

A worker in a high-visibility vest is shown from the chest up, holding a black walkie-talkie in their right hand and a blue clipboard in their left. The worker is wearing a grey long-sleeved shirt under a bright yellow-green safety vest. The background is a blurred industrial setting with blue and white structures.

Safety Leadership Unleashed: Workers' Compensation Insurance Basics for Supervisors

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Workers' Compensation 101

Who has the bigger impact?

| Managers | Supervisors |
|---------------------------------------|---------------------------------------------------------|
| Deals with Groups | Deals with Individuals |
| Creates Company Goals and Policies | Implements Goals and Policies |
| Creates Projects | Ensures Projects are Completed |
| Identifies Problems | Solves Problems |
| Establishes Productivity Requirements | Ensures Productivity Remains High |
| Establishes Financial Goals | Works within these Constraints to enhance profitability |

*Supervisors make the biggest impact on daily operations. Knowing the basics of Workers Compensations processes helps in almost all of these categories in a tremendous way.

AGENDA

What We Will Be Covering
Today

1. Workers' Comp – The Basic Purpose & What Is Covered
2. Definitions – Workers' Comp Language & Terminology
3. Claims Information – How, When, & What to File
4. True Costs – Direct vs. Indirect
5. Lag Time – Impact & Minimization Techniques
6. Return-to-Work – Impact & Implementation
7. The Basics of Cost – How to Impact Your Premium
8. Warning Signs – Fraud, Abuse, & Red Flags
9. BHC Loss Runs – How to Access, Read, & Use (account specific drop-ins)

The Purpose of Workers' Compensation Insurance Is Two-Fold

For Employees





A “No Fault” system to address medical needs and economic losses due to work-related injury or disease.

For Employers




A system which incorporates “Exclusive Remedy” protection and financial motivation for safety accountability.

Workers' Compensation Basics

What Is It Not?

-  Disability Insurance
-  Private Health Insurance
-  A Get-Rich-Quick Pathway
-  A Time-Off Pathway

What It Is?

-  A State-Based Set of Statutes
-  Provision for Employee Responsibility & Coverage
-  Provision for Employer Protection & Safety Accountability



Workers' Compensation Basics

- Any bodily injury, disease, or death manifesting itself from an on-the-job occurrence.
- The injury or illness can be Arising Out of Employment (AOE) or in the Course of Employment (COE)
- Examples...

Common Terms Used in Claims



Type of Claim

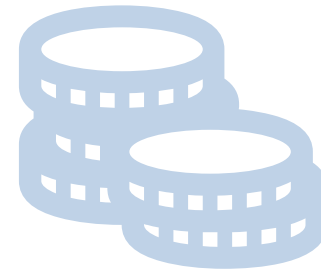


Disabling Injuries

- Temporary Disability (TD)
- Permanent Disability (PD)
- Maximum Medical Improvement (MMI)



Claim Status



Claim Costs



Frequency &
Severity

Medical-Only Claims

- ✓ Claim is compensable
- ✓ Employee working usual and customary duties or modified duty with no lost time
- ✓ Full recovery is expected by treating physician
- ✓ Minor fractures, such as finger fractures, may be kept as Medical-Only
- ✓ Definition of a Medical-Only claim varies by state

Disabling Injuries – It Hurts

Temporary Disability (TD) vs.
Permanent Disability (PD)

