

Workers' Compensation Cost Containment Strategies

Presented by: Odell Studner

Tip of the Iceberg

\$1



Insured Costs

- Medical
- Compensation

\$4 to \$10



Uninsured Miscellaneous Costs

- Investigation time
- Cost of hiring and/or training replacements
- Overtime
- Extra supervisory time
- Clerical time
- Wages not compensated
- Down time
- Negative public image
- Legal fees
- Reduced employee morale

The real cost of accidents can be measured and controlled

Controlling Your Costs

- Establish a safety policy
- Adopt a Return to Work program
- Streamline reporting procedures
- Utilize occupational medicine clinics
- Subrogate
- Identify top loss sources
- Mitigate legal expenses

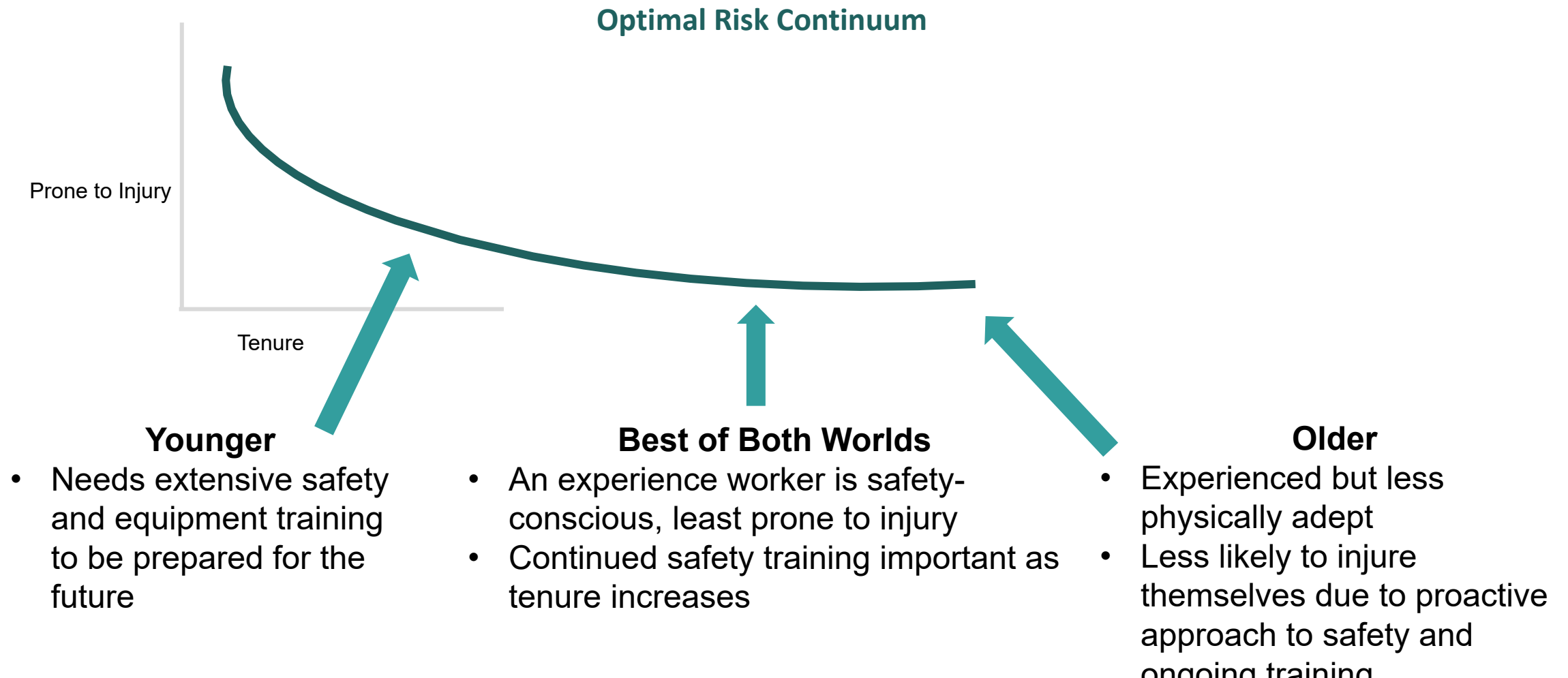
Understanding Your Employee Demographics

Identify training needs accordingly.



