

## Integrated Benefits Institute Forum March 2015

**Integrated Disability and Absence Management** 











# Reyes' Integrated Disability Management (IDM) Department and Absence Management Program



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## **About Reyes Holdings**



Reyes Holdings L.L.C. is a closely held, private company headquartered in Rosemont, Illinois, engaged in the wholesale distribution of beer and various food products. The Company was founded by two of the Reyes brothers, Chris and Jude, when they purchased small (revenues of \$3 million) South Carolina beer distribution business in 1976. 37 years and over 100 acquisitions later (majority asset purchase), with a commitment to reinvesting in the business, the Reyes brothers have grown the Company into a global leader in the food and beverage distribution industries, with annual consolidated revenues in excess of \$22 billion. Family owned and operated, the company is dedicated to achieving unmatched value for its customers while creating an outstanding work environment for its employees.

The Martin-Brower Company, L.L.C. ("Martin-Brower"), is the largest distributor to the McDonald's Corporation ("McDonald's") restaurant system worldwide, with service to more than 14,000 restaurants, delivering more than 500 million cases annually. In addition to McDonald's, Martin-Brower services other quick service restaurants including Subway and Burger King in Brazil. Martin-Brower currently operates from 55 distribution centers worldwide, with 19 in the United States, 8 centers in Canada, 6 centers in Latin America, 12 in Europe, 4 in the Middle East, 2 in New Zealand, 6 in Australia, 2 in Korea and 1 in Malaysia.

The Company's market-leading beverage distribution business is comprised of nine operating companies: Chicago Beverage System, Windy City Distributing, Crest Beverage of San Diego, Florida Distributing Company of Orlando, Gate City Beverage of Riverside California, Harbor Distributing of Los Angeles/Orange County, Lee Distributors of South Carolina, Premium Distributors of DC, Premium Distributors of Maryland, and Premium Distributors of Virginia (collectively the "Reyes Beverage Group"). Reyes Beverage Group currently operates 18 separate distribution centers in these markets delivering over 97 million cases of beer each year and ranking among the largest distributors of MillerCoors, Boston Beer and Heineken, Diageo, Corona and craft beer brands in the United States.

Reinhart FoodService ("Reinhart") is the fifth largest broad-line food distributor in the United States, serving 43,000 customers in 38 states from 27 regional distribution centers. Delivering over 167 million cases of foodservice items each year to a variety of customers, such as chain restaurants, sporting venues, independent restaurants, schools, nursing homes, hospitals and hotels, the company offers over 131,000 SKUs with top national brands and the company's own high quality Reinhart branded products including fresh meats, seafood, produce, dairy and bakery goods.









## **About Reyes Holdings**



- Over 18,000 employees world wide, 14,000 in the US
- Over 75 locations ranging in size from 500-100 employees
- Grown by acquisition and continue to grow through acquisition

#### **Challenges existed:**

- WC costs well above where they needed to be
- Many separate HR policies
- Selection and hiring of the right people and turnover
- Onboarding new employees and in particular acquisitions
- Focus on safety
- Consistency in approach and employee relations









## Reyes Assessment: Assessing Magnitude of the Problem



- Analysis of drivers of lost time and productivity WC, Disability, FMLA, PTO
  - Cost and resource impacts \$54MM spent on these programs and x employees gone on a daily basis
- Analysis of key indicators that affect productivity
  - One of the most significant was lost days
- Analysis of connection between well being and health outcomes
  - No correlation between participation in HRA and improved health outcomes
- Policy and procedure review
  - Multiple policies across business units and locations
- Plan design review
  - Outdated plan designs for disability and need for increased case management and technology support
- Evaluation of existing talent focusing on what was needed for the "future state"
  - Reviewed existing staff roles and responsibilities and what improvements could improve outcomes
- Vendor evaluation
  - Review of vendor services and those available in the market place









## Reyes Assessment: Assessing Magnitude of the Problem



#### **Initial Steps**

- Reorganize Staff to support an Integrated Approach
- Risk Management and Benefits and HR Service Center report to HR
- Business unit reporting and accountability
- Location accountability transition costs to locations
- Form IDM department





