E-COMP, The National Workers’ Compensation Program

Workers’ Compensation Training, For the Employer
Workers’ compensation is a benefit mandated by laws in all 48 of the 50 states (Texas and New Jersey have opt out provisions), the District of Columbia, Puerto Rico and the Virgin Islands. Regardless of how safe an employer may try to make its workplace, on-the-job accidents and job-related illnesses occur. Workers’ compensation has become increasingly complicated and costly over the years. It is essential for all supervisors, in addition to the human resources staff, to understand how to comply with workers’ compensation laws. Employers need to train new and retrain current supervisors on the law and the employer’s workplace safety rules so that employees receive the full and correct benefit of the law and the employer keeps its on-the-job injuries and costs as low as possible.

This sample presentation is intended for presentation to supervisors and other individuals who manage employees. It is designed to be presented by an individual who is knowledgeable in workers’ compensation and the employer’s workplace safety rules. This is a sample presentation that must be customized to include and match the employer’s state laws and its own policies and practices.
At the close of this session, you will be able to:

- State what workers’ compensation is
- Describe the purpose of workers’ compensation laws
- Describe the three methods of securing workers compensation liability insurance
- Understand what injuries “arising out of and in the course of employment” means
- Cite the benefits and disadvantages for employers and employees
- Understand how there may be interaction of workers’ compensation with the Americans with Disabilities Act (ADA) and/or the Family and Medical Leave Act (FMLA)
- Describe what to do when on-the-job accidents happen
- Cite ways to reduce workers’ compensation injuries
Workers’ compensation is a system of state laws that originated in 1911. These laws provide medical care and compensation to injured workers on a no-fault basis. Workers’ compensation laws operate in 48 states, in the District of Columbia, Puerto Rico and the Virgin Islands. Texas and New Jersey have opt out provisions. There are also workers’ compensation programs that cover federal employees, longshoremen, merchant seamen, railroad employees and coal miners.
The Purpose of Workers’ Compensation Laws

- The purpose of workers’ compensation laws is to provide:
  - Coverage of medical expenses for treatment of injuries or occupational illness
  - Income protection for those who must be absent from work because of occupational illness or injury; and
  - Limited compensation for serious permanent injury such as loss of limb or loss of life

- These laws also contain anti-retaliation provisions, which prohibit employers from retaliating against any employee because he/she has filed a claim or received benefits under the law.
The three methods of securing workers' compensation liability are:

1. Through an approved private compensation insurance carrier, via a trusted insurance professional.

2. Through self-insurance. This is only an option for large employers who have financial resources to provide workers’ compensation benefits in good times and bad. There must be a guarantee that the injured employee will not lose his/her benefits in the event of bankruptcy of the employer.

3. Through state-funded insurance. This is provided in about one third of the states.
Workers’ compensation laws contain a coverage formula which states that in order to be compensable, an injury must “arise out of and in the course of employment”

• “Arising out of employment” refers to the cause and origin of the injury
• “In the course of employment” refers to the time, place, and circumstances of the injury.

Note: Going to and from work: The general rule is that an employee is not covered. However, an exception exists, when an employee is going to and from work and on the employer’s premises (such as in the employer’s parking lot).
Benefits and Disadvantages of Workers’ Compensation

Benefits for the Employer

- Employees cannot seek damages through a separate tort suit against the employer because workers’ compensation is the exclusive remedy for on-the-job injuries.
- Employees are limited as to the amount of benefits they may recover

Benefits for the Employee

- Coverage is provided without direct cost to the employee
- Prompt payment of claims following an injury
- Medical expenses are compensated
- Payments are based on the employee’s current earnings and are generally excluded from gross income for tax purposes
- Payments are made to an employee’s spouse or dependent children in the event of death
Disadvantages for the Employer

- Premiums may be high because of the nature of the employer’s business as the costs are based on the employer’s accident record
- The employer’s paperwork burden is increased because of requirements to file accidents with state authorities
- Time may be spent defending fraudulent or suspicious claims

Disadvantages for the Employee

- The employee is denied an opportunity to seek damages beyond workers’ compensation such as for pain and suffering or punitive damages through a tort action against the employer
- In some states workers’ compensation benefits may be offset by Social Security disability benefits
Important actions to take when a job-related injury occurs:

- File a workers’ compensation claim according to the procedures required by your workers’ compensation insurance carrier. This may include filing the report with your state agency if your insurance company does not fulfill this requirement.
- For first aid claims, follow your company’s first aid protocol.

