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# ccmsi matters

VOLUME FOUR ■ ISSUE FOUR ■ FALL 2008

## Missouri Hospitals Buckle Down

### *Enhanced Loss Control and Claims Management Reap Big Benefits*



**DAVID WAUGH**

*Executive Director of Hospital Association Team (HAT)*

HAT formed as a self-insured group in 2003, after four years of traditional insurance under a different name, according to David Waugh, HAT executive director. “HAT formed after its traditional insurance carrier went belly-up,” says Waugh. “So we had prior claims we had no control over.” Those outstanding claims funneled down to impact premiums for the new group. Initially, this forced higher premiums onto HAT members, but most remained loyal because of the group’s potential long-term benefits.



**A** double dose of rigorous claims management and aggressive loss control resulted in a \$300,000 dividend for members of the Hospital Association Team (HAT), a self-insured group of mid-sized regional hospitals in Missouri. Distributed among HAT’s 14 members, the dividend comes after six years of focused effort to lower claims and claim costs.

“HAT offers a performance-based structure where members benefit from improved performance, individually and collectively.”

*Dan Eversole, Account Manager*

“Within the new group, each member had an ownership stake in the Trust,” adds CCMSI Account Manager Dan Eversole. CCMSI handles claims management, loss control and safety, accounting and underwriting for HAT. All members pool their premiums to pay the losses of members arising from workplace injuries. In years where premiums exceed losses, members receive dividends.

*Continued on page 2*

*what's inside?*

- Tightening Lockout/Tagout: Key Points
- Strengthening Forklift Safety
- Work Comp Reporting & OSHA
- CCMSI News



“HAT offers a performance-based structure where members benefit from improved performance individually and collectively,” says Eversole. This year, the self-insured group realized its first dividend – the result of strident efforts to drive down claim costs and exposures through targeted claims management and loss control.

### WORKING WITH THE STATE & MEDICAL COST SAVINGS

Immediately after HAT formed, an aggressive medical cost savings initiative was implemented, saving the group more than \$913,000 since 2003. “One of the first things we did was address medical cost savings,” says Eversole. “Missouri ultimately allowed HAT a 50 percent reduction for workers’ compensation medical bills as long as the healthcare was provided at member HAT hospitals and clinics,” he says. In cases where people receive care outside the member network, bills are reviewed through CCMSI’s **comp mc** medical bill review program. In total, the program has saved HAT more than \$2.4 million in 4.5 years.

### CLAIM REPORTING AND CLOSURE RATES

Simultaneous to medical cost savings implementation came methods and training to support faster claims reporting and closure rates. “This group averaged 30 days to report a claim,” says Eversole. “That’s why we’ve worked really hard to train and educate the members to use CCMSI’s online claims reporting system, iCE.”

The results are encouraging. In 2007, the average lag time for claim reporting was just over six days, with all members using iCE for online reporting. “Now, claims are reported three weeks earlier than they used to be, which contributes to lower claim costs,” states Eversole, adding that the more quickly claims are reported, the more quickly they can be closed. And closing claims is critical to controlling costs. “We have two of the most experienced claims representatives working on the HAT program,” says Eversole, “and 85 percent of HAT’s claims are resolved within one year; 45 percent are resolved in two months. That’s pretty good.”

Lingering claims are reviewed by CCMSI monthly and strategies are introduced to get them resolved. Only six percent of HAT’s claims remain open after two years – a significant contributor to lower claim costs.

“Lingering claims are reviewed by CCMSI monthly and strategies are introduced to get them resolved.”

### TARGETED SAFETY & LOSS CONTROL

And while more timely claims reporting and resolution contribute greatly to lowering insurance premiums, so do HAT’s safety and loss control policies. In 2003, HAT incurred 1,000 claims compared with just 350 in 2007. Moreover, total incurred costs were \$12,084 in 2007, compared with the industry benchmark for self-insured groups of \$21,916.

This data indicates loss control and safety practices are working, according to Ken Pardeck, CCMSI loss control consultant. Some or all HAT members have instituted the following for real results:

- Written safety policy
- Prompt and stringent guidelines for reporting accidents/injuries
- Progressive disciplinary action policy for employees who fail to follow hospital safety policy
- Limited-lift policy and the use of new lifting/transfer equipment
- Post-offer functional employment testing
- Post-accident drug and alcohol testing
- Needle and lifting safety training

By developing clearly defined, written safety policies, HAT members outlined expectations, procedures and consequences critical to loss control. Every member mandates progressive disciplinary action for any employee who does not follow hospital safety policy. “If a nurse decides not to use the devices available, and transfers or lifts a patient manually, that nurse will be subject to disciplinary action,” says Pardeck, as an example. The first offense might be a verbal discussion, which could be progressively followed by a written warning, time away from work, and finally, dismissal.

