

ccmsi matters

VOLUME FIVE ■ ISSUE TWO ■ SPRING 2009

The Value of a Face-to-Face Meeting *Great Communication Helps Lower Xcel Energy's Experience Mod Year after Year*



Xcel Energy and its more than 10,000 employees provide power to 3.3 million electric customers and 1.8

million natural gas customers within an eight-state service area. With 82,000 miles of electrical transmission lines, nearly 200,000 miles of distribution lines and a broad variety of power generating facilities – nuclear, coal, natural gas, water, oil, refuse, wind and sun – Xcel Energy isn't a typical company with typical risk exposures. That's why its claims and risk management programs are built from a foundational structure marked by regular face-to-face meetings – meetings that contribute significantly to declining claim frequency and costs.

In 2002, in order to ensure great communication among safety, claims, disability management, litigation management and others, Xcel Energy initiated monthly and quarterly risk and claims management meetings, according to

Mike McCallum, workers' compensation program manager. "It's been an evolving process, but we saw a big difference in claim costs once the regular meetings began," he says. "Our total claim costs from 2003 – the year after regular meetings began – were \$18.5 million. We've reduced those costs every year since. In 2008, claim costs came down to \$11.8 million – a dramatic savings."

The structured face-to-face meetings serve as a forum for ensuring that all of Xcel Energy's workers' compensation, claims management staff and third-party administrators (TPAs) share the same goals and are accountable for results; communicate critical information involving open claims, claims under litigation, risk exposures, goals, costs and forecasting; and that they problem solve tough issues together – sharing knowledge and expertise for the best possible solution and outcome.

Needless to say, Xcel Energy operates a policy that values communication to reduce risk exposure, claim frequency and claim severity. Data gathered through the years supports Xcel Energy's position that face-to-face meetings make a big difference to the company's bottom line.

Xcel Energy operates a captive insurance company, which insures losses for workers' compensation, auto liability and general liability up to \$2 million. ACE provides the workers' compensation insurance over \$2 million and CCMSI handles claims management for both workers' compensation and auto liability. Thanks to the captive, Xcel Energy pays lower insurance premiums by taking a higher deductible. If premiums paid to the captive are greater than the actual losses sustained, Xcel Energy can reduce future premiums, increase future coverage terms, or return funds to its bottom line.

THE VALUE OF THE MEETING

An atypical company with atypical risk exposure – Xcel Energy effectively manages risk via great communication

“Xcel Energy operates a policy that values communication to reduce risk exposure, claim frequency and claim severity.”

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- Proper Training Reduces Injuries in New Mexico Schools
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among all involved parties. “Xcel Energy deals with unique things. For example, we own and operate two nuclear power plants,” says McCallum. “There aren’t a whole lot of companies that do that. There are obviously serious potential hazards we are dealing with that exceed the common risks of lifting and falling.”

The success of Xcel Energy’s risk management program is dependent upon the flexibility and team approach of its third-party partners and staff in order to keep on track, resolve issues, meet goals and deal with unexpected circumstances around the globe, including potentially harmful weather, financial or terrorist events.

QUARTERLY – BIG PICTURE RISK MANAGEMENT GATHERINGS

Quarterly meetings include Xcel Energy’s broker, Hayes; third-party claims administrator, CCMSI; insurer, ACE; and Xcel Energy. “We discuss how business is going and our loss situation,” says McCallum. “We also look at how we want to finance risk and changes in risk itself. While we are always cognizant of maintaining the best business partners for Xcel Energy, we are also interested in stable and consistent relationships with our vendors; we want to have a familiarity with them and we don’t want surprises that could have an adverse effect on our business relationship. The best way to do that is to have regular discussions with everyone.”

EVERY TWO MONTHS – INTENSIVE CLAIMS MEETINGS

In addition to big-picture meetings, McCallum meets with Xcel Energy’s disability management team and CCMSI adjusters every two months. These regular meetings are held for each of CCMSI’s office locations handling Xcel Energy’s workers’ compensation claims – Denver, CO, Albuquerque, NM,

Minnetonka, MN, and Dallas, TX. Many of these gatherings take place via conference call. “We discuss active claims and work to share information that can bring a speedy closure to claims,” says McCallum. “I pass on company information and policies about return to work and coordination of benefits to CCMSI claims people.” In turn, CCMSI shares details of particular claims and information on ever-changing state laws and regulations with McCallum.