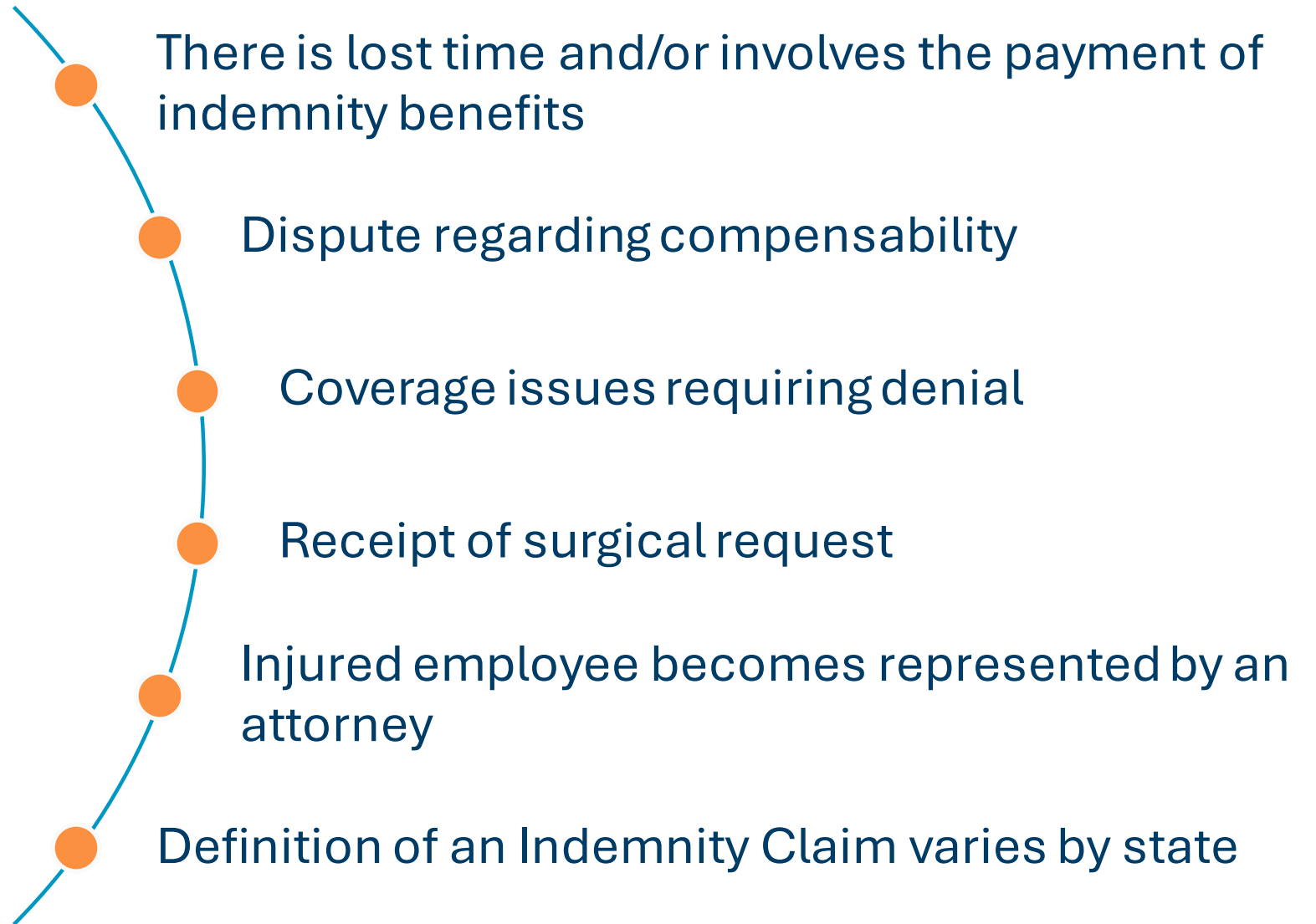
Based on medical
assessment, full recovery for
TD is expected after a period
of treatment.

Examples: Leg fracture,
concussion, chemical burn
to the torso

Injury prevents employee
from attending work for
more than 7-days – workers'
comp insurance replaces lost
wages as of the 8th day

Classified as an indemnity
claim.

Indemnity (Lost Time) Claims



Claim Status



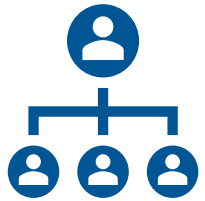
Open

- A new claim is opened when an employer reports the incident to BHHC
- A Claims Professional handles the claim and communicates with the employee, employer, and medical providers.
- Claim remains open for as long as the employee is receiving treatment.



