



# 5 Steps in Reducing Employer's Workers' Compensation Costs

- #1: Develop a Workers' Compensation Policy**
- #2: Provide Education and Safety Programs**
- #3: Investigate Claims Thoroughly**
- #4: Monitor Each Case**
- #5: Develop a Return-To-Work Program**

## Introduction

Workers' Compensation is an employer-financed, no-fault insurance program that compensates employees who have been disabled because of a work-related injury or accident. Every state has enacted some form of workers' compensation law to protect employees against loss of income and burdensome medical payments resulting from a work-related injury, illness or disease.

## Employer-Financed Aspect

Obviously, the characteristics of workers' compensation coverage of greatest concern to employers is the employer-financed aspect, meaning that workers cannot be required to pay for any of the workers' compensation premium. Employers can not require employees to sign statements that they will not seek workers' compensation benefits if they are injured or become ill on the job. Any such agreements are invalid and unenforceable.

5 Steps Employers Should Take to Help Keep Their Workers' Compensation Premiums Reasonable

## #1: Develop a Workers' Compensation Policy

### Standard Policy

A standard policy will spell out the responsibilities of employees and supervisors in case of on-the-job injuries or work-related illnesses. Additionally, a standard workers' compensation policy will provide guidelines for employees and employers:

- Employees will be informed that they are not permitted to use group health plans for injuries or illnesses covered under the Workers' Compensation Law.
- Employees are not allowed to use personal accrued leave time at the same time as they are receiving workers' compensation benefits.
- Employees filing fraudulent claims for workers' compensation claims will be prosecuted by the employer.
- Employers must investigate all workers' compensation claims.
- Employees with questions about their coverage or seeking information about the workers' compensation program must contact the human resources department.

### Detailed Policy

A more detailed workers' compensation policy would spell out the responsibilities of employees and supervisors in more detail, indicating the time limits for reporting injuries and illnesses. A detailed policy would also specify a workers' compensation manager and the responsibilities of the manager.

The detailed policy would also indicate the exact sort of medical coverage available to the employee, the waiting period mandated by New York State for wage replacement, and the relationship between workers' compensation leave and payments and such things as the Family Medical Leave Act, sick leave, and paid leave. A detailed policy would also spell out the penalty for fraudulent claims, including the possibility of disciplinary action such as termination as well as imprisonment and fines.

## #2: Provide Education and Safety Programs

The safer your workplace, the fewer the injuries and illnesses that will occur. The fewer injuries and illnesses, the lower your workers' compensation premiums. The better employees are trained, the better they will perform their jobs. Indeed, the existence of a strong safety program may be essential in persuading an insurer to provide coverage.

When injuries do happen, however, supervisors should know how to help workers fill out the necessary workers' compensation forms. They should also be prepared to follow the employees through the steps leading up to returning to work. Additional help and information will calm employees down, increase their sense of job security, and help them want to return to work rather than to try to "beat the system." At the very least, supervisors must be trained in the proper way to report accidents and

injuries. They must be cautioned not to authorize medical care without the insurance carrier's approval.

## #3: Investigate Claims Thoroughly

Employers must ensure that all claims are thoroughly investigated and they should follow up on all claims submitted. To guard against spurious claims for workers' compensation, employers need to pay attention to possible fraud:

- Monday morning accidents
- Unwitnessed accidents
- Accidents occurring to new employees or employees about to retire
- Injuries following discipline, demotion or transfer
- Claims from employees with private disability insurance
- Claims from employees with a history of on-the-job injuries
- Claims from employees with high-risk hobbies (skiing, snowmobiling)
- Delays in reporting accidents
- Claims from employees with financial or domestic problems
- Claims for injuries not received on the job
- Discrepancies between reported injuries and medical evaluations

## #4: Monitor Each Case

A fundamental way to control costs is to keep in touch with the injured or ill employee after the claim is filed and benefits begin. Often the injured or ill employee is ignored and his or her only reminder of the job is the bi-weekly compensation

check. The lack of regular communication with representatives of the company may weaken an employee's determination to return to work. Hospital visits, calls to employees' home and hand written notes are all good examples of constructive follow-up. All provide the personal touch and reassure the employee that the company cares and is concerned with his or her well-being. Such contact also gives employers the chance to ensure that indeed workers are at home recuperating and not participating in activities that might inhibit recovery or working elsewhere.

Employers should ensure that their injured or ill employees have the best medical care available. An employer should know which medical facilities and doctors are available in the area and should choose the best. The medical facilities and doctors should be told the nature of your company's work, the job descriptions of your employees, and whether modified duty is an option. Selecting the best medical care and properly communicating with the medical providers may get the employee back to work sooner; reduce the degree of permanent disability; and save money on extended, improper, or unnecessary care.

## #5: Develop a Return-To-Work Program

The employer's most important involvement in the workers' compensation system may begin when the treating physician releases the injured employee to return to work in some type of modified form. The employer can make a difference in the system by developing an aggressive return-to-work program. Return-to-work programs can result in significant savings.

A job offered to an employee recovering from an occupational illness or injury need not be the same job the employee was performing at the time when he or she left work. It can be lighter work or at different hours. It does, however, need to fit the physical limitations imposed by the doctor and be within the worker's abilities. If the job is initially refused it should be re-offered regularly. The employee cannot collect benefits if he or she continues to refuse, unless a judge rules that the refusal is justified.

Light duty should be time-limited and should be provided only to workers whose injuries or illnesses are likely to be sufficiently resolved within the light-duty time period. Light duty should not be used as a dumping ground for workers who never will be able to perform in an existing position.

Once an employee returns to work, employers must document the return and subsequent duty status. Throughout the entire series of events: from the initial incident and the reporting of the incident through the medical care and regularly reporting by physicians, up to the return to work and after — employers should strive to maintain the best possible relationship with their employees. Employers should treat all claims alike, legitimate or not, and follow them through to their conclusion. Employees should be shown that the company cares about them, their families, and their return to productive employment, and they should respond with a sense of loyalty and responsibility.

**The development of a safety culture in the workplace can go far toward creating an accident and injury free environment.**