Other key loss-control strategies include post-accident drug testing and post-offer functional employment testing. The test provides a baseline for an employee's health at the time of employment. "It ensures the person can endure the physical demands of the job and provides documentation of any pre-existing health issues," says Pardeck. "The post-accident drug and alcohol testing is another important policy implemented by most HAT members. If an employee tests positive, workers' compensation benefits can be reduced."

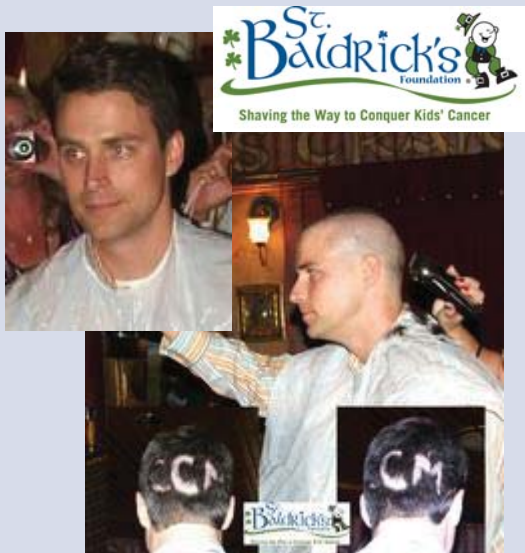
Finally, ongoing safety training contributes to fewer accidents and injuries, according to Pardeck. Thanks to new lifting equipment and the limited-lift policies, injuries from transferring patients decreased by 16 percent from 2003 to 2004.

From 2005 to 2007, all members combined have experienced a 23 percent reduction in total incurred cost. "The members that have all of the loss control emphasis programs in place have enjoyed a 74 percent reduction in total incurred cost," says Pardeck.



That's significant, agrees Waugh. "Being a self-insured group keeps the members proactive in what they can do to ensure safety," he says. "They benefit because they can input claims quickly and see those claims online using iCE. There's a great exchange of information between the members, adjusters and CCMSI, and new safety training and aids have reduced accidents and injuries." Collectively members enjoy lower loss ratios and premiums, which in 2009 will result in HAT's first dividend. According to Waugh, Pardeck and Eversole, that is an effort worth repeating. ■

## SHAVING THE WAY!



On September 18th at CCMSI's Manager Meeting, Paul Ross, regional vice president of sales, shaved his head to support childhood cancer research as part of the St. Baldrick's Day celebration, held at Fado Irish Pub in Chicago.

St. Baldrick's is the world's largest volunteer-driven fundraising event for childhood cancer research. Thousands of volunteers shave their heads in support of children with cancer, while requesting donations from friends and family. The mission of the St. Baldrick's Foundation is to raise awareness and funds to cure children's cancer by supporting cancer research and fellowships.

Worldwide, 160,000 children are diagnosed with cancer each year. Childhood cancer kills more U.S. children than any other disease – more than AIDS, asthma, diabetes, cystic fibrosis and congenital anomalies combined.

"Although I have already shaved, it is not too late to donate," says Ross. "Please make a donation on my behalf to support childhood cancer research so that all children diagnosed with cancer will have a better chance for a cure."

Simply go to [www.stbaldricks.org](http://www.stbaldricks.org), click on "Find a Participant," enter Paul Ross, and locate "Donate Online" or "Donate by Mail or Phone." ■

# TIGHTENING LOCK

## Key Points to Beef Up

“I can think of two significant injuries that occurred recently because live energy sources on machinery weren’t properly isolated during maintenance applications,” says loss control manager, George Peterson. “The machinery became unexpectedly operational. When that happens, injuries are typically very severe, unfortunately, there are very few near misses.”



**GEORGE PETERSON**  
CCMSI Loss Control Manager

That’s why OSHA requires employers to develop and utilize procedures for lockout/tagout, the proper isolation of machine energy sources – live, potential or stored – during installation, machinery repairs or maintenance. At CCMSI, loss control specialists work closely with clients in an array of industries to help them develop and improve lockout/tagout procedures – all in an effort to prevent injuries and keep workers safe.

In this article, Peterson shares his insights from more than 14 years in the field, on how to strengthen lockout/tagout programs. The key, he maintains, is a commitment to education, continual testing, revision and improvement.