PHIL RODGERS
CCMSI

Xcel Energy case managers share their insights on injured workers, doctors, injuries, treatments and restrictions, as well. “We talk a lot about benefit coordination and returning injured employees to work,” adds Phil Rodgers, CCMSI account manager. The discussions help to close open claims sooner, according to McCallum, which saves Xcel Energy money.

“This communication is key,” says Rodgers. “During the meetings, Mike shares Xcel Energy financial information, case managers share their opinions on problem claims and we work together to find solutions to lower claim costs. We also communicate with Xcel Energy’s payroll department – letting them know exactly which claims are being paid and how they are to be paid.”

LEGAL REVIEWS – EVERY FIVE MONTHS

Finally, Xcel Energy holds legal review meetings every five

“Regular risk management meetings ensure all participants are on the same page with the same goal.”

*Mike McCallum
Workers’ Compensation Program Manager
Xcel Energy*

months – gatherings where company attorneys, case managers, CCMSI claims managers and McCallum review workers' compensation claims in litigation. Claims in litigation are a huge expense for Xcel Energy. "Disputed claims are claims that are higher dollar claims than a normal claim and defense costs are high," says McCallum. "Getting litigation resolved as inexpensively as possible has a huge impact on the bottom line."

Getting everyone together helps move the process along. "The meetings hold all parties accountable," says McCallum of the regular legal reviews. "I try to point out the importance of resolving claims. We want to move the claim to resolution; I'm not interested in delays and continuances. However it turns out it's better to have it decided."

CONTINUAL COMMUNICATION WORKS

Regular risk management meetings ensure all participants are on the same page with the same goal, according to McCallum. They offer attendees the chance to develop joint solutions to stubborn claims and issues – that if left undecided – might mushroom into monsters.

"We think communication is important because we need to have everyone focused on the bottom line," says McCallum. "We are

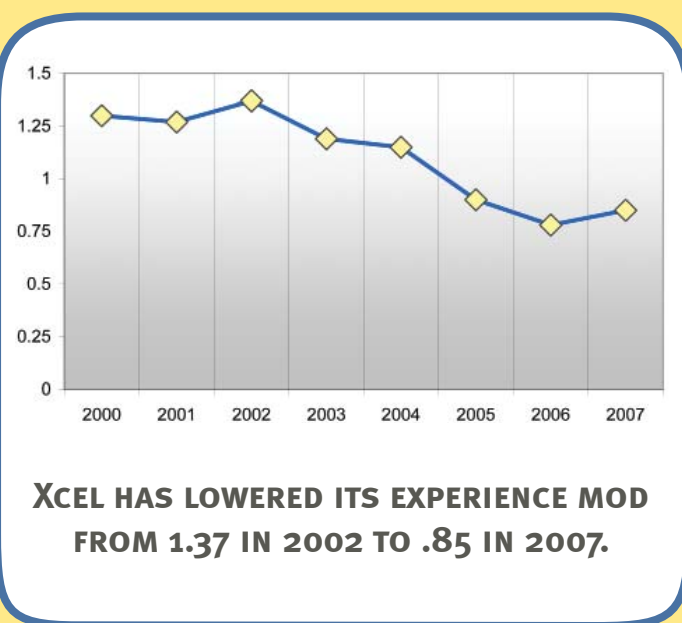
very happy with the way we've been able to lower our experience modification factor from 1.37 in 2002 to .85 in 2007. That's fantastic and it's a result of everyone putting in the same effort to reduce the number of claims, the number of open claims and the loss of the claims."

For more information about Xcel Energy, visit www.xcelenergy.com.

Xcel Energy's Experience Modification Ratio (EMR)

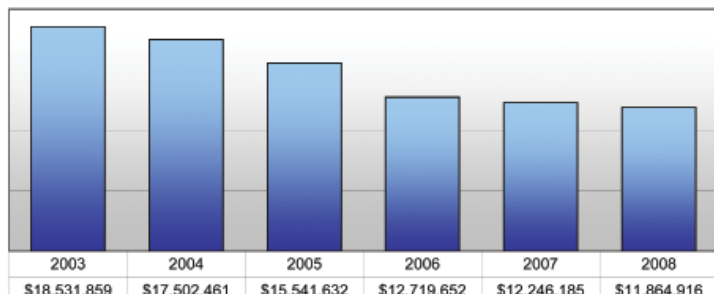
An experience modification ratio is the ratio of a company's actual losses to losses that are to be expected in the operations of a company.

