



WORK COMP INSIGHTS

MSVIA: YOUR WORKERS' COMPENSATION PARTNER

Workers' Compensation Benefits Overview

When employers purchase workers' compensation insurance, such a policy is used to cover expenses that result from employees becoming injured on the job. These policies also cover employees who experience occupational diseases that were caused by work. This coverage includes the following benefits:

- Medical treatments
- Disability benefits
- Vocational rehabilitation
- Death benefits

It is important for employers to understand the different types of benefits that employees can receive under workers' compensation coverage. By doing so, employers can monitor their workers' compensation claims and save money, while also providing a better claim experience for their employees.

Medical Benefits

Medical benefits are the benefits that are paid out by a company's workers' compensation insurance policy for an employee's medical treatment. This coverage pays for the medical treatment necessary to treat the employee's work-related injury.

Any medical treatment that the employee receives will be covered, so long as it is considered medically necessary or reasonable to treat the work-related injury. Alternative medicine treatments are normally not covered by workers' compensation coverage.

There are specific statutory requirements and limitations for types of medical treatments covered by workers' compensation insurance, but these requirements vary by state.

Disability Benefits

There are several different disability benefits available for employees under workers' compensation coverage, known as wage replacement benefits. These benefits take the place of the employee's wages if they are out of work due to a work-related injury or the benefits are a supplement to an employee's wages while they are unable to return to work in full capacity due to the work-related injury. These benefits include:

- **Temporary Total Disability (TTD)**—These benefits are used when an employee must take off of work completely until they have healed and are able to return to work per a physician's medical release. Each state's percentage paid can vary, so it is important to check the state the workers' compensation claim is filed in. Once the employee is able to return to work, these benefits are discontinued.
- **Temporary Partial Disability (TPD)**—These benefits apply when an employee is allowed to return to work in a limited capacity per a physician's order. This can mean the employee might work for fewer hours or in a different type of job role (e.g., transitioning to light-duty tasks). Once the employee is able to return to work at full capacity, these benefits are discontinued.
- **Permanent Partial Disability (PPD)** – These benefits are used when an employee has a permanent disability, but is still able to continue working in a limited capacity. The percentage rating of an employee's disability is determined when the employee has reached maximum medical improvement (MMI)—meaning the employee is not going to improve from the injury any further. The physician then determines the severity of the disability and assigns a percentage. An employee will not be able to work in the

role they did prior to the injury and will have to switch job roles to accommodate their disability. PPD may also require shorter workdays or other work restrictions.

- **Permanent Total Disability (PTD)**—These benefits apply when an employee reaches MMI and is unable to return to work in any capacity due to becoming permanently disabled by their work-related injury. This decision has to be made by a physician. The employee will be given a disability rating and must qualify for PTD, which varies by state. In most states, these benefits apply to the loss of body parts as well. These benefits will run until there is a settlement reached or the employee is able to collect Medicare. Each state has its own laws concerning workers' compensation benefits, so employers should seek legal counsel for specific questions.

In any workers' compensation case, the restrictions of the employee should be determined by the treating physician.

Vocational Rehabilitation Benefits

If an employee has been injured and is not able to return to their previous job due to a work-related injury, vocational rehabilitation benefits can help them reenter the job market. These benefits provide services such as:

- Career planning
- Job placement
- Skills training

These benefits are meant to help employees return to work when they would otherwise be unable to do so. The services provided by these benefits vary by state.

Death and Dependency Benefits

These benefits are paid out when an employee is killed from a work-related accident or injury, or experiences an occupational disease that results in death. Depending on the state in which the employee was employed, a surviving spouse or relative may be eligible to receive compensation to make up for the decedent's wages. The amount of compensation received and how long the benefits last will depend on the state in which the benefits are being paid.

Depending on the state, dependent children can also receive additional benefits. Normally, such children must be under the age of 18 or continue to be dependent on their parents after the age of 18 due to mental or physical impairment or incapacity.

Another expense that workers' compensation insurance provides through death benefits is funeral expenses. If an employee is killed in a work-related accident or due to an occupational disease, they will have either a portion or all of their funeral expenses paid for. The amount paid varies by state.

The Importance of Understanding Workers' Compensation Benefits

Employers should understand all aspects of a workers' compensation claim, as it will allow them to have conversations with their employees regarding workers' compensation benefits. By understanding the claim process, employers can effectively speak with affected employees concerning any claim-related questions that may arise. If an employer is unable to answer these questions, they should consult their workers' compensation insurance carrier to figure out the answers.

Another reason that understanding the workers' compensation claim process is important is that it affects a company's bottom line. By understanding the different components of a workers' compensation claim, an employer can review the cost of the claim, understand which benefits are being paid and why, determine how much the insurance carrier set aside for reserves for the employee's injury and why, and determine whether the case should remain open or be closed out. All of these components can affect an employer's bottom line.

Overall, understanding the entire workers' compensation claim process—specifically, which benefits your employees can receive—can allow an employer to leverage their workers' compensation policy effectively and minimize claim-related expenses.

Contact us today to discuss all of your workers' compensation needs.