



Workers Compensation & The Critical Role of the Safety Professional

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What is Worker's Compensation

- Statutory benefit system all employers must provide
 - No fault system- Employees who are injured as a result of their work will receive benefits as set by law, regardless of who is at fault.
 - Benefits determined by the Labor Code, set by the legislature
 - All employers must have a policy
- Benefits include:
 - Payment of all reasonable medical bills
 - Payment of temporary and/or permanent disability
 - Supplemental job displacement benefit voucher
 - Death benefits
- Injuries/Accidents covered:
 - Course and scope of employment
 - Specific work-related injuries, cumulative injuries, and occupational diseases

Why is Safety Important?

- We work in an inherently dangerous environment with multiple different types of exposure
- Hazards lurk around every corner
- Knowing what to look for is the key to staying safe
- Conditions change quickly and unexpectedly
- Employers are penalized for small, frequent injuries through the Experience Modification Rating
- Employers can be penalized for serious injuries through OSHA citations
- Employers with an EMR over 125% are considered “high hazard” employers
- Safety Professionals are the conduit between the field staff and company ownership/insurance costs
- We want employees to go home at the end of the day and be able to provide for their families

Who is the WCIRB

- Quasi-governmental Agency
 - Sets advisory Pure Premium Rates
 - Determines Expected Loss Rates
 - Determines Class Codes
 - Sets phraseology and is the last word on employer classifications
 - Calculates Experience Modification Ratings

Experience Modification

- What is it?
 - Compares your losses against your industry peers
 - Modifies the workers compensation premium
 - Can impact the ability for contractors to bid work
- How is it calculated?
 - Looks at payroll and claim data for the previous 4 policy periods, excluding the current year.
 - Compares actual losses to expected losses
 - Calculated once per year (known as Unit Statistical Filing)
 - Effective on the same date as the workers compensation policy (known as the ARD)
- Who is Eligible?
 - Every workers compensation policy holder whose expected losses during the experience period meets a minimum threshold

Experience Modification Cont'd

- Frequency is Penalized
 - Each employer is assigned a “split point” based on their size.
 - Each claim goes into the calculation dollar for dollar up to this point
- Severity is Discounted
 - Everything above the “split point” is forgiven
 - The WCIRB believes employers have greater control over how often injuries occur than how big they get
- The Catch-22
 - The “split point” means that smaller employers, or employers in lower hazard class codes, cannot support many claims. And employers with several claims at or above the split point will also suffer high ratings.

Class Codes

- What are they?
 - Who you are and what you do
- How do they work?
 - Determine how hazardous your work is
 - Determine your workers compensation premium “base rates”
 - Determine your “Expected Loss Rates”
 - Amount of claims you are expected to have per \$100 of payroll
 - Examples:
 - 8810 (clerical) \$0.09
 - 8601 (engineers) \$0.11
 - 5606 (executive supervisors) \$0.30
 - 5552 (roofing wage below \$29) \$7.89
 - 5553 (roofing wage above \$29) \$4.27

The EMR Challenge

- It is easy to be complacent when a company has a “credit-mod” or a “best- case mod”
- It is easy to dismiss small claims
 - Small claims are penalized heavily, especially for smaller employers
- Claims that happen now will not fall off the EMR for 4 years
- If claims begin to stack up it will take multiple claim free years to return the EMR to a credit or claim free status
- It is essential to know your class codes, your Expected Loss Rates, and your “split point” so you can control your Experience Modification.

The Cost of Injuries

- Direct Costs
 - Premium Costs
- Indirect Costs
 - EMR penalties over 125%
 - Lowered productivity/Presenteeism
 - Rehiring costs
 - Retraining costs
 - Potential fines for serious injuries
 - Litigation costs/Companion Labor Claims
 - Impact on workers, coworkers, and families if employees are seriously injured or killed on the job.

The Safety Professional is Critical

- The Safety Culture comes from the top down.
 - This includes ownership and management but the Safety Professional is key
 - You are the conduit

Compliance & Best Practices; How to Control Workers Compensation Costs

Employers must develop and implement written safety plans

- Injury and Illness Prevention Plan (IIPP)
- Incident Response Procedures
- Emergency Action Plan
- Fire Prevention Plan
- Pandemic Safety Plan
- Workplace Violence Prevention Plan

Safety Committees

- Hazard Communication
- Incident Review
- Root Cause Analysis
- Global Corrective Action
- Safety Incentive “Caughtya Being Safe” Programs
 - Beware the risks of programs that encourage late reporting or hidden claims

Incident Response

- Timely medical care
 - First Aid if possible- onsite, triage companies, at the clinic
 - Preferred Occupational Clinic to treat within workers compensation guidelines and control costs
 - Emergency Room in emergencies only
- Incident Investigation
 - Preservation of evidence
 - Pictures of scene- key for General Contractors, Subcontractors, Auto accidents, when equipment is involved.
 - Root Cause and Corrective Action
 - Document who called authorities and when
 - If you are a General Contractor, confirm your subcontractor reported to workers compensation and/or OSHA if needed

Incident Response Cont'd

- Timely Claim Reporting
 - What is Reportable?
 - Lost time past the balance of the shift
 - Medical treatment beyond first aid
 - Claims MUST be reported within 5 days but best practice is 24 hours
 - Serious injuries must be reported to cal OSHA within 8 hours
 - Work with field staff and Supervisors
 - Roles and Responsibilities clear
 - Everyone is trained
 - Response is swift
 - Information travels quickly

Incident Response Cont'd

- Return to Work
 - Providing Light Duty
 - Financially beneficial for your company- know your “split point”
 - Medically and physically beneficial for injured workers
 - May be a reasonable accommodation under ADA or FEHA
 - Work with Human Resources and Supervisors
 - Offers in writing
 - Communicating with employees out on leave
 - Be sure that work restrictions are followed to avoid re-injury
 - Promote a recover-at-work culture. Trust is key.

Other Compliance Items

- Postings
 - All-in One Poster with DWC-7 section completed with proper Medical Provider Network information
 - Clinic and Hospital Postings
- Forms
 - Accident/Incident investigation forms
 - DWC-1 claims forms
 - Physician authorization Forms

Other Key Pieces of the Puzzle

- Hiring Practices
 - Consistent
 - Hire quality staff
 - Post-offer, Pre-hire physicals
 - Background checks
 - Pre-hire drug testing
- Performance Management
 - Consistent
 - Documented
 - In real time
 - We don't have to keep non-performers just because they are injured but we don't want to START managing performance AFTER an injury

Questions?





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