An experience modification factor of 1.00 indicates an average risk. An experience modification greater than 1.00 indicates a risk with greater than expected loss experience, and an experience modification less than 1.00 indicates a risk with lower than expected loss experience. ■



Xcel Energy's Total Claim Costs

CLAIM COSTS REDUCED FROM 18.5 M TO 11.8 M



2003 – 2008

THE MARK OF AN EXCELLENT ADJUSTER?

An excellent claims adjuster can significantly impact a company's bottom line, according to Kim Beck, Occupational Health Specialist at Graco, a manufacturer of fluid handling systems and components. At Graco, workers' compensation claim costs fell \$165,000 from 2006 to 2008, thanks in large part to CCMSI's Susan Kahler – Graco's lost-time claims adjuster.

Since CCMSI partnered with Graco to provide workers' compensation claims management in January of 2007, Graco claim costs have dropped dramatically, according to Beck. "It's impressive when claim costs decrease even as health care costs rise," says Beck. "It shows that Graco has very good claims management, which is really a team effort. It is important to have a claims adjuster who works closely with the employer to make decisions together."

And Beck should know. She's worked with various claims adjusters for more than 20 years, and in doing so, Beck's honed her idea of what makes an adjuster excellent.

A great adjuster, she says, anticipates the employers needs and questions; very carefully researches and gathers data for every claim; communicates seamlessly with the employer, claimant, doctors and attorneys; removes the burden of handling claim details from the employer; understands the industry; has good knowledge of workers' compensation laws and statutes; and works closely with the employer and the claimant to get the claimant back to work in a regular, or light-duty role.

UNDERSTANDING THE INDUSTRY AND LAWS

It's important for claims adjuster to have a strong understanding of their client's industry and role within that industry, according to Beck. Having that background helps the adjuster to problem solve claims that would otherwise appear normal. "Susan knows that no one at Graco has ever developed carpal tunnel syndrome from driving a forklift, so that spurs her to look further to see if that injury came as a result of another job, or at home," says Beck. "She's able to do this because she is familiar with our operation and machinery."

Similarly, she understands where a claim lies under the law– and that's something most adjusters don't have a good handle on, according to Beck. "An excellent adjuster has a solid understanding of workers' compensation laws and can guide the employer in making decisions pertaining to such claims," says Beck. An excellent adjuster will also know when it's time to involve an attorney for clarification, she adds.

COMMUNICATION

When it comes to claims management, communication is critical to a positive outcome and to keeping claim costs low. "When we have a difficult claim, Graco's adjuster will set up conference calls involving the attorney, myself and human resources. We work collaboratively to problem solve. CCMSI's adjuster knows that if there's a particularly difficult claim, it takes a number of people

and resources to effectively solve the problem. I appreciate that."

But communication is also an integral part of the easier claims. At all times, according to Beck, an excellent adjuster will keep the employer up on every claim detail. At the onset of a claim, a good adjuster will immediately get feedback from the employer on the injured worker in order to find out more about that employee's work history, injury history and job duties. Similarly, by communicating regularly with the claimant, the adjuster shows he or she cares about them, their situation, and getting them back to work.

RESPONSE TIME & QUALITY

By anticipating the employer's questions and needs, an excellent claims adjuster will communicate data and claim information *before* being asked for that information. A good adjuster, says Beck, jumps on every claim quickly, gathers needed data and information and relays the information back to the employer. All this, she maintains, should be done within 24 hours. "We get same-day response from CCMSI," she says. "I've worked with other adjusters who take three days. That extends the claim and the costs and is frustrating for the employer."



SUSAN KAHLER
CCMSI

Each reported claim begins with a call from the adjuster to the claimant, according to Kahler. An extensive interview helps the adjuster determine more about the claimant's history and the nature of the injury. "I talk with Graco to find out what information they can shed on the claimant and claim," says Kahler. "Once we make a determination on compensability, I keep Graco updated on the employee's workability and medical reports." Together, Kahler and Beck work to get the injured employee back to work in a light-duty role.

