



NSC Webinars

# Workers' Compensation 101

Tim Lefler, SCLA  
LaMair Mulock Condon

---

making our world safer®



# Workers' Compensation 101

## Objectives

- Purpose of Workers' Compensation
- Early Intervention
- Return to Work Programs
- Red Flags
- Employer Pitfalls



# Workers' Compensation 101

## Basic Purposes of Workers' Compensation

- Disability and rehabilitation benefits while unable to work
- Appropriate medical treatment such as physician, hospital, and medications
- Permanent disability benefits for permanent restrictions as a result of the work injury
- Fatality benefits for the dependents of a work related death
- Ensure that the employee is not discriminated against as a result of filing the claim



# Workers' Compensation 101

## Basic Purposes of Workers' Compensation

### Compensability

- Is the injured person your actual employee
- Did the employee suffer an occupational injury or disease
- Did the injury or occupational disease occur in the course of their employment
- Did the injury or occupational disease arise out of the course of employment



# Workers' Compensation 101

## Basic Purposes of Workers' Compensation

State specific issues to know...

- Initial disability waiting period
- Calculation of average weekly wage benefits
- Length of compensability investigation to determine if work related
- Choice and direction of medical care
- Independent medical exams and/or second opinions allowed
- Litigation process
- Settlements allowed to close out future indemnity/medical benefits



# Workers' Compensation 101

## Early Intervention

- Take care of the employee
  - Determine severity of the injury
  - Focus on the medical needs and not production needs
- Obtain medical care
  - Get the employee to the appropriate level of medical care
  - Is transportation required for the employee
- Report the injury
  - Do not wait if information is missing initially
  - Time is money, avoid unnecessary delays



# Workers' Compensation 101

## Early Intervention

### Benefits of timely reporting

- Information is still fresh for the employees and witnesses
- A baseline of the accident is created and diminishes the opportunity for the details to be changed
- It allows for early control of medical care and eliminates unauthorized time away from work
- Allows the employee to receive the appropriate medical care timely
- Late reporting can jeopardize benefits to both employer and employee



# Workers' Compensation 101

## Early Intervention

### Claims reported after 1 week

- Overall injuries are 18% more expensive
- Back injuries are 35% more expensive
- Soft tissue injuries are 13% more expensive
- 22% of claims have attorney involvement
- Claims reported after 2 weeks are 45% more expensive





# Workers' Compensation 101

## Hidden Costs of Employee Injuries

- Lost efficiency of injured employees
- Cost of training existing employees or cost of hiring new employees
- Overtime of current employees and supervisory staff
- Wages as well as disability costs
- Negative feelings from employee and co workers



# Workers' Compensation 101

## Return to Work Programs

- 70% of quick returners do not let their injury consume their thinking
- 76% of quick returners do not feel victimized by their injury
- 90% of quick returners report having a good relationship with their supervisors
- Employees off work for more than 6 months have a 50% return to work rate
- By 2012 there will be 11 million workers over the age of 55
- Workers over 55 are up to 35% less likely to return to work



# Workers' Compensation 101

## Return to Work - Benefits to Employer

- Demonstrates consistency and you want the employee to remain involved
- Prevents the disability syndrome and secondary gain to set in
- Improves ability to maintain contact and manage the claim
- Effective form of cost containment on claim costs and financial impact
- Experienced employees remain productive for you



# Workers' Compensation 101

## Return to Work - Benefits to Employee

- Maintains their earning capacity and employee's self worth by being at work and not at home
- Keeps them on their "work clock" and prevents them from becoming dependent on their "disability"
- Provides security that they won't lose their job due to being injured
- Reinforces company's commitment to being productive and well



# Workers' Compensation 101

## Return to Work Programs

- **Temporary** Employees know the modified duty assignment is temporary and that company's goal is to get them back to their regular job as soon as medically able.
- **Progressive** The restrictions are evaluated at each medical appointment and the job changes as the restrictions do.
- **Meaningful** The company avoids making "make work" jobs. The modified duty job is as close to their normal or similar job as possible.



