



**arawc**

Association for Responsible Alternatives to Workers' Compensation

# What Is The Option?

## The Option

The Option is an alternative to traditional workers' compensation that achieves better outcomes for injured workers and employers. The Option creates fewer benefit claims disputes, better medical outcomes, and higher employee satisfaction. The Option does not repeal or eliminate a state workers' compensation system. It is a voluntary alternative which maintains state and federal standards and oversight.

**To learn more about Options to Workers' Compensation** please contact:

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## Core Principles for an Option

**To achieve better outcomes for injured workers and employers, Option legislation must support:**

- **Better Communication.** Employees and employers freely communicating and engaging is a pre-requisite to employee accountability and appreciation, improved service, and fewer disputes.
- **Employee Advocacy.** A legal duty to focus the management of injury claims on the best interests of employees resulting in fewer disputes, less regulatory involvement, cost containment, more efficient court process, and lower taxpayer expense.
- **More Employer, Employee and Medical Provider Accountability.** Requirements for accident reporting and medical treatment can rely on widely-acknowledged best practices and medical evidence, rather than traditional system features that remove accountability, involve too many ancillary players, and fail to achieve the best medical outcomes. More accountability also supports improved injury benefits.
- **Free-Market Insurance Competition.** Insurance companies must be willing to offer any required Option program benefits and liability insurance coverage.

## Benefit to Employees:

- Management of injury claims focused on best interests of employees
- Access to more doctors; expedited medical care; better outcomes
- Higher percentage of wages replaced; fewer days without pay
- More communication and better understanding of benefits

## Benefit to Employers:

- Focused on what is best for employee, not on paperwork and litigation
- Fewer benefit claims disputes, better medical outcomes and higher worker satisfaction
- Greater cost savings and more plan flexibility

## Benefit to States:

- State legislature authorizes plan before, after or at same time as worker's comp reforms
- Competitive advantage over states without alternative
- Lowers government costs as claims move into competitive market environment
- Traditional plan and alternative are complementary with mutually reinforcing objectives
- States require formal employer qualification process for participation in option
- States build in proven claim and appeal process and fiduciary and enforcement rules