

# STRUCTURAL BUILDING COMPONENTS MAGAZINE

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## Hints to Implementing a Manageable Workers' Compensation Program by Brigit Frank

Workers' compensation insurance is a beneficial asset for component manufacturers. It protects you and your employees in the event of a job-related injury or illness. However, unlike other health or dental insurance programs that your company may offer, the law requires (except in limited circumstances) that every company carry workers' compensation insurance for every employee.

The laws regarding workers' compensation vary by state. To understand the specific coverage requirements in your area or how an "employee" is defined, check with your state's Department of Labor (DOL). The DOL will also be able to provide you with information on how rates are determined for your state. Workers' compensation rates, like other insurance rates, may be vastly different depending on the nature of your business, the number of employees you have, the number of claims your company has filed in the past, and the amount of risk faced by employees on the job (e.g., writing at a desk versus a construction worker on a jobsite).

Needless to say, understanding the laws that govern workers' compensation can be challenging, but maintaining your company's workers' compensation program can be overwhelming. You need to know what to do when a claim is filed to make sure that your employee is protected and that your company's liability exposure is treated fairly. This may seem simple when one claim is filed, but in an industry where employees are exposed to a great deal of risk, like the component manufacturing industry, the process may become very involved and the costs very high.

### ONE COMPANY'S SOLUTION

California Truss Company is a large component manufacturing company based in Perris, CA, which has approached workers' compensation in a unique and efficient way. California Truss created a human resources position that specializes in the processing of the company's workers' compensation claims.

Ines Chelson had the necessary experience in human resources and management to fill the position of human resources manager, but it was her knowledge of workers' compensation claims that made her the best choice for the company. Chelson was hired from an insurance company where she worked handling, among other things, California Truss's claims. She came on board with the company and was given the job of human resources/risk management. She has helped build a workers' compensation program that benefits California Truss and its employees, while still managing to cut the company's costs.

The steps that Chelson put into place to help her company can help companies of all sizes, regardless of who is handling workers' compensation claims. Following are some basic ideas from Chelson that provide some simple recommendations, which should be useful to other component

manufacturers in addressing workers' compensation claims and processes.

## THE STEPS TO IMPLEMENT A PROGRAM

- Dedicate an employee to focus on your company's workers' compensation claims, even if it's only a portion of that employee's tasks. If you are going to hire someone to fill this position, Chelson recommends hiring an individual with well-rounded insurance experience, including a minimum of five years experience handling litigated claims and two years of management experience. Also, look for a candidate who has a degree in workers' compensation, or a WCCP, through the Insurance Educational Association. Finally, consider your company's specific needs when interviewing. For example, Chelson is bilingual (English/Spanish) which helps her communicate with the 80 percent of employees at her company who speak Spanish as their primary language.
- Have your company's new workers' compensation specialist begin by reviewing all of your existing cases, and pushing the obvious ones to closure. Obvious closures include cases that have been inactive for over three months, employees who have received a release from the doctor, or employees who have returned to work. These closures will help limit your company's exposure to liability.
- Set an appointment with your insurance carrier to conduct a "claims review." Prior to the appointment, have your claims adjuster furnish a claims summary of all of the outstanding cases with your company. This will make the adjuster go through your file in detail and clean up any outstanding issues. The claims summary will also give you the chance to pick apart the cases and see where your company's processes may have failed. Generally, according to Chelson, cases that are open longer than one year are still open because no one is following up on them.
- Review your company's workers' compensation procedures, including a review of the costs of treatment and the medical facility used. Try to find an industrial clinic because they are familiar with the reporting requirements for workers' compensation. Also, be sure to communicate with the clinic and doctor about modified or alternate work that you have available for injured persons. This open communication will also make it possible for you to negotiate the cost of such things as employee drug testing. Most important, says Chelson, is to interview the doctor who you will be using to make certain that s/he understands your company's and employee's needs.
- Have a modified or alternate work position available at all times. This may involve some creativity on your part, but you could have a truss plate sorter, a cleaning person, or, in the case of more serious injury, an assistant in the office to photocopy and assemble handouts. Alternate work benefits the employee and the company. The employee won't lose any wages and will stay in the habit of working. The company gets someone to help catch up with cleaning, organization or office work. Offering alternate work also will keep the claim at a "medical only" status with your insurance company so no indemnity costs will be incurred (a large factor in how costs are calculated), and will save money.
- Chelson advises keeping the employee from losing any wages so there is no reason for the employee to be upset with the company. This includes paying the employee for the entire day of the trip to the doctor, regardless of if s/he can return to work that day. This will benefit the company if the employee goes on disability because, in workers' compensation cases in California, for example, there is a three-day waiting period before benefits begin and many employees will return to work within that time.

## WORKERS' COMPENSATION RIGHTS & RESPONSIBILITIES

Perhaps the most important part of a company's workers' compensation program is how the company communicates with its employees. The program should be explained to your employees in terms of rights and responsibilities. Chelson recommends taking care of this during new employee orientation so each new employee is aware of the program before he or she begins work.

Explain the benefits of workers' compensation to new employees, but also clearly state your company's policies regarding drug testing, fraud (e.g. "capping" or referring other employee's to attorneys for a piece of the pie), and other illegal processes. For example, if your company terminates workers for positive drug tests, spell this out for new employees at orientation and have them sign a form stating that they understand the policy.

The emphasis at this orientation needs to be on opening the lines of communication. Employees need to have a clear understanding of your policies as well as the names of staff members to contact in case of injury (you may want to print cards with this information to hand out). This means having your company's policies translated for employees who don't speak English as a primary language. Many injured workers, Chelson stated, have sought attorneys in workers' compensation cases simply because no one could understand them.

Finally, the best way to minimize your company's workers' compensation claims may be to stress safety prior to a claim being filed. Adopt a safety program at your company and involve your employees so they are informed about potential health and safety risks. This will foster communication with your employees, improve working conditions, boost your employees confidence in your company, and, just may prevent injuries from happening in the first place.

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