# Workers' Compensation 101

## Return to Work Programs

- Boosts employee morale
- Keeps employees productive and discourages abuse
- Reduces financial impact and addresses hidden costs of injuries
- Provides a proactive approach of cost containment



# Workers' Compensation 101

## Workers' Compensation Red Flags

- 3% of all slip and falls are fraudulent and over 25% of all claims have some form of fraud.
- Bogus injury claims and related costs such as litigation, is up to nearly \$5 billion a year to employers and the insurance industry.
- One of five U.S. adults or about 45 million people say it's acceptable to defraud insurance companies under certain circumstances.
- Adults aged 18-24 are three times more likely to inflate a claim than adults over age 40.
- People who cheated on exams in high school two or more times are three times more likely to inflate an insurance claim later in life.



# Workers' Compensation 101

## Potential Red Flag Indicators

- The employee is disgruntled or a poor performer
- Accident is not witnessed
- Claim was reported late with very few details
- Occurs at the start of the shift or outside of assigned work area
- Incident occurs following a layoff or long weekend
- Employee has no insurance and/or having financial issues
- Employee is never home when you call
- Treatment initiated with a family physician
- Employee is out of vacation time and needs time off work
- Employee is missing scheduled medical appointments





# Workers' Compensation 101

## California

- The injured worker suffered an alleged back injury and received nearly \$150,000 in workers' compensation benefits. During his "recuperation" he earned roughly another \$400,000 in sprucing up and renovating homes. Business was going so good he decided to do some advertising. While on workers' compensation he made some appearances on the Home & Garden cable TV program where he was recognized and reported.
- Charges filed - he was convicted and sentenced



# Workers' Compensation 101

## Connecticut

- The injured worker said he hurt his back while lifting a box of toilet paper and soap where he worked and was receiving benefits while off of work.

The injured worker then saw that Hannah Montana was coming to town and wanted tickets. As part of a radio station promotion, the supposedly injured man donned a dress, woman's wig and high heels, then ran a 40-yard dash while carrying a spoon with an egg.

A photo of him racing in full drag appeared in the local newspaper the next day and he was turned in by one of his supervisors. Charges are currently pending.



# Workers' Compensation 101

## Maryland

- Wanting an excuse to have some time off from work from UPS and being out of vacation time, the injured worker thought a bullet would do the job. The Baltimore-area man had a buddy shoot him in the right leg and then claimed he was shot during a robbery while on the job.

Liberty Mutual paid the employee a lump sum of \$250,000 until a mutual friend turned in the pair. The judge called the employee's actions "one of the dumbest things" he'd ever seen.

- Charges filed – he was convicted and sentenced



# Workers' Compensation 101

## Employer Pitfalls to Avoid

- Not letting the insurance company play the bad guy
  - Maintain your relationship with the employee
  - Let the insurance carrier investigate the accident
- Lose contact with the employee while on disability
  - Allows for job uncertainty to set in
  - They no longer feel involved with the company
  - If you don't talk to them, they'll talk to counsel
- Not understanding your rights as an employer
  - Learn the basic laws of work comp in your state
  - The employer and carrier are a team, need to work together



# Workers' Compensation 101

## Employer Pitfalls to Avoid

- Supervisors don't follow employee's work restrictions
  - It can extend the employees healing period
  - Employees become disgruntled and seek counsel
- Employees aren't allowed to return until 100%
  - Increased disability period and disability syndrome sets in
  - Loses touch with employer and work setting
- Accident investigation not completed
  - Information is missed and similar accidents not avoided
  - True cause not determined



# Workers' Compensation 101

## Employer Pitfalls to Avoid

- Not providing medical care immediately
  - Can cause an extended healing or treatment period
  - Employee will become disgruntled and see own physician
  - Employee will seek counsel to get treatment
- Appointments during the workday
  - Try to have the employee schedule appointments after their normal schedule but don't make it an issue if they don't
- Not having a selected company physician
  - Maintain control of treatment
  - Advocate for return to work program
  - Minimize disability period



# Workers' Compensation 101

## Recap

- Early reporting and action is key
- Investigate the accident timely
- Let the insurance carrier be the “bad guy” and maintain your relationship
- Obtain a return to work release as soon as medically able
- Utilize employment knowledgeable medical providers
- Communicate, communicate, communicate



# Workers' Compensation 101

# Questions??