

RISK/Factor

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In This Issue:

Workers' Comp

- Preventing Retiree Fraud
- Medicare and Healthcare
- Safety First
- Using WC Controls
- Pollution Exclusions

Plus
News
Industry Notes
Spot News

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Disability Fraud from Beyond the Borders

By Vaughn Volpi

Worker's compensation costs are rising faster than those in traditional healthcare. Reining them in is on the minds of employers and carriers everywhere. One reason for the rise? Fraud. Disability fraud has fractured the workers' compensation system costing it millions each year. The good news is that the more effective you become in defeating those who defraud, the more you can impact your company's bottom line.

While workers' compensation laws vary from state to state, disability claims are increasingly moving offshore. In fact, those who seek to commit claimant fraud beyond our borders feel it's the perfect crime. You have a claimant who is knowingly lying to collect benefits, claiming an injury was work-related when it wasn't, exaggerating an injury, or secretly continuing working while collecting benefits, and now he's taking it a step further and living outside the country.

As society becomes more mobile, insurers are dealing more with this costly problem that they may not have experience trouncing. First, you need to understand the appeal to a disability claimant in living outside the U.S. The claimant can collect a paycheck he or she never deserved in the first place and can spend the money in a country where the cost of living is quite low such as Central or South America. Given the lack of oversight and resources many U.S.-based carriers have outside the States, the chance of getting caught is slim to none. Alas – you can understand the appeal to the criminal mind.

(Continued from page 1)

While you may not be scratching your head to solve thousands of these cases each year, the problem is growing as the baby boom generation retires and looks abroad for retirement havens. In fact, there is a burgeoning investigations field of international insurance work stemming primarily from investigating individuals on permanent or temporary disability claims that have chosen to live outside the country.

Since the problem only recently has been on the rise, many carriers find themselves behind the eight ball for this type of serious, high stakes, dangerous investigative work. And, while all insurance investigations are not necessarily complex, workers' compensation investigations require creative and innovative investigative techniques, and this becomes even more essential while working in foreign countries and cultures.

In many cases, unless your company or current investigative partner has a presence beyond the US borders, you'll need a more specialized firm. Picking the right investigative partner is a worthy endeavor because it empowers your company to better control fraud, saves money and assures shareholders you're judicious with resources. Here are six considerations in selecting a qualified investigative company who will be the right fit and will meet your needs outside of the US:

Does the investigative company employ agents who understand the language, geography, customs, culture, and laws of the investigative venue? While investigative skills and a successful track record are key to closing cases when working in another country, so is working with agents who can work as natives. This will get you to a result faster and will be more

cost effective.

Does the investigations company have similar business practices to and reflect the same work ethic of your company? Articulate early and clearly define expectations, deliverables, ethics and methodology. From acceptable investigative tactics to reporting practices, what would seem to be a given in one country or culture is not in another. For example, without an agreed upon definition of the working relationship, you may be expecting a formal daily report of activities but end up with an email saying "didn't see anything today" which simply doesn't work inside most US companies.

Are you employing a domestic investigations company with offices and correspondents abroad or are you attempting to directly employ resources in the subject country? The latter case is fraught with peril because you may be assuming direct liability for any misdeeds committed by such investigative vendors. Whereas by hiring a domestic-based investigations company with offices abroad, you can rely on their experience, local expertise and liability insurance to assure that the job gets done correctly, legally and within ethical guidelines of your company.

Are you allocating sufficient resources to the project to increase your likelihood of success? Too often insurance companies make the mistake of trying to save money by partnering with vendors that promise big savings but don't employ the right resources to accomplish the goal. By allocating too few resources to a project, in the balance, you could actually be costing your company hundreds of thousands and, in fact, throwing good money after bad by not funding an investigation that could have a good likelihood of success.

What evidence will be required and how

(Continued from page 2)

will it be utilized to invalidate a claim based on an investigation in a foreign country?

