

With IWIF

News and Information for

IWIF Policyholders and Maryland Employers

Spring 2012



On Guard REDUCING WORKERS' COMP MEDICAL COSTS

**IWIF has Implemented an Array
of Cost Containment Measures**

FIGHTING
Prescription
Drug Abuse in
Workers' Comp

Kids' Chance
of Maryland
Scholarship Program
Kaitlyn's Story



Understanding
Rates and Basic
Premium
Calculation

Student's Winning
Workplace Wellness
Poster Inside



IWIF is On Guard in Reducing Workers' Comp Medical Costs

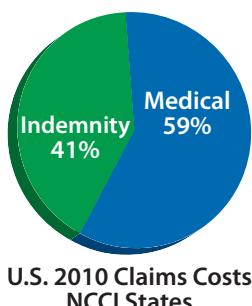
Maryland's injured workers are fortunate to have access to some of the best medical care in the world. But the cost of medical care in workers' compensation continues to increase nationally and in Maryland. These growing medical claims costs ultimately affect the rates Maryland businesses pay for workers' compensation. In 2005, the average medical cost per IWIF lost-time claim was \$4,254 and in 2010 it had increased 21% to \$5,368 for a total of \$82 million in medical costs. Without IWIF's commitment to controlling escalating medical costs over the years, these costs would be higher.

Without IWIF's commitment to controlling escalating medical costs over the years, these costs would be higher. We know the factors that are driving these costs: medical inflation, changing definition of work-related injuries,

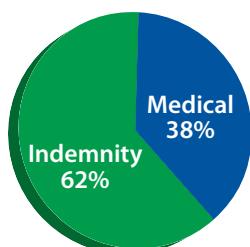
advanced medical procedures and technology, limited control of treatment utilization and increasing prescription costs including physician prescribing, selling and then dispensing drugs right from their offices.

You should also know that as your insurance partner, we are committed to instituting a number of effective medical cost containment measures. The most important is IWIF's total claims management expertise by our claims adjusters, nurse case managers and medical bill review team in providing timely service and treatment monitoring for each claim.

Another effective tool is our alliance with our Preferred Provider Organization. This is a state-wide network of doctors committed to improved outcomes and to following the Maryland Medical Fee Guide for the care of injured workers. Visit IWIF.com under "I am an Employer – Find a Doctor" to search for a medical provider in your area.



U.S. 2010 Claims Costs
NCCI States



IWIF 2010 Claims Costs

Employers:

You and your supervisors can take an active role with helping to control workers' comp claims' medical costs

1. Report all injuries promptly to IWIF.

Studies show the longer the delay in reporting an injury, the more costly the injury claim.

2. Pre-select a local medical provider from the OneNet physician's directory to recommend to your injured worker for medical care. REMINDER: Maryland state law gives injured workers the right to seek medical treatment from any doctor they choose. We cannot direct medical care, but we can help recommend a local medical provider. Hospitals charge more than local medical clinics and providers.

3. Implement an Effective Return-to-Work Program.

The sooner an injured employee is medically able to return to transitional duty, the better. The goal is to reduce lost-time injury claims. As your lost-time days go down, so will all of the other associated workers' comp costs, especially medical. Employees seeking to avoid return to work will often use excessive doctor's visits and treatment in order to accomplish their objective of staying off the job.

4. Stay involved with the claim.

Keep the lines of communication open with your claims adjuster and injured worker.



Workers' Comp Medical Issue Snapshots

IWIF has implemented an array of claims medical cost containment measures:

1. Preferred Provider Organization (PPO): IWIF has an alliance with the One Net PPO. Medical bills received by IWIF are forwarded for re-pricing based upon fees doctors contractually agreed to receive. In 2010, IWIF savings were more than \$3.5 million.

