



Workers' Compensation – Back to the Basics

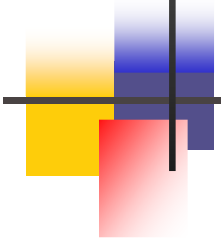
Reducing Costs
Before & After the Accident



SC Statistics

Frequency & Severity

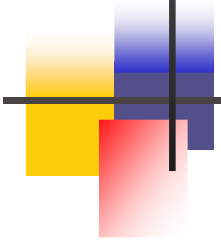
- Frequency – Last 5 Years
 - Declined every year from previous year
 - Every Major Industry – declines of at least 30%
 - Every Major Occupation Group – declines of at least 30%



SC Statistics

Frequency & Severity

- Drivers:
 - Continued emphasis on workplace safety
 - Increased use of robotics
 - Advances in ergonomic design
 - More and better job training



SC Statistics

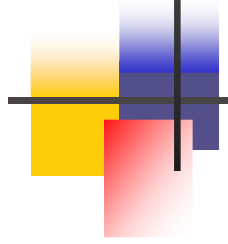
Frequency & Severity

- Severity:
 - Driven by Increase in PPD Benefits
 - Rising Medical Costs
 - Inflation
 - Increased Utilization
 - Pharmacy
 - Medical / Indemnity Split
 - SC 52.5% Indemnity – 47.5% Medical
 - Regional 50.0% Indemnity – 50.0% Medical
 - National 45.8% Indemnity – 54.2% Medical



Controlling Costs Before an Accident

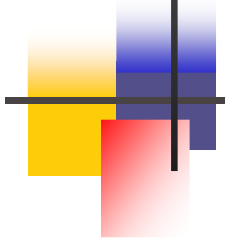
- Safety Program
- Personnel Management
- Workers' Comp Administration



Safety Program

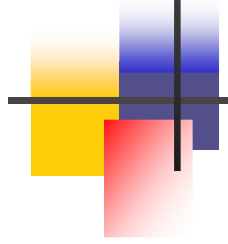
- Objective: Accident Prevention

"The best way to reduce your costs is to prevent accidents from occurring in the first place."



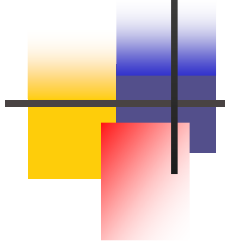
Safety Program

- Create Active Safety Committee
 - 100% Management Commitment
 - Empower Committee to Make Decisions and Changes
- Identify High Risk Departments
 - Examine Frequency & Severity
 - Review Loss Runs
 - Department Codes
 - Trends



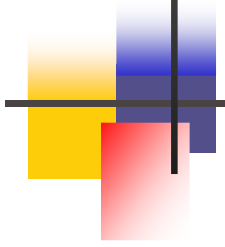
Safety Program

- Develop Written Safety Program
 - Investigate 'Near Misses' and Accidents
 - Acknowledge Safe Work Practices
 - Provide Safety In-Services for Employees
 - Provide Equipment and PPE's
 - Keep Accurate Records on Purchases and Maintenance of Equipment
 - Do not Modify Equipment from Original Design



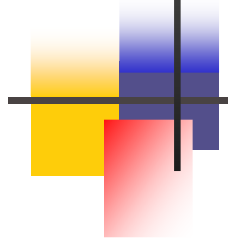
Personnel Management

- Effective Hiring Practices
 - Background Checks
 - Post Offer Medical Evaluation – SC SIF
 - Maintain Medical History in Separate File
- Promote Healthy Lifestyles
 - Wellness Benefits / Health Insurance
 - Random Drug Screening
 - Substance Abuse Program



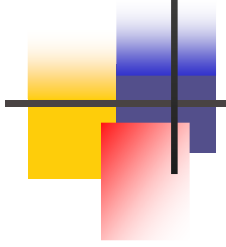
Personnel Management

- Communicate
 - Listen to Your Employees
 - Self Fulfilling Prophecies are a Fact of Life
 - Educate Employees on WC Benefits and Procedures
 - Policy on Prompt Reporting
 - SC Posting Notice Requirement