Closed

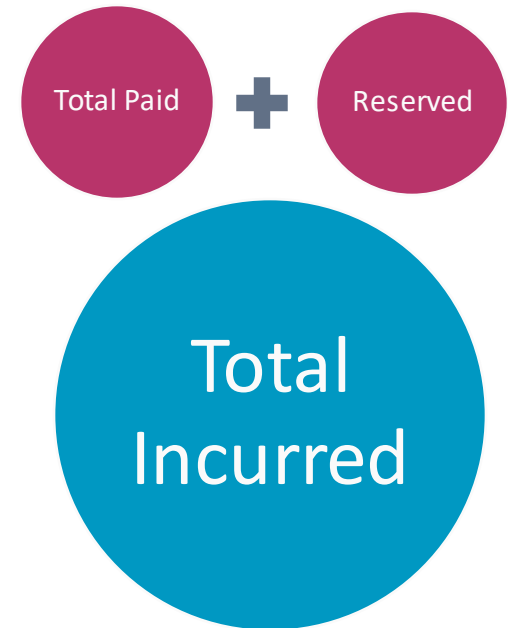
- A claim is closed after treatment, recovery, medical release to work is received, and assessed costs are paid out.



Supervisor's Role?

Overall Claims Costs Categories

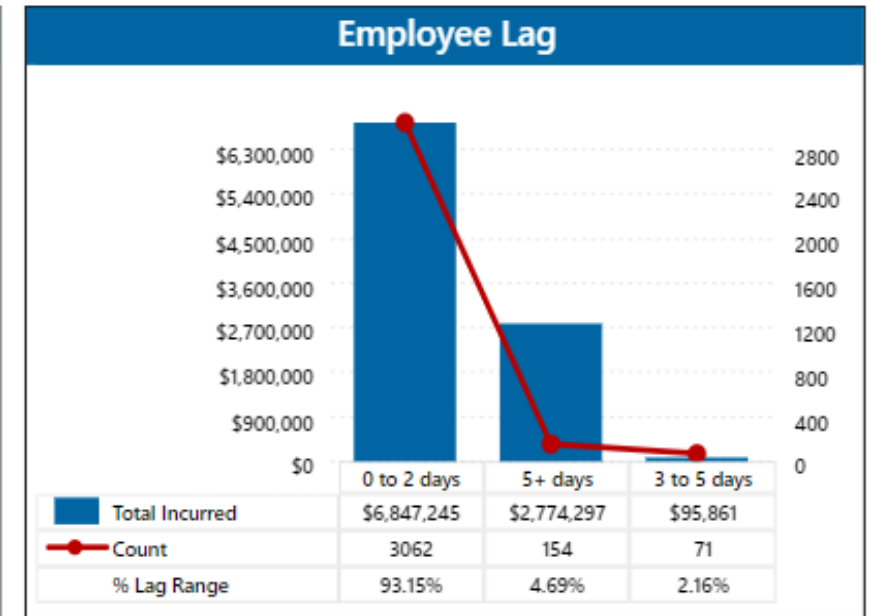
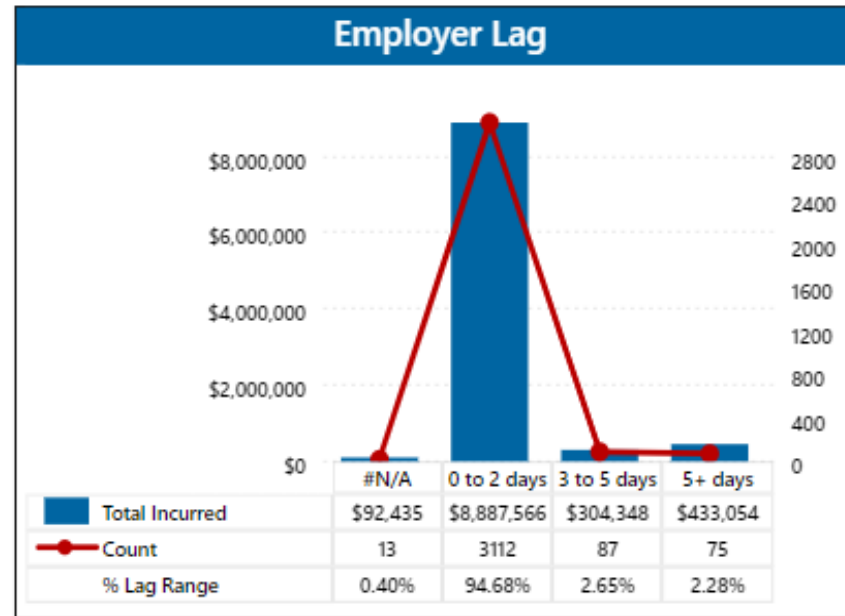
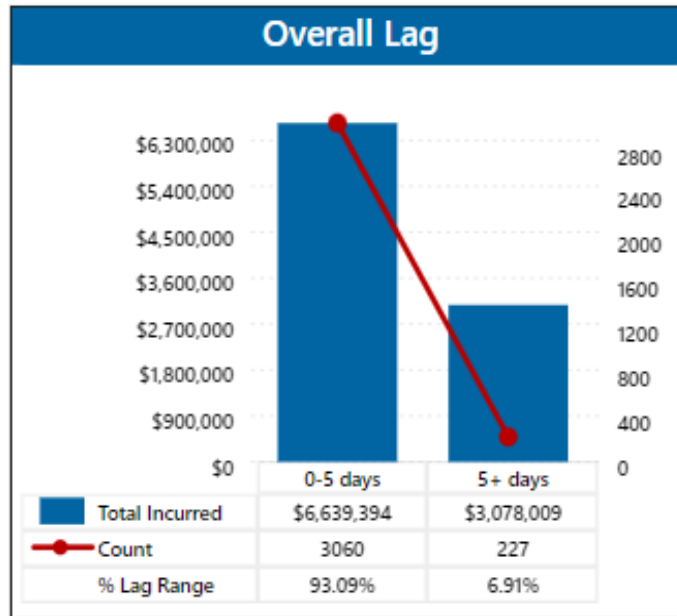
- Reserved - Cost determined/negotiated by the Claims Professional based on anticipated treatment course, recovery, lost wages, and settlement outcomes. You might see the wording 'Outstanding' and/or 'Reserved' on different loss run reports, they are the same thing
- Total Paid - Amount actually paid out to date – to medical service providers and in wage compensation to the injured employee
- Total Incurred – The sum of the amount reserved plus the amount paid out to date.



