

# Southern California Trade Contractors Association

## Quarterly Safety Newsletter

3<sup>rd</sup> Quarter, 2016

### Report on Workers' Comp Reforms Shows Progress, Benefits for Injured Workers, Employers

**Oakland**-The Department of Industrial Relations (DIR) and its Division of Workers' Compensation (DWC) released their 2016 report on the progress in implementing Governor Brown's 2012 workers' compensation reforms. The report updates the efforts to improve benefits for injured workers while moderating rapidly increasing costs for employers.

"The primary goals of the 2012 workers' compensation reforms were to increase benefits and improve medical care for injured workers, and to control costs for employers," said Labor and Workforce Development Secretary David M. Lanier. "While significant progress toward meeting the goals sought by the Governor and Legislature has been achieved, the department is pushing ahead to further reduce costs in the system by developing an evidence-based drug formulary and improved anti-fraud efforts."

"SB 863: Assessment of Workers' Compensation Reforms" is DIR's third annual report since the law took effect on January 1, 2013. The changes in SB 863 (De Leon) include the use of evidence-based medicine to guide treatment decisions, treatment dispute settlements by independent medical reviewers, improved workers' access to network physicians. This year's update includes:

- Savings continue to be realized. Updated annual estimates of savings from reforms by the Workers' Compensation Insurance Rating Bureau (WCIRB) are about \$600 million greater than initially estimated. In May, the California Insurance Commissioner approved the advisory pure premium rates proposed by the WCIRB, rates that average \$2.30 per \$100 of payroll, effective July 1. These rates are, on average, 5 percent less than the industry average for filed pure premium rates of January 1, 2016, and 10.4 percent less than the average of the approved January 1, 2016 advisory pure premium rates of \$2.57.
- Projected average medical costs per claim (excluding medical cost containment expenses) decreased by about 8 percent between 2011 and 2015.

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### Construction Employment Increases in Three-Fifths of Nation's Metro Areas Between August 2015 & 2016 As Industry Job Openings Hit 10-Year High

Construction employment increased in three-fifths of metro areas between August 2015 and August 2016—the smallest share in nearly three and a half years—as contractors in many areas report difficulty in finding qualified workers, according to a new analysis of federal employment data released today by the Associated General Contractors of America. Association officials said the new data underscores the need to make it easier for school officials to set up programs that teach skills like construction.

“While the number of metro areas with employment increases has been slipping, the number with decreases—76 in August—has held roughly steady,” said Ken Simonson, the association’s chief economist. “Meanwhile, job openings have been at a 10-year high but hiring has stalled in many parts of the country. Together, these facts make it clear that the slowdown in hiring has more to do with workforce shortages than shortages of work.”

Construction employment increased in 220, or 61 percent, of 358 metro areas in the past year, held steady in 62 areas, and declined in 76 areas. The number of areas with gains was the smallest since April 2013, the economist noted. Denver-Aurora-Lakewood, Colo. Added the most construction jobs during the past year (11,400 jobs, 12%), followed by Anaheim-Santa Ana-Irvine, Calif. (10,200 jobs, 11%); Orlando-Kissimmee-Sanford, Fla. (10,200, 17%); Atlanta-Sandy Springs-Roswell, Ga. (7,700 jobs, 7%) and Sacramento-Roseville-Arden-Arcade, Calif. (7,400 jobs, 14%). The largest percentage gains occurred in Boise City, Idaho (24%, 4,500 jobs) and Orlando-Kissimmee-Sandord.

- Benefits for workers also improved. Permanent disability benefits to injured workers increased approximately 30 percent, and more than \$41 million in Return to Work supplemental payments has been disbursed to eligible workers whose benefits are disproportionately low in comparison to their earnings losses.
- A focus on evidence-based medicine has had wide-ranging impact, reducing costs and unnecessary treatment and creating an efficient Independent Medical Review (IMR) to resolve disputes. Further refinements are planned for this area.