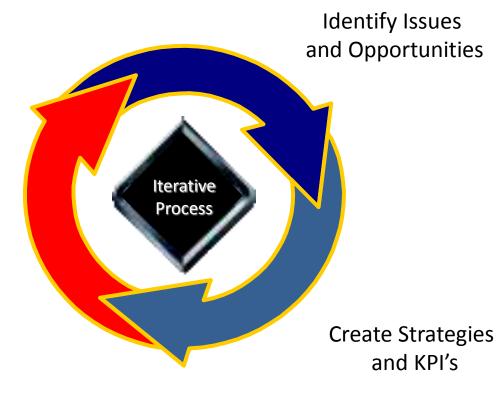




## **IDM - Continuous Improvement**



Implement Plans and Monitor Progress Through Applicable Metrics











### **IDM Department**



IDM is responsible for absence management throughout the entire organization. The departmental mandate is to identify and mitigate the impact of absences within our organization when an employee is out of work due to an illness, injury, or a leave of absence.

- 1. IDM is directly account for administration of the total absence management process and delegation of roles and responsibilities to both internal partners and external providers
  - Workers Compensation claims
  - Short Term Disability
  - FMLA and related state leaves
  - AL & GL claims administration
  - Transitional Duty Program
  - Coordination with talent selection
  - Coordination with medical plan, well being programs, disease management
  - Develop and correlate program metrics with business metrics
  - Communication of process and results

#### 2. Responsibilities include:

- Corporate administration of all leave management programs, including Workers Compensation, Disability, and FMLA, offered by Reyes Holdings and its affiliates
- The selection of all vendors and providers for workers compensation, except for insurance carriers and brokers
- All claims processes, protocols, and procedures and the final resolution of all claims
- Plan design, terms and conditions, interpretations, administration and claims disposition of the self-insured short term disability plan
- Collaboration on safety initiatives, program metrics and evaluation

#### 3. Objectives include:

- World class absence management performance
- Decreased incidence and duration of lost time across all programs
- Understanding and addressing the drivers of work disruption
- Optimizing both internal and external resources
- Protecting the employability and productivity of our workforce
- Ensuring the best possible outcome for the company and it's employees



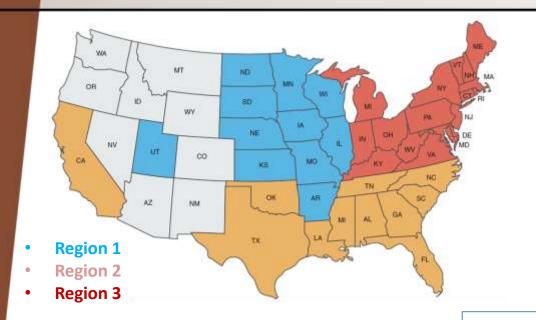






#### The IDM Team





Jeff Carlsen
Senior Vice President and Chief
Human Capital Officer

Mike Mason
VP, Human Resources and Labor
Relations

Dave Taylor Director, IDM

**Connie Brennan** 

WC Claims Manager

Region 1

**Larry Coffey** 

WC Claims Manager

Region 2

Jennifer Mark-Smith

> WC Claims Manager

Region 3

Julie Vollmer

Integrated Leave Administrator

All US
Operations

Sonja Schindler

Integrated Leave Administrator

All US Operations

**Corinne Heldt** 

Nurse Case Manager

All US Operations

**Emma La Cour** 

Liability Claims Manager

**All US Operations** 









### **What IDM Includes**



Workers' Compensation Short-Term
Disability (STD)
and
Long-Term
Disability (LTD)

Family Medical Leave Act (FMLA) and State-Related Leaves

Auto and General Liability (AL/GL)

Integration with Safety, Well Being, Health
Integrated Policies and Procedures
Integrated Intake
Integrated Data – WC, Disability, Health, Business Metrics











## **Transitional Return to Work Program**











## Transitional Return to Work Program Defined



#### What it is:

- A Transitional Duty Program is a medically monitored, cooperative effort to identify employees off work on Workers' Compensation or Disability and safely return them to the workplace through appropriate temporary assignments.
- Transitional duty is an interim system to assist an injured employee's recuperation as they progress to a full recovery.

#### Who it is for:

 The Transitional Duty program is provided for those employees who are recovering from injuries or illness and have been released to work with medical limitations that do not allow them to perform the essential functions of their regular positions.









