Workers' Comp

The Compliance Corner: Opt-Out, an Alternative Workers' Compensation Model

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Opt-out in the workers' compensation world is 2016's buzzword for deregulation of payment for workers' compensation claims at the state level. Opt-out is an alternate compensation model for the injured worker whereby employers choose to opt-out of state regulated systems. It has been promoted in some states like Oklahoma and Texas. Although not a new concept, new interests among both advocates and non-supporters have been brought to the horizon, including different proposed models. Last May, the International Association of Industrial Accident Boards and Commissions (IAIABC) published an analysis of the treatment of occupational injuries and illnesses under state workers' compensation systems and Opt-out programs adopted in Oklahoma and proposed in South Carolina and Tennessee. The study sought to address key questions outlined below:

- What part of workers' compensation law is the employer renouncing by opting out?
- What are the conditions, or regulatory requirements, that the state places on opt-out employers?
- What regulatory monitoring and enforcement system should govern opt-out benefit plan compliance?

Click Here To View The Study The latter half of May was met with the U.S. Department of Labor investigating Opt-out programs due to the interest in the state of Washington. The main concern was the oversight component and whether the injured worker would be harmed. All in all, the consistency in application of plans has been one of the major findings in Oklahoma and whether or not employers will offer plans equal to or greater than what the employee had previously.

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