Optimal Risk Continuum

Proper focus will steer you in the right direction



Establish a Safety Policy

Write a comprehensive plan to include:

- Statement of policy – explain purpose
- Expectations of employees
- Drugs/alcohol policy
- Role of Safety Committee
- Loss control efforts (identification and correction)
- Training
- Use of occupational medicine clinics

Incorporate the Policy into your Company Culture

- Review written policy with new employees
 - For non-English speaking workers, offer materials in worker's native language
- Periodically review policy with all employees
- Review policy in monthly Safety Committee meetings
- Ensure any other regulations or rules stem from the policy

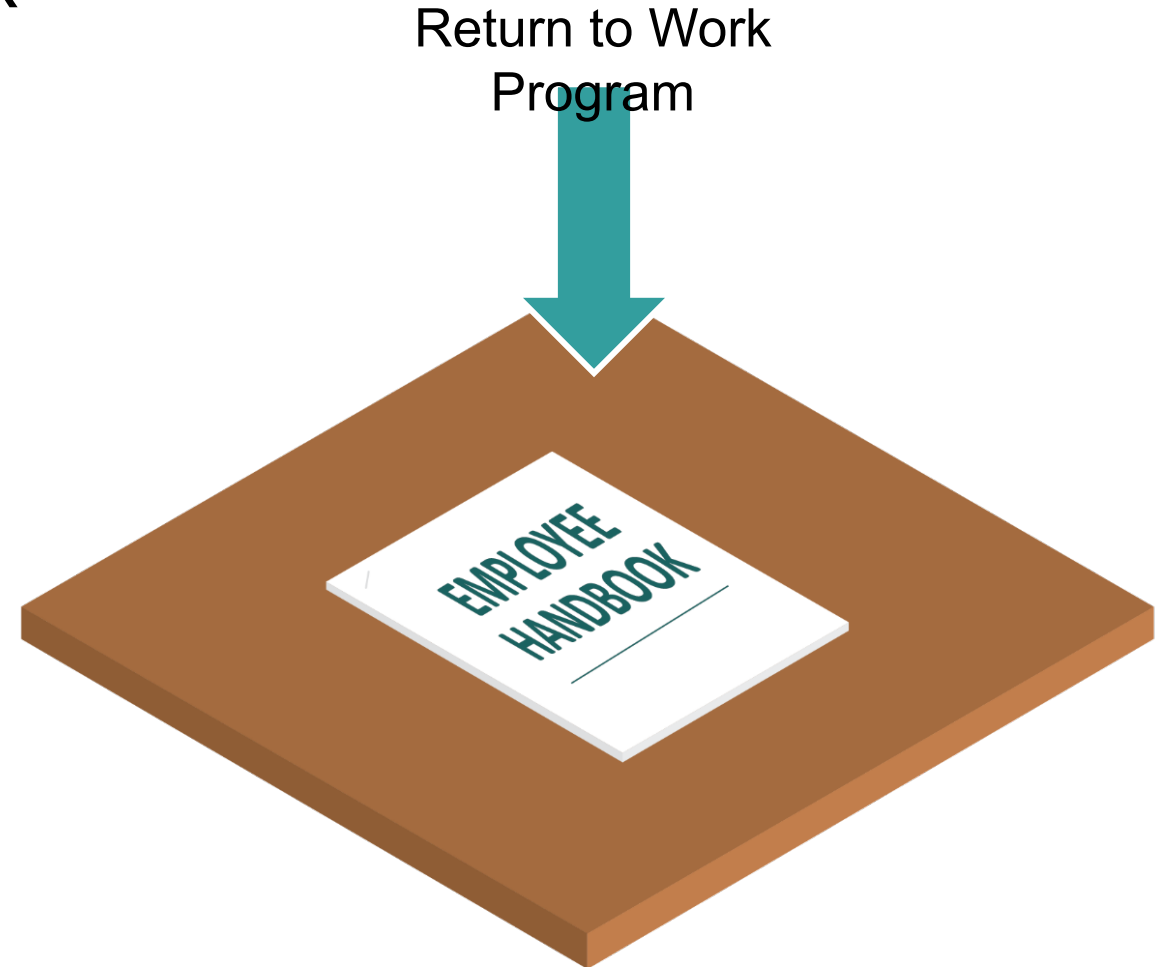
WC Premiums

Workers' Compensation premiums fluctuate, but . . .