2. Medical Bill Screening Vendor: This service is a re-pricing software program that IWIF uses to screen all medical bills that go to the PPO. This process is able to get us further savings by checking bills for CPT code unbundling, applying other states' fee schedules to out-of-state bills, and making sure correct procedure codes are used. This additional level of screening helped to save IWIF \$1.7 million in 2010.

3. Prescription Pain Management Program: IWIF has a team of nurses who review claimants' pain management programs for appropriateness. The largest area of focus is on the claimant's use of narcotics. Narcotic prescription costs for claimants now account for 43% of IWIF's total Rx costs. IWIF's nursing teams have developed relationships with Maryland area pain management doctors in using evidence-based treatment guidelines for chronic pain management. This program identifies appropriate and inappropriate drug use and brings attention to such issues as non-compliance. In 2011, this monitoring program has led to \$1.5 million in savings for IWIF.

4. Pre-certification of Major Medical Procedures: IWIF's claims and nursing teams monitor all requests for major medical procedures/surgeries and hospital admissions. They apply national, evidence-based treatment guidelines to the authorization process to ensure treatment is appropriate and indicated. This is a quality and cost containment effort that ensures injured workers receive appropriate treatment.

5. In-patient Hospital or Facility Stay Monitoring Program: The case of each claimant who stays overnight in a hospital or facility is reviewed for appropriate length of stay. Our Medical Pre-certification unit reviews each admission and coordinates medical services in the home to avoid extended stays. Cost savings for 2010 was more than \$400,000.

6. Hospital and Medical Provider Negotiated Savings: IWIF pays the majority of medical treatment bills within 14 days of receipt, and receives a discount for prompt payment from many medical providers and hospitals.

7. Physicians Advisory Council: IWIF's Executive team, Claims and nursing representatives meet twice a year with selected physicians to have an open discussion on new medical issues and changes in workers' compensation. This exchange of information has improved the appropriateness of medical services provided to IWIF's injured workers.

Maryland's Medical Fee Guide for Workers' Compensation is the first line of defense in controlling medical fees charged by medical providers (not Maryland hospitals). In the state of Maryland, the HSCRC (Health Services Cost Review Commission) regulates hospital charges.

Examples of expensive medical procedures and treatment the Maryland Workers' Compensation Commission has ordered for injured workers that may not have been ordered 10 years ago:

- Heart surgery
- Gastric bypass surgery
- Drug detox treatment

What is unbundling of CPT codes?

A physician records the medical treatment services he or she provides a patient using Current Procedural Terminology (CPT) codes. Each treatment has its own code. Some treatments are bundled together under one code (For example, a group of 14 blood lab tests for \$240), but in some instances those 14 lab tests can also be broken out and billed separately, say, at \$20 each x 14, which would be billed at \$280. The unbundling of certain treatments is an error that IWIF's medical bill screening vendor looks for to correctly re-bundle the procedures and pay the lower cost.

Q&A

As Maryland's leader and expert in workers' compensation insurance, IWIF professionals are available by phone, e-mail and in person to help answer your questions. We also encourage you to contact your agent partner and to visit our website, www.iwif.com, for more frequently asked questions and answers.



How is IWIF helping to combat the problem of narcotic prescription drug abuse in workers' comp in Maryland?

Prescription drugs and their related costs continue to drive up the cost of workers' comp in Maryland and throughout the U.S. In 2010, drug costs represented almost 20% of total workers' comp medical expenses, or \$5.4 billion, according to a 2011 National Council on Compensation Insurance (NCCI) study on prescription drug use in workers' compensation claims. The same study revealed that the expensive narcotic OxyContin, a Schedule II drug, was the most widely prescribed workers' comp drug. In response to this, IWIF recently created a comprehensive narcotics monitoring program to help reduce the health risks of these dangerous drugs to injured workers.

Karen Lewis, L.P.N.,
IWIF's Precertification
Department-
Pain Management Program

Ana Blair, R.N.,
IWIF's
Precertification
Department-
Pain Management
Program



1. What is the goal of IWIF's pain management program?

IWIF created its drug monitoring program in late 2009 as part of a larger Pain Management Program that reviews not only the use of prescription drugs, but also many alternative interventions.

