



Oil Patch Quarterly

Exclusive Program Managed by Sisk & Company

First Quarter 2010

INSURANCE NOTES

MSEA – Group Health Insurance Initiative

MSEA members now have a group health insurance program that gives them a 5% discount off the rates offered by any other association or broker and provides qualified groups the opportunity for dividend returns based on favorable claims experience.

Here is the Program

MSEA members get 5% off the Rocky Mountain Health Premier Advantage program. In addition, all participating employers have the potential for a return of premium if the loss experience is favorable for the group.

The “Our Health Management” program is included with enrollment. This wellness tool has been shown to help improve the overall health of the group, thus helping establish favorable experience.

The program includes customized enrollment services and one-on-one enrollment meetings, customized plan summaries and English / Spanish educational materials.

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Safety Incentive Programs Key Safety Management Tool

If you haven't yet set up a program to celebrate and publicize safety-related accomplishments as part of your overall safety management efforts, the MSEA urges you to do so. Safety incentive programs are powerful tools for motivating employees and a highly visible way to show your commitment to safety. Most incentive programs fall into one or both of the following categories:

1) Rewards for reducing the frequency of work-related injuries or illnesses --- Individual employees or groups of employees are rewarded for reducing accidents during a certain time period. The biggest concern about this type of incentive program is that it can encourage deception or non-reporting. Additionally, when one injury ruins the chance to reward everyone, it can create bad feelings among employees.

2) Rewards for individual or team behavior --- Employee behavior is observed and good behavior is rewarded. Programs based on rewarding behavior can help reduce the concerns mentioned above, but they still must be measurable, attainable, and provide rewards that will motivate employees. Desired employee behaviors must be clearly communicated to eliminate measures that are based on personal opinion.

According to an article by Paul M. Goodrum and Manish Gangwar in *Professional Safety, Journal of the American Society of Safety Engineers*, a study of safety incentive programs reached the following conclusions:

- Among the companies surveyed, those with a safety incentive program had lower lost-time incidence rates and experience modification rates than those without one.
- Sampled companies that used only tangible awards (cash, prizes, etc.) had slightly better safety performance than those that used both tangible and intangible awards (praise, certificates, etc.).
- Incentive programs should be part of a comprehensive safety program that includes training as well as safe facilities and equipment.



LESSONS LEARNED

The Importance of Post Offer Functional Capacities Testing

In a recent case, a 40 year old was hired as a laborer, even though he had a visible limp. Forty-five minutes into his first scheduled workday he was injured while lifting. The employer did not have a post offer drug or physical evaluation program in place. Therefore, there is no record of any prior physical limitations. The employer is now responsible to make the injured employee "whole" and any disability rating will be assessed as if the employee did not have any pre-existing conditions.

The Lesson:

A post job offer medical examination, including a functional capacities evaluation, would have determined if the worker was physically able to do the job. 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.

The MSEA has negotiated special pricing with ErgoMed for the purpose of encouraging employers to follow good hiring practices and not hire your next workers' compensation claim. Call us for information about this program – 303-831-7100.

Modified Duty Helps Lower your E-mod

Two years ago Colorado joined the growing number of states that accept an Experience Rating Adjustment or ERA, when calculating a business's experience mod. Adopting the ERA practice has a large impact on many mods because it changes the way that Primary Losses, or the first \$5,000 of a claim, are factored into the experience mod calculation.

Prior to the ERA coming into effect, in the absence of any deductible, the first \$5,000 of a claim that was reported to NCCI was calculated using 100% of the dollar amount, where as the portion of the loss in excess of \$5,000, was multiplied against a weighting value to obtain some discount. With the ERA, there is a 70% discount used to calculate claims costs, *if the claim is a medical only claim*. Indemnity claims (claims having lost time or a permanent impairment rating) are still calculated using the old method.

Example of ERA on a Medical Only claim with a total cost of \$10,000

Before ERA	After ERA
Primary Loss = \$5,000	Primary Loss = \$1,500 (\$5,000 x 30%)
Excess Loss = \$5,000 x Weighting Value	Excess Loss = \$1,500 (\$5,000 x 30%)

It is important to note that just because a claim doesn't have any lost time does not mean it is a medical only claim. There can still be indemnity payments on the claim if there is a permanent impairment rating or if the injured worker was paid reduced wages during modified duty.

Even if you bring an employee back to work on modified duty so he/she does not miss any work, it can still be a lost time claim if you don't pay the employee full wages. This is because Pinnacol will have to pay the difference between their pre-injury wages and the modified duty wages they receive. The same principle applies if the employee misses work for a doctor's appointment and you don't pay them; Pinnacol is required to make up that difference.

Good case management will positively impact your mod. If claims are managed to medical only, the ERA can be an extremely effective tool in keeping your e-mod lower and mitigating the impact that your claims have on your mod calculation.

At Sisk we look at these impacts and try to work with you to manage the claim. Contact Mike Eastop or Dave Tacha, both are Certified Workers' Comp Professionals, if you have questions or would like to discuss your situation further – 303-831-7100.