RETURN TO WORK

But returning an injured employee to work involves considerable follow-up with that employee and his or her health care provider, according to Kahler. That's why she calls claimants after every doctor visit and often contacts doctors. "Graco has a good return-to-work program. I make sure the injured worker is working within his or her medical restrictions by communicating those to Graco," she says.

Beck agrees. "If we didn't have an excellent adjuster, our claim costs would be high, which leads to higher premiums."

ALLEVIATING THE BURDEN

Through constant communication and by anticipating employer needs, Kahler successfully lightens Beck's workload – something Beck's never experienced before in an adjuster. "I know I don't need to follow up with her because I know she is on top of the claim. She actually manages the claims, which is what we pay CCMSI to do." In doing so, Kahler has allowed Beck to focus on development of a new wellness program at Graco – one that will help employees with their personal wellness goals, and help

Lower Claim Costs & Fewer Hassles

reduce employee/employer health care costs. In addition, the wellness program reduces absenteeism, claims and injuries. That program will include Biometric Testing (height, weight, blood pressure, blood lipids, blood sugar), Health Risk Appraisal, and offers health coaches to employees, as well as a health web site for health education videos. "Our CEO wants our health and wellness program front and center," says Beck. "CCMSI helps because Graco has a TPA that I'm confident in, which helps me to focus on rolling out the health and wellness program."

Thanks to great communication and follow-through on workers' compensation claims, Graco is experiencing fewer litigations and drastically lowered claim costs. By handling every detail of a claim and anticipating employer needs, CCMSI has allowed Graco's occupational health specialist to focus on other important aspects of her job.

A world leader in fluid handling systems and components, Graco globally distributes products that move, measure, control and dispense a wide array of fluids and viscous materials used in vehicle lubrication, industrial and commercial applications. Graco – with its corporate headquarters in Minneapolis – employs approximately 2,300 people worldwide. ■

Traits of an Excellent Adjuster

- Thoroughly researches claims and gathers pertinent data and information
- Anticipates employer needs
- Same-day response time
- Knowledge of industry and laws
- Communicates constantly with employer, claimant, health care providers and attorneys
- Monitors claimant's recovery and strives to get them back to work in light-duty roles
- Decreases workload of the employer through excellent claims handling
- Lowers claim costs

SCHIP

SCHIP EXTENSION ACT AND MMSEA COMPLIANCE

CCMSI Assists Clients in Reporting Compliance

On January 1, 2010, the reporting requirements of the Medicare, Medicaid and State Children's Health Insurance Program (SCHIP) Extension Act of 2007 will become effective. Self-insured groups, employers and insurers will be required to report eligible workers' compensation, liability and no-fault claims to Centers for Medicare & Medicaid Services (CMS).

CCMSI understands this new legislation is a bit overwhelming. If you are a CCMSI Client, we consider it part of our responsibility as a business partner to help you understand SCHIP requirements. We'll help guide you through all the steps for a successful transition into the SCHIP reporting era. The steps will require a clear understanding of the requirements and expectations - along with some important preparation.

Please make sure you are aware of upcoming SCHIP-related steps and time frames. **Starting May 1st, self-insured organizations, employers and insurers, or responsible reporting entities (RRE), must complete MMSEA registration.** A registration guide from our SCHIP reporting partner, Gould &

Lamb, LLC, is available upon request from your CCMSI Account Manager. Be assured, your Account Manager will assist you throughout this registration process.

FINES FOR CASES NOT REPORTED

As part of the law, a penalty of \$1,000 per day per claim will be assessed to self-insured groups, employers and insurers for failure to meet the reporting requirements. "With so much at stake, non-compliance is not an option," says Rod Golden, CCMSI's Chief Operating Officer (COO). "Coverage areas not previously subject to active enforcement, especially liability programs, also face the prospect of increases in claim costs and the need for additional claim examiner involvement."

THE MANDATED REPORTING TIMELINE

The CMS has initiated a critical timeline for self-insured organizations and insurers, or responsible reporting entities (RRE), who are subject to the Act. Any CCMSI self-insured client is considered an RRE, according to Golden. If a CCMSI client's program is insured, the carrier is considered the RRE. In every

Continued on page 6

case, according to Golden, CCMSI is committed to helping with every stage of the timeline, including:

April 30, 2009: Development of Infrastructure and Systems

By April 30, CCMSI expects to have fully developed its claim system interface to capture and forward required CMS reporting data on behalf of its clients. Additionally, CCMSI is developing training materials to assist client representatives and colleagues.