## Transitional Return to Work Program Summary



- For an employee on Workers' Compensation or disability
  - Recovering from injury or illness
  - Has been released to work with medical limitations that do not allow the employee to perform the essential functions of their regular position
  - Some union groups may not allow participation in this program
- Safely returns employee to the workplace to perform appropriate, temporary assignments
  - Cooperative effort
  - Medically-monitored
- Employee generally paid 80% of regular pay
- Work in the employee's department is explored first
- Same employee performance standards and policies apply
- Refusal to participate may impact employee's ability to retain Workers' Compensation or STD benefits
  - FMLA may continue
- Transitional work is limited to 90 days, extensions are possible but reviewed every 30 days
  - · Ensures medical progress
  - Ensures appropriate transitional work









## Transitional Duty Assignment Opportunities



Assignments may include vacation or absentee replacement, training replacement, or non-traditional work, including temporary in-sourcing of product related work.

Be imaginative in best using an employees knowledge and skills

- Repair work, quality control, building maintenance, clerical projects, etc.
- Public and Customer relations
  - Local trade shows, environmental or community service projects
  - Facility visitor escorts
- Use transitional duty for training
  - Transitional Duty assignments can provide an opportunity for employees to catch up on required training
  - Employees on Transitional Duty assignments employees may be used as replacements for others who need to be trained
  - Experienced workers can train new employees
- Use transitional duty workers for process improvement and other activities
  - Transitional duty workers can review, update or develop job safety analyses (JSAs), quality instructions, gauges, etc
  - Transitional workers can be used as tour guides or escorts for visitors thus freeing up hosts with more critical functions
- Investigate nontraditional work opportunities
  - Loan employees to subcontractors
  - Loan employees to community service activities









**Integrated Disability Management** 

## Additional Transitional Duty Assignment Opportunities



A third party vendor that we partner with provides modified duty work at a non-profit organization for our employees for whom we are unable to accommodate their work restrictions. Primarily for (i) domicile employees and (ii) employees with very limiting physical restrictions.

- Program is for 90 days
- All referrals needs to be reviewed and approved by the Regional Claims Manager











## Workflows





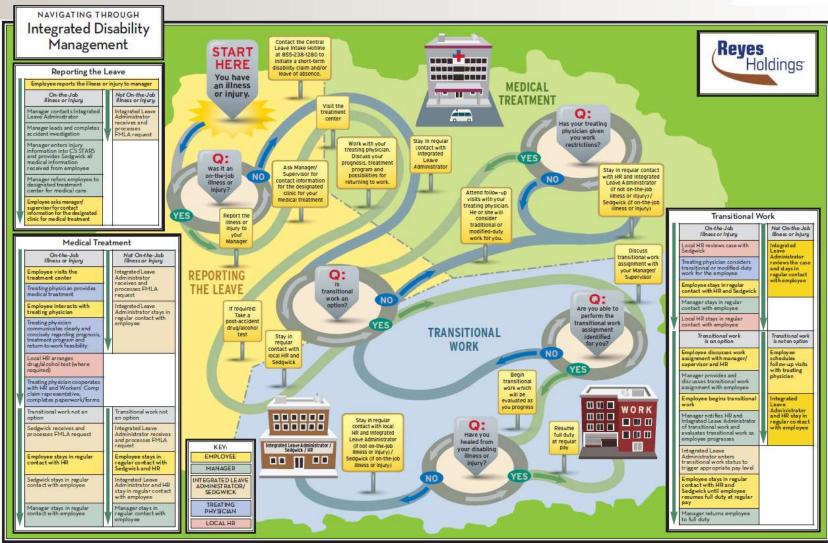






### **IDM Process Map**















## Responsibilities











## **Responsibilities - Employee**



- Work safely; participate in safety training
- Immediately report work injury or illness to HR and supervisor
- If Workers' Compensation, ask manager/supervisor for contact information for designated treatment centers
- Stay in contact with supervisor/manager, HR and TPA claims adjuster
- Transitional RTW Program: work within temporary physical limitations
- Provide updates after each medical appointment
- Attend medical appointments and participate in treatment to promote recovery
- Submit request for FMLA and STD to Central Leave Intake Hotline: (855) 238-1280