MSEA Group Health --- Continued from Page 1

With the MSEA, there is strength in numbers. By joining the program, MSEA members can get more affordable and comprehensive health care. It takes a commitment from the membership to accomplish this goal. The workers' compensation program has been a great success and it is now possible to do the same with health care.

The MSEA Group Health Program Advantages

- Exclusive to MSEA Members
- Increased Purchasing Power
- Integrated with Workers' Compensation Program
- Effective Long Term Savings
- Combat the significant cost increases built into the current Health Care Reform legislation

You owe it to yourself and your business to learn about this program. Contact Your MSEA Team – Todd Heiserman, Mike Eastop, or Dave Tacha at (303) 831-7100.

NOTES FROM DAN

As 2010 unfolds it is looking to be a very interesting and challenging year. When I talk to MSEA members, I hear two stories; 1) business is still down, 2) we are starting to see activity and are hiring a few people. I hope that the hiring story becomes more prominent in the coming months. With my optimism about the future, I want you to know about a couple of things we are doing that can help you improve your bottom line as you grow.

1. The MSEA has an agreement with ErgoMed that will help employers set up post offer of employment exams and background checks. The ErgoMed agreement with the MSEA provides special pricing for all services. In addition, ErgoMed knows the oil & gas industry. With locations across Colorado, they can help make sure you do not hire a workers' compensation claim. Call me if you have questions or would like to know more about the program.
2. I want to remind all businesses to make sure your subcontractors have workers' compensation insurance in place. If they do not, you are likely to be viewed as the statutory employer. That means your workers' compensation policy will pay if they are injured and audits will likely mean you will also pay premiums on what you pay them.

I encourage you to set up good loss prevention / safety practices now so as you grow in the coming year you will be more profitable and a better risk.

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.

Mike Eastop
Dave Tacha
Tom Sisk

For benefit information contact:
Todd Heiserman

The following websites provide excellent insurance and safety information:

www.tjsisk.com
www.gomsea.org
www.petrodocs.com

If you have questions or comments about this newsletter, contact:

Dan Klimek
Loss Control and Safety Manager
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Report Injuries Within 24 Hours and Save

As soon as an injury is reported to Pinnacol Assurance, the claims management process begins. Reporting claims within 24 hours can reduce costs significantly.

Early reporting can:

- Benefit the employee through prompt, quality medical care
- Help the employee return to work sooner
- Reduce the number of lost-time claims
- Reduce attorney involvement
- Lower overall costs
- Ensure a timely accident investigation to prevent future injuries

Employers and employees have to work together to make 24-hour reporting happen. An employer can only report a claim within 24 hours if the worker informs him/her of the accident. Employers need to be proactive in reminding workers of the importance of timely reporting.

- Conduct regular safety meetings that discuss the importance of reporting all accidents and near misses immediately. Today's near miss is tomorrow's injury.
- Use posters and employee paycheck stuffers. (These are available for Sisk clients free of charge.)

- Have a clear policy mandating that all injuries are reported to the supervisor immediately.

Sometimes an employee will wait to report an injury because it may not seem obviously work-related. For example, an employee could have symptoms of a repetitive motion injury for weeks before seeking medical attention. In this situation, the date of injury would be the day the worker informed the employer of the work-related repetitive motion injury.

How to Report an Injury

Report claims to Pinnacol Assurance within 24 hours at 303-361-4000 or 800-873-7242. Or report via the Internet at www.pinnacol.com by clicking on the Pinnacol ServiceLink button. The more information you give on the first report of injury, the more opportunity for cost savings. Have the following information available when reporting:

- The company's policy number
- The injured worker's name, Social Security number, date of birth, home address, and telephone number
- The date of the injury and general injury information.

Contact your Sisk account manager if you have questions about how to report claims – 303-831-7100.

OSHA NEWS

Occupational Noise Exposure

By Todd Zentner, OSHA Compliance Assistance Specialist

The National Institute of Occupational Safety and Health (NIOSH) has estimated that between 5 and 30 million workers in the United States are exposed to hazardous noise levels in the workplace. One "rule of thumb" to recognize potentially elevated noise levels is how loudly you have to speak to someone in order to be heard in the work environment. If employees need to shout to be heard; noise levels may be in the range of 85 to 90 dBA (A-weighted decibels) and a noise exposure assessment should be considered.

For companies operating in oil and gas well drilling and servicing operations only two paragraphs of the Occupational Safety and Health Administration standard applies: 1910.95(a) and 1910.95(b). These two paragraphs essentially require an employer to protect employees against the effects of noise exposure through administrative or engineering controls and if those methods are not effective personal protective equipment shall be provided and used. Once noise levels reach 90 dBA for an 8-hour time weighted average the use of hearing protection is required. At a minimum hearing protection must attenuate noise levels to those listed in Table G-16 of the standard.

Contact Dan Klimek at Sisk & Company for the link to review this OSHA standard on line – (303)831-7100.