What methods of evidence gathering are permissible under local laws? What resources do your potential investigative partners have to gather evidence in a professional way using global best practices? How will that evidence be used in a judiciary proceeding in the United States in order to prevail in invalidating a claim? You need a partner who not only has solid answers to these questions, but who can demonstrate a successful track record in the country where you are looking to investigate – one who is using best practices from the investigations phase right on through providing support to help invalidate claims in court.

Is your company vacillating between using its own special investigative unit (SIU) and hiring an outside investigative partner with specialized local expertise to investigate foreign claims? A word to the wise, don't send SIU personnel or US-based investigators on missions outside the US. These mis-

sions are dangerous. With SIU personnel or investigators who are not familiar with the cultures or countries in which they are operating, they are rarely successful.

In the global economy, insurance and claims will continue to become increasingly international. Though today, it is easy to think of filing a false workers' compensation claim and relocating outside the country beyond the reach of the insurer's resources as the perfect crime. Tomorrow, that will change because even though this trend is becoming more prevalent, global investigative resources are increasing to combat it. Best practices have been established and will continue to improve and evolve. Investigative ethics are on everyone's minds. With more and better global investigations resources available to address such issues, we predict the industry will not be playing catch up much longer.

Vaughn Volpi is president of PICA Corporation, a corporate investigations and loss prevention consulting company.

News Briefs

A 600-percent increase in patent filings during the past decade points to the ongoing emergence of China as a hotbed of high-tech design and manufacturing says **Thomas Sankey**, an attorney with Houston's **Thompson & Knight**. "The increased sophistication of the Chinese market is directly aligned with the increased awareness of the value of a patent portfolio that protects companies from infringement," says Sankey. "The specter of litigation is spurring both an increase in patent filings and the number of cross-licensing agreements." A new report from the World Intellectual Property Organization ranks China as the fifth most active region for patent applications, trailing only Japan, the United States, Europe and South Korea.

The recent Texas Supreme Court ruling in *Sheshunoff Management Services v. Kenneth Johnson* could result in more employers trying to enforce covenants not to compete, predicts attorney **Carrie Hoffman** of **Gardere Wynne Sewell**. "Whether that trend will continue likely depends on whether trial court judges pay attention to the underlying message of Sheshunoff: that we should spend less time on the issue of whether the agreement was ancillary to an otherwise enforceable agreement and more on whether the restraint is reasonable."

Medicare: The Unseen Force In Workers Comp

By Joe Paduda

Medicare, that 800-pound gorilla of healthcare, has been the driving force behind electronic bill submission, self-referral restrictions, the promulgation of evidence-based medical guidelines, hospital reimbursement and physician fee schedules. Medicare legislation and regulation affects everyone and everything involved in the delivery of healthcare, and workers compensation is no different.

In most states with workers comp fee schedules, the basis is the Medicare resource based relative value scale (RBRVS). Because the Medicare fee schedule is the basis for most WC fee schedules, and Medicare is a very expensive, rapidly growing political football, workers comp provider reimbursement is, in large part driven by forces outside the WC industry. Thus, while workers comp is ostensibly state-regulated, in reality workers comp medical expenses are heavily influenced by Washington.

That's a problem for several reasons. Most obviously, the Medicare population is markedly different from the employed population. Workers comp requires much more work on the part of the physician; forms to be completed, disability to be managed and causation assessed, communication with employers, case managers and adjusters, depositions, and dealing with malingering workers all add to the physician's workload. To compensate for this increased workload, some states add a premium to Medicare rates, and in some cases this is adequate, while in others it is assuredly not.

Legislation Fumbles

In an effort to control Medicare costs, Congress passed legislation calling for physician costs to increase no more than a

standard amount each year. The amount, known as the Sustainable Growth Rate (SGR) is derived by figuring out how much the entire program spent on physician expenditures for the year before and ascertaining how many services were performed (this last is known as *utilization*). The next year's individual procedure fees are calculated by making sure the total number of procedures that will be performed, multiplied by the per-procedure fee, will not exceed the SGR cap. Obviously, if a lot of procedures are performed and the total cap on expenditures is pretty low for the next year, physicians can expect that the reimbursement per procedure will actually decrease. And that's exactly what happens. In fact, utilization went up over 11 percent last year, and if the SGR process were actually implemented, physicians would be facing a decrease in fees of around 4 percent.