A Supervisor's Role in the Claim Reporting Process

- Claim Reporting Options
 - Report online at bhhc.com, email, phone, or fax
 - State-specific claims kits are also available through the BHHC website.
- BHHC strongly recommends reporting all incidents. Why?
- As a general rule, report claims immediately. Why?
 - Immediate attention has been proven to have the potential to reduce claim costs.
 - Immediate attention demonstrates the employer and supervisor's focus on getting medical care quickly.
- Claim legitimacy is not decided by the employer - leave that portion to the claim's professionals.
 - Role of Supervisors in Reporting- If you think a claim has some elements that are in question, this is your opportunity to address it with the professionals who can make a difference.

Prompt Claims Reporting



Reduce “Lag Time”

Lag time: Once an incident has occurred, a leading way to reduce claim costs is through decreasing lag time.



Prompt Reporting Allows....

- Injured employees to receive immediate attention
- Timely investigation into disputed claims
- Application of medical and disability-management tools

True Costs of Accidents

Direct Costs



Indirect Costs



True Costs of Accidents

Direct Costs

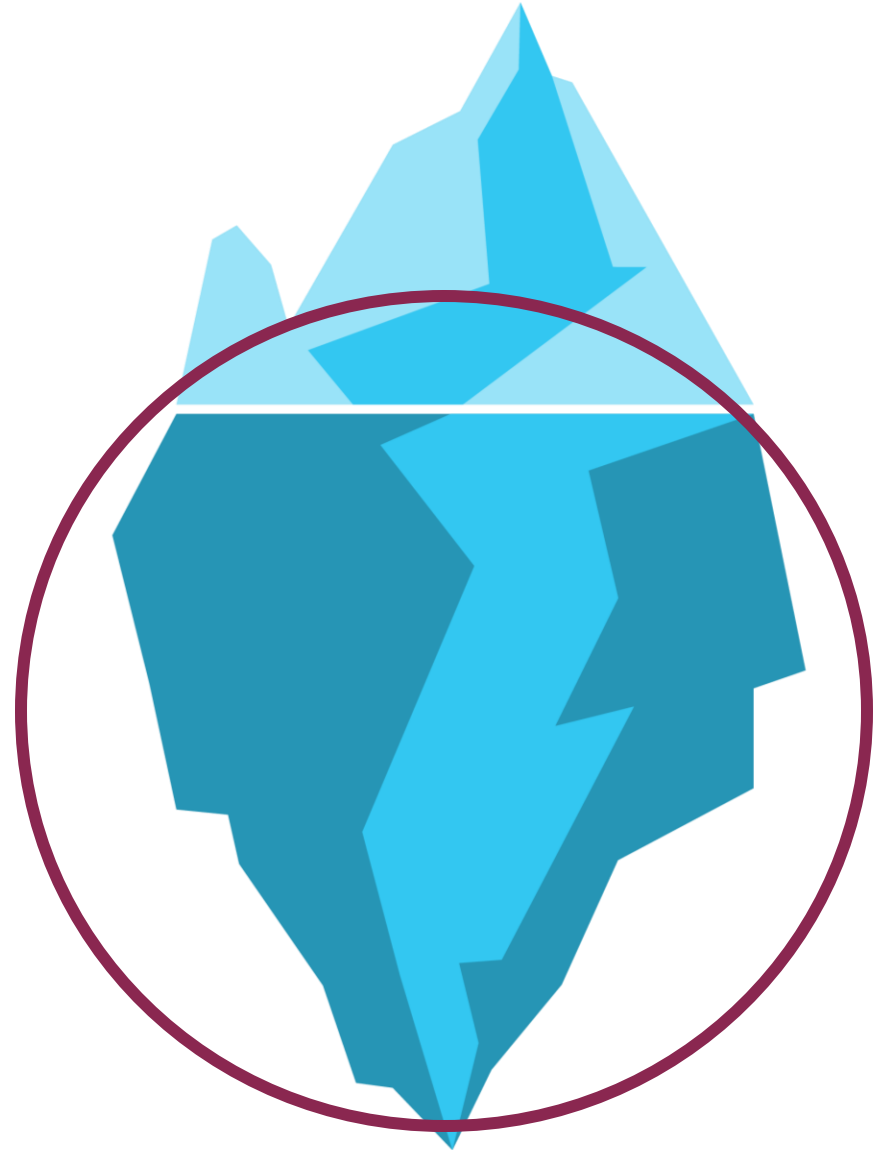
- Workers' Comp Premiums
- Citations/Fines



True Costs of Accidents

Indirect Costs

- Damaged tools and equipment
- Down time during investigation
- Hiring costs
- Supervisors time to investigate
- New employee training costs
- Poor efficiency
- Failure to meet deadlines
- Low employee morale
- Damage to company reputation





Early Return to Work – The Benefits

- Benefits to the employer
- Reduces overall indemnity costs
- Reduces medical costs
- Lowers the likelihood of attorney involvement
- Helps retain experienced employees
- Eliminates need for replacement workers
- Improves morale and strengthens the relationship between employee and employer



