

Claims Costs Containment: Part 1 – The Employer is the Front Line of Claims Cost Containment

“Nothing ever becomes real until it is experienced.” – John Keats

Many small businesses may never have to report an employee injury to their workers’ compensation insurance company. However, without this experience, it is difficult to recognize how important the employer’s role is in controlling claims costs and returning the injured employee back to work.

This article is the first in a series that will describe the best business practices to manage an employee injury. This information comes from experience working with employers, injured workers, medical providers, and attorneys. The articles will identify obstacles that hamper claim cost containment and how to avoid them.

The employer is the first line of defense for controlling claims costs. This is accomplished primarily by having an active safety program. An active and effective safety program can prevent many injuries and eliminate the need to even manage a workers’ compensation claim. However, if an injury does happen, you need to know what role to play to achieve a satisfactory claim outcome.

Medical Treatment – Maintaining Control

Estimated medical treatment payments in California for 2015 were \$4.9 billion or 59 percent of total loss payments. Beginning in 2004, the passage of Senate Bill 899 gave employers control of an employee’s medical treatment through an insurance company’s medical provider network, unless the employee is eligible to predesignate a personal physician prior to the injury.

Employers must post or distribute medical provider network usage information (DWC 7 form) for employees to maintain medical control. These informational items are provided by your workers’ compensation insurance company.

Please make sure you have these informational pamphlets and poster in an area accessible to all employees:

- Complete and post the form titled Notice to Employees – Injuries Caused by Work. If you have a 2016 or 2017 comprehensive poster of required federal and state postings, then this form is on that poster and you do not need to post the form provided by your insurance company. You do need to fill in the information that pertains to the insurance company’s medical provider network and your business.
- Provide existing employees and new hires with the Facts About Workers’ Compensation pamphlet that your insurance company can provide. This explains what to do in the event of injury and the employee’s rights in the workers’ compensation system.



All of these items must be completed, posted, or distributed to maintain your right to control medical treatment. If a state regulatory agency visits your business and finds the Notice to Employees poster incomplete or missing, it can result in a misdemeanor and up to \$7,000 in civil penalties.

The next article will address investigating employee injury incidents. ■

Visit the CVMA Store to purchase the Employee Posting Set and New Hire Packet mentioned in the article as well as many more VMB required and CVMA items. CVMA members receive a discounted rate.