

Seven Steps to Improving your Workers' Compensation Experience

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According to the National Safety Council, every seven seconds, a worker is injured on the job. That equates to 4,500,000 work-related injuries each year and 104,000,000 lost work days. The total cost for these injuries is a staggering \$161.5 billion!¹ It can become very costly, very quickly if you haven't developed the correct procedures. Here's how to get started:

1. Develop a Safety Committee

Developing a Safety Committee sets the culture for your organization. It fosters a partnership between management and employees to keep everyone safe and healthy in the workplace. It proactively identifies hazards that could lead to injuries BEFORE they occur, and uses accidents that do occur as "lessons in losses." Members naturally evolve into advocates of safety in their respective departments and spread this tone throughout the organization. In some states, employers are rewarded for developing Safety Committees through the application of credits, which are applied directly to the Workers' Compensation premiums.

2. Require Prompt Claims Reporting

Delays in reporting claims, also referred to as "lag times," can significantly increase the overall costs of claims, are generally more difficult to settle, take longer to close, and have a greater chance of attorney involvement. It's important for employers to establish a formal procedure requiring all injured employees to promptly report accidents, regardless of how minor.

Prompt claims reporting provides the following benefits:

- It allows employers the opportunity to benefit from directing medical care to in-network physicians.
- It provides employees with peace of mind that their claims are being taken seriously and provides guidance through an otherwise difficult process.
- It allows claims adjusters to promptly begin the investigation process while the information is still fresh.
- It keeps employers in compliance with state reporting requirements and helps them to avoid potential late reporting penalties.

3. Direct Medical Care

Most states allow employers to direct the medical care of employees who become injured on the job. New Jersey allows employers to direct care for the life of each claim, while other states, like Pennsylvania, limit the timeframe. These physicians, referred to as "panel" or "in-network" physicians, provide high-quality medical services, while promoting an organization's return-to-work goals, and ultimately reducing the costs of claims.

4. Implement a Return-to-Work Program

Studies found that employees injured on the job and out of work for more than six months have less than a 50% chance of ever returning to work in ANY capacity. But, the fact is that between 80 and 90% of these workers WANT to come back to work.² Developing a return-to-work program provides employees with a sense of security, while keeping them in their normal work routines and away from attorney ads. Since indemnity (loss of wages) payments represent a significant portion of the total cost, accommodating employees with modified duty work helps reduce these costs. This has a direct and profound impact on your experience modification, which ultimately affects your premium!

5. Stay on Top of Claims

Your insurance agent or broker should be providing regular reviews on all open claims. This allows employers opportunities to communicate important information concerning the claims, such as changes in employment

status, information found on social media, and their ability to accommodate restrictions. Behind the scenes, a broker or agent should be aggressively negotiating reserve reductions, fighting to overturn and deny fraudulent claims, and proactively initiating subrogation and third-party lien efforts.

As the employer, you have the right to be in communication with your employees. It not only provides you with information concerning employees' treatment status, but also shows concern and empathy towards employees.

6. Have your Agent Check your Experience Mod

Experience mods are the "report card" of your workers' compensation performance. An experience mod of 1.000 is like getting a big fat "C!"

Congratulations. You're average. Mods lower than 1.000 mean the organization is performing better than average, while mods higher than 1.000 indicate the organization is performing worse than average.

You would be surprised by how many errors are made in experience mod calculations. These errors cost employers thousands of dollars each year! There are errors in classifications, reserves, overturned fraudulent claims and subrogation returns. The good news is that these errors can be corrected, resulting in a return of the overcharged premium dollars to you! A good broker will be able to not only identify these errors, but also project your experience modification one year in advance.

7. Partner with the Right Broker

Brokers receive the same commission on workers' compensation policies. On average, a broker will make anywhere from 5 to 10%. It's what that broker is doing for you to *EARN* their commission dollars that sets a good broker apart from the rest. If your broker never explained the importance of the steps shown above, or never provided you with assistance and resources to complete these steps, you may want to spend your 5 to 10% elsewhere.

¹ National Safety Council. *InjuryFacts.nsc.org*, U.S. Bureau of Labor Statistics (2018)

² RAND Institute for Civil Justice



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