



Reducing Workers' Compensation Costs

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Impact of Workers' Comp Costs

- “Silent killer of jobs”
- Public Employers: Reduces appropriation available for raises and new hires
- Estimated Cost of Average Lost Time Claim:
- \$53,000
- Base Rate: 1.61% of Payroll

Injury Risk – Mechanics and Road Workers

- Cost can be significantly impacted by just one serious claim
- One in _____ highway workers injured on the job each year
- 10
- One in _____ highway workers killed on the job over the course of career
- 200

Sources of Risk for Highway Workers

- Top 5 Causes
- 5. Vehicle Accident in transit
- 4. Overexertion
- 3. Falls
- 2. Struck by Traveling Vehicle
- 1. Struck by Equipment

Sources of Risks for Mechanics

- Most Common Types of Injury
- 5. Skin/Airway Irritation
- 4. Hand/wrist sprains
- 3. Back Sprain – Exertion
- 2. Lacerations – Hands and Fingers
- 1. Eye – Foreign Body

Key Strategies to Reduce Costs

1. Commit to Safety and Accident Prevention
2. Thoroughly Investigate Injuries and Challenge Suspicious Claims
3. Limit amount of Lost Time in allowed claims
4. Monitor for illegal and excessive prescription usage

Safety/Accident Prevention

- Safety Manual
- Safety Training
- Regular Audits of Practices and PPE Usage
- Daily pre-work safety reviews
- Investigation of Accidents and Near-Miss Incidents
- Safety as a culture

Safety Manual

- Thoroughly explains safe work processes, and
- Expectations of employees
- Reviewed at orientation and in all subsequent training

Safety Training

- Regularly scheduled safety programming
- During training – “Show, don’t tell”
- Job specific, on the job site

Regular Audits

- Conducted by Safety Team and Safety Manager
- Observe, compliment, and correct
- Document needed follow up with accountability as to person responsible and time frame for completion

Daily Pre-Work Safety Review

- Each day, at the job site
- Review of:
 1. Job to be done
 2. Responsibility of each employee
 3. Check of PPE and equipment
 4. High risk hazards of that day's job and strategies for avoidance

Investigation of Accidents and Near Misses

- Work rule requiring immediate reporting of injury, property damage accident, and near miss incidents
- Thoroughly investigate each incident
- Identify Root Cause
- Document and Follow up on corrective action with accountability

Root Cause Usually Is

1. Inadequate training,
 2. Malfunctioning equipment,
 3. Ignored risk,
 4. Improper work procedure
- almost never 'unavoidable accident'

Usual Response:

- “Train those who don’t know,
- “Discipline those who don’t care”

Safety As a Culture

- Empower employees to take personal responsibility for their own safety
- Safety teams and committees
- Dedicated safety manager
- Reward individuals and groups for safe work practice and injury/accident avoidance
- Discipline for Unsafe Practices

Claim Is Alleged

- Investigate for possible fraud
- Confirm medical causal relationship
- Rule out if caused by drug and alcohol impairment

Investigation keys

- Injured employee's incident description
- Witness statements, if any
- Supervisor's Review of accident and process
- Medical records from initial treatment
- Personnel file
- Drug/Alcohol Testing Results
- Claims history
- IME and possibly surveillance

Suspicious Claims – Red flags

- Not reported immediately
- Not witnessed when people were present
- Other personnel problems, especially attendance
- Pre-existing condition same as alleged injury
- Inconsistencies in alleged mechanism of injury
- Incident not consistent with work practice
- Outside activities could have caused
- Monday morning/start of shift
- History of claims, especially denied ones

Significant Cost Drivers After Claim Allowance

- Lost time compensation
- Contribution of drug usage (both legal and illegal)

Managing Lost Time Compensation

- Offering Transitional Light Duty Work

1. Temporary New Job
2. Existing Job with Modified Duties

Important: 6 months/less than 50%

- Monitoring for reasonable recovery times
- Keep in contact

Managing for Drug Caused Accidents

- Post-accident drug testing (with reasonable cause)
- Requiring those operating equipment or driving to report prescription usage with “Do Not Drive” or “Do Not Operate”
- Directing affected employees to EAP for abuse and addiction counseling

Keys To Controlling Costs

- Commit to Accident Prevention
- Thoroughly investigate alleged injuries (contesting when not verified)
- Strive for prompt return to work post-injury to light duty
- Monitor drug and alcohol abuse situations
- Create culture of safety