

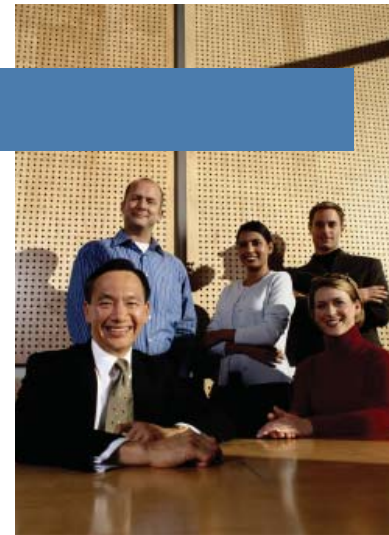
ccmsi matters

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CCMSI Receives "EXEMPLARY" Award from AWCC

At CCMSI we are always striving to be the best. Both as individuals and as a company. The Executive Committee would like to recognize CCMSI's Arkansas office for their recent accomplishment in receiving the "Exemplary" award on behalf of Cypress Insurance Company, through the Arkansas Workers' Compensation Commission (AWCC). The award represents excellent claims handling by an insurance company of its workers' compensation claims. Doug King, Claims Supervisor, represented CCMSI's Arkansas office and accepted the award at the Educational Conference in Hot Springs, Arkansas.

The letter from the Arkansas Workers' Compensation Commission is available for viewing on our website at the following link: <http://www.ccmsi.com/about/news/>



Mark Your Calendar!



2006 Convention List
Through December

- *Township Highway Commissioners of IL Summer Seminar*
August 6-8
- *Parish Administrators Convention*
August 23-25
- *Colorado PRIMA*
August 27-29
- *Comp Summit 2006*
September 17-19
- *Missouri Self-Insurers Association*
September 18-20
- *CAJPA/AGRIP 2006 Conference*
September 20-22
- *New York State Association of Self-Insured Counties*
September 27-29
- *Colorado RIMS*
September 28
- *Professional Independent Insurance Agents of Illinois (PIIAI)*
October 4-6
- *"Big I" Insurers of Tennessee*
October 8-10
- *Safety Council of the Ozarks*
October 9-13
- *New Jersey School Board Association*
October 25-27
- *Mississippi Manufacturers' Association Convention*
October 25-28
- *Michigan Self Insurers' Association*
October 26
- *Michigan PRIMA*
November 2
- *Township Officials of Illinois 99th Annual Educational Conference*
November 12-15
- *Missouri McDonalds Operators ROA Conference*
November 14-15
- *National Workers' Compensation and Disability Conference & Expo*
November 14-16
- *New Jersey State League of Municipalities*
November 14-17



CLAIMS AUDITS - A VALUABLE CLAIMS MANAGEMENT TOOL

EACH YEAR AS COMMERCIAL POLICY RENEWALS ARE ISSUED, MANY ORGANIZATIONS UNDERGO PREMIUM/PAYROLL AUDITS. THESE AUDITS HAVE BECOME FAIRLY ROUTINE FOR COMMERCIAL POLICYHOLDERS AND THEIR AGENTS AND BROKERS. IN OUR CHANGING MARKETS, WE SHOULD ALSO BE THINKING ABOUT ANOTHER TYPE OF AUDIT, A CLAIMS AUDIT. THESE AUDITS ARE AN OFTEN-MISSED AREA OF OPPORTUNITY. WHETHER A FULLY INSURED, DEDUCTIBLE, OR UNBUNDLED PROGRAM, THE QUALITY OF CLAIMS SERVICES PROVIDED, AND THE COST EFFECTIVENESS OF SECOND AND THIRD PARTY SETTLEMENTS DIRECTLY IMPACT THE INSURED'S BOTTOM LINE.

SETTING THE STAGE

The time to establish expectations that claims audits will be done is during the quotation process, or at the very latest at the time of sale. Granted, this is easier to do with high premium or large deductible and unbundled programs. However, the question of claims audits should be raised. The idea is to be able to sit down with the claim handler, review the files, and come away with a shared goal and objective for the management and resolution of losses.

Conduct the audit on site at the claims service provider's location. This creates less interruption of operations, and allows specific questions to be asked of the individual adjuster or supervisor. To the extent possible, identify in advance the files for review. The goal is to select closed as well as open claims, and new claims as well as older developed claims. Try to view a fair or representative sampling of each, thus obtaining insight into the skill levels, abilities and

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CLAIMS AUDITS

(continued from cover)

work habits of the individual claims representatives, as well as the claims management philosophy of the claims service provider.

If you are unable to hire an independent auditor or are uncomfortable with a formal audit process, consider conducting a file review. This is a verbal, round table process where file documentation is reviewed and the adjuster explains the file activity and current status to you. Phrase your questions to the adjuster to elicit information on standards of performance and Best Practices areas. Ask to review the claims with the supervisor if you are uncertain about, or uncomfortable with the responses.

CRITERIA - WHICH FILES SHOULD BE AUDITED?

