



# Oil Patch Quarterly

Exclusive Program Managed by Sisk & Company

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## INSURANCE NOTES

### The Increasing Cost of Small Group Health Care – What You Need To Know

Small Employers (those with less than 50 employees) face higher costs and higher trends. Why?

*Higher Utilization* - The carriers continue to see higher claims utilization in their small group pools. Many have extremely high utilization (200% loss ratio) in groups less than 4 employees. Many small groups take advantage of the guarantee issue requirements of the policies.

*State Mandates Increase Cost* - Carriers must follow mandates on coverage levels and underwriting guidelines. These include coverage mandates such as mental health coverage and Chiropractic coverage. Underwriting guidelines, such as HB 1355 that moves all small groups to community rating, must be followed.

*Limited Carrier Options* - There are a smaller number of carriers that will set competitive rates and sell small group contracts. Self funded options are limited.

Colorado will go to modified community rating starting January 1,

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*– Health insurance*

### Injury Free Workers Share 10 Traits

Some people seem to have injuries, while coworkers never have accidents. Is it a coincidence or is there “something” at play? An article published by Safety Compliance Alert highlighted an ASSE study that discussed 10 key attributes common among people who avoid accidents:

1. They seek meaningful work – they looked for jobs and associated with fellow employees who would share with them the correct and safe way to do various jobs.
2. They feel responsible for their own safety – they monitor their own actions and report unsafe conditions and behaviors to supervisors.
3. They plan the work and look for abnormal outcomes – it is estimated that 50% of accidents happen when something abnormal takes place during a job. These individuals look ahead and plan for the unexpected.
4. They respect the work environment – they understand they can get hurt if not constantly aware of the workplace hazards.
5. They are neat and orderly – they keep their work area clean, and equipment in good condition.
6. They guard against complacency – they set a high personal standard for safety and they act on their standards.
7. They follow safety procedures – they follow the rules and expect others to follow them as well.
8. They have a positive outlook – they know that working safely allows them to enjoy life and family.
9. They apply safety knowledge – they pay attention to new rules and procedures and apply them with the existing practices.
10. Safety is a value to them – they are proud of working safely and expect the company to make safety a value for the organization.

Motivating employees to work safely is difficult, but it can be done. By considering these ten traits when interviewing workers, or as discussion points during performance reviews, you may open the doors to helping build your company’s safety culture.



## LESSONS LEARNED

### The Importance of Post Offer Functional Capacities Testing

#### Overview –

A 40 year old was hired as a laborer, even though he had a visible limp. Forty-five minutes in to his first scheduled workday he was injured while lifting. No post offer medical exam was conducted due to the employer not having a post offer drug or physical evaluation program in place. Therefore, there is no record of any prior physical limitations. All medical conditions are now being treated as if they were caused by the work incident.

#### The Lesson:

A post job offer medical examination would have determined if the injured worker was physically able to do the job. It would have also determined what his pre-existing/baseline physical condition was. This would have limited liability/reduced cost of this claim.

In addition, since this injury occurred so soon after the employee started work, a post offer functional capacities evaluation might have given the employer more information regarding the ability of the individual to do the essential functions of the job and if he should have been assigned the duties he was assigned. Thus, the injury may have been prevented.

### Preventing Accidents by Learning from Your Past Occurrences

Your company policy regarding actions to take following an injury or accident makes a huge difference in preventing future incidents. The first 24 hours following a workplace accident are critical to your injured employee and to your business.

When an accident occurs, you need to enforce a policy of having the employee immediately report the injury to you. You need to have a plan in place so the employee receives medical attention appropriate for the injury and you need to file the first report of injury with Pinnacol, no matter how minor the injury appears. One of the key tasks during this initial 24-hour period is to try to determine the cause of the accident so you can institute loss prevention measures, if necessary. A thorough accident investigation will show not only what happened and how it happened, but also *why it happened*.

#### Accident Investigation

The first step is data collection. If an accident is minor, there is a tendency to not take a serious look at what happened. However, by doing the following for all injuries, you can spot trends and situations that may be common to several injuries. Here are the elements of a typical accident investigation:

- Take a statement from the injured worker and interview anyone who witnessed the accident.
- Take photos of the accident scene as soon as possible.
- If the injury involved machinery, you may need to shut it down to preserve evidence. Gather equipment specifications and manuals.
- Review applicable safety rules and training records.
- Determine if anyone from outside your company caused or contributed to the accident. If so, get their names and the name of their employer.

Use the above information to determine cause of the accident. Do not be ready to say the injured worker should have done something different, rather ask, “Why was the injured person in the situation that allowed them to get hurt?” Another key part of determining the cause is to identify what conditions, equipment, or training are part of your practices that should have prevented this injury and why did they not prevent the injury?

#### Implementing Preventive Action

Once you have investigated and analyzed the accident, you’re ready to take preventive action. Ask yourself what can be changed to make things better. A good preventive action should prevent recurrence of the accident, be feasible, and not create new hazards or risks. It should be applied to similar situations across the company as well.

## Health insurance - Continued from page 1

2009. All groups that had a credit (up to 25%) for health status will be required to go back to the standard rate. This will mean that the healthiest groups will have the biggest rate increases in 2009. Healthy behavior will not be rewarded.