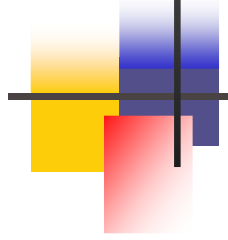
Personnel Management

- Manage Problems Proactively & Timely
 - WC is not a Termination Tool
- Obtain Certificates of Insurance
 - SC Law – Statutory Employer



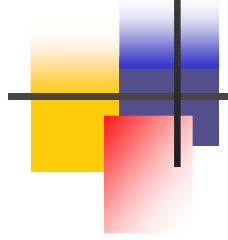
Personnel Management

- Review Premium Audit
 - Proper rating classifications
- Hold Department Management Accountable for W/C Costs
 - Allocate premium based on experience



Workers' Comp Administration

- Centralize Management of W/C Process
 - Submits Claims to Carrier
 - Liason between Employee, Management, and Carrier
 - Carrier's Point of Contact
- *Know Your Carrier or TPA*
 - Require dedicated claims adjuster / team
 - Educate on your type of business?
 - Set expectations and requirements



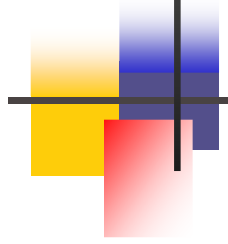
Workers' Comp Administration

- Establish First Line Medical Providers
 - Occupational Health / Primary Physicians
 - Emergency Treatment
 - Pharmacy
- Develop Early Return to Work Program
 - Management Commitment
 - Pre-established Job Assignments / Tasks
 - Identify Physical Requirements
 - Establish Time Limits



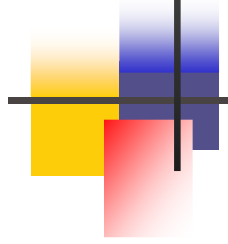
Controlling Costs After an Accident

- Early Intervention
- Return to Work
- Communication



Early Intervention

- Investigate the Accident
 - Root Cause and Contributing Factors
 - Practice Good Record Keeping
 - Identify 3rd Parties
 - MVA's
 - Product Design / Malfunction



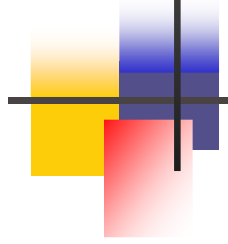
Early Intervention

- Provide Medical Attention
 - First Aid vs Medical Care
 - Emergency Room
 - Expensive
 - Unnecessary Referrals
 - Promotes lost time
 - Lengthy waits for treatment
- Authorization for Referrals / Diagnostics
 - Allow Carrier to Make Decision



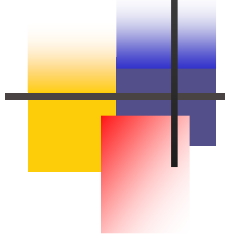
Early Intervention

- Prompt Reporting
 - Supervisor to WC Coordinator – 24 hours
 - WC Coordinator to Carrier – 24 hours
- Early Reporting Pays:
 - Within 1 - 2 weeks – 18% increase in costs
 - Within 3 - 4 weeks – 30% increase in costs
 - After one month – 45% increase in costs



Return to Work

- Utilize Established Return to Work Program
 - Within Physician Restrictions
 - Modified or Alternate Duty
 - May be Reduced Hours
 - Offer Work Immediately



Communication

- With the Injured Worker
 - Establish and Maintain Trust from the Beginning
 - Investigate – Don't Intimidate!
 - Contact Employee Weekly
 - Remember – the Case Remains Open After Return to Work
- With Your Adjuster
 - Share Information
 - Rely on His or Her Expertise
 - Ask Questions and Provide Answers