Depending on the account, the service provider, and your access to information, you can develop several criteria for selecting individual files for review. Some examples are: claims in litigation, claims involving extraordinary injuries or damages, minor property damage claims open longer than 120 days, claims with high reserves or high reserve changes, claims that are reportable to the excess

carrier, and claims associated with a particular product or job site.

STANDARDS OF PERFORMANCE - WHAT ARE WE LOOKING FOR?

If the Third-Party Administrator or Carrier has provided their claims handling guidelines or Best Practices, use those to develop your audit worksheet. If you are lucky enough to have negotiated client specific handling instructions, use them. In the absence of either of those, industry standard and Best Practices are the rule. Most auditors are looking for the following competencies: employee compliance with internal processes and service standards, quality of the claims technical work product, reserving practices, employee compliance with client specific service standards, statutory compliance, financial integrity, vendor management and cost control, and carrier reporting requirements.

CONCLUDING AND SUMMARIZING THE PROCESS

Once the audit is completed, whether a formal or informal process, it may take some time to analyze and synthesize the information obtained. If you conducted a file review, you don't need to be a

statistician, or to assign point values to each competency. If your audit has revealed that all (or almost all) is as it should be, then write a letter to that affect, thanking the claims service provider and complimenting the technical staff. If your audit has identified areas of opportunity for improvement, schedule a meeting with the service provider to review them.

Remember our goal, to identify trends and to ensure cost effective claims management. You want to feel comfortable with your claims service provider and confident that claims are resolved appropriately. Your service provider will know that they are being evaluated and measured. It's a healthy relationship. ■



Sarah Warhaftig
VP/Louisiana State Director

"CCMSI Benefits Enters Joint Venture with Midland Management Company of Illinois"

MARCH 1, 2006 - DANVILLE, IL - CCMSI Benefits entered into a joint venture with Midland Management Company of Illinois on February 28, 2006. The joint venture will be known as CCMSI Midland, LLC. CCMSI Midland, LLC will combine CCMSI's 20 plus years of experience with self-funded employee benefit plans with Midland's managed care services and state-of-the-art health data analysis.

Sharon Elliott, Vice President of CCMSI Midland, LLC, states, "The joint venture will provide clients with an even stronger service team, enhanced data analysis and additional product offerings."

Midland is a privately held company with corporate offices in Rockford, Illinois and Hartland, Wisconsin. Midland's experience spans in excess of three decades in managing health care delivery networks, health benefit claims processing, utilization management, and health data analysis. ■

"Tina's Law" Makes A Huge Impact



Last summer in Gardiner, Maine a truck driver ran into and over a woman in her car, who had stopped on the highway in a traffic backup.

Tina Turcotte was killed on impact. There was a lot of publicity about the incident, especially as there were no skid marks, and drug paraphernalia was found in the driver's cab, although he was not found to be under the influence. One of his prior convictions, however, was for drug possession.

It turned out that the driver, Scott Hewitt from Presque Isle, had 64 driving convictions and 22 license suspensions, and was operating after suspension when the collision occurred.

NY State Police had stopped Hewitt earlier in the day. His vehicle was placed out-of-service due to a mechanical defect. After the police were gone, he tore off the out-of-service placard from his windshield, in itself a violation, and continued to drive. The NY State Police did not arrest him when they did a license check; they missed the fact that it was suspended.

He was arraigned, but not for manslaughter, and is facing multiple charges. He is pleading "not guilty". During his arrest Hewitt claimed he did not know that his license was

suspended. Charges against Hewitt included: driving after suspension, discovery of drug paraphernalia in his cab, logbook violations, and other minor offenses. The district attorney stated that there wasn't enough evidence to support a manslaughter charge.

Two days after being released from jail, he was stopped in Caribou, Maine while driving to his lawyer's office! He claimed the police were picking on him. Apparently, he missed the lesson about driving with a suspended license.

Geoffrey Doughty, CCMSI Loss Control Consultant/Field Supervisor, wrote Senator Bill Diamond when he learned that the Senator was sponsoring a bill to lengthen the periods of suspensions for those who operate after suspension. "It seemed so silly. The central point is NOT driving after suspension. These folks are *already* driving after suspension; what good will it do to lengthen the period of suspension?" states Doughty. In response to his letter, Senator Diamond asked Geoff to offer testimony for the Joint House/Senate Committee on Public Safety. The law being proposed is called "Tina's Law".

Geoff gave testimony at the hearing, along with Tina's mother, two other state representatives (sponsors of the legislative bill), head of

the Maine State Police, the Sheriff of Cumberland County, among several others. The bill passed and will take effect in the next few weeks. Geoff has tailored his defensive driving classes to focus on driver responsibility, behavior, driver attitudes, education, training and voluntary compliance with traffic laws. Driver suspension is just one of the many topics covered within these subjects.

For more information regarding Defensive Driving Programs, please contact Geoff Doughty, CCMSI Loss Control Consultant/Field Supervisor at 207.347.7050 or email gdoughty@ccmsi.com. ■

"THE LAWS & PENALTIES MUST CHANGE WITH THE TIMES. If we as a community fail to impose effective penalties and fail to effectively enforce those that now exist, we will continue to experience tragedies like that which have needlessly killed our family, friends and neighbors."

- Geoff Doughty, LC Consultant

