

Implement these 10 rules to Control Your Workers' Compensation Costs

The upfront cost of a workers' compensation policy is certainly an important factor when selecting an insurance provider. But when it comes to insurance, a workers' compensation carrier's focus on safety, fraud detection and prevention, managed care and claim management provides added value that better protects businesses for the future. The following factors may impact the cost and outcome of workers' compensation claims and the overall cost of workers' compensation insurance:

1. **Early Reporting:** Timely reporting of any workplace-related accident or injury assists not only in the investigation of the cause, but also the development of safety measures to avoid similar occurrences.
2. **Having a Pre-Arranged Medical Care Facility:** Having a pre-arranged medical facility can benefit your organization by helping you get your injured worker the care he or she needs and possibly back to work (when medically possible) faster. You can also request that this facility perform post-accident drug testing on all injured employees.
3. **Creating an Alternate Duty Work Description and Program:** Businesses that provide an alternate duty work program for their injured employees can help reduce their time away from work and may lower workers' compensation costs. In addition, this can help minimize the possibility for fraud and attorney involvement. Businesses should strive to provide alternate duty until full recovery by their injured employees, which reduces cost and time away from the employees' regular work.
4. **Implementing a Successful and Cost-Effective Safety and Health Program:** Experience shows that with informed planning and proactive hazard analysis and controls, and committed safety training and enforcement, workplace accidents and injuries can be reduced. By implementing an effective injury prevention program, businesses can increase productivity, reduce claim costs and ultimately reduce their experience modification factor.
5. **Having Ongoing Pre-Injury Employee Education:** Pre-injury information educates employees on how to prevent or respond to a work-related injury. Educating employees can improve their job satisfaction, and may reduce attorney involvement when a claim occurs. Education should be offered during new employee orientation and annually thereafter (group health enrollment sessions are a good time to present workers' compensation safety program elements to employees).
6. **Keeping in Contact with Injured Workers:** Businesses who ensure that injured workers receive appropriate treatment and maintain compassionate contact during the recovery period (by sending cards/flowers, visiting and/or contacting the injured worker by phone) may improve worker satisfaction and reduce the chance of legal involvement in claims.

7. Separating Workspaces: Premium costs can also be reduced by providing a separate workspace for clerical employees (away from production areas) and maintaining detailed, segregated payrolls by employee.

8. Prompt Reporting:

Benefits of Prompt Reporting:

- Reduce medical costs
- Reduce administrative costs
- Reduce lost-work time
- Reduce litigation costs
- Reduce indemnity payments

Prompt reporting of claims is an important step in proactively managing workers' compensation claims costs, and is beneficial to all parties involved – employees, employers and insurance carriers. Ideally, claims should be reported within 24 hours of an incident. Multiple studies conducted in recent years demonstrate that on average, the sooner claims are reported, the lower their ultimate costs. Any delays in the reporting of claims can result in delayed access to medical care, which in some instances may lead to further injury, resulting in the need for increased treatment and associated medical costs.

Before an injury ever occurs, businesses should stress to employees the importance of immediately reporting all injuries to their managers, no matter how insignificant the injury may first seem. At that point, managers can evaluate the nature of the injury and facilitate the appropriate reporting process with the carrier.

9. Facilitating Immediate Care: As part of a comprehensive risk management program, employers should have predetermined procedures in place to eliminate confusion and facilitate immediate medical care for injured employees. With a plan in place, managers and coworkers are prepared to spring into action and ensure the health and safety of their colleague. Just as prompt reporting is an important step in mitigating exposure to invalid claims, facilitating immediate care for injured employees can dramatically affect health-related outcomes, which in turn can have a significant effect on the financial and legal implications of a claim.

