

NEWS ALERT



For Immediate Release

OCI ANALYTIC STUDY FINDS INCREASE IN BENEFITS COST AND HIGH-RISK CLAIMS FOLLOWING FORTUNE 500 COMPANY WORKFORCE REDUCTION

Data Integration and Software Services Provider – OCI, develops statistical model to identify and mitigate high-risk claims resulting from a corporate reduction in force.

March 30, 2010 Denver, Colorado – A recent study by OCI found that a Fortune 500 Company incurred over \$890,000 in increased benefits cost from high-risk claims that were filed by employees after a 10% reduction in force. OCI conducted the study to understand the impact of a company's downsizing on the high-risk claims of its employees and the net cost impact to the company. (OCI's model defines high-risk as those claims that are difficult to assess and/or have the potential for long duration.)

OCI analyzed the company's costs per employee for short-term disability, long-term disability, workers' compensation, healthcare, and prescription drug over a 32-month period during the recent recession, which included a 10% employee force reduction. The results included:

- In the 14 months after the company decreased its workforce by 10%, it realized an increase in benefits cost of \$11.1 million.
- Prior to the 14 months of increase, the company was realizing a steady decline in benefits costs.

To identify the increased risk of high-risk claims, OCI developed a proprietary algorithm to determine if a positive relationship existed between a reduction in workforce and employees filing high-risk claims. OCI used their Risk Predictive Early Referral Application (RPERA) model, which identifies high-risk claims that could potentially be mitigated with targeted intervention and proactive case management. Had the employer identified these cases and managed them proactively, the increase in benefits costs could have been less drastic:

- The percentage of employees who had complex or high-risk claims increased in the 14 months following the reduction in workforce.
- Proactive management of the complex and high-risk claims could have saved the company as much as \$890,000 of the \$11.1 million in increased medical cost.

"Companies should work closely with their insurers and plan administrators to anticipate and develop programs to mitigate increases in health care conditions, injuries and claims that may result from a workforce reduction," said Archie Anderson, President of OCI. "Proactively initiating programs on safety, early diagnosis of chronic conditions, effective disease management and job rotation for repetitive movement prior to a workforce reduction, and case management and return to work programs following a reduction in force is a benefit to both employees and the company's bottom line."

To read the full whitepaper on this study, ***Company Downsizing and the Impact on Complex/High Risk Medical Claims***, please visit www.oci.com.

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OCI - OCI is a data integration and software provider that helps companies make better-informed decisions about their risk management, employee benefit and technology dependent programs.

OCI has designed and delivered integrated health, benefits and productivity solutions to Fortune 1000 companies since 1984. Using secure web-based software, a flexible, customer-centric and consultative delivery approach with deep industry experience, our solutions transform data into information and knowledge, giving our customers the power to increase administrative efficiency, reduce expenditures and improve productivity. For more information go to www.oci.com

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