May 1 - June 30, 2009: Registration of Clients/RREs

By June 30, RREs must register electronically with Medicare's Coordination of Benefits Contractor (COBC) in order to establish the required secure interface for forwarding data. A Web site (<http://section111.cms.hhs.gov>) is being developed for online registration, but that site is not yet functional.

July 1 - December 31, 2009: Test File Submissions to CMS

On Sept. 30, test file submissions are required by the CMS. An initial test submission of data will confirm that the RREs – either directly or through an agent – are able to provide files, including all required information in the format defined by the CMS. CCMSI will provide those files on behalf of the RREs.

January 1, 2010 - March 31, 2010 and thereafter: Quarterly Reports Compliance

All RREs or their agents are required to submit updated quarterly reports on reportable Medicare beneficiaries. CCMSI will prepare the required data files and submit them to the CMS on behalf of the RREs, or if preferred, CCMSI will forward them as instructed by the RREs.

Jan. 1, 2010: Initiation of Penalty Enforcements & Final Filing Deadline

By Jan. 1, 2010 all RREs without exception must comply with the reporting requirements of the Act to avoid penalties of \$1,000 per claim per day. CCMSI will help ensure that all clients and partner carriers comply with all reporting requirements.

CCMSI – ASSISTING CLIENTS & REPORTING ON THEIR BEHALF

As a result of the Medicare, Medicaid and SCHIP Extension Act of 2007, CCMSI is working on an infrastructure and systems to capture and report client claim data to the CMS, in both a timely and accurate manner. “As part of its quest

“With so much at stake, non-compliance is not an option.”

*Rod Golden
Chief Operating Officer
CCMSI*

to assist its RRE clients, CCMSI is aggressively monitoring and evaluating the unfolding developments of the Act, as well as providing ongoing communication, training and solutions so CCMSI clients can successfully adapt and comply with the new requirements,” says Golden.

RESOURCES

CCMSI staff is on hand to help you through the compliance process - working to make it as seamless as possible. Please feel free to call us with questions or concerns, anytime.

The CMS recently released the Non-Group Health Plan (NGHP) User Guide, which details mandatory insurer reporting and registration information. A copy of the Guide is available at: www.cms.hhs.gov/MandatoryInsRep/03_Liability_Self_No_Fault_Insurance_and_Workers_Compensation.asp#TopOfPage. The guide should be used as a tool for ensuring proper reporting compliance.

Registration should be completed online at: www.section111.cms.hhs.gov

Visit the Centers for Medicare & Medicaid Services: www.cms.hhs.gov

The requirements for reporting can be found in the various documents, downloads and links that are posted on the website of the Centers for Medicare & Medicaid Services (CMS): <https://www.cms.hhs.gov/MandatoryInsRep/>

QUESTIONS

For CCMSI Clients, please contact your assigned CCMSI Account Manager with any questions you may have. You can also contact Rod Golden, CCMSI's COO at rgolden@ccmsi.com. ■

PROPER TRAINING REDUCES INJURIES IN NEW MEXICO SCHOOLS

An increase in musculoskeletal injuries among special education teachers, nurses, therapists and teachers' aides spurred the New Mexico Public School Insurance Authority (NMPSIA) to initiate a program to help prevent transfer and lifting injuries. Developed in 2005 by CCMSI, the training is available free to the school districts making up the NMPSIA self-insured group. Since initiated, musculoskeletal claims among special education staff have decreased from 141 to 96 claims annually – lowering total claim costs by approximately \$91,000 per year.

CCMSI provides loss control services and claims management for NMPSIA, a self-insured group consisting of 93 New Mexico school districts employing 45,000.

IDENTIFYING THE PROBLEM



BILL O'BRIEN
CCMSI

In 2001, CCMSI began to specifically track special education staff claims for musculoskeletal injuries, according to Bill O'Brien, CCMSI loss-control specialist. "At the time, over-exertion claim costs in education in the United States had increased to \$14 billion per year," he says. "Being proactive, NMPSIA asked CCMSI to

track the types and severity of claims by occupation. We saw an increasing number of claims caused by musculoskeletal injuries within special education – signaling a problem."