10. Return to Work: Effective Return to Work Benefits:

- Prevention of wage loss for employees
- Increased productivity
- Reduced lost time
- Improved morale
- Faster resolution of claims
- Reduced claims costs
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A key goal of the claims management process is to provide injured employees with the appropriate medical care that facilitates their return to

work. Focusing on a prompt return to work provides many benefits to employers and is an effective way to reduce costs, retain valued employees, and improve morale and productivity. Establishing an open line of communication between the injured employee, manager, medical provider and insurance carrier claims specialist enables effective return-to-work strategies.

As part of their return-to-work program, employers should also evaluate opportunities to provide employees with Alternate Duty Employment, which is an important step in helping control workers' compensation costs.

Once employees are released by their medical providers to return to work, even if at a limited capacity, employers should be prepared to offer them alternate duty. In this scenario, employers provide affected employees with options for modified duty or transitional employment. Alternate Duty Employment allows injured employees to continue working while they recover. Keeping injured employees connected to their work environments and colleagues through alternate duties enables them to remain active and in some cases facilitates faster recovery.

A Plan for Action – Manage the Injured Workers' Care:

- First and foremost, evaluate the need for medical assistance. For emergencies, immediately call 911.
- For non-emergency situations, contact and coordinate care with pre-arranged medical facilities as established with the insurance carrier's medical provider network.
- Report the incident to the workers' compensation insurance carrier. This will open the line of communication with the carrier's claims management specialists who will be able to facilitate an optimized course of action.
- Maintain communication with the injured worker. This reminds them that they are valued by their company, who wants them to return to work when medically feasible.

Businesses can manage their workers' compensation by controlling the cost of claims through proactive claims management.

Rising medical costs are a serious issue affecting businesses today. Although medical costs associated with healthcare insurance receive the majority of attention, they also pose a significant cost in the context of workers' compensation insurance. In fact, medical costs associated with workers' claims are the primary driver of workers' compensation costs. This is because workers' compensation insurance covers the medical and rehabilitation expenses for workplace injuries or illnesses. With medical prices escalating, businesses can take an active role in controlling their workers' compensation insurance costs through proactive claims management.

A study reported on the Occupational Safety & Health Administration (OSHA) website estimates direct workers' compensation costs alone run nearly \$1 billion per week, which include workers' compensation payments, medical expenses and costs for legal services. And when indirect workers' compensation costs such as lost productivity, training replacement employees and equipment repairs are considered, the costs are multiplied exponentially. Whether direct or indirect, businesses ultimately bear the brunt of these costs in the form of increased insurance rates, rising premiums and productivity losses.

A strategic approach to workers' compensation starts with a genuine concern for the health and safety of employees through a comprehensive workplace safety and loss control program. But just as a thoughtful approach to preventing loss is important, it's also very important to have an established claims management process before a loss occurs.

As part of the company's comprehensive risk management plan, it should establish an accident reporting procedure in which everyone in the organization knows what to do in the case of an injury. The steps should be simple and easy to post in common areas like a break room or kitchen. To reinforce the procedures, regular training on the reporting process should be conducted as part of workplace safety training activities.

When engaging with the claims management specialists from the insurance carrier, businesses should describe the accident and any related events in as much detail as possible.

To be considered compensable, an accident or illness must arise from and occur in the course of on-the-job activities, which are commonly referred to as **Arising Out of Employment** (AOE) and in the **Course of Employment** (COE). In order to ensure the claim is legitimately compensable, it is important to learn the details of the accident or event and determine if there were any witnesses.

With the proper procedures in place, managers can quickly collect all the facts from their employees and communicate those details to the carrier's claims management professionals. The trained claims professionals will then determine compensability.

Conclusion

“Keeping the injured employee connected to the work environments and their colleagues through alternate duties enables them to remain active and many times they will recovery.”

Next to mitigating losses in the workplace through robust loss control programs, proactive and diligent claims management is critical to controlling workers' compensation-related costs. While there are no shortcuts to effectively managing claims, businesses that make a real commitment to the health and safety of their employees by focusing on loss control programs, prompt incident reporting, facilitating immediate care and fostering return-to-work programs will be best positioned to control costs and maximize their workers' compensation investment