

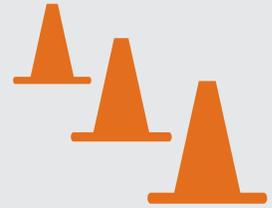
# Workers' Comp & Safety News



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## The Factors That Determine Your Comp Costs

Although workers' compensation seems complicated, only three factors affect your workers' compensation costs: your rate, your employees' job classifications and your experience modification factor.

**H**ave you ever wondered how your insurer comes up with your workers' compensation premium? Four factors come into play: your business classification, the rate for that classification, your employees' remuneration and your experience modification factor.

### Business Classifications

Your classification depends on the primary operations of your business. Workers' compensation insurers group businesses into different classifications based on the relative hazard they present. Some businesses present more hazards than others. For example, roofers experience more frequent and more costly claims than administrative assistants, so a roofing business would pay a higher rate than a sales organization. To ensure you don't pay too much for your workers' compensation, check the classification listed on your

policy to make sure the insurer has appropriately categorized your business by primary operations. An incorrect classification can make a big difference!

### Payroll

Your insurer will calculate your premium by multiplying the rate for your classification by total estimated annual payroll. This includes your employees' gross wages and other compensation, before withholding taxes or other deductions.

### Rates

Workers' compensation insurers show rates per \$100 of payroll. In most states, rating bureaus, which are independent organizations formed by or on behalf of insurers, help determine workers' compensation rates. Rating bureaus collect data on claims and costs, including lost-time and medical costs, from member

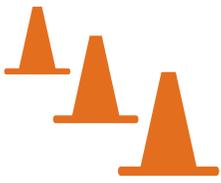
## This Just In

**Early return-to-work is not only good for employers, it's good for employees' health.**

The Australasian Faculty of Occupational and Environmental Medicine reported that workers who returned to work quickly after an injury enjoyed far better health than those who stayed out of work. And the longer individuals stay out of work, the worse their health gets.

"Not working for long periods of time is one of the greatest known risks to public health," the co-author of the report, Dr Robin Chase, said. "It reduces life expectancy to a greater extent than cardiovascular disease."

Those who are out of work are more likely to lead a sedentary lifestyle and suffer a loss of identity and social status. According to the authors, this creates health risks worse than those of the most hazardous jobs, by increasing the chances of cardiovascular disease, lung cancer and suicide.



## To Cut Comp Costs, Communicate!

When employers want to cut their workers' compensation costs, they work on improving safety programs or training. But have you thought about improving your employee communications?

### Communications before the injury

Communicating with employees before a claim occurs may cut workers' compensation costs. Intracorp, a managed care company, conducted a survey of injured workers' attitudes on the workers' compensation process. Nearly half the injured workers surveyed said their employer had never provided information on what to do if they became ill or injured on the job. More than a quarter said they didn't know how to go about getting treatment for a work-related ailment. With so many workers uninformed about their workers' compensation benefits, it's no wonder that so many turn to attorneys for guidance!

### Communications after the injury

Most injured workers surveyed by Intracorp also said ongoing personal contact from the employer affected their attitude, recovery and decision to return to work. Yet only half the survey respondents reported that their employers had kept in contact with them while they were off

the job.

Intracorp's findings point out the importance of frequent contact with injured workers. But the type of contact is also important. While positive contacts encourage an injured employee to return to work, negative communications can do more damage than no communications at all. By implying that a worker is malingering or faking, you may discourage him or her from ever returning to the job.

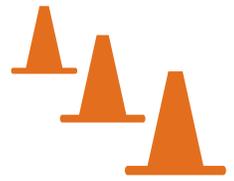
### Tips for communicating with injured workers

The following tips can help you start a program for communicating with injured workers.

1. Have a supervisor or manager, preferably the immediate supervisor, stay in contact. Supervisors should call on a regular (weekly or every-other-week) basis.
2. Express the company's concern. Remember, you're dealing with people who are sick or injured—a little sympathy can make them feel better.

