

ESSENTIALS

Premium Cost Containment Program & Employer Certification

Colorado Department of
Labor and Employment
Division of Workers'
Compensation



**Department of Labor and
Employment
Division of Workers' Compensation
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INTRODUCTION

Because of alarming increases in the number of injuries and resulting costs of workers' compensation to Colorado Employers, the state legislature enacted the Premium Cost Containment Program in 1989. Under this program, employers who implement and maintain a standardized loss prevention/loss control program, and achieve certification status are eligible for a reduction on their workers' compensation insurance premiums. By preventing injuries and lowering costs of claims, these employers also contribute to the stabilization and possible reduction of the standard rates set for their respective industries.

Certification status is granted by the Premium Cost Containment Board to employers who can document that they have had a loss prevention/loss control program in effect for at least one year.

The six minimum requirements for certification in the program are:

- ◆ Declaration of Policy
- ◆ Safety/Risk Assessment Committee and/or Coordinator
- ◆ Safety/Loss Prevention Rules
- ◆ Safety/Loss Prevention Training
- ◆ Designated Medical Provider
- ◆ Written Claims Management Procedures

These basic requisites are summarized in this booklet.

DECLARATION OF POLICY

For the loss prevention/loss control program to be effective, there must first be a total commitment to safety from top management. This commitment is expressed in the policy statement. The statement should express the following philosophy:

- ◆ The safety and health of employees, the public, and the company are the highest priority.
- ◆ Prevention of accidents is more important than short cuts or haste.
- ◆ Every attempt will be made to reduce the possibility of accident occurrence.

The policy declaration should be signed and dated by top management and conspicuously posted where all employees may frequently read it.

An example of how a policy statement may be written follows:

“Accidents and injuries can be prevented. Safety is the responsibility of everyone. The management of this company is strongly committed to providing a safe working environment. No task must ever become so routine or so urgent that every safety precaution is not observed. The prevention of accidents, injuries, and damage to property must always remain uppermost in the mind of every employee.”

RISK ASSESSMENT/SAFETY COMMITTEE AND/OR COORDINATOR

The Safety Committee or Safety Coordinator is created to foster loss prevention through communication.

Functions of the committee/coordinator should include, but are not limited to:

- ◆ Serve as liaison between workers and management in matters concerning safety.
- ◆ Discuss with management and recommend safety policies.
- ◆ Identify unsafe conditions and practices, determine remedies, and report on the program.
- ◆ Investigate and report on accidents.
- ◆ Determine applicable safety rules, know where safety training is needed, and review safety procedures.

The committee will be successful if:

- ◆ It remains a positive influence to prevent work-related incidents while still allowing the employees to express their safety concerns. The meetings should not be “what’s wrong with the company” gripe sessions.
- ◆ Management maintains an active and responsive interest and does not simply delegate its responsibility to the committee.

Meetings should be held at routine intervals. It is suggested that they be held at least monthly. To insure adequate documentation, dated minutes and attendance sign-offs of these meetings must be maintained.

LOSS PREVENTION (SAFETY) RULES

To effectively prevent losses, safety rules must be clearly defined. In the training phase, employees must be made aware of the rules. When possible, rules should be posted in appropriate and conspicuous areas. A worker who willfully violates a workplace safety rule, and then is injured, may sustain a 50% reduction in workers’ compensation disability benefits.

The Premium Cost Containment Board suggests that employees sign and date a document acknowledging their awareness and understanding of the safety rules. The signed document becomes part of their employment record and should be updated as safety rules are updated.

Enforcement of the safety rules is important to the cost containment program. An employee who disregards rules may be a danger to himself or herself, and others. This can be a significant liability to your operation.

LOSS PREVENTION (SAFETY) TRAINING

Make all employees aware of the hazards inherent to their specific duties and all measures to do the job safely.

Workers undertaking an unfamiliar task must be thoroughly trained by their supervisor in:

- ◆ Method
- ◆ Procedure
- ◆ Personal protective equipment
- ◆ Precautionary or safety practices to be followed
- ◆ Prevailing safety rules associated with that specific task

Safety topics discussed and a signed and dated employee attendance roster must be included as documentation of completed training sessions.

It is good practice to send first-line supervisors and other key people to seminars on loss prevention/control, risk management, and workers' compensation. These are held in various locations throughout the year and are usually at nominal cost.

Safety training is an ongoing process. Safety issues should be reviewed and updated with all employees on a regularly scheduled basis.

DESIGNATED MEDICAL PROVIDER

Under C.R.S. §8-43-404(5)(a), the employer or insurer has the right in the first instance to select the physician who attends an injured employee. The statute requires with few exceptions, that a list of at least two physicians or two corporate medical providers (or one of each) at separate locations and without common ownership, be provided by the employer so as to afford the injured employee the opportunity to select a treating physician. If no physician is properly designated, the employee may attend the health care provider of his or her choice.

If the employee originally selected a doctor from a list provided by the employer, s/he is afforded a one-time change to another doctor on that list, provided that notice of the change occurs within 90 days after the date of injury and before the injured worker reaches maximum medical improvement. The employee may also request permission to change physicians in writing to the employer's insurance carrier. If the insurance carrier does not respond within 20 days, the employee may see the requested physician. If the insurance carrier denies the request, the employee may request a hearing on this issue.

By designating medical providers, the employer will have an immediate source of treatment and care for the injured employee. This same facility can manage all workers' compensation claims. This fosters a better line of communication with the employer, insurer, and attending physician.

