Texas is one of the largest and most populous states in the U.S. There are also many aspects of the state's business environment that set it apart from the rest of the country. Among them is a unique occupational injury option available for Texas employers. Texas is the only state where businesses can opt out of the state-run workers' compensation system altogether or elect to participate in a non-subscriber program. The option has been available since 1913 and interest peaked in the mid 1980s when Texas workers' compensation costs increased to some of the highest in the nation. Today, approximately 33% of Texas businesses operate as non-subscribers.*

Non-subscriber programs – A Sedgwick specialty
Sedgwick is the leader in innovative claims and productivity management solutions. Our experienced management team has the unique jurisdictional knowledge and overall industry expertise to manage claims quickly and efficiently while providing outstanding service.

Sedgwick's Richardson, Texas office specializes in non-subscriber claims administration. We provide services for several medium and large employers, and many Fortune® 500 companies that have chosen this cost-effective option. Our team has an in-depth understanding of all the elements that go into creating a responsible and successful non-subscriber program; and can provide benefit plan support, attorney and vendor recommendations, and assist with all facets of program compliance.

The first step
It is a common practice for employers to start with a non-subscriber feasibility study. By engaging outside experts, you can have access to the right information to develop an occupational injury benefit plan with benefit levels and estimated costs, a communication plan, and a timeline for your company to begin your program. The feasibility study may include the following:

- Claims and insurance cost estimates based on at least five years of loss history
- The claims process used by non-subscribers (in-house or outsourced) vs. the Texas workers' compensation system process
- Liability and benefit exposure for a non-subscriber program, as well as pertinent legislation, case law, and defense strategies for liability claims
- State and federal regulatory requirements applicable to non-subscribers and your contractual commitments to carry Texas workers' compensation insurance or equivalent coverage
- A communication plan to inform your Texas workforce of the pending change
- A review of safety programs and procedures to ensure proper safety equipment is furnished, rules have been established, employee training is provided, regular inspections are being conducted, and industry-specific OSHA standards are consistently followed

Sedgwick offers comprehensive claims services, aggressive cost control strategies, and benefit plan support for employers participating in the Texas non-subscriber program.
Understanding the unique challenges non-subscribers face

As a non-subscriber, an employer no longer falls under the protection of the exclusive remedy of workers’ compensation, which makes timely liability investigations essential. When an occupational injury or illness occurs, the employer cannot claim that it was caused by another employee, the employee assumed the risk knowingly, or contributed to the injury. The employee must show something the employer did, or did not do, that caused or contributed to the injury. A responsible non-subscriber program requires losses to be covered by insurance, a retention plan or self-insurance plan with excess coverage, or a pure self-insured or self-funded plan.

We conduct a full liability and benefit entitlement investigation upfront to be further prepared for the potential of future lawsuits, and to mitigate the actual or alleged damages. Sedgwick’s non-subscriber claims examiners will do a timely liability investigation to secure evidence and witnesses, and give an accurate review of the location’s potential exposure. This approach takes knowledgeable examiners with a history of successful claim outcomes – that is what you’ll consistently find at Sedgwick.

Benefit plan support

Many Texas employers that are non-subscribers have turned to Sedgwick to help support their benefit plan development efforts under the Employee Retirement Income Security Act of 1974 (ERISA), which includes minimum standards for most voluntarily established pension and health plans offered by private employers and protects employee rights. With a benefit plan in place, employers are able to direct and manage medical care for workplace injury claims.

Employers’ benefit plans must comply with ERISA laws, and federal reporting and disclosure standards outlined in programs such as Medicare, Medicaid, Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and Age Discrimination in Employment Act (ADEA).

Advantages for employers

An occupational injury benefit plan is a critical element that offers several advantages for employers, including:

- Well-defined cost control options through medical networks, providers, and managed care systems
- An official outline for conditions of coverage, claim procedures, wage replacement, reporting timelines/limit amounts, and return-to-work provisions
- Dispute resolution and settlement guidance, arbitration clauses, and optional subrogation instructions

Developing and supporting a comprehensive benefit plan requires a team of dedicated claims professionals who understand your business requirements. Sedgwick offers the insight needed to ensure all the necessary details are included and the plan is right for your business.