3. Ask about their progress and when they expect to return to work.
4. Keep them informed about important events at the office. This includes "people news" as well as updates on current projects. This will help them feel less cut off while they're out of the office.
5. Encourage co-workers to stay in touch with injured workers.
6. Stay in touch with your workers' compensation claims manager. He or she should provide you with regular updates on existing claims.

By communicating with injured workers, you demonstrate the company's concern for its employees. This can improve the morale of injured workers—and their co-workers as well. For more information on workers' compensation communications, please call our office. ■



#### COMP COSTS—continued from Page 1



insurers. They then use this information to calculate rates insurers will need to charge to provide mandated benefits without losing money.

They publish rates for hundreds of different job categories, shown as rate per \$100 of payroll. These rates are based on the relative hazards of each classification.

In some states, workers' compensation insurers must use the published rates, so you will pay the same rate no matter which insurer you choose. In others, published rates are suggestions only, and individual insurers are free to charge more or less. As with anything else, however, beware rates that vary too much from the norm—if an insurer quotes you a rate that seems too good to be true, it might be!

### Experience Modification Factor

If your business qualifies for more than a “minimum premium” policy, the insurer may

apply an experience modification factor. The experience modification factor modifies your rate based on your claims experience. In doing so, it provides employers incentive to control their losses.

Insurance companies send information on employers' premiums and losses to the applicable rating bureau, which then calculates experience modifications based on paid claims and incurred losses for the “experience period,” generally three years prior to the last policy renewal date.

The resulting experience modification factor generally ranges from .75 to 1.75. An experience modification of 1.00 indicates your losses reached the expected dollar amount. A number higher than 1.00 indicates that your risk of loss is greater than average, while an experience modification of less than 1.00 indicates your risk is better than average. If you meet the minimum premium levels, keeping your experience modification low can reduce your workers' compensation premiums.

The most important step in keeping experi-

ence modifications low is to reduce your workers' compensation claims. Focus on controlling the smaller, more frequent losses—they will impact your experience modifications more than less frequent, larger losses.

Next, you'll want to periodically review your payroll and claims information for accuracy. Make sure your payroll data is accurate and your experience modification calculations include data from the proper years. And keep tabs on loss reserves—unused loss reserves affect your experience modification.

If you are interested in learning more about how your premiums are calculated, we can review your policy and claims history with you. We can also help you develop loss reduction strategies to keep your costs under control. For more information, please call our office. ■

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employee records to ascertain possible allergies or risk factors such as diabetes. A site review can point out site-specific risk factors, such as stairwells, busy roadways

and external factors such as flood and earthquake risks.

### Program Design and Supplies

Companies should adopt reasonable policies appropriate for their level of risk. Bongberg recommends that a company should train between five and 20 percent of its employees to administer first aid and CPR. Courses are available from specialty training companies. Some even offer online training, which is more convenient and less costly. But they can also be less effective at dispelling one of the main barriers to effective

training – employees' lack of confidence about their ability to help a colleague in distress.

Providing good training also boosts morale by giving employees life-saving knowledge they can use at home or on the soccer field. Bongberg says there's a strong overlap between companies that provide good first aid training and those ranked highly on the “best places to work” lists.

Of course, every first aid program needs a well-stocked first aid kit. Your kit should include a variety of bandages, antiseptics and lotions, pain killers and antihistamines. But companies should go beyond the bare minimum if they can. This would include the provision of disaster supplies and training. More and more companies are also purchasing automated external defibrillators – devices that shock the heart in the case of sudden cardiac arrest. Such devices cost around \$1,500 but can save 75 percent of heart attack victims when used within the first five minutes

of a heart attack.