### The Effects of Increasing Rates

The cost of Colorado small group health care has more than doubled since 2000. The overall increase for group plans nationwide is up 87% since 2000. What are Colorado small employees doing?

*Leaving the small group market* - The small group pool covers 165,000 less employees today than it did in 2000. The number of uninsured has increased 114,000 since 2000. The participation in CoverColorado (the high risk pool) has more than doubled since 2000. The individual market has also seen a marked increase since 2000. Another response is that healthy Individuals are moving to individual plans (State law prohibits the sale/marketing of individual policies through employers groups).

### What Lies Ahead?

Costs will certainly continue to increase. Trends are down but still increasing at 10% to 12% annually. Government will continue to argue over its role and what can be done to cut the cost of health care. Here some ideas that are being discussed:

*Decrease medical error rates and utilize medical information technologies* – these changes will make the system more efficient and will pay big dividends. The provider and hospital community will need to take the lead.

*A bigger push on wellness and consumerism* - can be an effective long term solution. Some large companies are requiring employees to take health risk assessments and join wellness initiatives prior to receiving coverage under the group plan. The leaders in the group insurance market have enacted substantial wellness programs.

*Look at different types of plans* - such as high deductible options and using small/select provider networks. More highly managed plans have been successful at controlling costs.

*Mandated insurance for all* - such as the plan implemented in the state of Massachusetts. The state mandated that every individual has insurance. It has worked for that state when looking at the uninsured population.

We welcome your comments and questions regarding this extremely important issue. The Sisk & Company Benefits team can be reached at (303) 831-7100. They can discuss your options and the impact of Colorado HB 1355.

## OSHA NEWS

### OSHA's Recordkeeping Standard Is It Recordable?

An employee gets injured on the job. After the dust settles, you're thinking, "*Is this a recordable?*" Well, in order to answer that question, you have to review the injury and details related to the injury.

**Did the employee suffer an injury or illness?** You may be thinking "*Do we really need to ask this question? Isn't it obvious?*" Most of the time the answer to this question will be obvious; however, if it is not clear whether an injury or illness has occurred,

the employer may refer the employee to a physician or other health care professional for evaluation and may consider the health care professional's opinion in determining whether an injury or illness exists.

If an event or exposure in the work environment either caused or contributed to the resulting condition or significantly aggravated a pre-existing injury or illness, then work-relatedness is presumed, unless one of nine possible exceptions applies. A list of the nine exceptions can be found in the regulation 29 CFR 1904.5(b)(2) (<http://www.osha.gov/recordkeeping/index.html>)

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### *OSHA recordkeeping – continued from page 3*

An injury or illness is new if the employee has not previously experienced a recorded injury or illness of the same type that affects the same part of the body, or the employee previously experienced a recorded injury or illness of the same type that affected the same part of the body but had recovered completely (all signs and symptoms had disappeared) from the previous injury or illness and an event or exposure in the work environment caused the signs or symptoms to reappear.

Some specific criteria determine whether work-related injuries are recorded, such as death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, and loss of consciousness. Work related illnesses are usually diagnosed by a physician or other licensed health care professional (this includes cancer, chronic irreversible disease, a fractured or cracked bone, or a punctured eardrum) There are other criteria that would also make a case recordable, such as getting stuck by a contaminated needle, certain types of hearing loss, exposure to and development of tuberculosis, etc.

A helpful resource that provides detailed guidance related to the implementation of this rule is the **OSHA Recordkeeping Handbook** <http://www.osha.gov/recordkeeping/handbook/index.html> . You may also contact Megan Meagher of the Denver Area OSHA Office with any questions at 303.844.5285 x105 or [meagher.megan@dol.gov](mailto:meagher.megan@dol.gov) .

### NOTES FROM DAN

During the MSEA safety committee meetings held September 10<sup>th</sup>, (Ft. Lupton) and September 18<sup>th</sup>, (Grand Junction) a couple of safety trends were discussed. These trends are a mix of good and bad news –

**The bad news:** Average number of days for the MSEA members to report injuries is up from previous years and higher than the time recommended by Pinnacol. Good claims management practices show that claims reported within two days ultimately cost less than claims reported after two days. Pinnacol statistics show that the cost increases about 4% per day for every day and injury is reported past the two day window. I encourage you to report all injuries as soon as you are notified by your employee and require your employees to notify you of an injury immediately.

The second “bad news” is that vehicle accidents are a serious concern. In the past few years, vehicle accidents on public highways have been the single most likely cause of an MSEA member suffering a work related fatality. If the employee would have been wearing a seat belt, it is believed several of these accidents might not have resulted in death. Please require your employees to “buckle up”.

**The good news:** As of September 3, 2008, the loss ratio for the MSEA is at 19.6%. This is a very good loss ratio and indicates that all MSEA members are making safety and accident reduction important. Congratulation on your successes, and keep up your efforts to create a safer work environment.

## Contact Information

The Mountain States Energy Alliance (MSEA) is a not for profit association dedicated to helping members create a safer work environment in the oil and gas industry. The MSEA offers an exclusive workers' compensation program underwritten by Pinnacol Assurance for its members. MSEA members receive a 4% discount on their workers' compensation premium and may also qualify for a dividend payment based on favorable loss experience of the group. To see if your company qualifies for the program or for more information about the MSEA program contact one of the following.

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For benefit information contact:  
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