10 Ways to Control Workers Comp Costs

There are many ways an employer can have a positive impact on workers’ compensation claim cost. We believe these 10 recommendations will assist you in your efforts to keep the cost of workers’ compensation under control.

1. **Safety Program:**

The cost of your workers’ compensation premiums is greatly affected by the frequency of claims. The easiest and surest way to reduce the frequency of claims is to take the steps necessary to identify potential hazards, and then take the actions necessary to eliminate those hazards.

1. **Timely Reporting:**

All claims should be reported to the claims office immediately following an accident. The claims office will handle the claim better by starting on the claim quickly. The information about the injury, the witnesses, and the medical treatment is more readily available and is more accurate than any effort to recall the information at a later date.

1. **Open Communications:**

The person or people who report your claims to the claims office need to have open lines of communications with the adjusters. The establishment of rapport between the employer’s staff and the claims adjuster(s) will facilitate the accurate transfer of information between the parties.

1. **Your Own Adjuster(s):**

The employer who has a small number of claims (small being defined as less than the caseload of one adjuster), should requested a designated adjuster for your account (handling all your claims plus claims for other employers). By having only one adjuster instead of many adjusters handling your claims, the adjuster will become familiar with your return to work program. The designated adjuster will also learn your preferences for medical providers, the nature of your business, and other aspects of your workers’ compensation program.

The employer with a large number of workers’ compensation claims should request a dedicated adjuster to handle only your claims, and no claims for any other employer. If your company has more claims than one adjuster can handle, then multiple dedicated adjusters is appropriate. A combination of dedicated adjuster(s) and one designated adjuster will cover any number of claims.

1. **A Return to Work Program:**

Every employer, regardless of size, should plan ahead on how to accommodate an injured employee’s return to work. Whether you set up a modified duty job or place the injured employee in a totally different job than the injured employee normally does, it is essential that you accommodate the work restrictions. A return to work program will keep the employee productive, shorten the recovery time, and lessen the cost of both medical treatment and indemnity benefits.

1. **Medical Management:**

In the world of insurance where even simple medical services can quickly become very expensive, medical management is essential. In the states where the employer has the right to select the medical provider, it is essential to do so. One of the fastest ways for a work comp claim to get out of control is for the employee to select a medical provider that will be reluctant to let the employee return to work before he has fully recovered. Or worse yet, is quick to perform surgery where more conservative measures would suffice. Medical management also includes the use of triage nurses, trained nurse case managers, medical fee bill reviews, utilization review and independent medical examinations. The use of these various medical cost control techniques will reduce the overall cost of medical care.

1. **Litigation Management:**

The control of legal cost does not start when the claimant files for a hearing before the industrial commission. The control of legal cost starts when the claim is reported. Prompt reporting to the claims office, plus quick, courtesy handling of the claim will eliminate many of the claims that would otherwise go to an attorney. Employees hire attorneys when they are scared and do not have anyone answering their questions. The employer who maintains contact with the employee after the injury and works with the employee to resolve their concerns will have far fewer claims where the employee has hired an attorney.

1. **Subrogation:**

When a third party is at fault for the injury to the employee, the employer should assist the claims adjuster in gathering as much information as possible to document the liability of the third party. By proving the liability of the third party early on, and putting the third party or their liability insurer on notice of the intent to pursue the claim, a recovery can be made. The amount recovered from the third party reduces the overall amount the insurer or self-insured employer pays in workers’ compensation cost.

1. **Structured Settlements:**

A structured settlement is basically an annuity or an annuity combined with a cash payment to settle a claim. A structured settlement reduces the cost of a claim by transferring the cost of the claim into the future, providing the insurer with years of times to grow their investment to cover the claim cost.

1. **Claim Quality Audits:**

An area of cost control that is frequently overlooked by risk managers is the claim file audit. An audit of the claim files by an independent auditor to verify the claim handling is in compliance with Best Practices will assist the employer in knowing where improvements are needed in the claim process. By eliminating mistakes, leakage is reduced and cost control is better implemented.