Investing in Absence Management
An Employee Lifecycle Approach

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Reyes Holdings
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Reyes Holdings - Company Overview

Constant change, continuous improvement
Reyes Holdings Summary

- Started as Dixie Systems, a Schlitz distributorship with 50 employees and $3 million in revenue. Reyes is now 12th largest privately held Company in the US with over $24 billion in annual revenue
- Reyes is a first generation privately owned family business and the company takes very seriously it’s obligations to both customers and employees to provide value and excellent working environment
  - The company was just named as one of the “Best Large Employers 2016” by Forbes
- The Company is growing rapidly and will expand significantly in 2017. Currently there are over 18,000 employees in the US with another 4,000 across 19 countries
- 175 locations worldwide (125 in the US) and a fleet of 9,500 trucks
- The operating companies deliver over 900 million cases of high-quality beer, beverage, and food products annually
Reyes Assessment:
Evaluating the Magnitude of the Problem

- Analysis of drivers of lost time and productivity – WC, Disability, FMLA, PTO
- Analysis of key indicators that affect productivity
- Analysis of connection between well being and health outcomes
- Policy and procedure review
- Plan design review
- Evaluation of existing talent focusing on what was needed for the “future state”
- Vendor evaluation
Challenges existed:

- WC costs well above where they needed to be
- Many separate HR policies
- Difficulty in selection and hiring of the right people
- High turnover
- Inconsistent onboarding of employees with new acquisitions
- Focus on safety was inconsistent
- Inconsistent approach with RTW
- Lacked integrated approach to absence management
Reyes Assessment:
Evaluating the Magnitude of the Problem

Initial Steps

• Reorganize Staff to support an Integrated Approach
• Formed IDM department
• Workers Compensation, Disability and Leave Management report to IDM Director
• Business unit reporting and accountability
• Location accountability – transition costs to locations
• Developed location level dashboards
• Revised RTW program
• Revised STD plan
IDM - Continuous Improvement Employee Lifecycle Approach

First Step – Define Approach

- Implement Plans and Monitor Progress Through Applicable Metrics, both Program and employee

Iterative process

- Identify Issues and Opportunities Programmatic and Employee focused

- Create Strategies and KPI’s, IDM program and Individual employee Onboarding/training
Reyes’ IDM Program

Second step: Define what program includes

- Workers’ Compensation
- Short-Term Disability (STD) and Long-Term Disability
- Family Medical Leave Act (FMLA) and State-Related Leaves
- Transitional Return to Work (RTW) Program

Total Absence Management
Integration with Safety, Well Being, Health
Integrated Policies and Procedures
Integrated Intake
Integrated Data – WC, Disability, Health, Business Metrics
IDM Department

IDM is responsible for absence management throughout the entire organization.

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
IDM Team Structure

- Region 1
- Region 2
- Region 3

WC Claims Manager
  - Region 1

WC Claims Manager
  - Region 2

WC Claims Manager
  - Region 3

Corporate Nurse Case Manager
  - All US Operations

Integrated Leave Supervisor
  - All US Operations

Integrated Leave Administrator
  - All US Operations

Integrated Leave Administrator
  - All US Operations

Senior Vice President and Chief Human Capital Officer

VP, Human Resources and Labor Relations

Director, IDM
Integrated Transitional Return to Work Program

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It is the policy of Reyes Holdings to provide employees who are temporarily restricted from performing the essential functions of their regular job due to an injury or illness, a period of transitional duty work whenever such an accommodation is possible in order to assist our employees through their recuperation process. Exceptions may only be authorized by the Workers Compensation Claims Manager for work related limitations or the Leaves department for non-occupational limitations.

