

Eight Components of an Effective Workers' Compensation Program



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The good news for employers is that their Workers' Compensation premium is one of the most manageable insurance costs they face due to the direct relationship between the claims an employer incurs and the cost of their insurance. Preventing injuries and mitigating the cost of the claims that do occur can dramatically reduce an employers' cost of Workers' Compensation insurance.

Effectively managing your Workers' Compensation program can in some cases significantly reduce costs" Parker, Smith & Feek's Marty Bask said.

Parker, Smith & Feek has identified eight components of an effective Workers' Compensation program that can reduce these costs:

1. Safety as a Value

Preventing injuries from occurring in the first place is the best way to reduce Workers' Compensation costs. Many employers implement safety "campaigns" once they realize they need to reduce injuries. Unfortunately, these "campaigns" usually run their course and the pressures of production or other organizational priorities put safety on a back burner. The employers who are committed to preventing injuries find unique ways to integrate safety into their value system and culture. For these employers safety is not just a priority, it is who they are.

2. Proactive Hiring Practices

Hiring the right people for the job may seem obvious, but many employers don't consider workers' compensation when interviewing and considering potential new employees. Employers with high workers' compensation costs are often frustrated with a handful of employees who have more than their share of claims or who seem to be "working the system" and increasing the cost of the claims. Implementing proactive hiring practices that focus on safety conscious employees can reduce this frustration and the additional costs associated with these claims.

3. Pre-Placement Screening

Unfortunately, implementing proactive hiring practices may not be enough to thoroughly identify employees who are not capable of performing the physical requirements of their job. Appropriate pre-placement screening, such as pre-placement physicals, may be necessary to ensure the employee can safely perform their duties and not risk harm to themselves or co-workers.

4. Supervisory Accountability

Supervisors have many managerial responsibilities, but employers who are effective at controlling their workers' compensation costs push the responsibility for managing their workers' compensation program down to the lowest level of supervision. These front line supervisors are in the best position to ensure a safe work place and have the closest relationship with the employees.

5. Accident Investigation

When an accident does occur, it is important to investigate and document the incident thoroughly to ensure the legitimacy of the claim, determine the casual factors and to learn how the injury may have been avoided. Sharing information within the organization on how the injury occurred and how it could have been prevented is critical to avoiding similar injuries in the future thus reducing costs. Again, the front line supervisor should be directly involved and report accident investigation finding(s) back to management and the safety committee.

6. Medical Provider Relationships

Establishing a working relationship with a local medical provider can play an important role in controlling the medical cost of claims and getting injured workers back to work quickly. Most states limit the control employers have over who an employee treats with, but having a local medical provider who knows the employer's operations and transition duty program that can initially treat an injured employee can eliminate time loss costs on many claims while ensuring the employee is getting the medical treatment they need.

7. Transitional Duty

Probably more than any other factor, having an effective transitional duty, or light duty, program can reduce an employer's Workers' Compensation costs. The longer an employee is off work due to an injury, the harder it is to get



them back to work and the higher the claim costs. Having an effective transitional duty program can eliminate time loss costs on many claims and significantly reduce these costs on most time loss claims.

8. Monitoring Systems

Finally, knowing if your workers' compensation program is working or not requires effective monitoring of the results. Reviewing accident investigation reports, claim trends and the status of open claims allows management to monitor the results and modify programs as necessary to address issues.

For more information about reducing your Workers' Compensation costs please contact Marty Bask or your Parker, Smith & Feek Account Executive on 425.709.3600