

## How Have Legislative Reforms in California Effected Workers' Comp Insurance Rates?

In April of 2004 Arnold Schwarzenegger signed off on the latest workers' compensation reforms which were designed to reduce Workers' Compensation cost for California employers. Many companies had left the state because of the escalating costs of insurance. The question is: Are insurance premiums down in California?

In a press release on August 8, 2005 Insurance Commissioner John Garamendi said that workers' compensation insurance rates paid by California employers had dropped an average of about 26 percent since lawmakers instituted a series of cost-cutting bills beginning in 2003.

Following the workers' compensation reforms the Department of Industrial Relations (DIR) contracted Bickmore Risk Services (BRS) to conduct a study of the effects of the legislative reforms on California's workers' compensation insurance rates. The findings were released in February 2006 and the study contains positive news.

### Major Findings:

- Primarily due to the reforms, it is projected that the approved insurance rates have decreased by 46% (from average rates of \$4.81 per hundred dollars of payroll to \$2.59 from July 1, 2003 to January 1, 2006 a three year period). Rates are below where they were in 1996. These rates have been adjusted for changes in the mix of payroll by industry.
- BRS projects that the difference in approved rates is even greater than the 46%. 2006 loss and loss adjustment expense rates will be approximately 60% less than what they would have been if-absent reforms-rates had continued to increase from 2004 to 2006.

- Since the reforms, the California insurance market has become much more competitive. Private insurance companies are returning to the California market and increasing their market shares, giving employers a chance for multiple bids on their insurance policies.

It appears from the information available that most employers have seen a reduction in their workers' compensation insurance. Martyn Hopper, state director of the 35,000 member National Federation of Independent Businesses, says workers' compensation premiums are trending downward, saving most small businesses between 20 and 40 percent. "The reforms have created fairness and stability in a system that was completely out of control," Hopper said.

Employers can do additional things to keep their medical costs under control and limit premium increases in the future:

- Developing a return to work program that brings injured workers back into a modified job until he/she can return to full duty.
- Keeping in constant contact with the injured worker. Choosing an approved medical provider network, which will treat workers for the life of the claim instead of allowing them to see another doctor.

Keeping workers on the job does reduce cost, says Don Dressler of Risk Management Associates. The average workers' comp claim is \$2,135 if the employee doesn't miss work. If the injured employee misses work, the average claim jumps to \$53,000.

(Sources:DIR, OC Register, Free Republic)



# HealthFirst Medical Sponsors Client Appreciation Luncheon

In an effort to thank employers for supporting their Santa Fe Springs based occupational medical practice for over 18 years, HealthFirst Medical Group is sponsoring a Client Appreciation Luncheon on Thursday, June 22, 2006 from 11:30 am to 1:00 pm.

This festive luncheon will be held at the Norwalk Marriott Hotel and feature a presentation by Dr. Ronald Crowell, Medical Director for HealthFirst Medical. Dr. Crowell will focus on the current state of the California Workers' Compensation System and what employers can do to best manage claims, reduce costs and plan strategically for the future.

“Recent reforms are creating opportunities for better control of claims, cost and risk,” says Dr. Crowell. “The challenge for the employer is in knowing how to use them.”

Dr. Crowell heads a 100 member physician state-wide organization which lobbies Sacramento lawmakers for intelligent business-friendly work comp reform. He is also a founding member of the California Employers Fraud Task Force.

Those wishing to attend this luncheon must RSVP by June 9, 2006 to Yolanda Amador at 562-949-9328 x 206

## Summer Safety Tips for Workers

With summer comes increased heat which can cause heat related illness and injuries. Protect your workers by following the guidelines below:

- Drink plenty of water. Avoid alcohol, coffee, tea and soft drinks with caffeine. Assign a light work load and longer rest periods during the first 5 to 7 days of intense heat.
- Wear light-weight and light-colored clothing. Allow employees to change clothes if their clothing gets saturated.
- Provide ventilation and spot cooling at points of high heat production. Good airflow increases evaporation and cooling of the skin.
- Learn the signs of heat stroke and heat exhaustion.
- Make sure your or assigned employees are trained in the use of first aid.
- Consider the physical condition of your workforce when making hot environment assignments.
- Monitor temperature during the day.

### Changes in Company Information?

Contact: \_\_\_\_\_

Insurance Carrier: \_\_\_\_\_

Other: \_\_\_\_\_



*MEDICAL GROUP, Inc.*

13440 E. Imperial Hwy.  
Santa Fe Springs, CA 90670