Workers’ Compensation 101

For 100 years, injured employees in the U.S. have been protected from severe financial loss by a system of “workers’ compensation.” Workers’ compensation was designed to be a “no fault” system with some notable exceptions. An employee who is injured while doing their job is entitled to certain payments for medical assistance and even the loss of wages if the employee is not able to return to work for a period of time.

Under workers’ compensation as well as OSHA, employees have a responsibility to obey safety rules and exercise due caution. However, in the vast majority of cases, workers’ compensation will pay an injured employee, even if they didn’t do as good a job as they should have in preventing the accident.

Workers’ compensation premiums are paid for by the employer (district). In general, premium amounts depend on such things as the type of business and number of employees covered — because workplaces with greater hazards or risk usually have more accidents and thus have to pay higher premiums than those which are deemed to have less exposure. Premium is also based on the total payroll of the employees doing various types of work and on previous losses.

Medical bills are paid in full if an employee is found to have suffered the injury while in the course and scope of employment. “Indemnity” payments are paid for lost time, after a certain number of days are lost, and/or significant injuries occur, such as an amputated finger or loss of use of a part of an arm or leg. Each state has different laws concerning when and how many lost wages are paid.

Exposures and Hazards

All risks have a source, sometimes referred to as exposure. Exposures increase the potential for harm or damage to people, property or the environment based on the characteristics of objects and the actions or inactions of people. Exposures encompass regulatory and technology change, operator and design errors, leaks and spills, machinery breakdowns, explosions, fires and natural disasters, to name a few.

Examples of hazards can include electrical wiring that’s not properly insulated, machines that aren’t properly guarded or poor housekeeping, such as items that might have to be climbed over or can cause a trip or fall when passing through an area.

Sometimes risk is estimated based on past accidents for a given situation, as well as how severe or serious the accidents were. For example, cuts and lacerations can be serious, but typically, they are not nearly as severe as injuries that occur when people are in an automobile accident.

Many people think of hazards as being unsafe conditions. Several of those were mentioned at the start of this section. However, unsafe actions/behavior/performance by individuals also leads to accidents.

What is more important — to control unsafe acts or unsafe conditions? Actually, it’s to control or minimize both. Sometimes it is helpful to look at the typical types of accidents that have occurred, and then tie those to the hazards themselves. For example, the hazard presented by a teacher standing on a chair to hang a wall poster — if you were looking into this job or task, you might ask yourself, “Why isn’t the employee using a ladder or step stool?” As you examine the situation, you might conclude that a ladder is not available. We will look closer at these accident causes and solutions in the Accident Prevention Process.