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By Caitlyn Scheuermann

An Expert Breakdown of Workers' Compensation



Most employers are required by law to carry workers' compensation insurance as soon as they begin to hire employees. While the rules and regulations for workers' compensation vary by state, many basic concepts apply regardless of where your business is located. Here are the answers to the six most frequently asked questions about workers' compensation, according to the workers' compensation experts at The IROC Family of Companies.

What is workers' compensation insurance?

Workers' compensation, also known as workman's comp, covers any expenses from an employee's injury or illness that either occurs on the job or is the result of conditions the employee may be exposed to on the job. Workers' compensation, in many cases, also prevents employers from being sued by an employee for a job-related injury or illness.

Workers' compensation is a no-fault insurance, meaning that it will not take into account factors such as if the employer was negligent or if a separate party may have caused the accident or illness. In most cases, employers are required by law to carry workers' compensation insurance when their business grows to one or more employees, other than the business owner. However, the law does vary by state, and employers should consult their insurance broker or carrier to see what exclusions may apply in their state.

What do workers' compensation benefits include?

While benefits vary by state, they generally include coverage for any medical expenses the employee incurs, lost wages, and in the most extreme cases, death benefits to the surviving dependents. Weekly benefits paid to an employee will depend upon the type and severity of injury or illness, how long they were disabled, and the minimum and maximum weekly benefit amounts granted by the state. Medical expenses tend to include visits

to a doctor who is recommended by the insurance company, prescriptions and any tests that have been ordered by the doctor, such as blood tests, X-rays, CT scans, etc. Some states may also include reimbursement for vocational rehabilitation and transportation costs for medical treatment.

What are the different classifications of disability?

There are four classes of disability. A *temporary partial disability* applies to an employee with a work-related injury or illness who is temporarily prevented from performing a specific set of job skills, but can perform at a reduced level. With a *temporary total disability*, an employee is temporarily unable to perform any job functions. An employee with a *permanent partial disability* is still able to work, but will never return to the skill and efficiency level he or she was at before the work-related injury or illness. Therefore the employee's earning potential has been affected. *Permanent total disability* pertains to an employee who has suffered a work-related injury or illness and can never work again.

“The best thing to do is to have a plan of action ready before an accident or illness occurs. Incorporate it into an employee handbook or post it where the employees will see.”

What do I do when an employee's disability classification changes?

Typically the employee will need to provide a statement from his or her physician stating what the disability status was and showing that



it has changed from a temporary to a permanent disability. The physician will provide these statements and any related documentation to the insurer, which can request that the employee be seen by a physician of its choosing to confirm the results.

The physician chosen by the insurer may agree with the original diagnosis, and it will make the adjustment so the employee receives the correct benefits. Conversely, if the physician chosen by the insurer disagrees with the diagnosis, then the matter will need to be taken before either the workers' compensation board or a judge, depending upon the state. That authority generally will send the employee to a third physician for an unbiased diagnosis. Whatever that physician decides will be final, and the benefits that the employee receives will reflect that final diagnosis. While this will hold true for many cases, it can vary by the state's workers' compensation laws

Can an injured or ill employee choose his or her own physician?

In many cases, emergency treatment can be sought without consulting the employer or the insurance carrier. However, outside of an emergency situation, the choice of the attending physician could be left up to the employee, employer, the insurance carrier or the state, depending on state law. It

is always best to check with your insurance carrier and have a plan your employees can follow when they experience a work-related injury or illness.

What do I do when an employee suffers a workplace injury or illness?

First, make sure the employee seeks emergency treatment, if necessary. Next contact your insurance carrier and any other necessary parties, as per state regulations. Finally, file a workers' compensation claim with the state agency as soon as possible.

The best thing to do is to have a plan of action ready before an accident or illness occurs. Incorporate it into an employee handbook or post it where the employees will see. Ask your insurance carrier what details of an incident it needs when filing a claim, any deadlines that you should be aware of, and if any additional parties need to be contacted. **RIA**

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