- Proactive disability management will help to control WC premium costs and deter fraudulent activities
- Accidents are inevitable, but also preventable

Adopt a Return to Work Program

- Include in employee handbook and safety policy
- Introduce policy during new hire orientation
- Make it part of your company culture

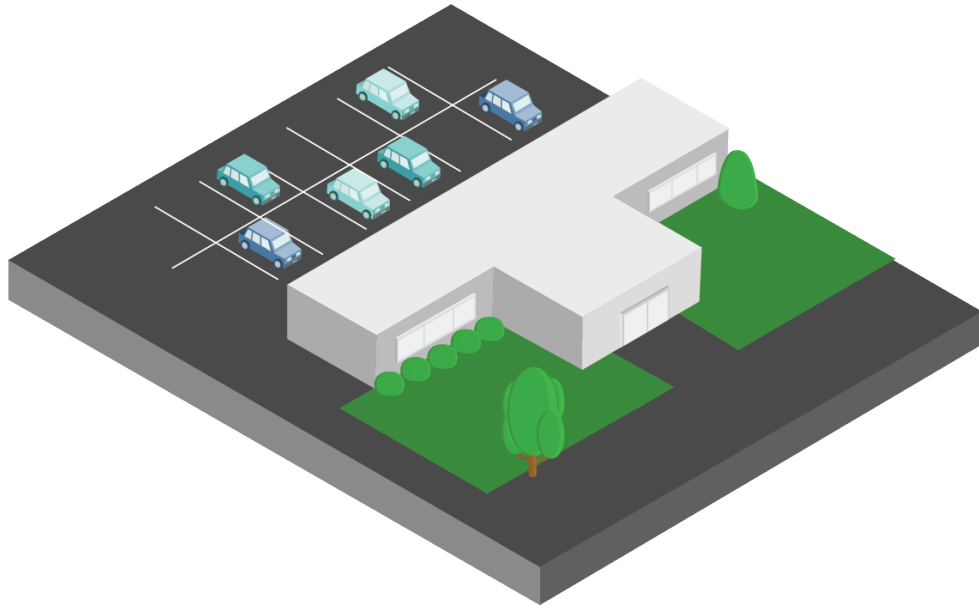


Return to Work Program

Clearly detail expectations and duties of employees

- Write job descriptions
- Include physical demands required to perform job functions
- Create a modified duty job bank
- Spell out ramifications of non-compliance (jeopardize workers' compensation benefits)

Return to Work Program



Consider onsite physical therapy/work hardening program

- Advantages:
 - Utilizes facets of employee's job
 - Decreases disability days
 - Allows you to monitor compliance
 - Employee visible to management
 - Fraud deterrent

Streamline Reporting Procedures

- Establish clear reporting channels
- Education personnel on importance of prompt reporting
- Prompt reporting:
 - Initiates benefits
 - Avoids delay in compensation

RISK INSIGHTS

Are Your Employees Reporting Workplace Injuries Promptly?

According to a report by the U.S. House of Representatives' Committee on Education and the Workforce, a staggering 69 percent of all workplace injuries and illnesses may not be reported in the Bureau of Labor Statistics Survey of Occupational Injuries and Illnesses, which many trust as a gauge of the safety of American workplaces. On a company level, not reporting workplace injuries can have serious ramifications for the organization and the employees, which can include fines, exorbitant (and unnecessary) health costs and more.

Are your employees reporting all workplace injuries? Research has found that the employee's behavior, policies and attitude are key determinants in a worker's decision to report an injury. Not only is it essential that employees are educated on the importance of reporting injuries, it is also important to examine your company policies so you are not inadvertently discouraging reporting. The consequences of underreporting can be severe.

Consequences of Underreporting

The unfortunate trend of injury underreporting has serious ramifications at both the industry and company level. Widespread underreporting can be quite costly to workers' compensation rates on a large scale. Employers may not realize it, but such an underreporting problem may lead to more audits by insurance companies of their clients and higher rates for them. Ironically, some employers erroneously believe that reporting injuries leads to audits and higher rates.

Provided by [B_OfficialName]

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Report Workplace Injuries Promptly

No matter how minor an injury may seem, our company requires all employees to report on-the-job injuries immediately to their supervisor. Prompt reporting:

- Identifies potential safety hazards;
- Initiates the process for workers' compensation benefits;
- Allows the company to provide you with a safe working environment.



