

Workers' Comp Can Cost You Big Time

Here's how to put the odds in your favor.

BY WILLIAM J. LYNOTT

If you have employees, workers' compensation costs—or the threat of them—can quickly become a major expense burden. Almost every business and professional practice in the United States that has employees must deal with the cost of workers' compensation, so you're not alone in this potentially damaging liability.

Fortunately, there are effective steps you can take to keep tight control over your workers' comp costs while lessening the chances of a heavily burdensome claim. However, keep in mind that those employers who have successfully cut their workers' compensation costs report that this is a challenging task requiring attention and commitment on the part of management.

Perhaps most important is an understanding that policies designed to protect employees' safety and well-being provide a solid foundation for minimizing workers' compensation claims. Experience shows that employees who feel that workers' safety is a major concern of management are less likely to attempt to abuse the workers' compensation system if given the opportunity.

Here are some easy steps you can take right now to improve net income by controlling workers' compensation claims and insurance premiums:

Cost Control Begins with the Hiring process

Within the limits imposed by labor law restrictions, pre-hiring interview techniques should be de-

signed to identify applicants who may pose a higher than average behavior or accident risk potential.

These steps will help:

- **Always begin by thoroughly examining the applicant's résumé.** In particular, look for gaps in the employment history. Ask for an explanation of any gaps and consider the applicant's answers carefully. Any unexplained gaps should be considered as red flags.

hiring decision," says Labor Attorney John C. Romeo, Philadelphia, PA.

"Pay close attention to the direction the conversation takes during the interview. It can easily turn into a conversation about family, religion, or national origin," he says. "If you see the conversation going in this direction, it's important to stop and switch gears—get the conversation onto a proper, legal, and informative topic."

- **Talk less; listen more.** "Most in-

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Cost Control

- **Be cautious about recommendations from former employers.** There are many reasons for an employer to provide favorable recommendations for a former employee; not all of them are as sincere as they might appear. While such recommendations deserve consideration, they should be considered within the context of all other information gathered about the applicant.

- **Keep the interview on track.** As with any conversation, a pre-employment interview can stray far off its proper path if not carefully controlled. "Ask only those job-related questions that you need to ask to make a lawful

interviewers talk more than they should," says Emory Mulling, chairperson of The Mulling Companies, Atlanta, Ga. "The interviewer's role is to get information from the candidate. Too often, interviewers spend too much time talking about the job and not enough time asking relevant questions of the candidate."

Human resources professionals agree that talking too much during an interview is a common mistake by employers. Remember, your job during a pre-employment interview is to obtain

Continued on page 58

Workers' Comp (from page 57)

as much meaningful information from the potential employee as possible. You can't listen when you're talking.

- **Prepare a written list of questions.** You will probably be dealing with applicants of both sexes. If you do, you must not ask different questions of males and females. To do so is to risk violation of anti-discrimination laws. It's best to create a list of questions to ask all candidates before the interview process starts. Then put those questions on a sheet of paper with space between them to take notes.

- **Listen carefully to the answers.** Even after asking the right questions, some interviewers make the wrong choice because they didn't listen carefully to the answers," says Mulling. "Don't think you can overcome potential risks and make someone fit in just because you like the way they look, or because their technical knowledge or past experience are a good match for the job.

After first obtaining written consent from the applicants, conduct thorough background checks before hiring. Include physical fitness exams appropriate for the job if included in the written consent. Be cautious with applicants who are reluctant to agree to such checks.

Have permanent programs in place to train employees on safe working behavior. Discourage unsafe working habits. Instruct employees not to take risks. Encourage the safest, least risky procedures even if they may take longer to complete the job. Make sure that new workers are aware that workplace safety is a top priority in the operation of your practice.

By demonstrating your interest in safety, you establish your concern for employees' well-being. That, in turn, will help to minimize the possibility of costly workers' compensation claims.

Maintain safety awareness throughout the workplace. Remind your employees to practice safety procedures by displaying safety posters in employee-only areas not seen by patients.

Within legal parameters, maintain your efforts to identify employees or applicants with drug or alcohol problems. A failure to address this issue

might be considered by some as your lack of interest or concern.

Search out workplace hazards that have caused or may cause an injury or illness. For example, look for situations that may cause dangerous trip and fall accidents. Wherever possible, keep the entire workplace, including backroom and storage areas, clean and orderly by eliminating unnecessary clutter.

Be sure to classify employee job descriptions and titles correctly. Obviously, some jobs are riskier than others. Most or all of your employees

employees, discussions about the need for protecting the employees' safety will help to establish your concern for their safety.

In the event of an employee injury, even one of a minor nature, be sure to provide medical attention promptly to minimize possible complications from delayed care. Complications resulting from even a slight injury can result in increasingly costly workers' compensation claims, which in turn can result in permanently increased insurance premiums.

Experience shows that workers compensation costs will respond to dedicated efforts to keep them in tow.

may fall into a low risk category. Still, it's important not to assign all of your employees to the same job classification unless you are certain that is correct. With more than 600 job classification codes in use today, improper job classification for even one employee could increase your workers compensation premiums.

Each classification code is based on the level of risk associated with that job. Job codes are subject to change, so it's important to use the most recent edition of the classification codebook for your state.

Unfortunately, some business owners and professionals intentionally misclassify workers and manipulate payroll figures with the intent of lowering insurance costs. Even worse are situations where employers have no workers' compensation coverage at all. Employers who engage in this type of unlawful activity not only put their own workers at risk, but also risk harsh financial penalties and even criminal prosecution.

If your practice is large enough, establish a safety committee made up of at least one employee and yourself. Even in a small operation, this step will establish your concern for employees' well-being. The committee's stated purpose will be to identify and correct safety problems and provide ideas for improving the practice's safety programs.

Even if you have only one or two

If one of your employees should go out on a disability claim, work to get him or her back to work as quickly as practical. An employee who is unable to return to work on a full-time basis may be able to work part-time or in a job of lesser demands. The longer an employee remains unable to work, the more the insurance company will be required to pay in compensation benefits; that in turn is likely to result in increased insurance premiums for your practice.

Many employers look on the costs of workers compensation insurance as an unavoidable expense over which they have little or no control. However, experience shows that workers compensation costs will respond to dedicated efforts to keep them in tow. A casual attempt isn't likely to do the job, but a determined and continual effort can result in not only major reductions in expense, but dramatic improvements in employee morale as well. **PM**



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