### DEVELOP WRITTEN ENERGY-ISOLATION PROCEDURES

Written procedures are needed as they communicate to employees what energy source(s) is present for a given piece of equipment and highlights the hazards of the energy source as to whether it is active, potential or stored. Within the procedures there must be specific steps in place that the employee(s) can follow to properly isolate the energy source, as well as know the steps that can be followed to determine whether or not the energy source has been isolated. Energy verification is very relevant; the written procedures should outline specific steps that can be taken that will verify isolation and ensure the equipment is at a zero mechanical state.

The written procedures must **identify energy isolating devices**

**and where the isolation devices are located** for a piece of machinery. In addition, the procedures should identify the specific types of lockout devices that are needed; Peterson maintains that isolation devices must be positioned so that they are somewhat convenient for employees to access. Be sure, he says, that isolation devices are convenient for the employee. “Employers need to be sure employees don’t have to get a ladder or walk too far away from the machinery to locate an isolating device,” warns Peterson. “If it’s difficult to get to the employee might not go out of their way to isolate the energy, as they might have a comfort level established in which they fail to recognize the potential hazards.”

As part of procedure development, employers need to confirm that **employees understand how to properly isolate the energy**. The procedures must be written so employees can clearly understand how to isolate the energy, and at the same time, comprehend the dangers of bodily injury that can result if lockout/tagout isn’t done correctly.

Employers also need to consider how best their employees learn and assist them with signage, specific written instructions and pictures that **clearly communicate the isolation procedures**.

Finally, the **procedures must continually improve**, says Peterson. Procedures should be updated annually, or with additions or changes in equipment. Conditions can change, according to Peterson. Be sure procedures change with them.

### EMPLOYER TRAINING MUST COVER THE CRITERIA OF THE OSHA LOCKOUT/TAGOUT

While written procedures play a significant role in employee safety, equally as critical is employee training, according to Peterson. Any authorized employee who performs repair or maintenance on equipment must undergo training and demonstrate comprehension of the employer’s program.

“The employee needs to be able to comprehend the information and demonstrate lockout/tagout using the

# LOCKOUT/TAGOUT

## Your Program



CCMSI  
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written procedures through a hands on demonstration,” says Peterson. Training should be done on a regular basis and cover the employer’s exposures they will encounter.

In particular a few additional components that the training should include are: Group LOTO exposures, shift changes and the employer’s lock removal program. Training must **communicate when group lockout/tagout is applicable and ensure trainees demonstrate their understanding of the procedures.** Group lockout/tagout is necessary when multiple people work on a piece of equipment, and in doing so, each applies a lock to isolate the energy source. If one worker leaves and removes their lock, the other lock(s) remains in place to ensure the machine does not become inadvertently activated. A goal of

group LOTO is that the machine’s energy source remains isolated until the work is complete, thus minimizing the chance of injury. With this said, shift changes also need to be covered within training; how will the energy remain isolated, so that the machine can’t be inadvertently activated? Employers can deal with shift changes in a variety of ways but it is relevant to discuss during training, as no one should remove someone else’s lock.

**The only person who should remove their lock is the person who applies it. But what happens if an employee working on a piece of equipment leaves without removing his lock that isolates power?** This question must also be addressed in training. “If the person was called away for a time and is coming back to work on the equipment, he may return thinking his lock is still on,” says Peterson. “But what if someone removed it?”

During training, lock removal procedures must be well documented and communicated.

### CONDUCT PERIODIC AUDITS ON LOCKOUT/TAGOUT PROGRAM

Finally, organizations need to test their system with periodic lockout/tagout audits. “It’s a checks and balances system,” says Peterson. By conducting an audit and interviewing authorized employees, employers discover:

1. Are the written procedures accurate and communicating the information well, or is there a need for change?
2. Are trainees successfully demonstrating their comprehension of the procedures, or is there a need for change?

Any deficiencies in the program must be immediately communicated to authorized personnel and changes to lockout/tagout policies must be made promptly – helping to prevent any future injuries and accidents. ■

# STRENGTHENING *Forklift Safety*

**F**orklifts are vital to shipping and receiving departments worldwide. Nonetheless, forklifts are potentially dangerous to people and property if not safely operated. Organizations interested in decreasing accidents due to forklift incidents might consider more frequent refresher training for operators, improving pre-shift forklift inspections and conducting prompt accident investigations.

All forklift operators must complete classroom and hands-on training, which culminates in certification. But when and how does a company determine if refresher training is needed? “There’s a general understanding that it should be provided every three years,” says George Peterson, CCMSI loss control manager. “But based on the number of accidents, equipment and property damage, that may be too long.”