Into the breach steps Congress. Every year this has happened, Congress has rode to the rescue with late-session legislation allowing fees to increase slightly. But only slightly.

By linking physician reimbursement to an insurance program for the elderly and disabled, state legislators and regulators have inadvertently ceded control over medical prices to the Federal government.

The indirect effect of Medicare's fee setting process is more insidious. Utilization increases in part due to physicians' efforts to recoup income lost due to low fee schedules. As Medicare and Medicaid (which also uses the RBRVS in most instances) comprise a significant portion of most physicians' patient base and reimbursement, this tendency to increase utilization spills over into workers comp.

The result – per-unit fees are

“controlled” while utilization increases as a direct result. The failure of Medicare to keep up with changes in medical practice is also problematic for workers comp payers. For example, there is no provision in the Medicare fee schedule for reimbursing facility charges for spine surgical procedures performed in an ambulatory setting. Thus, some payers refuse to allow outpatient spine surgery, instead demanding the procedures be performed on an inpatient basis. This is significantly more costly.

In Maryland, the state requires that facility fees for procedures performed in ambulatory settings be submitted to the state for determination of the appropriate reimbursement, a process that adds significant complexity and expense to the reimbursement process.

Hospital Loopholes

Another in the litany of unintended consequences of basing work comp medical reimbursement on Medicare comes to us from the state of New York. In that jurisdiction, hospital fees for surgical procedures are based on Medicare’s DRG reimbursement system (analogous to the physician RBRVS). However, surgical implants, (cages, screws, rods, bolts, etc) are not included in the DRGs and thus are billed for separately in workers comp. By adding the cost of the implant to the DRG cost, the cost of the care can go up by 50-70 percent. As many hospital contracts include exceptions for “outlier” cases (those few cases that are significantly more complex and therefore costly than expected) which are priced not on a flat fee basis (i.e. a DRG) but on a percentage off charges, adding the (often highly inflated) cost of the implant to other charges can push the total amount billed over the outlier threshold.

The same holds true in California where implant costs are fast becoming one of the biggest challenges for adjusters and nurse

case managers.

The new Medicare Part D program will also significantly influence workers comp. Part D is rapidly becoming the tectonic force in prescription drugs. One-twelfth of all scripts written in the first part of 2006 were for Part D beneficiaries, and all projections are that this share will grow. One of the intended impacts of Part D is to insulate members from drug costs, and in this respect the program has succeeded. One of the unintended impacts of this insulation has been less price-sensitivity on the part of individuals. Pharmaceutical manufacturers figured this out pretty quickly, and faced with a large number of customers who no longer were concerned about drug prices, they did what any for-profit entity would do – they increased drug prices across the board, with brand prices up 3.3 percent by March.

The impact on workers comp drug prices was direct and instantaneous. Prices jumped in the first quarter, and indications are that another increase was rammed through in May for many brand drugs. With drugs now accounting for 14 percent of total medical costs, and rising faster than any other component of medical expense, the impact of Part D is apparent.

Few in the WC industry make the connection between Medicare and workers comp. Clearly, Medicare is powerful force that directly affects workers comp provider reimbursement, drug costs, hospital costs, and physician practice patterns.

Joe Paduda is principal of Health Strategy Associates, a national consulting firm specializing in managed care for workers compensation, group health and auto, and health care cost containment. He can be reached through www.joepaduda.com

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Safety and Workers' Comp: Where's Your Priority?

by Marion "Mac" McLemore

According to the US Bureau of Labor Statistics, nearly 5 of every 100 workers got injured or sick on the job in 2005—a typical year.

