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"Special Report"

10 Steps to Control Your Work Comp. Costs

By Tom Baecker
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Workers' compensation laws and regulations increase in volume and complexity each year. As a result, employers have grown accustomed to letting their insurance company control the cases and the costs. A recent study by the Workers' Compensation Insurance Rating Bureau shows 75% of premium and investment income was spent on claims costs. This includes disability benefits, medical care, and vocational rehabilitation costs.

Here Are 10 Steps You Can Take That Can Have A Direct Impact On Your Workers' Compensation Insurance Costs:

- 1. Match the applicant carefully to the job. Base the match on the applicant's skill and abilities:** Your careful hiring practices can go a long way toward reducing your costs. The department of Fair Employment and Housing has brochures, which can guide you in conducting job interviews. Note: Discrimination because of a handicap is unlawful.
- 2. Make safety a priority on the job every day:** A safe workplace can lower your claims cost. It is far cheaper to prevent an accident than to pay for one. Loss control staff can assist you in providing a safe and healthy workplace for your employees by designing safety programs relevant to your business operation.
- 3. Fix dangerous conditions:** When you become aware of a hazard on the job site, repair it. Your failure to do so could result in a "Serious and Willful Misconduct" suit against you, which

carries severe penalties. These penalties would be paid by you, not your carrier.

4. **Train supervisors:** In workers' compensation law, supervisors are included in the definition of "employer." A supervisor's failure to follow the law counts against you. Share this information with your supervisors and make sure they know all that is required of employers.
5. **Report employee injuries:** As soon as you are aware of an injury, notify your carrier by completing and sending the Employer's Report of Occupational Injury and Illness. The report requires you to provide information such as the nature of your business, the type of employee injury or illness, and how it occurred. Your complete statements in each of these sections are necessary in order to determine the appropriate benefits. For example, information about your employee's work hours and salary are needed to compute benefit payments. Please don't leave any sections blank.
6. **Provide the employee claim form:** You are required to provide the employee with an Employee's Claim for Workers' Compensation Benefits form within one working day of learning of an injury. The employee should return the completed form to you. When you receive the employee's claim form make sure you sign and date it. You must then immediately forward the original to your carrier. The first indemnity payment must be made within 14 days of your knowledge of a disabling injury. Failure to provide timely benefits may result in a penalty. The penalty may be charged back to you, the employer, if it is determined that you did not file the claim form with your carrier on time. *Note: Be aware that signing the employer's report and the employee's benefits does not constitute acceptance of a claim.*
7. **Exercise medical control:** Did you know that you might have control over the medical care of your injured employees for the first 30 days after the injury? If, prior to the injury, your employee did not notify you in writing of the name and address of his or her personal physician, you have the right to arrange for the treatment of the employee by a physician of your choice for the first 30 days after the injury. Industrial clinics can cost considerably less than a hospital emergency room and they are familiar with workers' compensation insurance procedures. If you do not know of a physician or medical facility, call your carrier for suggestions. Be sure to post notices with name, address, and phone number of your medical provider so your employees know where to go in case of an injury. If the employee has previously notified you of his or her personal physician, the employee has the right to be seen by that physician, unless an emergency requires otherwise. Remember, the first concern after an injury is to get prompt medical attention.
8. **Communicate with your employees:** Show them you care about their well-being. If an employee is injured, stay in touch throughout his or her recuperation.
9. **Consider an Early Return to Work Program:** An ERTW program can help bring your injured employee safely back to work as early as possible. This transitional job

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is adjusted to accommodate the employee's improving condition until he/she can return to his/her usual duties. Your costs are reduced; your employee can return to a self-supporting status; everybody benefits. Doesn't that make good sense? Notify your adjuster or representative if you can provide a transitional modified/alternative job for your injured employee. Early Return to Work (ERTW) consultants will provide assistance in developing a program for your business.

- 10. Maintain records:** Your personnel files can be of great assistance to your carrier in dealing with some cases. Information about an employee's wages, previous work history, recreational activities, any current work problem, and previous injuries is essential in fighting disputed claims.

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