## Responsibilities - Manager/Supervisor on Duty



- Ensure a safe working environment
- Immediately respond to an employee's work injury
- Ensure injured employee receives prompt care with the designated medical provider
  - Preferred treatment facilities/physicians by state can be found on the VIC Toolkit
- Give employee The Leave of Absence Program: Important Facts for Employees brochure
  - PDF can be found on the VIC Toolkit
- Follow up with employee on work status after initial medical visit
- Lead and complete accident investigation and participate in ongoing claims management
- Identify, document and implement transitional duty for employee
- Immediately remediate all safety issues and concerns











### Responsibilities – Human Resources

- Immediately report injuries through STARS; facilitate immediate medical treatment for injured employee
- Identify, document and implement transitional duty for employee
- Maintain regular contact with employee, TPA claims adjuster and medical provider for work restrictions
- Participate in quarterly claims reviews with IDM Team and TPA claims adjuster
- Escalate issues to the IDM Team or the VP of Labor Relations as needed
- Arrange post-accident drug/alcohol testing
- Inform employee of the Transitional RTW Program guidelines and practices
- Forms can be found on the VIC Toolkit











### **Responsibilities – Other Parties**

#### **TPA Workers' Compensation Claims Adjuster**

Investigate and process Workers' Compensation claims to ensure appropriate benefits begin promptly; communicate with others to help ensure employee is returned to work as quickly as medically possible.

#### **Integrated Leave Administrator**

Administer FMLA and related state leaves as well as the Short-Term Disability Plan for all US operations.

#### **Reyes Holdings Nurse Case Manager**

Work with the claims managers and integrated leave administrators providing medical case management oversight and input regarding the appropriate treatment and care of recovering workers.











## **Cost Performance**











### **Cost Data Summary**



#### Totals include:

- All payments for Workers Compensation and Short Term Disability claims issued in each respective year regardless of the year the claim occurred
- Totals are net of recoveries.

#### Totals do not include:

- Total cost of risk i.e. insurance premiums, consultant or brokerage fees, collateral or other administrative expense paid outside the Plan
- Reserves or any other loss development factors
- Estimates of any kind

#### Source data

- WC Cost totals TPA system
- STD Ultipro Cognos reports
- Sector data Bureau of Labor Statistics





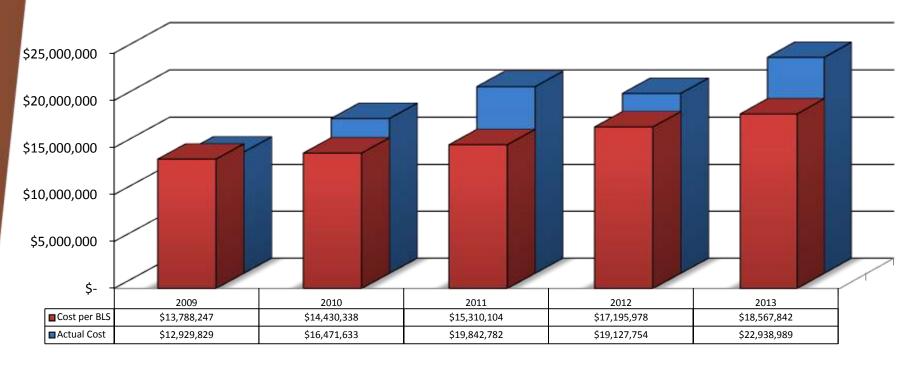




## Reyes Cost Performance vs. Sector– All US Operations



Reyes Cost for Combined Workers Compensation and Disability – Company Wide actual vs. Trade, Transportation, and Utilities



The "Reyes cost per the BLS" shows what Reyes' combined cost for Workers Compensation and STD would have been based on the average of Trade, Transportation, and Utilities as compiled by the Bureau of Labor Statistics for each respective year as a percentage of total payroll.











