How can you cut workers’ compensation costs and plug a profit drain? Many employers do so by implementing safety programs, improving training and conducting self-inspections. They set up incentive programs, incorporate safety criteria in job performance reviews and investigate problems to help reduce the incidence of accidents.

These activities can prevent some injuries and, thus, limit workers' compensation costs. But despite the efforts that many employers take to cut their accident rates, affordable workers’ compensation coverage is simply not available in many areas of the country.

Why? The major reason lies in the escalating medical and litigation costs of many of the accidents that do happen.

Therefore, saving money on workers’ compensation insurance today requires managers to attack on a second front, going beyond the “pre-loss” activities of implementing safety programs and getting involved in managing the claims process.

Busy managers of small and medium companies traditionally hesitate when it comes to managing claims, preferring to let their insurance companies handle things. This effectively puts a third party—an insurance claims representative or sometimes a physician—in charge of the treatment process, leaving your company powerless while outsiders make decisions that may cost.

Keeping Control

So what’s the answer to better claims management? For many employers, it’s to implement an occupational injury management program. A well-run OIM program can ensure that injured workers get quality medical care, help contain medical costs by making the employer a partner in the treatment process, reduce litigation by improving communication with injured employees, and return injured
workers to gainful employment at the earliest possible time.

A successful OIM program consists of four key elements:

An aggressive management philosophy. Managers must know that their company can and will effectively manage the post-injury process like any other operation. Managers should handle claims just as they would manage quality control or ensure that job deadlines are met.

A clear plan. Your company must have a detailed operational OIM plan that is understood by all managers and employees and provides for the following:

Establishment of a case management team (or individual) with clearly defined responsibilities for following the progress of an injured worker’s recovery.

Selection of medical care providers, if permitted by your state (some states reserve, for injured employees, the right to choose physicians to provide treatment, while others allow the company to determine who provides care). If your company can designate the providers, select treatment facilities that employ industrially named providers who are familiar with

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your company’s needs. Even when workers can choose the care providers, they will usually follow the company’s recommendations if providers are carefully chosen and the employees are actively encouraged to use them. In any case, direct communication between the employer and the injured worker’s physician is vital. How do you establish communication? Pick up the phone!

- **Job alternatives.** Your company must have written job descriptions and alternative job duties appropriate for injured workers, so that workers know they are expected to do productive work even if they’re not yet able to handle the same duties as before their injuries. The alternative duties do not have to be sophisticated work, but they should be useful jobs. Examples might include janitorial work, minor equipment repairs or inspections performance.

- **Timely notification of loss.** The insurance carrier must be notified by telephone or fax of any injury within 24 hours. Besides legal reporting obligations, the longer it takes for the carrier to assign a claims representative to begin an investigation of the accident, the higher the costs likely will be to the employer.

Employee meetings. The employ-
er should hold meetings with employees to explain the company’s OIM philosophy, assign responsibilities, and review procedures.

Regular safety meetings are a good time to address the OIM program. The employer should emphasize that the plan is designed to provide high-quality care for injured employees and help put them back to work as soon as possible.

A medical case-management procedure. To ensure that no one and nothing falls through the cracks, the program should include strong partnerships among the injured worker, the workers family, care providers, insurance professionals and company managers.

Putting It to Work

Implementing an OIM program can be relatively simple, particularly for those construction companies that have established a strong safety program. The first step to putting a program into action is to select an OIM team leader, who could easily also be the firm’s safety coordinator. In any case, the team leader’s specific duties should include the following:

■ Maintaining contact with the injured worker and his or her family to assure their needs are being met.

■ Communicating to all employees that the company is committed to the program.

■ Coordinating and monitoring provided medical treatment from early diagnosis and prognosis through establishment of a treatment plan aimed at getting the employee back to work—and keeping all team members informed.

The next—and most important—step in establishing an effective OIM plan is demonstrating your commitment and choosing appropriate health care providers. You also must be aware of your obligations—information available from your insurance carrier.

An easy way to get the OIM plan launched from this point is to ask your workers compensation insurance carriers loss-control department to send a consultant to describe an OIM plan and possibly meet with your company’s management. Implementation is then just a matter of training.

The construction industry owes it to itself to control expenses and reduce insurance costs. This will increase profit while at the same time satisfy management’s moral obligations to its work force.

Remember, you can manage the post-injury process. You can control costs and reduce premiums, and you can help injured employees get back to work sooner.

The keys to controlling workers’ compensation costs is staying involved beyond the reporting of an injury, and by aggressively managing the claim processes to get injured employees back on their feet and back on the job. CD

About the Author

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