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Train Supervisors on Investigation Procedures

Supervisors should:

- Conduct accident site investigations
- Ask what, when, how, where, why
- Complete accident report forms
- Obtain witness statement forms
- Be aware of fraud indicators

Work Comp Insights

[B_Officialname] - Your Workers' Compensation Partner

Fighting Fraud with Special Investigation Units

Fraudulent workers' compensation claims are estimated to cost employers several billion dollars annually. Ranging from employees squeezing a few extra days off work to completely fabricated injuries, fraudulent claims can increase your premium costs and negatively influence your bottom line. To reduce costs associated with fraudulent claims, it is important you know how to detect signs of fraudulent activity. While you may not be an expert at fraud detection, there are resources you can turn to when you have reason to doubt the legitimacy of a claim.

Special Investigation Units


Many insurers have special investigation units (SIUs) that are experienced in exposing fraud. Insurers recognize that while the average employer may be able to recognize some signs of a possible fraudulent claim, they may not have the resources or training to successfully investigate the situation. When you suspect the legitimacy of a claim an SIU can investigate, drawing on a wealth of experience and resources to discover and document any fraudulent activity that has occurred.

While large insurers often employ their own SIUs, many smaller insurers use groups like the National Insurance Crime Bureau (NICB).

Awsome Agency

This Work Comp Insights is not intended to be exhaustive nor contact legal counsel or an insurance professional for appropriate advice.

15 WARNING SIGNS OF WORKERS' COMPENSATION FRAUD



The workers' compensation (WC) insurance system is a no-fault method of paying workers for medical expenses and wage losses due to on-the-job injuries. While the majority of WC claims are truthful, the National Insurance Crime Bureau reports that billions of dollars of false claims are submitted each year. To help you detect possible WC fraud, experience shows a claim may be fraudulent if two or more of the following factors are present:

1. **Monday Morning:** The alleged injury occurs either "first thing Monday morning," or late on a Friday afternoon but not reported until Monday.
2. **Employment Change:** The reported accident occurs immediately before or after a strike, a layoff, the end of a big project or at the conclusion of seasonal work.
3. **Job Termination:** If an employee files a post-termination claim:
 - Was the alleged injury reported by the employee prior to termination?
 - Did the employee exhaust his/her unemployment benefits prior to claiming workers' compensation benefits?
4. **History of Changes:** The claimant has a history of frequently changing physicians, addresses and places of employment.
5. **Medical History:** The employee has a pre-existing medical condition that is similar to the alleged work injury.
6. **No Witnesses:** The accident has no witnesses, and the employee's own description does not logically support the cause of injury.
7. **Conflicting Descriptions:** The employee's description of the accident conflicts with the medical history or First Report of Injury.
8. **History of Claims:** The claimant has a history of numerous suspicious or litigated claims.
9. **Treatment is Refused:** The claimant refuses a diagnostic procedure to confirm the nature or extent of an injury.
10. **Late Reporting:** The employee delays reporting the claim without a reasonable explanation.
11. **Hard to Reach:** You have difficulty contacting a claimant at home, when he/she is allegedly disabled.
12. **Moonlighting:** Does the employee have another paying job or do volunteer work?
13. **Unusual Coincidence:** There is an unusual coincidence between the employee's alleged date of injury and his/her need for personal time off.
14. **Financial Problems:** The employee has tried to borrow money from co-workers or the company, or requested pay advances.
15. **Hobbies:** The employee has a hobby that could cause an injury similar to the alleged work injury.