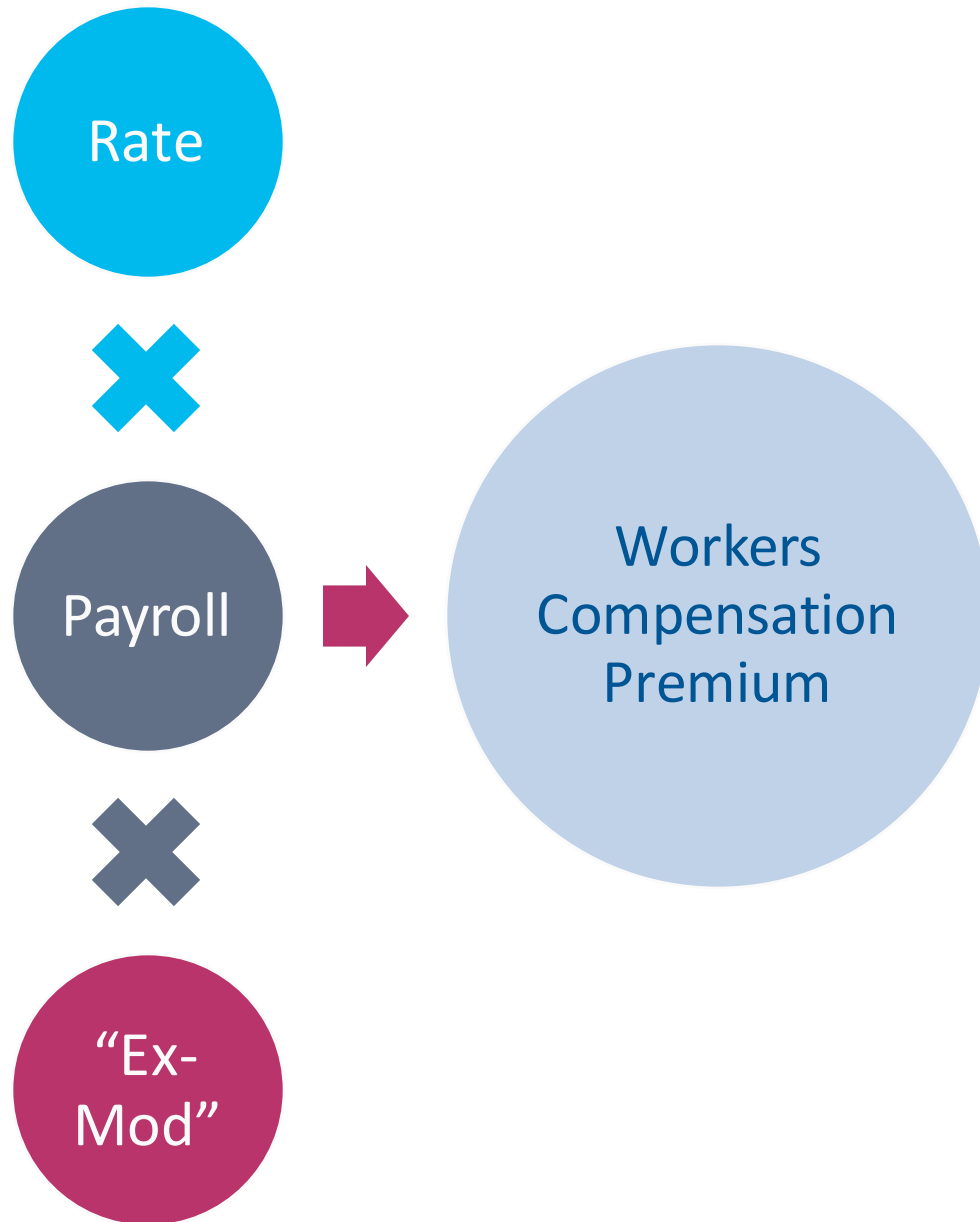
Early Return to Work – Be Creative

- The Supervisor's Role, Examples:
 - Changes in work hours
 - Changes in tasks
 - Ergonomic equipment – devices, furniture, tools
- Be creative and discuss possibilities
- Our Specialized program to locate non-profits that can assist with ERTW placement

**Make sure to
document your
efforts!**

Please contact clientservices@bhhc.com for more information on implementing the Return and Recover Program.

