

A photograph of a physical therapist assisting a patient on a treatment table. The therapist is leaning over the patient, who is lying on their back. The therapist is wearing a blue apron over a dark shirt. The patient is wearing a light-colored t-shirt and dark pants. The background shows a clinical setting with anatomical charts on the wall.

Workers Compensation 101

February 2025

AGENDA

- What is workers compensation?
- Workers compensation liability insurance.
- Work-related injuries.
- The interplay of workers compensation with the Americans with Disabilities Act (ADA) and the Family and Medical Leave Act (FMLA).
- What to do when on-the-job accidents happen.
- How is WC Priced
- Feedback and Discussion

Workers Compensation

- 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.
- There are also workers' compensation programs covering federal employees, longshoremen, merchant seamen, railroad employees and coal miners.

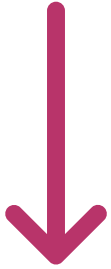




What is the Purpose of Workers Compensation?

- Coverage of medical expenses for treatment of injuries or occupational illness.
- Income protection for employees who must be absent from work because of occupational illness or injury.
- 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 or she has filed a claim or received benefits under the law.

Benefits to Help Everyone



Less Risk for 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 benefits they may recover.



Income Loss and Medical Covered For Employees

- Coverage is provided without direct cost to employees.
- Employees receive prompt payment of claims following an injury.
- Medical expenses are compensated.
- Payments are based on an employee's current earnings and are generally excluded from gross income for tax purposes.



Death and Permanent Disability For Survivors

- Payments are made to an employee's spouse or dependent children in the event of death.

Maybe not great for everyone

Disadvantages for employers:

- Premiums may be high because of the nature of an employer's business; costs are based on an employer's accident record.
- An employer's paperwork burden is increased because of requirements to file accidents with state authorities.
- Employers may spend time defending fraudulent or spurious claims.

Disadvantages for employees:

- Employees are 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.

3 Methods of Providing WC Insurance



Through an approved private compensation insurance carrier



Through State funded insurance programs



Through Self Insurance, an option for large employers with necessary resources



Texas still has it optional for companies to have WC insurance (non subscribers)

In the Course and Scope

- Easing rates in 2019, but odds of additional rate cuts have dropped
- Fed wants to maintain as much leverage as possible in the event we do see weakening economic data
- Pressure from WH to cut more aggressively



Example 1

- Bree is in a car accident during her commute to work.
- Before the accident occurred, Bree stopped at the office supply store to purchase copy paper and printer ink at the request of her manager.
- Because Bree was performing work-related duties during her commute, her injuries and lost time from work may be covered by workers' compensation insurance.



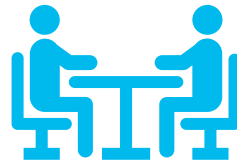
Example 2

- Vince is bitten by a dog while taking a walk during his lunch break and requires medical care.
- Because Vince was completely relieved of all work-related duties during his lunch hour and was not on the employer's premises, Vince's workers' compensation claim is denied

Workers Compensation, the ADA & FMLA



- Employer coverage (threshold number of employees).



- Employee eligibility.



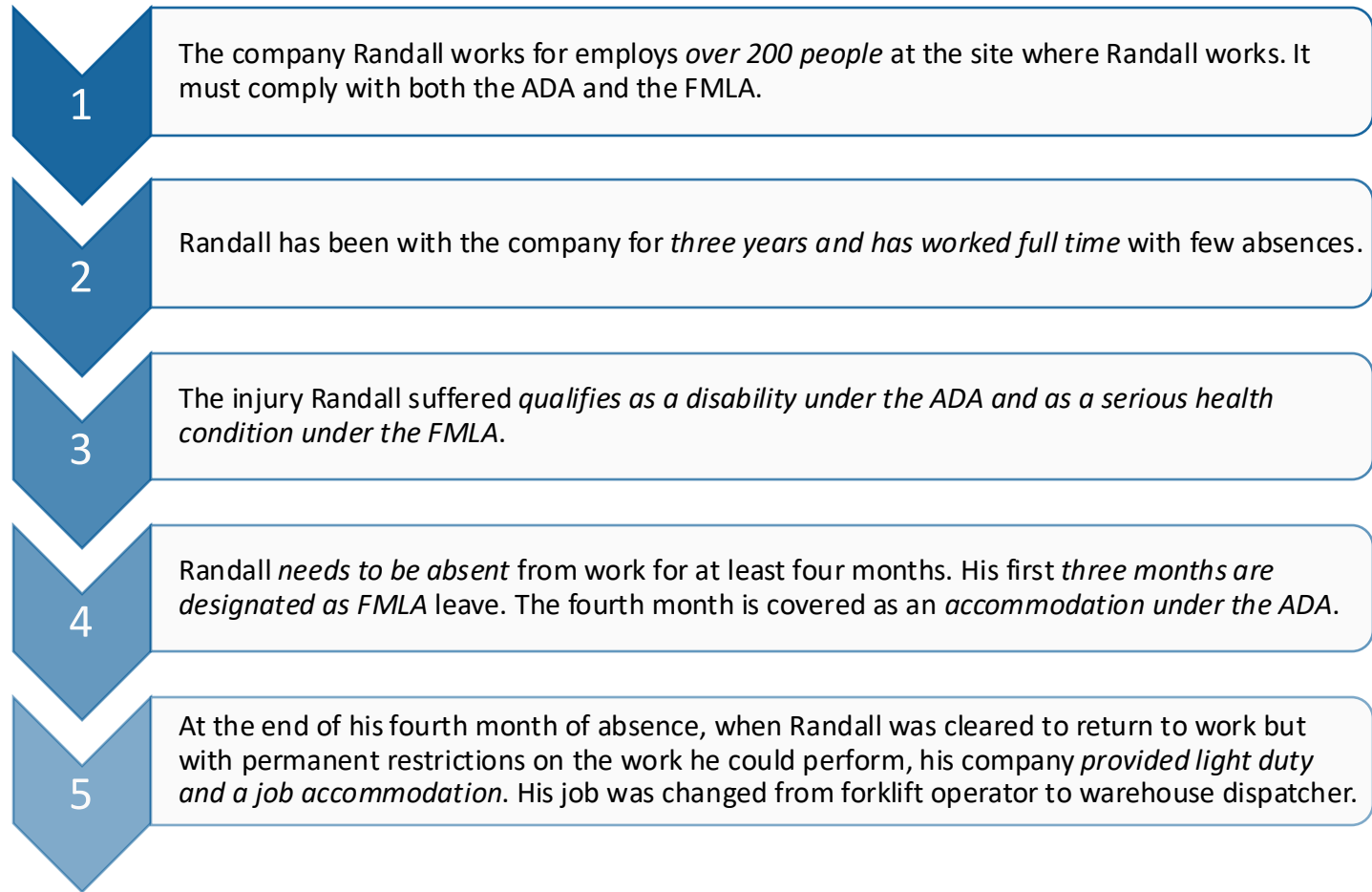
- The type and severity of the injury or illness.
- The length of the absence.