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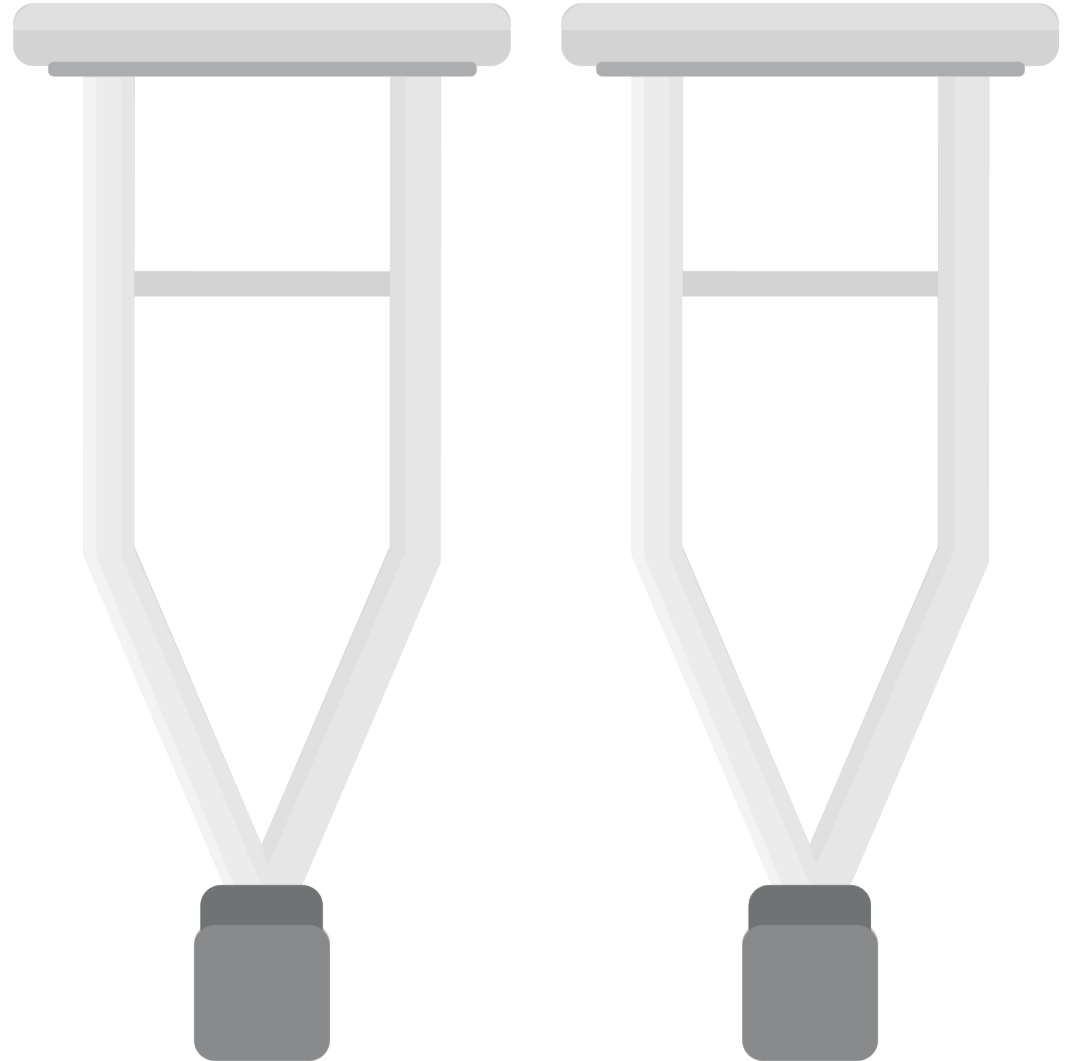
Remember, these warning signs are simply indicators. If you are suspicious of a claim, alert your insurance carrier.
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Utilize Occupational Medicine Clinics

- Identify local clinic
- Invite staff physicians to tour facilities
- Review expectations of Return to Work programs
- Supply clinic with Return to Work forms

Refer Injured Employees

- Sell your employees on clinic's specialty: work-related injuries
- Communicate frequently with employee
- Show concern for well-being
- Discuss return to work expectations



Subrogate

- Train supervisors to identify possible subrogation
- Discuss subrogation expectations with Odell Studner or your insurance carrier

Identify Top Loss Sources

Develop corrective actions:

- Conduct a loss source analysis
- Review types and causes of accidents
- Breakdown by location or department
- Consult with a loss control expert

Mitigate Legal Expenses

- Review exposure of the claim.
- Weigh your options:
 - Trial vs. settlement
 - Other resolution options:
 - Stipulation
 - Compromise Agreement
 - Alternative Dispute Resolution

Control Insured and Hidden Costs

- Establish a safety and Return to Work policy
- Review reporting procedures
- Team up with a local, reputable occupational medicine clinic
- Pursue all possible subrogation
- Identify top loss sources
- Mitigate legal expenses

**Odell Studner
&
ABC Home Care Co.**

**Working together to reduce loss
expenses!**