Employers are paying the costs for workplace injuries and illnesses in many ways, including lost productivity, increased health-care premiums and, of course, workers' compensation.

How can employers reduce these costs and create an effective workers' compensation program? The key is to make a safe and healthy work environment a top priority.

Communicate Early and Often

For starters, communicate your safety expectations to all employees early and often. A good rule of thumb: Review your safety program in its entirety at least twice per year. Also, be sure new workers are trained properly, oriented to potential workplace hazards, and shown how to do their jobs safely. This includes seasonal and temporary workers, too. Bear in mind: Employers are liable for workers' comp for all employees, whether full-time, part-time or seasonal. Look for opportunities to emphasize safety in other ways as well. Some ideas: Highlight a key safety message at each employee meeting, add a safety message to e-mails that go out to all employees, and include safety reminders in your employee newsletter.

Identify Hazards

One of the simplest, yet most frequently overlooked, ways to reduce workplace injuries is to be proactive about identifying potential hazards. In the course of

identifying them, be sure to solicit feedback from employees since no one knows more about the job than the person who does it. Also, conduct periodic walk-throughs for the sole purpose of spotting potential hazards.

Report and Investigate Injuries

Another key to a sound workplace safety program is to develop, communicate, and enforce a policy for reporting workplace injuries. Make sure employees know what to report, how, and to whom. Emphasize the importance of promptness – for the well-being of injured employees, for liability protection, and to ensure proper insurance coverage.

It's also advisable to accompany injured workers when they seek medical care. Employers obviously don't have the right to be present in the examining room, but your presence communicates your concern and reduces any chance of misunderstandings about work restrictions.

Once an injury has occurred, conduct an immediate investigation of how it took place. Develop standard guidelines for doing so to make sure nothing is overlooked. Injury investigations help you manage risk by revealing steps you can take to reduce the likelihood of similar incidents occurring again. Investigate promptly while the incident is still top-of-mind among coworkers.

Establish a Return-to-Work Program

A return-to-work program also can be an effective component of workplace safety. Employment Traditions, a Professional

(Continued from page 6)

Employment Organization in Caledonia, Mich., has implemented one for its co-employees with favorable results. The transitional program helps injured employees ease back into the workplace even if they haven't recovered fully enough to take on their original job.

"We provide a detailed job description to the medical provider responsible for making return-to-work decisions," says Patrick Montgomery, president of Employment Traditions. "The description highlights essential and nonessential job functions and the physical requirements of each. This information helps medical providers determine if an injured employee is ready to return to their job function or if changes need to be made. In the long run, it lowers workers' compensation costs by promoting a safe and early return to work."

Return-to-work programs are most effective with employees undergoing rehabilitation – those with work restrictions that are expected to end upon the successful completion of their treatment.

Employers benefit from return-to-work programs in several ways:

- Lower workers' compensation costs
- Lower costs to train replacement employees
- Increased productivity

- Improved morale
- Fewer OSHA lost-time injuries

On average, workers' compensation lost-time claims amount to about \$13,000 per occurrence. Employment Traditions has experienced firsthand how a return-to-work program can lower workers' compensation costs, while increasing employee morale.

"The ability to provide an injured employee alternative work before he or she recovers fully is a win-win situation for employee and employer alike," Montgomery says. "We've found that identifying and assigning transitional activities that are safe, meaningful, and compliant with medical restrictions is a fairly straightforward process."

Developing an effective workers' compensation program begins before a claim is ever filed. It begins with a goal: To reduce the number of claims by increasing workplace safety. Reaching that goal is far easier for those companies that are willing to empower their employees as safety partners.

Marion "Mac" McLemore is safety manager of Employment Traditions Inc., a Professional Employer Organization in Caledonia, Mich. For more information, please call 888-335-6603.

