



Workers' Compensation Insurance—Advice from the Experts—What you Need to Know

No matter if a business has a few employees to thousands, Workers' Compensation Insurance (WCI) and claims management are significant cost centers that can make or break a company. Designed as a nofault system to help both employees and employers, WCI is essentially a trade-off arrangement.

We have asked experts to offer their advice as well as best practices. Be sure to use your own WCI broker as an ally. Continue to urge them to provide the best possible coverage at the **best possible** cost. They are there to serve you and assist in resolving claims.

Miscoded Claims and Working with Claims Adjusters

"Our plastic injection molding manufacturer client had severe Workers' Compensation claims issues and an experience modification rating of 240 (almost 2.5 times the amount of their competitors) when we met them," recounts Jeannie DeLaura, Bolton & Company. "Immediately our claims team determined some of the claims were miscoded and thus reduced their rating by 8 points within two months. Within the next year, we assisted with closing several old claims that were causing a high modification rate by working closely with the claims adjusters. The client's rating was reduced by an additional 45 points. This saved the client thousands of dollars at each renewal."



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Aside from being a requirement for general industry, the **OSHA standards provide a good pathway to incident reductions.** A good number of accidents stem from poorly developed or poorly implemented OSHA programs.

According to Bolton & Company, being **proactive** is key. Reinforcing a culture of safety reduces injuries and minimizes WC costs.

7 Strategies That Will Positively Influence the Bottom Line of Your WC Insurance

"When a company experiences significant increases in Workers' compensation costs, it usually triggers internal activities aimed at reducing insurance costs and spending," said Patti Nearhoff, CDS Insurance Services. "The key to spending fewer dollars is more than just stopping a few accidents; it is having a sound safety program designed to continuously improve."

Seven strategies to cut costs:

1. Safety Program Goals

Studies indicate there is a return on investment and that companies see direct bottom-line benefits with a properly designed, implemented and integrated safety program. A competency-based safety program is compliant with **Occupational Safety and Health Administration (OSHA) requirements** and therefore reduces the threat of OSHA fines.

- Investigate near-miss incidents to **prevent future accidents.**
- Create a risk control service plan** based on your Workers' Compensation losses.

2. General Safety Procedures

- Protect your employees** by minimizing any job hazards.
- Choose a practical flooring surface, not just one that looks nice.
- A federal ban prohibiting drivers of commercial vehicles from texting has also been recently enacted. **Create a written policy** for both distracted driving and texting while driving, and have all employees sign off on it.

3. Return To Work Strategies

- Develop and maintain a close working relationship with medical providers and claim adjusters. Make sure they know your return to work program, and ask them for advice and suggestions to improve it.

Claims Management Keys to Success

4. Claims Management

- Keep tabs on what your claims administrator is doing.
- Make **return to work** a priority across your entire organization.

5. Claims Investigation

- Exercise due diligence when investigating a claim. **Interview other witnesses or co-workers** who could shed light on the situation.
- After an incident or claim, be sure to **investigate early** and keep all the information organized.

6. Medical Considerations

- A diagnosis should be supported by the conditions of the accident.** Be aware of what you pay for.
- Be wary of other common claims that may be masked as Workers' Compensation injuries.

7. Legal Considerations

- Keep your legal counsel in the loop on workplace injuries right from the beginning. **The first 24 hours after an incident are crucial.**
- Keep an organized case chronology**, documenting everything from initial claim to the close of a case.

Workers' Compensation insurance provides **six basic benefits:** medical care, temporary disability benefits, permanent disability benefits, supplemental job displacement benefits or vocational rehabilitation and death benefits.

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Workers' Compensation Has Many Moving Parts

"We emphasize how Workers' Compensation has many moving parts with huge cost factors to any organization," said Rose Nordbrock, Crystal & Company.

Remember:

- Rights as an employer:** "The employers bill of rights" and the covenant of good faith and fair dealings are the keys to winning and controlling your cost.
- Policy holder: Processes & Programs "**become pro active**".
- Medical Provider Network (MPN) partner: Communications during initial claim, first aid, modified duty, return to work programs.
- Carrier: Accountability, proactive communication between employer, employee, and doctors.
- Broker-client advocate: Workers' compensation expertise, MPN implementation of programs, evaluating open claims (ongoing), strategic partner through safety and loss control assessments, and provides risk management solutions therefore reduces the threat of OSHA fines.
- Implement effective loss control/safety measures to prevent claims from occurring in the first place.**
- Identify and eliminate workplace hazards.
- Develop a Return to Work Program.
- Educate the employees** on the costs of workers' compensation.
- Take advantage of your carrier and insurance broker's loss control and claims management services.**

To learn more about Worker's Compensation Insurance

visit the California WCI website at <http://www.dir.ca.gov/dwc/>

¹ Source: <http://ceo.lacounty.gov/wc/default.htm>

According to the California Workers' Compensation website, the vast majority of Workers' Compensation claims are resolved without any problems, but the Division of Workers' Compensation can help resolve them through its Information and Assistance Unit or by going before a judge at one of the division's 23 local district offices plus satellites.

See <http://www.dir.ca.gov/dwc/IandA.html> for more information.

The LAEDC Business Assistance Team works with industry experts that can address business needs and issues. The firms quoted in this article are three of a large group of specialists that we can refer on your part. Let us know how we can best serve you.

Bolton & Company Insurance Services (Pasadena, CA)—WCI Expert and article contributor

At Bolton & Company, At Bolton & Company, we firmly believe that the best approach to safe work environment is a proactive one. That's why we partner with our clients to address needs related to claims management, safety training and cost containment. These are critical components to any organization, and help reinforce a culture of safety, reduce employee injuries and minimize Workers' Compensation costs.

CDS Insurance Services (Glendora, CA)—WCI Expert and article contributor

At **CDS Insurance Services**, we are committed to helping you establish a strong safety program that minimizes your Workers' Compensation exposures. Our services include OSHA compliance, safety program, and accident investigation tools and resources.

Crystal & Company (Los Angeles, CA)—WCI Expert and article contributor

Crystal & Company, we are a leading strategic risk and insurance advisor, addressing clients' risk management, insurance brokerage, and employee benefits consulting needs. Established in 1933, we have sustained our independence through 80 years and three generations of Crystal family ownership and management.

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