



Downsizing & Workers' Compensation

Although workers compensation claims often skyrocket when companies downsize or close facilities, managers can take steps to reduce fraud and keep the legitimate claims' costs low.

Downsizings may result in an increase in filed claims higher than a plant closure. The staff reduction tends to move people into different departments with unfamiliar machinery or different physical demands and procedures.

Reduce "termination stress," have a sympathetic top official deliver the news of pending downsizing or closing. They should show concern for the laid-off employees and let them know they will do what they can to assist the impacted employees by offering job fairs, resume counseling and on-site therapy sessions.

To keep potential claim costs low, an employer should:

- Choose a team with experience in claims, loss prevention and human resources to manage the downsizing.
- Keep accurate records in one central location
- Investigate working conditions carefully before announcing any layoff. Consider videotaping employees at work and documenting baseline levels of noise, airborne particles and chemicals.
- Conduct exit interviews with employees to detail their injury histories. Photographing employees at this time can help you remember them better and can be used to identify a former employee if fraud surveillance is necessary.
- Follow your standard claims procedure and investigate any reported claim as if it has just occurred.
- Train the downsizing team to watch for fraud indicators such as fraud solicitation, a history of fraud or filing similar injury claims with the same doctors and lawyers.
- Explain COBRA benefits and employer benefit plans are subject to deductibles and other coverage restriction



ACTIVITIES TO PREVENT ACCIDENTS OR REDUCE THE COST OF ACCIDENTS IN THE WORKPLACE

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In addition, CompWest should be an integral part of the downsizing process and you should provide:

- Copies of the layoff notice with documentation as to the date and means by which it was presented to employees.
- Job descriptions of positions at risk of producing claims
- In the case of Plant closure, provide the name, address and phone number of the assigned custodian of the personnel records and wage information. This information will assist in managing any future claims. This person would also have contact information on all employees who might be needed in investigation of claims as witnesses.
- Obtaining the name, address and phone number of the key contact personnel with whom we could conduct investigative activity on future claims.
- If not the same as one of the above, contact information for the custodian of any baseline employee testing, such as audiology, or any environmental testing which might be required or was performed. Medical Records are required by law to be available
 - Employee Exposure Records. Each employee exposure record shall be preserved and maintained for at least thirty (30) years
 - Employee Medical Records. The medical record for each employee shall be preserved and maintained for at least the duration of employment plus thirty (30) years
- Whether or not exit interviews were conducted with any inquiries as to the need to report an industrial injury, and the documentation of such meetings.
- Consider adding the following questions to your exit interview form

This guide provides general information only. The guide is not intended to constitute legal advice and should not be relied upon as an authoritative source for current laws and standards.

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Sample Exit Interview Form

[This information is provided for reference. It is important that you protect your company from post-layoff retaliatory workers' comp claims. Please feel free to put your company logo here].

Section 1: To be completed and signed by employee at time of termination.

Employee: _____ Empl. #: _____

Department: _____ Last Day Worked: _____

1) Reason for leaving:

2) Have you had a job-related injury at _____ that has not been reported while working for the company?

No Yes

If yes, please ask your employer for a DWC-1 (claim report) form in order to process your claim.

3) By signing below I, _____, acknowledge that this is not a waiver of rights.

Employee Signature

Date

Section 2: To be completed and signed by employer.

Receipt of Company owned property (check upon receipt):

Barcode Identification Badge Keys Uniforms Tools

Is all Company owned property returned? No Yes

If No, give reason: _____

Signature of Employer or Authorized Representative

Date

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