SCHOOL DISTRICTS HANDLING MORE SPECIAL ED STUDENTS

The increase in claims may have resulted, in part from, the No Child Left Behind Act, according to O'Brien. Among other things, No Child Left Behind is focused on closing the achievement gap between high- and low-performing children, and between disadvantaged children and their more advantaged peers. As such, schools across the country are taking on more special education students.

"Over the past 10 years, the number of U.S. students enrolled in special education programs has risen 30 percent," states the National Education Association Web site. "Three out of every four students with disabilities spend part or all of their school day in a general education classroom."

MORE SPECIAL ED STUDENTS; MORE TEACHER INJURIES

Thus, teachers and teaching assistants of special education students are reporting more on-the-job injuries. After all, special education students can suffer from a variety of disorders – brain damage, autism, muscle paralysis, hearing or vision issues. Some require constant care during the school day.

Most musculoskeletal injuries within NMPSIA member schools result from attempts by special education staff to

restrain, transfer or lift students, according to O'Brien. That's why NMPSIA funds the CCMSI-developed lifting and transfer training, and makes it available to special needs teachers and staff. The training, which spans three hours, also provides district nurses, physical therapists and occupational therapists with three continuing education credit hours.



"The problem is that more employees trained in educational areas are being asked to be caregivers and entry-level medical service providers," says O'Brien. "But, they are not typically trained in the delivery of these services. The school nurse is often called on to provide medical support like tube feedings or dressing changes, but most haven't been taught the safest biomechanical techniques for lifting and transferring physically impaired students should the need arise," he adds. "Most schools do not have mechanical lifting devices available to them. The result is an increase in musculoskeletal injury incidence and severity."

HANDS-ON TRAINING

That's why the training to prevent these injuries is conducted face-to-face at each school district's chosen location. Each session, which covers spinal anatomy and body mechanics, provides the opportunity for participants to perform lifts and transfers, share classroom concerns and problem-solve solutions. "We offer hands-on training using 39- and 109-pound mannequins so participants learn to properly transfer and lift students," says O'Brien. "School employees have the opportunity to practice one- and two-person lifts and transfers, as well as chair and changing table transfers. We ask each district to bring in their unique cases so that we can help them more safely work with students," says O'Brien.

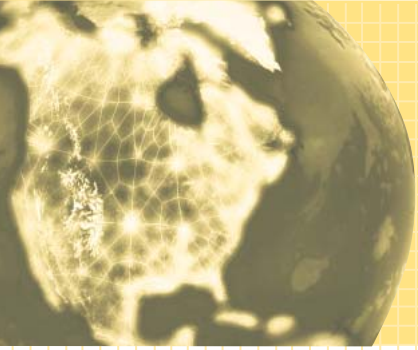


RESULTS POINT TO SUCCESS

Since 2005, 10 NMPSIA school districts have received ongoing transfer and lifting training – training that is credited with dramatically reducing musculoskeletal injuries and resulting claim costs.

A PowerPoint presentation of the training is available on disk as part of CCMSI's loss-control library. To find out more about CCMSI's lifting and transfer training, or to develop something similar for your organization, contact O'Brien at 505-837-8701. ■





news.

NEW CCMSI OFFICE SERVES SOUTHERN CALIFORNIA

CCMSI recently opened an office in Irvine, Calif. – an addition that grew the company’s geographic footprint to 37 locations nationally.

As is the case with every new office opening, the Irvine location seeks to better serve CCMSI clients with locations in Southern California, according to Rich Cangioli, vice president Western region. “Over the last 18 months, CCMSI has enjoyed significant growth in California,” says Cangioli. “California is a large state and we felt we needed a greater presence in Northern and Southern California to properly service accounts with locations in both areas.”

For several years, CCMSI has operated offices in San Diego and Concord, Calif., as well. Cangioli maintains it’s important to have CCMSI staff and adjusters closely located to clients – clients including large self-insured groups and self-insured corporations, as well as public entities. “By being located nearby, CCMSI staff can conduct important training and client visits more easily,” he says. “By ensuring a close proximity, communication with our clients is made stronger; solid communication is a key component to the development and implementation of effective risk management strategies.”

To contact the Irvine office, call 866-965-1595.



For questions on our products and services, please call:
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