The program safely returns employees to the workplace to perform appropriate, temporary assignments through a medically monitored and cooperative effort between IDM and facility personnel:

- Work in the employee’s department is explored first but transitional duty may involve a change in the employee’s shift or location.
- Same employee performance standards and employment policies apply.
- Refusal to participate may impact employee’s ability to retain Workers’ Compensation or STD benefits, but FMLA may continue.
- Transitional work assignments are reviewed every 30 days, which ensures medical progress and appropriate transitional work. No assignment may last longer than 180 consecutive calendar days.
2016 Transitional Duty Documents

- Work Flow
- Placement form - Site
- FAQ for employees
- Written offers
- Updated Policy
- Employee Brochure
Workflows

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Workers' Compensation Workflow

Provides an overview of the Company wide Workers Compensation process.
Disability/Leaves Workflow

Provides an overview of the IDM claim determination process for disability and leaves.
Summarizes the steps to take for Workers Compensation, Security, or Liability incidents and includes site specific contacts for each facility.
Transitional Duty Workflow

Illustrates the steps involved to return employees to transitional work.
Responsibilities

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Responsibilities - Employee

• Work safely and participate in safety training
• Immediately report work injury or illness to HR and supervisor
• Stay in contact with supervisor/manager, HR, Sedgwick claims adjuster and/or Leaves Administrator
• Participate in the Transitional RTW Program and stay within their temporary physical limitations at all times
• Provide updates after each medical appointment
• Attend medical appointments and participate in all treatment that is necessary to promote their recovery
• Submit requests for FMLA and STD to the Central Leave Intake Hotline
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
- Give employee The Leave of Absence Program: Important Facts for Employees brochure
- Lead and complete the accident investigation
- Report all claims without delay, promptly respond to all inquires from Sedgwick and the IDM team
- Follow up with employee on their work status after the initial medical visit
- Identify, document and implement transitional duty for employee, notify HR and IDM of the assignment and all relevant dates. Manage the employee and the assignment
- Immediately remediate all safety issues and concerns
Responsibilities – Human Resources

• Oversee Supervisor’s facilitation of immediate medical treatment for the injured employee and verify that all reported injuries have been submitted
• Identify, document and implement transitional duty for employee, provide oversight managing the employee and the assignment
• Maintain regular contact with employee, Sedgwick claims adjuster and medical provider for work restrictions
• Notify the leaves department of employee absences potentially related to FMLA and of the start and end date of all transitional duty assignments
• Participate in quarterly claims reviews with IDM Team and Sedgwick claims examiner when requested
• Escalate issues to the IDM Team or the VP of Labor Relations as needed
• Arrange for cause post-accident drug/alcohol testing
• Inform employee of the Transitional RTW Program guidelines and practices
### Claim Reporting Responsibilities Overview – Workers Compensation

#### Claim Reporting - Worker’s Compensation & Incident Only

<table>
<thead>
<tr>
<th>Claim Type</th>
<th>Definition</th>
<th>When to Use</th>
<th>EE Responsibilities</th>
<th>Manager Responsibilities</th>
<th>HR/Safety Responsibilities</th>
<th>Sedgwick Responsibilities</th>
<th>Forms to Use</th>
</tr>
</thead>
</table>
| WC         | A law governed by statutes in every state where an employer must pay the lost wages and medical expenses of an employee who is injured on the job. | Worker’s Compensation will cover work related injuries which resulted in the injured employee going to a local clinic, hospital, emergency room, personal physician, or if they are hospitalized more than 24 hours. | Immediately report work injury or illness to HR and supervisor. Attend medical appointments and participate in all treatment necessary. Stay in contact with HR/supervisor, Sedgwick adjuster, and/or leaves administrator. | Refer the employee to designated medical facility, immediately enter the event in STARS and conduct the investigation, complete the employee’s statement form, and all other applicable documents are emailed to: Reyesholdingsdocs@sedgwick.com or give to HR. | Oversee supervisor’s facilitation of immediate medical treatment for injured employee and that reported injury has been entered into STARS. Ensure completion of the incident investigation and communicate with all parties as necessary. | Once the claim is entered into STARS, it will be assigned to a designated Sedgwick adjuster. Investigate all facts and contact employee within 24 hours of notice. Communicate regularly with employee, HR, claims manager, and medical providers. | • Site Incident Process Workflow (located in location zip file on SharePoint)  
• Employee Injury report and statement (SharePoint)  
• Worker’s compensation state claim form (SharePoint)  
• Functional capacity form (location zip file on SharePoint)  
• Site Incident Process Workflow (located in location zip file on SharePoint)  
• Functional Capacity form (location Zip File on SharePoint)  
| Incident Only | Employee complaints of injury or pain that are not work related. The incident will be reported through STARS but does not become a claim [no WC benefits] | Work injuries where no medical treatment was necessary or first-aid was provided on site; OR injuries that are NOT related to work | Report incident to manager/supervisor. See physician if necessary to receive functional capacity form. | Enter incident into STARS as an ‘incident only’ with a summary of the conversation in the notes section. Monitor employee to see if it may be affecting their work— if so, recommend that they see their personal physician and return to work with a functional capacity form. | Oversee that the incident report is entered into STARS. Incident can be promoted to claim later if necessary. Follow up to find out the status of their condition/injury. | Incident only data reported on STARS will not be exported to Sedgwick for handling. | • Site Incident Process Workflow (located in location zip file on SharePoint)  
• Functional Capacity form (location Zip File on SharePoint)  
Responsibilities – Other Parties