### Written Policies

Display your first aid policies prominently displayed so that workers become familiar with them. Such policies, often called an Injury and Illness Prevention Plan or IIPP, should be customized as much as possible to your firm's premises and personnel. If you need assistance, an industrial hygienist, workers' compensation and safety expert or your workers' compensation carrier should be able to help you put together a program. For more information, please contact us. ■



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# First Aid Fundamentals

OSHA regulations require businesses to provide employees with a safe and healthy workplace that is reasonably free of occupational hazards. That includes the provision of “first aid personnel and supplies commensurate with the hazards of the workplace.” So, in almost all cases, just keeping a first aid kit in a convenient corner is not enough.



Improper first aid arrangements expose workers to unreasonable dangers and employers to damaging legal liabilities. And since prompt treatment of injuries and illnesses is the most effective way to minimize their severity, having a suitable first aid program in place will reduce days away from work and increase worker productivity.

Most employers fail to realize this, says Micah Bongberg, vice president of Annuvia, a first aid consulting and sales company. “OSHA leaves it up to organizations to decide their level of risk, but companies that take the minimum approach leave themselves open to liability,” he says. “Generally speaking, many organizations are underperforming in this area and don’t have adequate standards.”

Employers’ basic first aid requirements differ vastly from sector to sector and from workplace to workplace. But the basic guidelines are laid out in a 2006 OSHA document called “Best Practices Guide: Fundamentals of a Workplace First-Aid Program,” available at [www.osha.gov/Publications/OSHA3317first-aid.pdf](http://www.osha.gov/Publications/OSHA3317first-aid.pdf).

The guide details the four primary components of a workplace first-aid program.

- Identifying and assessing workplace risks
- Designing a program that is specific to the worksite and complies with OSHA first-aid requirements
- Developing written policies and teaching all workers about the program
- Evaluating and modifying program to keep it current, including regular assessment of the first-aid training course.

## Identifying Risks

Employers can use the OSHA 300 log, OSHA 301 forms and their workers’ compensation carrier reports to help identify their first aid needs. The Bureau of Labor Statistics can provide insight into the risks faced by particular sectors ([www.bls.gov/iif](http://www.bls.gov/iif)). The data can also provide information about the types of events and exposures that lead to injuries.

Bongberg also recommends a review of

*FIRST AID—continued on Page 3*

## Searching for Safety on the Web

Looking for more information on a safety-related or preventive health topic? Check out these websites:

**Bureau of Labor Statistics:** This site lists government statistics on labor and employment, including rates of occupational injury and death on a national level. [www.bls.gov](http://www.bls.gov)

**Center to Protect Workers’ Rights:** Sponsored by the AFL-CIO, the site focuses on construction safety. Employers can find DVDs on specific safety and health topics, such as ladder safety and musculoskeletal disorders. [www.cpwr.com](http://www.cpwr.com)

**Mayo Clinic:** A general health site that offers information on many health issues. [www.mayohealth.org](http://www.mayohealth.org)

**Electrical Safety Foundation International:** This site focuses on safety topics pertaining to electricity. Employers in the construction business, electrical contractors and those who employ electricians may find information of use. <http://esfi.org>.

**National Institutes of Health:** A site that focuses on general health-related topics. Employers looking to set up wellness or prevention programs might find useful information on specific conditions, such as back pain or environmental health, at MedlinePlus. [www.nlm.nih.gov/medlineplus/healthtopics.html](http://www.nlm.nih.gov/medlineplus/healthtopics.html)

**NIOSH:** The National Institute for Occupational Safety and Health website ([www.cdc.gov/niosh/homepage.html](http://www.cdc.gov/niosh/homepage.html)) offers a list of occupational safety-related publications.

**National Safety Council:** This site covers many aspects of safety, not just safety at the workplace. [www.nsc.org](http://www.nsc.org).

**OSHA:** You can find the federal Occupational Safety & Health Administration’s (OSHA’s) official website at [www.osha.gov](http://www.osha.gov). This site includes OSHA regulations for various industries, as well as current information on safety.