Treat every on-the-job accident as legitimate and do the following:

- Promptly provide first aid or direct the employee to seek emergency medical treatment. This includes having the employee accompanied to a health care provider for emergency treatment.
- Obtain facts from the employee about the accident.
- Inform the employee of his/her workers’ compensation coverage for job-related injuries.
- Investigate and document the accident as soon as possible and steps to follow to prevent similar accidents, as relevant, and direct the immediate supervisor to stay in touch with the employee and/or a family member of the employee.
Ways to Reduce Workers’ Compensation Injuries

- Develop and implement an employee safety culture.
- Work with your broker and carriers to supplement safety programs that are applicable to the types of injuries your industry is prone to.
- Develop a first aid program with a local medical facility that’s in your workers compensation network.
- Work with your broker to assist in the claims management process.
- Establish and empower a safety management committee that is in charge of your accident prevention program.
- Educate managers about the cost and impact of workers’ compensation and hold them accountable for prevention of injuries.
- Report workers’ compensation injuries as soon as possible and decide on appropriate steps to take to prevent similar injuries.
- Have a light duty/return to work program.
- Maintain frequent contact with the injured employee and the workers’ compensation case manager at the insurance company and your broker.
10 Reasons to Include Corporate Officers On Workers’ Compensation Policy

Without any uncertainty whatsoever, easily the least expensive form of insurance that provides medical benefits, death benefits and more for work related injuries.

1. **Death Benefit**: Contains a substantial death benefit for certain survivors. Example: California provides surviving spouse a death benefit of $250k, and additional payments for dependent children.

2. **Lost Wages/Disability Benefits**: Pays for wage loss due to work related accidents, injury and disease. Up to 2/3rd of your salary subject to the maximums in your state.

3. **No Deductibles or Co-Payments**: There are no deductibles or co-payments for work related injuries that require medical treatment. For covered, work related injuries, 100% medical, drug, hospitalization, first aid, transportation, physician expenses, pharmacy, therapy, home care, prosthetics, follow up care – all medically related expenses, often including chiropractic, acupuncture and even holistic medicine are paid by workers compensation benefits.

4. **No Lifetime Caps for Medical**: Work related claims are not subject to regularly high stop-loss amounts like medical/health plans are.

5. **Choose your Doctor**: Physician of your choice with pre-designation for workers’ compensation covered medical visits.
6 24-Hour Coverage, even foreign travel: 24 hour protection not limited to your state but includes coverage for travel to all states including foreign business travel when you have a work related injury.

7 Retraining: Incorporates a limited “Supplemental Job Displacement Benefit.”

8 Extra Costs: Has provisions that allow the spouse or “significant other” of an injured worker to collect for the extra expenses that are often incurred as a result of the incapacity of the breadwinner due to a job related accident or injury.

9 Burial Payments: For a work related injury that results in a death, a burial benefit is paid, amount subject to your state’s guidelines.

10 Cost: The premium basis to cover officers is capped, subject to your states guidelines. You can do a quick Internet search for what the minimum and maximum payroll caps for officers are in your state to estimate your premium. Or call Granite for more information.
Workers’ compensation is a system of laws in 48 states, the District of Columbia, Puerto Rico and the Virgin Islands. Texas & New Jersey have opt out provisions.

Workers’ compensation laws provide coverage for medical expenses and income protection for those injured on the job or suffering from occupational illnesses. The laws prohibit employers from retaliating against employees who have filed claims or received benefits.

The three methods of securing workers’ compensation insurance are through an approved carrier, through self-insurance, or through a state fund.

Workers’ compensation laws state that in order to be compensable, an injury must “arise out of and in the course of employment”.

Benefits to the employer are that workers’ compensation is the exclusive remedy for on-the-job injuries and employees are limited to the amount of benefits they may receive.
• Benefits to the employee are that there is no cost to the employee, medical expenses are paid, payments are based on current earnings and are generally excluded from income for taxation, and payments are made to a spouse or dependent children in the event of death.

• Disadvantages to the employer are the possibility of high premiums based on its accident record, a heavy paperwork burden and spending time defending fraudulent or spurious claims.

• Disadvantages to the employee are that there is no opportunity beyond workers’ compensation to recover for damages and that in some states the benefits may be offset by Social Security disability pay.

• Implement the ways to reduce your workers’ compensation injuries.

• Manage claims, set up your first aid program.
**Summary**

- **Important actions to take when an on-the-job injury occurs** include filing the workers’ compensation claim, treating every accident as legitimate and provide first aid or directing the employee to emergency treatment, obtaining facts about the accident, informing the employee about workers’ compensation coverage, investigating and documenting the accident, and taking steps to prevent similar accidents.

- **To reduce workers’ compensation injuries:**
  - Develop and implement an employee safety culture and first aid program.
  - Establish and empower a safety management committee that is in charge of your accident prevention program, add safety and loss control services.
  - Educate managers about the cost and impact of workers’ compensation and hold them accountable for prevention of injuries.
  - Report workers’ compensation injuries as soon as possible and decide on appropriate steps to take to prevent similar injuries.
  - Have a light duty/return to work program.
  - Maintain frequent contact with the injured employee and the workers’ compensation case manager and your broker.