTS TO IMPROVE THE RETURN TO WORK OF DISABLED WORKERS

Short Description:

This paper describes recent evidence on the effectiveness of employer-initiated programs and public policies that are designed to reduce the duration of workplace injury absences, with a focus on several recent California initiatives and the potential lessons for a broader audience.

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Abstract:

Despite occupational safety and health improvements in the workplace in recent years, occupational injuries continue to be a prominent public health concern. The costs associated with workplace injuries can be substantial for both injured workers and employers. Workers suffer both economic and noneconomic hardships that can persist for years. Employers must pay medical and indemnity benefits, lose worker productivity, and often bear the costs of replacing the lost worker. These costs can total tens or even hundreds of billions of dollars per year.

One factor that is generally considered to be closely associated with the costs associated with a given workplace injury or illness is the duration of work absence that result. Obviously, the duration of work absence is closely related to injury or disability severity. Even conditioning on severity, however, early return to the at-injury employer is associated with significant declines in long-term earnings losses for disabled workers. Injury duration poses direct and indirect costs on employers: the direct cost of higher disability indemnity benefit payments, and indirectly through the value of lost productivity. These costs associated with the duration of work absences make the promotion of early return-to-work for workers' compensation claimants an important priority for policymakers.

Many policy initiatives that are intended to improve return-to-work for injured or disabled workers operate through the employers. For instance, some states offer subsidies to offset the costs to employers of hiring, retaining or accommodating disabled workers. These policies are adopted, however, with relatively little consensus among the scientific literature as to the effectiveness of these employer-based efforts.

This paper examines the impact of public and private policies designed to improve return-to-work.

To study the effect of employer initiatives, we use a unique data set that combines information from a firm-level survey of activities and policies designed to improve return-to-work matched to the post-injury employment outcomes for workers injured at these firms. The survey covered 40 large, self-insured employers in California and obtained detailed information about the formal programs and practices used to lower the duration of work-injury absences, including information such as the frequency of use of various modifications and accommodations. These survey data were matched to more than 17,000 workers injured from 1991-1995, and five years of post-injury employment data were collected.

Using these data, we estimate the impact of having a firm-level return-to-work program in place at the time of injury on the duration of absence compared to the absence of such a program, and determine the effect on the mean and median number of weeks out of work following an injury. A key feature of our analysis is that some employers adopted a program during the period over which we observe workplace injuries, allowing us to employ firm fixed effects. This allows us to eliminate the firm heterogeneity that potentially confounds the analyses of many previous studies, making it more difficult to attribute causality to the programs themselves.

To study the impact of public policies, we use data on workers' compensation claims from insured firms in California linked to earnings data before and after the date of injury. Using techniques developed in previous RAND studies, we link injured workers to similar uninjured workers to estimate the causal impact of occupational injuries on post-injury employment outcomes for disabled workers. These data are used to compute the trends in average return to work rates for workers from 2000-2006. Comparing the trends in return-to-work to the dates of adoption of different policies, we evaluate whether reforms implemented in California during this time period had a noticeable impact on return-to-work.