

# Workers Compensation (WC)

- WC: No-fault statutory benefits prescribed by state law, which are provided by the employer to an employee (or their family) due to a job related injury (including death) resulting from an accident or occupational disease;
- Usually defined as sudden and accidental

# WC Rates Determined

- WC is paid as medical, indemnity (lost wages (66 2/3% up to 70% state specific and disability ratings), vocational training, and expenses
- Medical costs escalate and affect the costs associated with WC--just like in Group Health Plan
- Experience Modification: Your loss experience based on class code (Ex: inside and outside employees), as relates to each \$100 of payroll, by state; 1.0 means your experience is what is expected; over 1.0 you'll pay a "surcharge" and under 1.0 you'll get a reduction in the filed rates

# WC Mod—changing in 2013

- For the first time in 20 years, NCCI/rating bureaus are changing how they evaluate the frequency and severity of WC claims to determine your Mod
- Medical costs escalate and affect the costs associated with WC--just like in Group Health Plan
- Primary layer (most influential in your Mod) is going from \$5k to \$10k; 2014 to \$13,500; 2015 to \$15,000
- Those with frequent claims over \$5k will see an increase in their mod in 2013

# WC Claims Management

- Employees should report claims promptly (end of shift; w/in 24 hours to appropriate person); telco should report just as quickly to carrier (even if for information purposes/incident only)
- The average cost of a claim increases 3% for each day the first report of injury is delayed;
- 20% increase when report filed after 7 days; 41% increase when filed after 15 days
- Accident reports help track information for trending

# WC Claims Management-Return to Work

- A Return to Work (RTW) program is an important component in a Workers' Compensation Management Program, second only to an Accident Prevention Program. Once an injury has occurred, the goal of a RTW program should be to return the injured employee to work as quickly as possible. To accomplish that, the employee's job may have to be reevaluated considering the following two alternatives:
- **Modified Work:** The employee returns to his original job, but some restrictions are placed on the job by the treating physician. Restrictions may include reducing the amount of work time, and/or restricting certain activities such as bending or lifting. Modified Work is also referred to as Light Duty.
- **Temporary Alternate Work:** The employee returns to work, but because the original job cannot be modified to conform with the physician's restrictions, he or she performs another job that accommodates the injured employee's abilities.

# WC Claims Management-Return to Work

- A RTW program is beneficial to both management and employees. Such a program:
- Allows an injured employee to continue to be productive and to contribute to the company.
- Maintains communications between injured employees and management.
- Reinforces the company's interest and concern for an injured employee.
- Improves communications between company, the employee and the treating physician.
- Discourages malingering.
- Reduces the disability associated with an injury and its related costs

# Trending Benefits—keep the Mod Low

- Basic tenant of insurance is that frequency leads to severity
- Accident reports help gather information useful in trending
  - Time and place of accident
  - Age of injured employee
  - Length of time as an employee
  - Cause code (type of injury)
- Identifying trends is key to developing training needs and preventing/mitigating future accidents/injuries