

# WORKERS' COMP REFORM: WHAT IT MEANS TO YOU

Nossaman Healthcare Law

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Governor Arnold Schwarzenegger has signed into law, effective immediately, a sweeping overhaul of California's workers' compensation system, which is the costliest and perhaps least effective system in the country. The author of SB 899, Senator Charles Poochigian (R., Fresno), modestly asserted that the measure "inserts common sense to our dysfunctional system." The Governor predicts that the changes "will save jobs, reduce costs for our employers and improve care for injured workers."

This E-Alert highlights some of the key provisions of SB 899 and provides links to websites where more detailed analyses can be found. (Caveat: The statements below are variously qualified in the precision of the actual language of the new law.)

## SB 899 Key Provisions

Savings and Rates (not in bill)

- Savings to employers projected at \$5 billion or more annually
- Does not regulate insurance premium rates

Treatment Procedures

- \* Requires employers to immediately authorize treatment for workers with a claim of a work-related injury
- \* Injured workers must first select a doctor from a "medical provider network" if employer or insurer offers one, after 1/1/05
- \* Under new conditions employee may pre-designate a personal physician prior to the date of injury
- \* Workers must see three different doctors before appealing to a state-certified independent medical review ("IMR") doctor to see their own
- \* New IMR system for resolution of care dispute issues
- \* Doctors must use specified nationally-recognized (American College of Occupational and Environmental Medicine ("ACOEM")) medical standards on treatments
- \* Enables in certain collectively-bargained settings the provision of integrated "24-hour" care, under which the worker would get his or her regular medical care and work-related injury care from the same doctor and/or health plan

Benefits

- \* ACOEM standards to be used in crafting disability awards
- \* Sets limits on fees for medical services
- \* Caps most temporary disability awards at 2 years (currently 5 years)
- \* Increases benefits for severely disabled workers

Responsibilities

- \* Streamlines system for resolving complaints
- \* Eliminates current "benefit of the doubt" to the worker, making employee and employer equal before the law
- \* Employer liable only for percentage of a permanent disability injury that is related to the present work-related injury
- \* If employer offers recovering employee a position and it is rejected, employer can cut benefits, as described. If employer doesn't offer a position, employee benefits increase.
- \* Provides for reimbursement program for small businesses to make workplace modifications necessary to enable injured workers to return to work
- \* Reforms penalty structure