10 Steps to Reduce Workers’ Compensation Costs

1. Many think of work comp as a fixed cost, when in reality, it’s a variable cost. Employers can have a huge impact on how much or how little they spend on work comp depending on how they manage the variables involved. Two primary factors driving work comp costs are the number and frequency of claims and the cost of those claims when they occur. Focusing on these key leverage points will yield the greatest impact.

2. Set the right culture. Employers should adopt a company-wide “we care” attitude. They can foster a culture that treats people with respect, ensures they receive proper medical care when injured and assists them in getting back to work as quickly as possible. At the same time, employers can let people know disregard for or abuse of the system will not be tolerated.

3. Hire smart. Every new employee who walks through the door represents a potential liability for an employer. To minimize exposure, employers should use a thorough hiring process to ensure employees can physically perform the job and filter out potential abusers.

4. Commit to safety. Make safety a core value. Employers should create a comprehensive safety program built around employee involvement and hold people accountable for adhering to all company standards.

5. Train and educate employees and supervisors. Employers should train people to perform safely, and hold managers and supervisors accountable for enforcing all safety procedures.

6. Use qualified work comp medical specialists. Establishing policies and procedures so injured workers go only to pre-qualified medical specialists — not the emergency room — should be the goal.

7. Handle claims quickly and properly. Employers are advised to report all injuries within 24 hours, and make sure medical providers and third-party administrators follow up in a timely manner.

8. Implement a quick return-to-work program. The surest way to reduce long-term costs is to get people back on the job as quickly as possible. If necessary, use transitional work programs until the injured employee can return to their regular job.

9. Review claims on a regular basis. Agents or third-party administrators should meet with employers (monthly, quarterly or every six months, depending on the number of claims) to review the claims, analyze loss history and devise strategies for minimizing costs.

10. Seek out experience and value in your provider. Reducing work comp costs involves a lot more than getting the lowest premium. Look to those who will work with you to set up and manage a complete workers’ compensation solution.