The goal of the program is to apply evidence-based guidelines for treatment of chronic pain to ensure necessary care. The end result will be better medical outcomes, improved quality of care, protection and safety for the worker, and, ultimately, a return to work.

2. Who is responsible for administering this program?

Ana Blair, R.N., and Karen Lewis, L.P.N., of IWIF's Precertification Department, direct IWIF's Pain Management Program. They work with physician groups to ensure medication compliance and are also responsible for ensuring that all pain interventions are achieving the twin goals of reducing pain and improving function for injured workers.

3. How does the program work to help control costs?

Before prescribing narcotics for chronic pain, IWIF encourages physicians to have their patients sign a "narcotic agreement" stating they will comply with the program, not consume other non-prescribed or illicit drugs, and agree to random drug screens if the doctor suspects non-compliance. IWIF contracted with a Pharmacy Benefit Manager (PBM), Express Scripts (with an extensive network of pharmacies), to monitor the program and medications.

When a workplace accident occurs, the first line of defense is a Temporary Prescription Card. This card ensures that the pharmacist knows this is a workers' comp injury and that Express Scripts

is the PBM. This allows for smooth processing and a prompt fill for the injured worker.

A second line of defense is a specialized IWIF formulary of medications. Only certain medications are routinely approved. Medications not on this list require pre-authorization. An IWIF nurse reviews the request to determine if the need for the medication is related to the work injury.

4. How does IWIF identify abusers of prescription narcotics among the claimants we treat?

There are several resources to help identify claims that may be at risk. One is our pharmacy report of the top 25 claims by drug cost. These are drugs that are costly because of the type of drug, dosage, or quantity prescribed.

Another resource is a predictive modeling tool that identifies claims in which there are multiple prescribing physicians, different pharmacies dispensing, and increases in the amount or type of narcotics prescribed. This allows our nurses to target interventions where efforts can be most productive.

Finally, our claims adjusters play an important role in guarding against prescription drug abuse by referring claims for review when they find excessive treatment, delayed return to work, or documentation of continued pain complaints.

5. What happens when someone is found to be “non-compliant” or is violating the terms of the “narcotic agreement”?

Injured workers who are found to be non-compliant and are abusing their narcotics are increasingly being discharged from the physician’s practice. Recently, IWIF has been proactive in taking such claims to hearing for non-compliance and narcotic abuse. Some of these claimants have been sent to an outpatient or inpatient drug rehabilitation program, which is coordinated by IWIF upon recommendation of a physician or by order of the Maryland Workers’ Compensation Commission.

6. What is the cost of prescription drugs to IWIF?

The top five drugs prescribed for injured workers are typically very expensive. In addition, injured workers who abuse prescription drugs treat longer, have more treatment interventions, take more medications, have more mental health issues, and generally are in worse health – all of which increase indemnity and permanency costs.

7. Has IWIF’s program helped to save money since its inception?

Yes. Since its inception in 2009, the program has saved IWIF an estimated \$5 million. In 2011, cost savings for the opioid drugs alone were more than \$553,000.

8. Does Maryland have any laws that cap the cost of medications in workers’ comp cases?

No. Maryland does not have a statute in place that caps the cost of medications. Nor does Maryland currently have a prescription fee schedule, like some states do. In Maryland, pharmacies are reimbursed “usual and customary,” which come down to billed charges or prices negotiated through a PBM, which IWIF does have.

The top five

drugs prescribed for IWIF workers’ comp claimants in 2011 were:

1. OxyContin
2. Opana ER
3. Lidoderm patches
4. Cymbalta
5. Fentanyl

Sample IWIF case involving narcotic drug abuse

One claim involved a worker who slipped, and injured their back. The injured worker subsequently underwent conservative treatment that included physical therapy and epidural steroid injections and was started on OxyContin. The injured worker was prescribed a high dose and, upon request of the IWIF nurse for a drug screen, the injured workers’ test results revealed a positive indication of the illegal substances cocaine and marijuana, along with other non-prescribed narcotics. This injured worker was discharged from IWIF’s Pain Management Program for non-compliance and the case is being scheduled for a hearing.