**Third Party Nurse Case Managers**
Work with the Claims Managers and Integrated Leave Administrators under the direction of Reyes Corporate Nurse Case manager providing medical case management oversight and input regarding the appropriate treatment and care of recovering workers.

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

**Sedgwick Workers’ Compensation and Liability Claims Examiners**
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.

**Third Party Legal Counsel**
Investigate significant accidents and protect the interests of the Company at the direction of Reyes Liability Claim Management team in matters involving litigation related to auto or general liability claims or IDM for workers compensation claims.
Impact on the Organization

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IDM Impact Summary

- Workers’ Compensation ultimate losses have decreased
- Workers’ Compensation lost days have decreased
- STD lost time and cost have decreased
- Overall, the IDM program has saved $4.4 million in its first year

<table>
<thead>
<tr>
<th>Metric</th>
<th>First Year Percent Change / Savings</th>
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<tbody>
<tr>
<td>Direct Cost <em>Ultimate Loss</em></td>
<td>-1.0%</td>
</tr>
<tr>
<td>Indirect Cost <em>Based on Lost Days</em></td>
<td>-3.9%</td>
</tr>
<tr>
<td>Total Direct and Indirect Cost</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Lost Work Days</td>
<td>-4.3%</td>
</tr>
<tr>
<td>FTEs Missing Daily</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Total Cost as % of Gross Wages</td>
<td>-10%</td>
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IDM Initiatives and Outcome Measurements

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IDM Reyes Connect (intranet portal) Site
Initiatives

• Ongoing program evaluation
  ✓ Internal processes, resources, and staffing
  ✓ External partners – medical, legal, and administrative resources
  ✓ Outcome based medical provider projects
    ▪ clinic visits
    ▪ opiates
    ▪ compounding

• Integration with wellness and disease management programs through the Health Plans
  ✓ Automatic referrals to disease management when chronic conditions are identified

• Process and technology improvements
  ✓ Web based portals – Telemedicine program is live!
  ✓ Provider applications – Piloting Sedgwick smartphone ap in 2017
  ✓ Enhanced interfaces – Wage and HR interface is live!
  ✓ Centralized intake across all programs – Centralized intake is live!

Continuous improvement - Failure waits for all who stay with some success made yesterday
Metrics

• Sedgwick performance metrics
  ✓ Immediate and continuous contact with, and best available care for, all employees
  ✓ 90/90 reserve goal
  ✓ Reduce the number of open claims
  ✓ Improve adjuster closing ratio
  ✓ Reduce the number of reopened claims
  ✓ Reduce the number of claims open over 1 year
  ✓ Reduce the ratio of litigated claims

• Reyes performance metrics
  ✓ LTCR/DART rate
  ✓ Report lag
  ✓ Timeliness and appropriate of medical referrals
  ✓ Reduction in the duration of occupational and non occupational lost time and transitional duty days
  ✓ Timeliness and resolution of on and off site safety concerns
  ✓ Employee engagement scores

Continuous improvement - Failure waits for all who stay with some success made yesterday
Understand the scope of the issues:
- Analyze data, costs, program utilization, HR policies, Injury and Disability management protocols, Plan Designs, Hiring and On-boarding processes
- Build business case for change

Define the philosophy and approach to IDM:
- Evaluate department structure, staffing, roles and responsibilities
- Re-organize as needed and define all roles and responsibilities
- Integrate data and resources and processes for employees
- Streamline processes for better employee outcomes and experience

Implement change management approach
- Develop training and communication strategy
- Develop metrics
- Measure impact
- Adjust as needed
Questions?

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