Industry Notes

Willis Group announced that it has accepted **Paul Hazen's** resignation from the company's board of directors. Hazen has served the company for six years recently serving on the compensation and executive committees of the board. Hazen, the retired Chairman of Wells Fargo, is scaling back his involvement in business to pursue personal interests.

Cairnstone Re, independent managing general underwriters, announced it has acquired **CapRisk**, a Lancaster, PA-based managing general underwriter of stop-loss insurance for employer self-funded health plans.

Using Your Workers' Comp Controls

By Michael Morketter

Employee injuries can range from something as simple as a cut on a hand to a more serious accident that requires hospitalization. Since workers' comp insurance can be a significant source of expense for many companies, it is important to realize there are ways to reduce these costs without sacrificing the quality of insurance coverage.

Put Programs in Place

It is important to recognize that, while accidents will happen in any business, the most effective way to avoid them is to train your employees and develop a plan to optimize safety in your workplace.

With a good safety and accident-prevention program in place, you can protect your employees from injuries, get your premiums lowered through schedule credits and/or a credit experience modification, prevent your company from having a policy non-renewed, and protect your company from liabilities related to workplace injuries.

If your organization has a formal program in place, strengthen it. If you do not have one, get one. Most insurance carriers can assist you to develop a program. Your premiums pay for these loss control services, so be sure to ask for them. Some training courses offer the options for employees to receive certifications, which help to bolster a company's resume while lowering your liability exposures.

Preventing losses on your workers' comp equates to savings on your premium. The workers' comp experience modification is either a credit or debit on your premium based on a three-year calculation of your losses and payrolls. The most recent 12-month losses are not used, since these losses are not yet fully devel-

oped. The final percentage is the result of how your actual losses compare against expected losses in the industry based on the size of your payroll.

Create a Safe, Secure Work Environment

Employee training is just one factor in creating a safe workplace. It is important to create a safe and secure work environment. You should focus on the safety of the entire operation of the business, rather than just one segment. Scheduling times to conduct regular facility inspections is important to ensure that equipment and machinery are safe for employees. Most risk management insurance firms can conduct facility inspections and offer suggestions for improving workplace safety, ensuring that businesses comply with all government regulations.

Policies/Procedures, Please

Another effective way to reduce workers' comp costs is to establish safety-oriented policies and procedures. For example, creating a post-accident drug testing policy is a simple way for a company to reduce its insurance costs without having to invest a large amount of time. Consult a risk management expert to learn what types of policies and procedures are best to adopt for your business.

Also, many workers' comp claims begin at the date of hire. Employers should make every effort to determine if the people they hire can do the job. Do new hires understand the physical demands of the job? Have you implemented a post-offer, pre-hire testing program to determine whether new hires meet minimum job requirements? The wrong time to find out someone cannot lift 50 pounds is when an

(Continued from page 8)

injury occurs the first day on the job. Avoid hiring the wrong employees, and you will reduce workers compensation costs and you will likely increase productivity.

Avoid placing employees on “no work” status. There are legitimate, albeit limited, reasons an employee cannot return to work after an injury. Unless an employee is in the hospital, confined to bed rest, contagious, or mentally incompetent, the employee can return to work for modified duty. By reducing that lost time, you will lower your insurance costs.

Recordkeeping is key. Since every company and industry is subject to a governing class code, it is critical to understand that the function of the business, not the individual functions of employees, determines the governing class. Understanding your business classification and keeping accurate records is vital to preventing overcharges for workers’ comp premiums.

Perform Professional Risk Analysis

Have an insurance company with experience in workers’ comp policies ask their risk management personnel to perform a current risk analysis of your business. Studies have shown that businesses that have a professional risk analysis performed experience reductions in frequency and severity of workplace-related injuries, which helps to lower workers’ comp costs.

Look at your company’s history and examine the types of claims filed, combined with the frequency with which those claims occurred. By combining knowledge of past workers’ comp claims with a current risk analysis of the employee work environment, a company can better assess its coverage needs and put a plan of action in place to prevent or reduce future losses.