Controlling Your Workers' Comp Insurance Costs Understanding Rates and Basic Premium Calculation*

A basic overview of the different components that go into the creation of a basic estimated annual premium for an IWIF workers' compensation policy.

*This article provides a simplified explanation and does not include all elements utilized in setting premium.

Class Codes

All businesses are assigned a four-digit classification code based on the nature of their operations. Examples: Residential roofing, 5551; restaurants, 9082; and office clerical, 8810. IWIF currently uses more than 600 class codes.

Base Premium Rate

Each classification code is assigned a premium rate established by IWIF. These rates reflect the hazards of a particular employment exposure. IWIF rates are annually set and approved by our Board and are reviewed every five years by the Maryland Insurance Administration.

Your premium – the price you pay for workers' compensation insurance – is determined by multiplying the rate (per \$100 of gross payroll) for a business classification by the amount of payroll in that classification. If you have several classifications in your business, (for example a roofing contractor may employ roofers, sales professionals and clerical employees), your premium is the sum of the totals for all classifications.

Tiers

A tier is an additional premium factor applied to the base rate. Employers are assigned one of several IWIF tiers. Your assigned tier is based on your business:

- Operations
- Loss History
- Effectiveness of Safety and Risk Management Programs
- Premium Size

Association Discounts

You may qualify for one of IWIF's 16 Associations/Safety Group discount programs. These membership programs can include additional discounts on premium, dividends, or a combination of both. Visit IWIF.com for a complete list of association programs.

Premium Discounts

Premium discounts are applied to your final premium calculation based on your premium size.

Experience Modification Rating

The experience rating or e-mod is the safety saves incentive factor that is directly related to **your** business' claims incurred during the prior three year policy terms. An experience modification of less than 1.00 will help decrease your final premium. An experience modification of greater than 1.00 may increase your final premium. Visit IWIF.com for a more detailed overview of the e-mod calculation.

Expense Constant

The Expense Constant is a policy administering/processing fee of \$150 charged on every workers' comp policy, regardless of the policy size.

Terrorism Risk Insurance Act (TRIA)

This law provides a federal financial backstop for the insurance industry for claims from certain terrorist attacks, and requires that every U. S. property and casualty insurance organization offer and sell terrorism insurance to its commercial policyholders. (Refer to your policy for full coverage description.) A premium charge of .04 of total payroll/100 applies.

Catastrophe

(other than Certified Acts of Terrorism)

This provides coverage for any single event, resulting from an earthquake, noncertified act of terrorism, or catastrophic industrial accident, which results in aggregate workers compensation losses in excess of \$50 million. (Refer to your policy for full coverage description.) A premium charge of .01 of total payroll/100 applies.

Please contact your agent or IWIF anytime you have a specific question about your policy or premium invoice.

The basic formula for a workers' compensation premium:

1. Start with total payroll ÷ 100
2. Multiply X Rate [Base rate of Class codes X tier]
3. Multiply X E-Mod
4. Multiply X discounts (if applicable)

SAMPLE Premium Calculation		Base Tier
Payroll/Remuneration		\$150,000
Payroll ÷ 100		\$1,500
Rate = Base Rate x Tier		5.00
Manual premium: [Payroll ÷ 100] x Rate		\$7,500
Experience Modification E-Mod		.90
Modified Premium [Manual premium x E-Mod]		\$6,750
Premium Size Discount [Varies by premium range] 10%		\$6,075
Expense Constant		\$150
TRIA - Terrorism		\$60
Catastrophe Coverage		\$15
Total Estimated Annual Premium		\$6,300

How IWIF influences rates

- Our unwavering focus on workplace safety
- Our group program discounts and appropriate pricing tiers
- Our proven claims management expertise
- Our mission to operate as a not-for-profit workers' compensation insurance organization. Any profits are returned to policyholders through the rate-making process. There are no underwriting profit incentives, other than to ensure IWIF meets mandated surplus requirements and remain financially sound.