Non-subscription managed care services

In addition to expert claims administration, Sedgwick also provides managed care services including bill review, medical case management, and assistance with provider network development. Your benefit plan should clearly identify the managed care benefits, procedures for employees to follow, and the administration guidelines that will serve as a road map to wellness and return to work. With the help of a professional who specializes in non-subscriber benefit plans, you can design and implement a program that provides excellent occupational injury benefits, and access to provider networks that ensure timely and quality care and maximum savings.
Medical networks
Medical networks include pre-approved physicians, medical clinics, pharmacies, diagnostic testing centers, and physical therapy facilities. Networks can be self-created or developed by a vendor. Self-created networks can result in higher costs, but may offer more direct control of physicians and clinics you would like to use. Vendor developed networks usually result in lower costs, faster receipt of information, and it is easier to direct care. Vendors monitor provider practice patterns and adherence to client protocols by working closely with company representatives, claims examiners, and nurse case managers. Evidence-based medicine guidelines must also be followed and usage is monitored. Provider retention is based upon patient satisfaction, communication with clients, successful outcomes, and adherence to the occupational injury benefit plan.

Bill review services
Sedgwick’s internal medical bill review solution provides consistent, timely, and effective cost-containment for medical and pharmacy bills. We have a direct interface between bill review systems and JURIS®, our proprietary claims management system, to capture all medical bill data and drive process efficiency at the examiner desk level.

Medical case management
Our team of registered nurses provides medical case management, clinical intervention, and management services to help reduce healthcare costs and improve outcomes. By intervening at the moment an injury or illness occurs, they can determine the best course of action and ensure the injured worker is treated quickly, while avoiding unnecessary steps and added claim costs. Sedgwick also has a medical director on staff who will call clients to discuss treatment options as needed to ensure optimal outcomes.

Added savings through vendor partners
We maximize savings for clients through vendor partners for pharmacy and drug cards, diagnostic testing, durable medical equipment, and physical therapy. Medical advisors can also help control medical costs and may be used as needed. A medical advisor can assist with questionable or difficult cases in areas such as medical causation, benefit determination issues, referrals to other healthcare specialists, drug utilization, and complications related to pre-existing conditions.

Training and communication for a smooth transition
Before launching a new benefit plan, employers should provide and explain the following information for their employees and management staff:

- All employees must receive a written notice explaining that they no longer have Texas workers’ compensation coverage. They should also be given a copy of the occupational injury benefit plan with an acknowledgement form that will need to be signed and returned to human resources staff along with any other agreements.
- Employers must clearly display a workplace poster noting they are a non-subscriber.
- Human resources staff will need to understand plan rules, return-to-work guidelines, and modified duty provisions. They should have all forms and rules, and actively track employee acknowledgement forms and arbitration agreements.
- Supervisors should be trained on injury reporting and return-to-work procedures, and must know where to send employees for medical treatment.
Proven results
Sedgwick’s Texas non-subscriber staff serves clients in a variety of industries, including retail, auto parts, restaurant/hotel, shipping, healthcare, meat packing, banking, and office equipment. These types of businesses generally have high frequency / low severity claims. When employers opt out of the Texas workers’ compensation system and elect to participate in a non-subscriber program, they see an average savings of 20% to 80% based on the number of claims. Clients generally see the most savings in medical and indemnity claim costs.

The Sedgwick difference
Our team understands the unique elements of each client’s business, and the necessity for customization and flexibility. Sedgwick’s non-subscriber services offer several advantages for employers.

- Our claims examiners consistently assess liability exposure; they also provide full liability investigations on every case and maintain separate files for each claim exposure
- We take an active approach to litigation mitigation and management
- Our team offers ERISA expertise and can support your occupational injury benefit plan allowing for consistent claims handling that ensures compliance
- With our extensive array of integrated services, we can provide aggressive medical management, expert return-to-work and safety programs, and assistance with network development
- Our state-of-the-art information management system handles claim intake; and features customized dashboards, loss allocation and reporting capabilities, as well as streamlined data fields that make it easier to recognize loss trending and identify potential pre-loss safety concerns

Dedicated to helping our clients
Choosing to become a non-subscriber brings many benefits as well as an increased level of responsibility – for your employees and your company. The Sedgwick team is here to help you every step of the way.

For more than 40 years, Sedgwick has been delivering the solutions employers want and need through excellent customer service and innovation. The cornerstones of our business include personal relationships and an in-depth understanding of the dynamic challenges our clients face. We believe that individualized customer service is vital to our success.

Contact us today to learn more about how Sedgwick’s non-subscriber services can enhance your program and help you reduce claim costs.

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* latest data from TDI Research Group