No One Size Fits All

There is no one-size-fits-all policy for workers’ comp, which is why it is important that you make an effort to reduce policy costs. By taking the time to train employees, inspect facilities, establish new policies, and have a current risk analysis performed, you can reduce costs and improve the safety of the business.

Workers’ comp insurance premiums are determined directly or indirectly by payroll, state regulations, classification of employee payroll, loss experience and safety programs. However, most agents and companies have not counseled their clients on the Experience Rating Adjustment rule most states put into effect in the late 1990s. This rule reduces the value of some claims by 70%, which can lower a \$1,000 claim to \$300. Saving money means learning and taking advantage of all of the available rules and regulations.

Contact an insurance specialist who knows the specifics of your industry. Agencies that focus on your industry are better prepared to handle the exposures you face everyday. Look for someone who knows the industry, who can assist you in determining what to insure and what not to insure, who can explain in simple terms what you are buying, who knows the intricacies of how your credit experience modification is calculated, and who has experience, training and education.

Professional designations indicate a commitment to the practice of insurance and a mastery of insurance. With your agent, you should feel you have an expert buyer and trusted advisor looking out for your best interest.

Michael J. Morketter, CIC is senior VP and partner of Carpenter, Cammack & Associates, Inc. He may be reached at 910-354-3912, or mmorketter@ccainsurance.com

The Pollution Exclusion

By Laura Hansen

Over the past fifteen years, the standard ISO absolute pollution exclusion or “total” pollution exclusion has been litigated in the traditional environmental arena across the country. As a result, claims professionals know how to apply the language of the absolute pollution exclusion to the facts of any new claim presented in each jurisdiction. Or do they?

While it is true that coverage disputes over the absolute pollution exclusion have largely “litigated themselves out,” the claims that are litigated today likely involve non-traditional or indoor cases of pollution. The courts around the country show more hesitation in applying the strict terms of the absolute pollution exclusion to indoor or non-traditional discharges of pollution.

The standard ISO pollution exclusion clause after 1985 provides that the insurance does not apply to bodily injury or property damage arising out of the discharge of pollutants. Pre-1986 pollution exclusions contained an exception for discharges that were sudden and accidental. There are various versions of the absolute pollution exclusion but the hallmark of all versions is that there is no longer a sudden and accidental exception to the exclusion. The exclusion is intended to be “absolute” or “total.”

One of the seminal cases applying the absolute pollution exclusion in accordance with its terms to a case that does not involve traditional environmental pollution is *Certain Underwriters at Lloyd's London v. C.A. Turner Constr. Co.*, 112 F.3d 184 (5th Cir. 1997). The *Turner* court applied the exclusion to workplace contamination and stated that the exclusion is not limited to only those releases that cause environmental harm. Similarly, an Ohio federal

court applied the pollution exclusion to a release of smoke and fumes from the use of certain furnaces that allegedly caused cancer and respiratory problems for employees. See *Park-Ohio Indus., Inc. v. Home Indem. Co.*, 785 F. Supp. 670 (N.D. Ohio 1991), *aff'd*, 975 F.2d 1215 (6th Cir. 1992). The court stated that the pollution exclusion specifically precludes coverage where pollution causes damage. Another court applied the pollution exclusion to bar coverage where contamination of food products occurred from xylene fumes caused by the sealant applied to the floor. See *Cincinnati Ins. Co. v. Becker Warehouse, Inc.*, 635 N.W.2d 112 (Neb. 2001).