Among SB 863’s goals was the implementation of evidence-based medicine guidelines for treatment decisions. Evidence of opioid abuse prompted legislation mandating the adoption of evidence-based workers’ compensation drug formulary by July 1, 2017. DWC is engaged in efforts to promulgate regulations for a formulary, consistent with California’s Medical Treatment Utilization Schedule (MTUS), for medications prescribed in the workers’ compensation system. Other rulemaking is under way for home healthcare and interpreter services, and to extend the deadline for Return to Work supplement payments.

“Stakeholders have had valuable input at every stage in this process,” said DIR Director Christine Baker. “DIR looks forward to continuing our work with the stakeholders on these important reforms.”

DIR and DWC are also working to streamline the utilization review process, improve the MTUS to ensure it reflects current science and best practices, and exploring options for electronic submission of medical records to increase efficiency.

Starting this fall, DWC will launch an educational project to teach healthcare providers on the MTUS and the use of evidence-based medicine. This program will be available at no cost and will provide continuing medical educational credits for those who complete the course. Additional educational courses are planned beginning in the 4<sup>th</sup> quarter.

At the direction of Secretary Lanier, DIR is leading an effort to identify and address strategies for improved anti-fraud efforts in the workers’ compensation system. DIR and the Department of Insurance convened working groups in June to gather stakeholder input and evidence of fraudulent activity in the system, and the department will be preparing a report on its policy recommendations to the Governor and the Legislature by no later than spring of 2017.

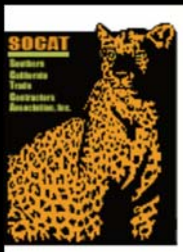
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The largest job losses from August 2015 to August 2016 were in Houston-The Woodlands-Sugar Land, Texas (-3,700 jobs, -2%), followed by Birmingham-Hoover, Ala. (-1,500, -6%) and Louisville-Jefferson County, Ky. (-1,400 jobs, -5%). The largest percentage declines for the past year were in Bloomington, Ill. (-16%, -500 jobs); Anniston-Oxford-Jacksonville, Ala. (-11%, -100 jobs); Dothan, Ala. (-11%, 300 jobs); and Lawton, Okla. (-11%, -200 jobs).

Association officials said the new construction employment figures, combined with recent data on job openings in the sector, make it clear that firms in many parts of the country are having a hard time finding enough workers to hire. They added that the data is consistent with survey results the association released last month showing two-thirds of construction firms are having a hard time finding qualified craft workers to hire.

"Many firms would be hiring more people if only they could find qualified applicants to bring onboard," said Stephen E. Sandherr, the association's chief executive officer, who urged the Senate to act quickly on a House-passed measure to

For more information visit  
<https://www.agc.org/news/2016/09/29/construction-spending-post-soild-monthly>

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The Division of Workers' Compensation (DWC) monitors the administration of workers' compensation claims, and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits.

DWC's Information and Assistance Unit, often the first DWC contact for injured workers, also provides assistance in English and Spanish to employers, labor unions, insurance carriers, physicians, attorneys and other interested parties regarding rights, benefits and obligations under California workers' compensation laws.

For more information on this please go visit the OSHA website->Department of Industrial Relations department link click the Industrial Relations Release No. 16-73 News Release.

### The Top 10 Most Frequently Cited Standards

For Fiscal 2015 (Oct. 1, 2014 to Sept. 30, 2015)

The following is a list of the top 10 most frequently cited standards\* following inspections of worksites by federal OSHA. OSHA publishes this list to alert employers about these commonly cited standards so they can take steps to find and fix recognized hazards addressed in these and other standards before OSHA shows up. Far too many preventable injuries and illnesses occur in the workplace.

1. 1926.501 – Fall Protection
2. 1910.1200 – Hazard Communication
3. 1926.451 – Scaffolding
4. 1910.134 - Respiratory Protection
5. 1910.147 – Lockout/Tag out
6. 1910.178 – Powered Industrial Trucks
7. 1926.1053 – Ladders
8. 1910.305 – Electrical, Wiring Methods
9. 1910.212 – Machine Guarding
10. 1910.303 – Electrical, General Requirements

For more information on this please go visit the OSHA website->[https://www.osha.gov/Top\\_Ten\\_Standards.html](https://www.osha.gov/Top_Ten_Standards.html)