

Keeping injured workers on full salary can keep L&I rates low

Keeping an employee on your payroll during short-term absences that are the result of an on-the-job injury can have a positive impact on both your workers' compensation rates and your retro refund.

The practice, known as Kept On Salary (KOS), relieves the Washington State Department of Labor & Industries (L&I) from having to pay for time loss benefits for an injured worker, which can help your company avoid expensive time loss costs charged against your L&I account.

Time loss costs affect an employer in three ways. First, through additional costs added to the claim itself. Second, when a company's experience factor is calculated for annual premium rates, time loss claims negatively affect the company's experience factor. Third, although this is not well known, L&I provides a rate discount to employers that have a three year track record without compensable (time loss) claims. In addition, for those companies that participate in BIAW's Return On Industrial Insurance (ROII) program, an expensive time loss claim can cost a company its refund for the year.

Paying someone to stay home and recover from an injury may seem like an expensive proposition, but if those time loss dollars result in higher premiums for the three years that affect an employer's rates, or result in the loss of a retro refund, it is definitely money well spent.

How does KOS work? The employer agrees to maintain an injured worker on regular wages during days missed due to an industrial injury. This applies to all employees, whether salaried, hourly, or piece-work pay rates.

It is recommended that this be written into the formal company policy, especially if you start this program now (this will help prevent employees who were not formerly maintained on wages from crying


foul). While it is permissible to require an employee to use accrued sick leave for KOS purposes, an employer may not require an employee to use accrued vacation time as KOS wages.

Wages paid must be the regular wages that the employee received prior to injury. If occasional overtime is earned by the employee, those wages do not need to be included in KOS calculations—payment for a regular 40 hour week is all that is required. If an employee has been paid at a piece-work rate, the employer would average the wages earned prior to the injury and base the KOS payments on the average. Also, any health and welfare benefits the employee received before sustaining the injury must be continued for the KOS period as well.

How long should an employer maintain an injured worker on wages? Obviously, if an employer does this for an indefinite period of time, there is no incentive for the injured employee to come back to work. For this reason, it is recommended that most employers limit the KOS policy to a period of no more than six weeks.

However, the policy can be written so that additional KOS time will be considered on a case by case basis. After six weeks, it should be fairly clear whether the injured worker's time away is going to be long term.

So what's the catch? There are a few, but usually not enough to outweigh the benefits. Some employers worry that this policy will encourage employees to file claims in order to stay home and collect wages. This is, of course, a possibility, but one that can be mitigated to a large extent by good hiring practices, a probationary hiring period, and terminating those employees who are less than desirable. Diligently requiring the injured worker to supply a physician's report documenting objective medical information that supports continued time loss is another way to avoid unnecessary payments.

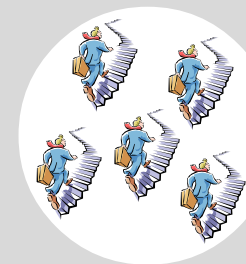
If you are interested in using KOS as a means of reducing your L&I costs, please contact your BIAW Claims Specialist at 800-228-4229 for specific information on how to implement a KOS program in your company. 

Government Officials: Immune from Recession?

In 2001, Washington State added one job for every five private sector jobs lost. While 78,700 private sector citizens lost their job, government bureaucrats added 15,200 employees to the public payroll (further burdening the private sector). Apparently the government has its own private immunizations against the recession.



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