

# Small businesses and workers' compensation

Help your customers reduce their WC costs

By Rebecca Shafer, J.D.

**M**any large employers have programs to cut their workers' compensation losses. Small employers are run more informally and rarely have such programs—but the need is the same or even greater, as there's less room for financial error. By getting educated in workers' compensation management, you can help your clients reduce their costs and provide valuable expertise that many other agents cannot.

A small-business owner often is the president, risk manager, chief financial officer and occasional janitor all rolled into one. That kind of do-it-all owner—as well as key executives or managers in slightly larger businesses—really needs someone with expertise in reducing workers' compensation costs.

The key cost-reduction steps costs fall into two categories. The first is improving safety so your customers will reduce worker accidents and injuries. The second category, which often is ignored, is post-injury management. This means making sure every claim is handled well and promptly. It involves managing both medical treatment and the administration of the claim.

## Safety and loss control

Employers should continue to promote safety training and awareness. The business owner or another senior



manager normally is the one who trains new employees on what to do in their jobs. Acquaint yourself with your client's key trainer/safety person.

That person should make sure the new employee understands how to perform the job in a safe manner and does everything he or she can do to

avoid an on-the-job injury. This may include proper lifting techniques; safe use of machinery; and the right safety gear. But, safety isn't just for people doing heavy lifting—computer use can cause hand and back problems too. Many insurance companies and government agencies publish free helpful pamphlets on safe work practices. Find out what your carriers and other sources have available for insureds.

Someone must make sure the worker understands safety requirements by observing the new employee in the performance of his or her job. The supervisor should correct any activity that isn't the safest way of doing the job immediately.

The employer should create a list of job-related safety standards for each position. This may require safety standards research, but it is well worth the effort.

Training new employees is the start; promoting safe work habits is a never-ending process that must always be a top priority. Any time any employee, new or old, is observed acting in any manner that doesn't comply with the safety program, he or she should be retrained in safe practices.

By some estimates, up to 50 percent of workers' compensation claims are related to abuse of recreational drugs or alcohol. Recommend that your clients institute a zero-tolerance policy. Anyone who's impaired by drugs or alcohol while

on the job should be terminated or at least be warned in writing that if it ever happens again, it will result in immediate termination.

## Post-injury management

Safety is important, but it's only half of the equation. How the employer responds to an injury makes a crucial difference. If the injured worker isn't treated right, resentment can fester and costs can soar out of control, especially if he or she hires a lawyer. As an agent, it behooves you, or one of your staff, to become educated about post-injury management. You don't have to become a supreme expert, but you should know enough to point your customers in the right direction.

Despite your best effort to prevent injuries, they still may happen, though less often. What the employer does after the injury occurs will have a major impact on future costs and insurance premiums.

The first thing is to ensure that the injured employee gets appropriate medical treatment as soon as possible. Whenever possible, the medical provider should be skilled in treating occupational injuries and illnesses.

Some states allow employers to select their medical provider, employers should take advantage

of this option. Provide your clients with a list of the insurer's preferred workers' compensation medical providers. The list should be posted in the break room and other places readily visible to all employees so they'll know about the preferred medical facility to obtain initial medical care. Even in states that prohibit the employer from selecting the provider, in most states, it's not against the law to suggest the best choices. However, this type of "soft-channeling" is prohibited in a few states.

As a part of the drug-free workplace policy, the employer should require drug/alcohol tests, usually done at the time of the initial medical treatment. If the employee wants to delay initial treatment, the employer should insist the drug test be obtained the same day as the accident. In most states, a workers' compensation claim can be denied or the benefits reduced if it's proven that the employee was under the influence of illicit drugs or alcohol. Drug testing also gives the employer better leverage to terminate the offender if necessary.

The business owner or manager must ensure that all employees know they must report any work-related injury as soon as it happens, even on weekends or night shifts. Provide all your clients with the First Report of Injury for your state. The form should be filled out with

all the details about the incident that can be gathered. Contact information can be put on employee lanyards, wallet cards or brochures.

The more information the employer provides to the insurance adjuster and to the state workers' compensation board, the better. Advise your clients to keep a camera or a cell phone with a camera on hand so they can take pictures of the accident scene. Employees should be required to write a signed statement of how the injury occurred. If any other employees witnessed the accident, they should be asked to write down a detailed description of what they saw and what happened.

## Getting them back on the job

An effective return-to-work program is essential. The availability of light-duty work can prevent more expensive temporary total disability claims—and it's more humane for the injured worker, who can become productive again sooner. The money the insurance company pays out in temporary total disability benefits is factored into the employer's premiums for the next three or four years—so a light-duty program has a real payback. A helpful tool that can help you determine the cost savings of a return-to-work program is a transitional-duty calculator, an example of one can be found here: <http://reduceyourworkerscomp.com/transitional-duty-cost-calculator.php>.

If the employee is not released to return by the treating physician following initial medical treatment, the employer should contact the employee, the adjuster and the medical provider. The employer should let the three of them know that he or she wants and needs the employee back at work.

Flexibility is the key; the employer should be willing to work with any work restrictions the medical provider may require. For instance, the doctor may forbid any heavy lifting for three weeks. The employer should find a job that doesn't require it.

The employer should plan ahead for the modified duty. Accommodations can include assistance in lifting heavy loads, providing a chair to accommodate



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standing restrictions and so on. When the employee returns to work on modified duty, the employer must be sure to comply with the medical provider's restrictions. The worst thing would be for the employee to re-injure him or herself and be off the job even longer.

### Stay on the case

Once the employer has reported the claim to the carrier, the process shouldn't stop there. The employer and/or broker should keep in touch with the adjuster and know what's going on with the claim if it involves time out of work.

The employer also should keep in touch with the employee and find out what his or her medical condition is and when the employee is expected to be back at work.

### Plan ahead

If you wait until your clients have excessive or major workers' compensation claims, you've waited too long. Most small-business owners don't think a lot about workers' compensation. By using the guidelines in this article, you can help your customers prevent injuries from occurring and to mitigate their cost when they do occur. 

Shafer, president of Amaxx Risk Solutions Inc., in Mansfield, Conn., has more than 20 years' experience helping employers reduce workers' compensation costs. Amaxx sponsors the Workers' Comp Kit at <http://reduceyourworkerscomp.com>. The site includes a wealth of free information about every aspect of workers' compensation cost control, including an award-winning blog about new developments. Shafer can be contacted at [info@WorkersCompKit.com](mailto:info@WorkersCompKit.com) or (860) 786-8286.

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