But other courts have refused to apply the plain terms of the absolute pollution exclusion to cases of non-traditional environmental damage. In *MacKinnon v. Truck Insurance Exchange*, the California Supreme Court held that the pollution exclusion did not apply to bodily injury resulting from exposure to pesticides sprayed inside an apartment building. 73 P.3d 1205 (Cal. 2003). Within the past year, there have been several courts holding that bodily injury and property damage from non-traditional pollution is not excluded by the standard absolute pollution exclusion. In *National Grange Mutual Insurance Co. v. Caraker*, a state district court held that the pollution exclusion would not bar claims for property damage resulting from asbestos dust released when the insured removed and sanded kitchen tile. 2006 Conn. Super. LEXIS 815 (Feb. 28, 2006). The Court noted that the exclusion should be limited to “classic environmental pollution.” In *State Auto Mutual Insurance Co. v. Greenrose*, the Kentucky Court of Appeals held that the absolute pollution exclusion did not bar coverage for bodily injury to

(Continued from page 10)

an insured who slipped on the basement stairs, pulled loose a pipe to break his fall, and spilled diesel fuel from the pipe into the basement. 2005 Ky. App. LEXIS 266 (Dec. 16, 2005). The court found that the exclusion was unambiguous on its face but ambiguous under the particular facts of this case. The Maryland Court of Appeals held that the pollution exclusion did not exclude coverage for bodily injury caused by exposure to manganese fumes in the workplace. See *Clendenin Bros., Inc. v. U.S. Fire Ins. Co.*, 889 A.2d 387 (Md. 2006).

Courts that do not apply the exclusion to non-traditional pollution cases tend to reason that the general purpose of the pollution exclusion is to bar coverage for environmental pollution, and it should not apply in situations involving workplace exposure to contaminants or incidental contact with a pollutant. In some cases these courts find the pollution exclusion ambiguous as it applies to the facts of the

particular claim. In other cases they simply find that there was no discharge of a pollutant or that the exclusion was not intended to apply to the type of discharge at issue.

While there are still courts that will uphold the plain language of the absolute pollution exclusion in non-traditional and indoor pollution cases, claims handlers and insurers should consider the value of the claim at issue, the cost of litigating such a claim, and the fact that the courts remain relatively inconsistent in the way that they address these claims and determine coverage. Unlike traditional environmental claims, carriers should be more likely to compromise and resolve claims if at all possible.

Laura Hanson is a partner with Meagher & Geer in Minneapolis. Her practice focuses commercial insurance coverage litigation. She can be reached at 612-338-0661.

Spot News

Hospital Adherence Makes Little Difference

Hospitals that adhere to stricter quality measures were no better off than hospitals that did not, according to a recent study conducted by Advisen Ltd. in cooperation with Zurich Financial Services Group. The study's full results were presented at the annual American Society for Healthcare Risk Management (ASHRM) Annual Conference & Exhibition. Preliminary results show that:

- Many of the factors that hospital professional liability underwriters use to evaluate a hospital, including size, location, type of patient served, and whether the facility is operated for profit or is owned by the government or a non-profit entity, are valid, although there were some unexpected findings in relation to the magnitude of the differences in claims size and frequency among the variables.
- There was less difference than anticipated in malpractice claim size and frequency between hospitals that were the most rigorous in adhering to the CMS quality measures and those that were the least rigorous. However, trends within the data suggest that the largest hospitals, which typically incur the largest claims, may materially benefit from rigorous adherence to the quality measures, and that all hospitals may benefit from a well-administered risk management program.

—LW



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Calendar

November 14-16, 2006 15th Annual National Workers' Compensation and Disability Conference & Expo, Mandalay Bay Resort, Las Vegas, Nev. For registration information, visit www.WCConference.com or call (800) 727-1227

February 27-28, 2007 Global Association of Risk Professionals (GARP) 8th Annual Risk Management Convention & Exhibition, New York Marriott Marquis Hotel, New York, NY. To register, visit www.garp.com/events/garp2007/index.html or email katie.vanston@garp.com

March 18-21, 2007 LOMA International Underwriting Congress, Pudong Shangri-La Shanghi Hotel, Shanghai, China. To register, visit www.loma.org/ius.asp or call 770-984-3760

April 25-27, 2007 2007 AIR Spring Conference, Boca Raton Resort and Club, Boca Raton, Fla. For more information, send an e-mail to: jzibrat@air-worldwide.com

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