ADA and FMLA Overlay

-  Medical documentation.
-  Fitness to return to work clearances.
-  Light duty or other accommodation.
-  Benefit continuation during absence.
-  Job reinstatement.

If either or both the ADA and the FMLA come into play with an employee's workers' compensation injury, employers must also consider the following requirements.

Example WC – ADA – FMLA



Randall was seriously injured on the job when the forklift he was operating overturned. He had multiple open fractures on his left leg and serious injury to his left eye. He was hospitalized immediately and underwent surgery but will need to walk with a cane the rest of his life and will have limited vision in his left eye.

When an Accident Happens...

Promptly provide first aid to the injured employee. If the employee requires emergency medical treatment, accompany the employee to a health care provider. Once the situation is stable, take the following actions:

Obtain facts from the employee about the accident.

Inform the employee of his or her workers' compensation coverage for job-related injuries.

File a workers' compensation claim according to the procedures required by your workers' compensation insurance carrier.

- Investigate and document the accident as soon as possible.
- Obtain statements from witnesses to the accident.
- Direct the employee's immediate supervisor to stay in touch with the employee and/or a family member during the employee's absence.
- Identify and implement any actions that can be taken to prevent similar accidents in the future.

Return to Work Efforts

- The earlier an injured employee returns to work the better the claim outcome
 - Better Medical Outcomes
 - Greater chance of keeping employees
 - Improved Moral
 - Reduced incentive for fraud
- Identify potential modified duty tasks prior to injuries occurring
- Strive to get all employees back to work as soon as possible as they transition back to full duty
- *Stay In Touch*

Workers Compensation Pricing



Rate for the class of worker

- Clerical
- Arborists
- Grey Metal Foundries
- Drywall
- HVAC

Per 100 Dollars of Payroll

Experience Modifier based on the oldest three of the last four years. Your experience compared to the industry

High Mod Make You Less Competitive

- Company A sells widgets for \$5 each at a 10% profit Margin
 - Strong Safety Controls result in lower accident rates than industry
 - Good relationships with employees reduce litigation
 - Compassionate claims management reduces claims costs
 - Stringent fraud controls reduce fraud
 - Manual Premium \$1,000,000
 - Experience Mod .65 Premium \$650,000
- Company B sells widgets for \$5 each at a 10% profit Margin
 - Poor Safety Controls result in higher accident rates than industry
 - Poor relationships with employees increase litigation
 - Poor claims management increases claims costs
 - Lack of fraud controls increase fraud
 - Manual Premium \$1,000,000
 - Experience Mod of 2.1 Premium \$2,100,000

COMPARISONS

\$1,450,000

Difference in Company A and
Company B Premium

2,900,000

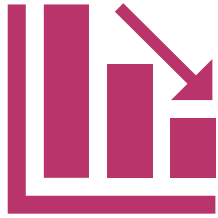
Number of Widgets Company B must
sell to cover the gap

.50 Mod Pays \$500,000

1.0 Mod Pays \$1,000,000

2.0 Mod Pays \$2,000,000

How Supervisors and Managers Impact Results



Reduce the rate of accidents by enforcing safety rules and procedures, training staff and recognizing, & reinforcing positive safety behaviors



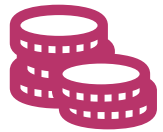
Reduce the cost of claims, communicating with injured workers and accommodating restrictions to return them to work as early as possible



Treat people who work for you as if they were your son or daughter – keep them safe and let them know they are valued

Focus Areas for Work Comp

Company Focus



Focus on loss sources that drive loss dollars



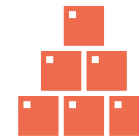
Assign Clear Responsibilities for the duties associated with safety and WC



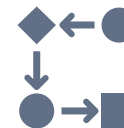
Train, Train, Train. Structured On the Job training can be a game changer



Manage the accidents that do happen compassionately and communicate with everyone involved



Make safety part of the organizations decision making



Have a process

SUMMARY

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