In making the selection of the designated medical provider, it is important to furnish the best medical care possible for the injured worker to reach maximum medical improvement quickly. Your insurance carrier can assist in the selection of the best possible medical provider. The following are considerations in selection of the provider:

- ◆ Knowledge of work-related injuries
- ◆ Knowledge of workers' compensation and the medical fee schedule
- ◆ Decisiveness in the determination of maximum medical improvement and a philosophy of returning employees to work on limited or modified duty
- ◆ Willingness and ability to communicate.
- ◆ Accessibility to job location

A dated, written agreement should be made when the medical provider is selected.

CLAIMS MANAGEMENT POLICIES & PROCEDURES

Claims management is the activity that takes place after an injury has occurred. It is important to have clearly written and easy to follow procedures on claims management. Procedures should have the name and telephone number of your insurance carrier, when and how to complete a report of injury form, and what follow-up steps should be taken for various situations.

When a clearly compensable, disabling or serious workplace injury occurs, the most important consideration is the injured employee. The employee is not only injured, but may be confused and anxious about the future. In addition to medical attention, the employer has at least two immediate responsibilities:

- ◆ Interview the injured party and perhaps family members to explain statutory benefits.
- ◆ Contact the insurance carrier to explain the circumstances. Indicate that the case is a compensable injury, and give probable time off. When completing the Employer's First Report of Injury, attach a doctor's statement. Keep in communication with your carrier and employee.

Accident investigation is a critical factor in loss control. Questions often arise too long after the fact, such as:

- ◆ Was this incident the result of third-party negligence?
- ◆ Did the alleged trauma indeed happen on the job (arise out of and in the course of employment)?

Immediate accident investigation is the key. Interview all witnesses and take written statements. Photographs may be necessary. It is highly recommended that the employer complete an

accident investigation report for each incident, in addition to the First Report of Injury.

When serious, fatal, or possible third-party negligence accidents occur, call your insurance carrier immediately. They may refer a field representative to the scene for immediate investigation.

First-line supervisors should be thoroughly trained in the importance of immediate investigation and communication with management, the carrier, and the employee.

REMEMBER

It may be too late to question the compensability or the possibility of third-party liability several days after the incident.

Record keeping and data analysis are very important. In addition to the reports required by state and federal statutes, the following should also be kept:

- ◆ Attendance records
- ◆ Safety violations (signed)
- ◆ Safety rules orientation (signed)
- ◆ Safety training records (signed)
- ◆ Supervisor's incident report

In larger operations with multiple locations or several incidents, records about location, type of injury, and paid loss of each incident are very beneficial. These can help determine possible remedies for prevention. Your insurance carrier can help provide this information. It is highly recommended that a modified-duty plan be implemented.

REMEMBER

Disability payments ultimately come out of the employer's pocket and raise the rates for the entire industry.

The sooner an injured worker can return to meaningful employment, especially with the same employer, the less time off work and on total disability.

The longer a person is off work, the more difficult it is to return.

Employees on disability may feel detached from the employer and may suffer from anxiety, depression, and a diminished motivation to return to work. Restricted, limited, or modified (never call it light) duty must correspond with physical restrictions set and approved by the attending physician.

Return to productive employment yields many rewards such as:

- ◆ Improved employee self-esteem
- ◆ Less emphasis on disability
- ◆ Frees others to do additional tasks
- ◆ Lower claim cost

INSURANCE CONSIDERATIONS

There are several policy options available to cover your workers' compensation risk, such as:

- ◆ Retrospective Rating Plans
- ◆ Retention Plans
- ◆ Sliding Scale Dividend Plans
- ◆ Guaranteed Cost Plans
- ◆ Deductibles

We recommend that you discuss these options with your carrier or agent to determine which one may provide the greatest cost advantage and may benefit the particular needs of your business.

PHONE NUMBERS

DIVISION OF WORKERS' COMPENSATION CUSTOMER SERVICE UNIT

633 17th Street, Suite 400
Denver, CO 80202-3626
303.318.8700
Toll-free number 1.888.390.7936

Internet Address:

<http://www.coworkforce.com/DWC/>

OTHER GOVERNMENT OFFICES

Office of Administrative Courts	303.866.2000
Division of Insurance	303.894.7499
Mine Safety and Health Administration	303.231.5400
Occupational Safety and Health Administration	
Denver Regional Office	303.844.1600
Northern Colorado	303.844.5285
Southern Colorado	303.843.4500
Unemployment Insurance Tax	
Toll-free number (in state)	800.480.8299
Denver metro area	303.318.9100

PUBLICATIONS

The Division of Workers' Compensation offers a variety of materials to the public regarding the system it administers. Publications are available on the Division's Web Page or can be ordered by calling the Customer Service Unit.

- ◆ *Essentials of the Premium Cost Containment Program and Employer Certification*
- ◆ *Workers' Compensation Guide for Employees*
- ◆ *Workers' Compensation Guide for Employers*
- ◆ *Workers' Compensation Loss Prevention and Loss Control Program Manual*
- ◆ *Self-Insurance Information and Application*
- ◆ *Workers' Compensation Act*
- ◆ *Introduction to Workers' Compensation Video*
- ◆ *Overview of the Division of Workers' Compensation*
- ◆ *Workers' Compensation Insurance Requirements For Employers*

Copies of the Division of Workers' Compensation Rules of Procedure may be purchased from:

LexisNexis Matthew Bender & Co., Inc.
1275 Broadway
Albany, NY 12204
Phone: (800) 223-1940
Fax: (800) 544-6572
customer.support@lexisnexis.com

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For employers wishing to participate in the certification program to reduce injuries and workers' compensation cost, the Workers' Compensation Cost Containment Board offers a detailed manual containing forms, check lists, sample rules, and other information. The Division of Workers' Compensation offers technical assistance to help employers achieve certification status.

Please contact us at:

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