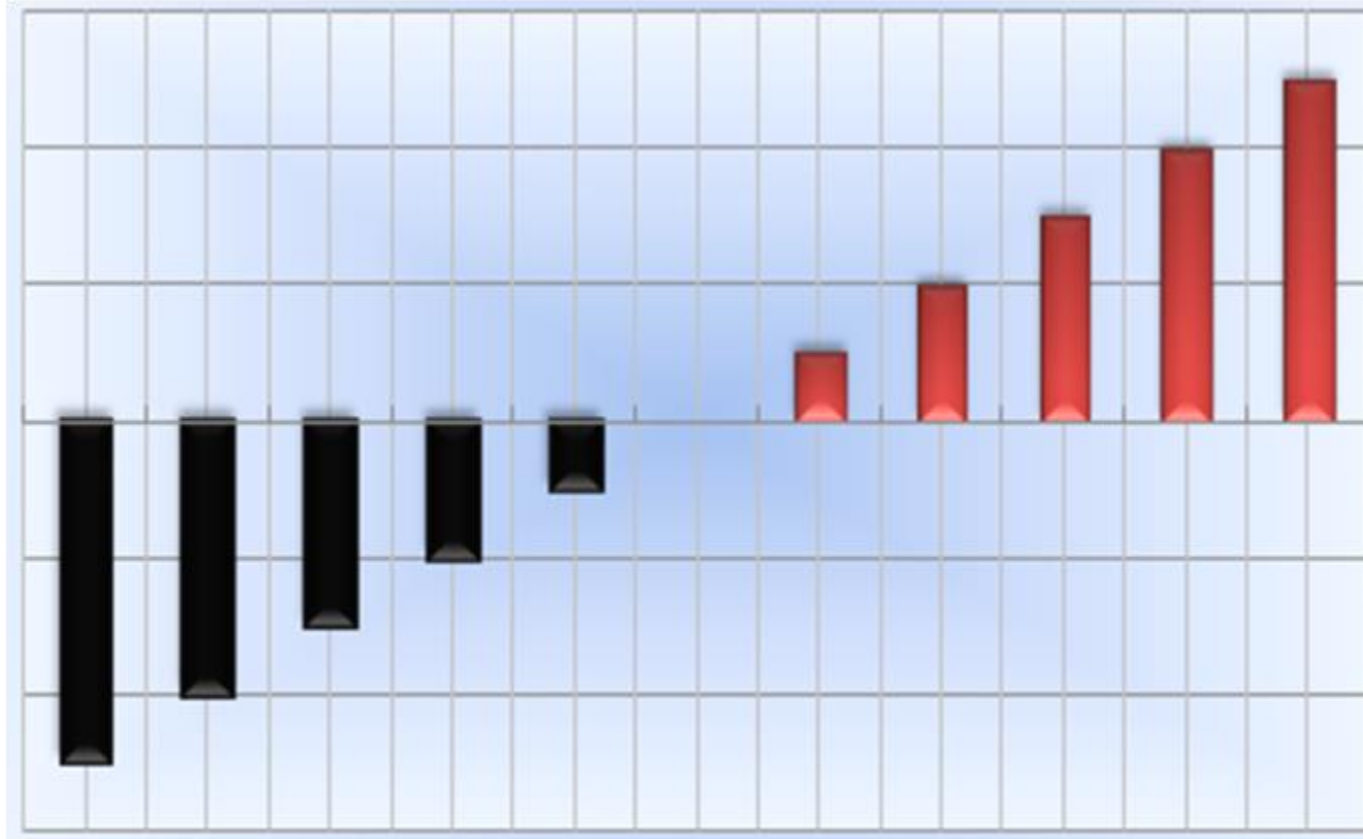
The Basics of Cost – Premium



- Rate: Accounts for the type of work performed by each employee and its relative occupational risk
- Payroll: Accounts for the number of employees exposed
- Experience Modification Factor (“Ex-Mod”): Accounts for prior loss history according to severity & frequency of claims

What is the Supervisor’s Role in this process?

The Basics of Cost – Ex-Mod Impact



\$60,000 Difference

Let's look at an example...

- Annual Premium at Ex-Mod of 1.00: \$100,000
- Annual Premium at Ex-Mod of 1.3: \$130,000
- Annual Premium at Ex-Mod of 0.7: \$70,000



The Basics of Cost – Impacting Premium

The Supervisor's Role:

- Make Safety a Top Priority
- Complete Thorough Accident Investigations
- Pay Close Attention to Accident Frequency
- Enroll in State-Sponsored Programs
- File All Claims & File Quickly



The Basics of Cost – Impacting Premium

The Supervisor's Role:

- Choose and Use a Preferred Medical Provider
- Offer Return-to-Work
- Review Your Claims Frequently & Stay in Communication
- Review Payroll Numbers & Class Codes



Special Investigations Unit (SIU)

Disgruntled employee

Seasonal employee

Post-termination

No witnesses to the injury

Employee facing termination or layoff

Employee facing disciplinary action

Employee retiring or soon to be retiring

Employee has a history of reporting claims

Injury occurring Friday and not being reported until Monday

Mechanism of injury is in question

Claims reported through an attorney

Summary

Know Your Role

- Understand the System and Ways to Make an Impact
- Enforce Safety Protocols before an Accident
- Report Incidents Quickly
- Follow through with Modified Duty Positions
- Be Consistent, Caring and Compassionate

“Do the Right Thing”