

EMPLOYMENT LAW SUMMARY

Arizona: Workers' Compensation - Employer Responsibilities



Because You're Different

Workers' compensation is a system of no-fault insurance that provides monetary and medical benefits to employees (or their survivors) for work-related injuries, diseases or deaths. Workers' compensation is governed by state law.

The Arizona Workers' Compensation Act (WCA) establishes employer responsibilities relating to workers' compensation in the state. The [Industrial Commission of Arizona](#) (Commission) investigates and enforces employer responsibilities under the WCA.

COVERAGE REQUIREMENTS

The WCA requires employers to maintain adequate workers' compensation insurance coverage for their employees. The WCA defines "employer" as any person or organization that regularly employs **at least one worker** in the same business or establishment under a contract of hire.

Employers may purchase coverage from an insurance carrier or become self-insured. The WCA also allows certain groups of employers to pool their resources and organize as a self-insured group.

If an employer secures coverage through an insurance company, it is the insurer's responsibility to notify the Commission of the coverage promptly after the policy is executed.

SELF-INSURANCE

A self-insured employer uses its own assets, rather than an insurance policy, to insure against its obligations under the WCA. Employers must obtain authorization to self-insure by submitting an [application](#) to the Commission. To qualify for self-insurance in Arizona, an employer must have:

- An annual payroll of **at least \$2 million**;
- Total assets of **\$50 million** or a cash flow ratio of at least **0.25**; and
- Conducted business in Arizona for **at least five years**.

The Commission may require a self-insured employer to submit a deposit of at least \$100,000 as security to cover any workers' compensation claims.

In addition, self-insured employers must pay annual taxes on the amount of the premiums that they would have paid if they had been insured with a carrier during the previous year.

EMPLOYEES' RIGHT TO REJECT COVERAGE

While it is mandatory for all employers to provide workers' compensation coverage, the WCA allows employees to reject the coverage and retain the right to sue an employer for other remedies. To do so, an employee must provide a written, signed notice of his or her rejection to the employer prior to sustaining any injuries. Employers must keep blank forms available for employees to fill out and sign in case they choose to reject WCA coverage.

Once an employee provides the written notice of coverage rejection, the employer must file it with its insurance carrier and the Commission within **five days**. The employer must also keep a copy of the rejection in its business records.

POSTING REQUIREMENTS

The WCA requires employers to post and maintain the following three notices. The notices must be displayed where employees can see them.

- [“Notice to Employees”](#): This informs employees that their employer is in compliance with the WCA coverage requirements and that employees have the right to reject coverage;
- [“Work Exposure to Bodily Fluids”](#): This notifies employees that they can file a claim for a condition involving or related to the human immunodeficiency virus (HIV), acquired immunodeficiency syndrome (AIDS) or hepatitis C; and
- [“Work Exposure to Methicillin-resistance Staphylococcus Aureus \(MRSA\), Spinal Meningitis or Tuberculosis”](#): This informs employees that they can file a claim for a condition involving or related to MRSA, spinal meningitis or tuberculosis (TB).

RECORDKEEPING REQUIREMENTS

To ensure compliance with the WCA, employers must allow the Commission to inspect their payroll records and any other materials at any time. Employers or their insurance carriers must also maintain records of all injuries and claims. The Commission may enter any place of employment to collect this information, and employers may not refuse their admission.

INJURY REPORTING REQUIREMENTS

When an employee reports a work-related injury, the employer must report it to its insurance carrier (if applicable) and to the Commission within **10 days**, using the [Employers Report of Injury](#) form. If applicable, the employer must also immediately provide the injured employee with the name and address of its insurance carrier and the employer’s policy number and expiration date.

As of **Sept. 24, 2022**, an [amendment](#) to the WCA clarifies that an injury report is not required if an injury does not require medical treatment. For this purpose, the definition of medical treatment excludes one-time, short-term treatment by nonmedical staff that requires little technology or training to administer.

However, employers must report any fatalities to the Commission **no later than the next business day**. Fatalities must be reported by telephone, telegram or electronic filing.

MEDICAL CARE AFTER INJURY

Employers that maintain coverage through an insurance carrier or that self-insure as part of a group are prohibited from directing or otherwise interfering with an injured employee’s medical care. However, these employers may choose a physician for an initial, one-time medical examination to determine the character and extent of an accidental injury.

Individual self-insured employers may choose an injured employee’s treating physician and direct the ongoing care.

INITIAL COMPENSIBILITY DECISION

When the Commission notifies an employer that an employee has filed a claim for benefits, the employer (or insurance carrier, if applicable) must either begin paying benefits or deny the claim **within 21 days**. The employer must also notify the Commission of the initial payment or denial by filing a Notice of Claim Status form (available from the Commission).

ACCEPTED CLAIMS

If an employer accepts a claim, it must begin providing monetary benefits to the injured employee. Monetary benefits must be paid at least **every two weeks** during periods of temporary disability and at least **monthly** during periods of permanent disability.

Within **30 days** of the initial monetary benefit payment, the employer must determine the injured employee’s average monthly wage (AMW) and provide a notice of the AMW to both the Commission and the employee. This notice must include the basis for the determination.

Employers are also responsible for paying an employee’s medical bills that result from a compensable injury. An employer must decide whether to pay or deny any existing medical bills within 30 days after reporting its initial payment of benefits. Medical bills received after the employer’s claim acceptance date must be paid or denied within **30 days**.

If an employer decides to pay a medical bill, it must do so within **30 days** of its decision; otherwise, interest begins to accrue on the billed amount as of the initial billing date.

DENYING A CLAIM OR CHANGING BENEFIT PAYMENTS

The WCA requires employers to issue a denial within **21 days** after the Commission provides notice of a claim. If an employer fails to provide a written denial within 21 days, the employer must immediately begin paying benefits instead.

An employer that wishes to deny a claim after the 21-day period expires must continue making payments on the claim until it provides a denial notice.

Employers that pay benefits and later change or terminate the payments must also use the Notice of Claim Status form to **promptly** notify the employee and the Commission of the change.

MORE INFORMATION

Contact Heffernan Insurance Brokers or visit the Commission [website](#) for more information on workers' compensation laws in Arizona.

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