## Costs for WC and STD as a Percentage of Total Compensation – All US Trade, Transportation, and Utilities vs. Reyes Actual 2013

	Total compensation (wages + benefits)	<u>wc</u>	<u>STD</u>	<u>Total</u>
Reyes spend	\$928,392,084	\$19,964,109	\$2,974,880	\$22,938,989
Reyes percent of total comp		2.15%	.32%	2.47%
BLS percent of total comp		1.90%	.10%	2.00%
Reyes Cost based on BLS %		\$17,639,450	\$928,392	\$18,567,842
Difference – Better (Worse)		(\$2,324,659)	(\$2,046,488)	(\$4,371,148)











## IDM Initiatives and Outcome Measurements











#### Short Term - First 6 Months



#### Initiatives and actions to date

Fully staffed IDM team and changed to a regional claims management model

- Updated and defined the roles in the IDM process for:
  - Workers Compensation Claims Managers
  - Liability Claims Manager
  - Nurse Case Manager
  - Human Resources
  - Claims Adjusters
  - Care coordinators

Via the RFP process selected the TPA and managed care partners

- Identified metrics and success measurements
- Updated CSI's with existing vendors to increase the accountability of providers and maximize resources for Reyes
- Participated in two dozen site visits, claim reviews, HR conferences and boot camps to introduce the new program and department to field personnel

#### **Anticipated outcomes/savings**

- An aggregate claim cost increase is anticipated
  - Reduction in open claims
- Reserve neutral
  - Reserve increases offset by reduction in open claims
- High performance Reyes absence management program with greater administrative agility and efficiency
  - Cross training for all team members
  - Improved use of technology
  - Clear objectives and outcome measurements
- Improved vendor performance
  - Updated objective and outcome measurements
  - Monthly performance and open items meetings
  - Sentinel effect









#### Medium Term - 6 to 24 Months



#### Initiatives and actions to date

- · Implemented non subscriber program in Texas
- Reviewing medical clinics law firms, and other supplementary service providers currently used Company wide
- Created, re-wrote, or updated and published the following:
  - Medical clinic protocols for workers compensation cases
  - Specifically For Managers, Supervisors, and HR:
    - IDM process maps ("what to do" for supervisors and HR)
    - IDM brochure ("whom to call" for supervisors and HR)
    - IDM training modules
  - Specifically for employees :
    - IDM process maps ("whom to contact and when" for employees filing a claim)
    - IDM brochure ("how to file a claim" for employees)
    - IDM training modules
    - Non subscriber training for all Texas employees
  - Work flow maps for
    - The entire IDM process
    - Workers compensation
    - · STD & leave requests
    - AL/GL claims
  - The Reyes Short Term Disability Plan, the Summary of Material Modification, and all documents used for the administration of claims effective January 1, 2015
  - Develop and automate key metrics for all locations
  - Collaborate with safety initiatives and support audit processes

#### **Anticipated outcomes/savings**

- Neutral aggregate workers compensation claims cost in 2015
  - Workers compensation claims typically take 18 to 24 months to come to full value
- Lower overall total costs
  - Non subscriber savings expected to be \$150,000 to \$200,000 annually
  - Reduction in aggregate disability costs of 15-20% in the first year of the new Plan
  - Managed care savings between \$500,00- and \$1.2 million
- Improved medical care and better outcomes for employees
- Streamlined process for reporting claims across all programs
- Greater understanding amongst all participants in the process of their roles and responsibilities









### Long Term – 2 to 5 Years



#### **Initiatives**

- Outcome based medical care project
- Correlate health and IDM data for further refinement of programs
- Modify well being programs to enhance behavior change
- Data integration and development of integrated reporting and dashboards
- Ongoing program evaluation
  - Internal processes and staffing
  - External partners
- Integration with wellness and disease management programs through the Health Plans
  - Automatic referrals to disease management when chronic conditions are identified
- Technology improvements
  - Web based portals
  - Provider applications

#### **Anticipated outcomes/savings**

- By 2017 combined annual workers compensation and disability costs will be 25% less than 2014 totals
  - Ten year reductions could grow to 50% less than 2014 totals
  - 40% of the average WC and disability costs in our sector
- Improved medical outcomes for injured employees (i.e. fewer interventions, repeat surgeries, PT visits)
- Across all programs
  - Workers Compensation
    - 30% reduction in the number of open claims
    - (TBD) Reduction in litigation
    - (TBD) Reduction in lost days
  - Disability
    - (TBD) Reduction in lost days
    - 100% Compliance with ERISA and all applicable laws
  - FMLA
    - (TBD) Reduction in lost days
    - 100% Compliance with all federal and state leaves
  - Controllable absenteeism
    - (TBD) Reduction in controllable absenteeism







