

Five Ways to Control Workers' Comp Costs

Most businesses are required by law to provide workers' compensation insurance. It protects employees, providing income and medical care if they're injured on the job. It also protects employers; the liability portion provides coverage for lawsuits filed as a result of a work-related injury.

As an employer, the amount you pay for workers' compensation coverage varies according to your industry and claim history. Workers' compensation insurance for companies that engage in office-based work is generally much less expensive than insurance for industries like construction or trucking.

Regardless of your industry, there are proactive steps you can take to keep workers' compensation costs under control. Here are some tips:

Thoroughly train new employees: Surveys show that nearly a third of workers' compensation claims result from accidents involving newly hired employees. Take a look at your orientation program and see if you can improve overall safety by beefing up new employee training.

Make safety a top priority: The best way to keep costs down is to not incur claims in the first place. Create a safety culture throughout the company, and engage employees directly in the effort. For example, you could establish safety councils and solicit ideas from employees on how to create a safer workplace.

Pre-screen employees: Another preventive action you can take is to make sure you hire the right employees in the first place. Statistics show that workers who are substance abusers are far more likely to have an on-the-job accident. An investment in pre-employment drug screening can save a significant amount in claims down the road.

Manage claims proactively: When an employee is injured, make sure you keep tabs on the worker's condition and plan for their return to work as quickly as possible. In some cases, injured employees can rejoin your workforce on light duty, which can reduce the amount of the claim.

Make sure employees are classified properly: There are hundreds of classification codes used to determine the appropriate level of workers' compensation coverage. If employees are misclassified, you may not have the coverage you need, and misclassifications can result in fines.

Workers' compensation is essential to protect your employees — and your company. To sharpen your company's competitive edge, it's important to control costs. Take a fresh look at your company's approach to safety, hiring, classification and claims management. You may find new ways to keep costs under control.

Is Your Workers' Compensation Plan a Pork Barrel for Would-be Scammers?

Scamming "the man" can be a favorite pastime among some employees, and one of the best places to run a con is through your workers' compensation plan. If you aren't vigilant, a good scam artist can perpetuate the fraud for a very long time.

The most common garden-variety type of workers' comp fraud is the phony workplace injury that's discovered later, when the employee is accidentally caught doing heavy lifting or seen working for another employer while collecting benefits. Fraudulent claims can also occur when an employee complains of unseen ailments or extends the length of a legitimate claim because he doesn't want to go back to work.

No matter what form it takes, everyone in the company feels the effects of workers' comp fraud. Other employees may have to put in more hours to compensate for the lost productivity, or an employer may have to decrease the percentage of annual raises because of higher workers' comp premiums.

How can you evaluate the potential for workers' comp fraud at your company? These are some signals that will alert you to a possible scam in the making:

- If an employee has an accident shortly after arriving on Monday morning, this can be a sign of a scheme because the injury may have resulted from weekend activities.
- If an injured worker refuses treatment from a doctor or physical therapist, it could be cause for concern. Their reluctance to receive treatment could be an attempt to keep a phony injury from being discovered.
- If a disgruntled employee or one who knows they are about to be laid off files a workers' comp claim, it may be a ruse to get even with the employer.

Of course, while it is important to be alert to possible fraudulent claims, it is far more important to prevent them from happening in the first place. According to the Coalition Against Insurance Fraud, there are several things you can do to combat workers' comp fraud in your company:

- Verify references and background information carefully.
- Publicize your workers' comp policy to all new and current employees, and provide them with updates at least once each year.
- Spread the word that money paid for fraudulent claims comes out of the employer's pocket, and can directly impact salary increases for employees.
- Educate supervisors on workers' comp issues, including how injuries decrease productivity and how costs affect the bottom line.

- Display fraud awareness posters and the National Insurance Crime Bureau's fraud hotline number.
- Work with your insurer to implement a safety-management program that can eliminate possible safety problems.
- Be aware of workers' comp fraud indicators when a claim is made.
- If you suspect a fraudulent claim and have evidence or witnesses to back up your suspicion, contact your insurer's special investigations unit immediately.
- Pay attention to employee complaints and concerns about their working conditions. The strongest predictor of fraud is a chronically disgruntled work force.