That’s why Peterson urges employers to consider the following triggers for initiating refresher training:

- Reckless or unsafe driving habits: If an employee speeds or drives recklessly
- Variations from procedures: If an employee doesn’t follow designated travel routes or varies from any forklift safety procedures
- Near-miss accidents: If a forklift operator nearly hits someone or something
- Property damage: In the event that the employer notices lots of nicks, dings and gouges in forklifts, doors and walls

According to Peterson, employers should develop a guideline for prompting refresher training, and within that written guideline, outline the organization’s policy regarding unsafe driving observations. Parameters need to be in place to minimize reckless operation before a serious incident occurs.

Pre-shift inspections can also prevent injuries and property damage, but there must be written procedures to ensure the inspections are completed correctly. When problems are found, those issues must be communicated, documented and remedied. “What are the procedures for the employee who finds a problem with a forklift?” asks Peterson. “How is the information communicated and to whom?” The written procedures should state which unsafe conditions warrant that a forklift be placed out of service until repairs are made. Once issues are identified, a follow-up process should be in place to ensure maintenance or repair will be made.

For assistance with any safety or loss control issue, please contact CCMSI at 1-800-252-5059. ■



# Workers' Compensation Claim Reporting & OSHA

## Easy with iCE

CCMSI's Internet Claims Edge (iCE) is a Web-based claims reporting database offering instantaneous access to electronic claims submission, detailed claims information and a variety of claims reports and summaries. Designed to save users time, iCE features a unique OSHA reporting feature that eliminates double claim entry.

"OSHA requirements are integrated into the iCE claims system so data that is entered automatically populates the fields required by OSHA," says Kristi Weaver, CCMSI account manager.

Using most other claim reporting systems, there are two separate reports that must be completed by the employer/adjuster – one for CCMSI and one for OSHA. Using iCE, employers input claim information online – just once – saving them considerable time. Claims data that was entered into the initial report is automatically compiled for the OSHA 301, 300 Log or 300 A summaries. No duplicate data entry process is required and logs may be printed at any time for any location.

"When you report a claim online using iCE, OSHA reports are stored or can be printed off at anytime," adds Weaver. "That way clients can retrieve whenever they wish."

"I love iCE," says Kristin Speckman, work comp specialist at Riverside Health Care in Kankakee, Ill. "It's eliminated duplicate entry for me and saved a lot of time. With our old system I had to print the OSHA form and submit it to CCMSI in the mail. Now with iCE, as soon as the information is entered online, it goes directly to CCMSI." As a result, claim reporting is virtually immediate, which contributes to closing claims sooner.

But there are other benefits to using iCE, including improved reporting and claim communication. Speckman can view individual claims to see if bills are paid, just by going online. "It's very convenient to go online and view the status of a claim, see communications with attorneys, adjusters and doctors, and view related claim documents. I can also attach documents as part of a claim and send them electronically," she said.

iCE's Web-based system walks users through the entire claims process including claims submission and tracking, data graphing and reports generation. Reports and summaries– including total incurred, closed claim, and open claim – are a snap to generate. Reports and information can also be emailed to others, or edited to include additional embedded text. ■

The screenshot displays the iCE web application interface. On the left is the 'ICE Menu Bar' with options like Home, Claims, OSHA, Loss Control, Loss Program Codes, Change Client, ICE User Limitations, Claims#, OSHA Module Options, User Name, ICE Administration, and ICE Help. The main content area shows the 'OSHA Screen' with the Occupational Safety & Health Administration logo and instructions for generating OSHA 300 logs and 300A summaries. Below this are 'Additional CCMSI Resources' and 'Additional External Resources' including links to the U.S. Dept of Labor OSHA Web Site, OSHA Forms Instructions, My OSHA at the U.S. Department of Labor site, and OSHA central telephone number: 1-800-321-6742. On the right, a search interface is shown with 'Incident Dates' filters, 'Recordable' and 'Reportable' checkboxes, and a 'Find' button. Below the search interface is a table of results with columns for Name, Date of Incident, Policy Holder, Location, and Recordable. A callout box with numbered steps (1-4) points to the search criteria, 'Find' button, and 'Export' button. A quote box at the bottom right contains the text: "It's eliminated duplicate entry for me and saved a lot of time." attributed to Kristin Speckman, work comp specialist at Riverside Health Care.



# news.

## CCMSI RECOGNIZED BY PERI

CCMSI was recently recognized as a PERI-qualified third-party administrator for the company's willingness and ability to submit data to the PERI Data Exchange. PERI is a nonprofit research institute that develops risk management education and training resources for local governments, school districts, small businesses, non-profits and others. PERI has developed an extensive resource library with publications, tools, and resources on a wide range of risk management and emergency management topics. By contributing to the workers' compensation Data Exchange, CCMSI helps PERI develop data that helps with identifying industry benchmarks, exposures, losses and trends. Discover more at [www.riskinstitute.org](http://www.riskinstitute.org).



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