How YOU can control your overall workers' compensation costs

Connecting the dots

Prevent workplace injuries and illnesses

- Take seriously IWIF's Loss Control recommendations
- Embrace a total workplace "Safety Culture"
- Implement safety programs to reduce and eliminate workplace hazards
- Institute best practices for hiring, training, and retaining a skilled workforce

Proactively manage all claims

- Report all injuries promptly
- Conduct and document a thorough accident investigation
- Always show honest care and support for your injured worker

- Stay actively involved throughout the claims process. Make sure someone in your business is closely monitoring all workers' comp claims.
- Report any suspicions you may have about the injury claim
- Implement a Return-to-Work Program and help injured workers return to work as soon as they are medically able. The goal is to reduce lost-time injury claims. As your lost-time days go down, so will workers' comp costs.

Ultimately these efforts will help with:

- Lowering your E-Mod
- Appropriate tier selection
- Potential group discounts

The Safety \$aves bottom line

"Kids' Chance was the biggest savior for me"

Kaitlyn Dalton is nothing short of a Kids' Chance success story. The 22-year-old from Southern Maryland graduated with honors from Towson University and now works as a 5th grade teacher for the Prince George's County public school system.

She credits Kids' Chance of Maryland, Inc. with giving her the opportunity to go to college and earn her teaching degree – an opportunity she may not otherwise have had. When Kaitlyn was just 2 years old, her father, J.C. Dalton, a lumberjack, was diagnosed with a rare blood disorder as a result of a workplace chemical accident.



Kids' Chance of Maryland, Inc. provides college scholarships to the children of Maryland's catastrophically or fatally injured workers.

It is the children who are often forgotten when these losses occur. Kids' Chance of Maryland provides an opportunity for these children to pursue their education, reach their goals, and fulfill their dreams for the future.

Join us to remember and honor those Maryland workers, many of them parents, who have been catastrophically injured, or have lost their lives in a workplace accident. Registration for the April 28th event and corporate sponsorships will help raise much needed funds for the Kids' Chance of Maryland, Inc. scholarship fund.

Register to run or walk for this event at www.charmcityrun.com. There is a registration fee of \$35. For more information on this event, go to www.kidschance-md.org or call 410-832-4702.

"He suffered with that disease for a long time," recalls Kaitlyn. He died three years later, when she was 5. Kaitlyn's mother was left to care for her alone.

"I started thinking about college as soon as I started high school," Kaitlyn reflects. "I knew I wanted to be a school teacher." It was through her high school guidance counselor that she first heard about Kids' Chance and the scholarships offered by the non-profit organization to children like herself who have had a parent catastrophically injured or killed as a result of a work-related accident.

"My mom and I both realized that I met all the criteria for the scholarship, so I applied," explains Kaitlyn. "Kids' Chance was the biggest savior for me. It took a lot of the stress off my mom of having to pay for college costs." She adds that Kids' Chance helped pay her tuition for four years of college. Kaitlyn graduated from Towson with a degree in Elementary Education in May 2011. She landed her first teaching job shortly thereafter.

"I absolutely love being a teacher," she beams. "Every day is a new challenge. One of the biggest rewards for me is seeing my students take what I teach them and then applying that not only to tests but also to real life."

Kaitlyn graciously agreed to participate in a video interview for Kids' Chance of Maryland to share her story with others and to help spread the word about Kids' Chance. You can view Kaitlyn's story at www.iwif.com, as well as on the Kids' Chance of Maryland website, www.kidschance-md.org.

"Kids' Chance has done so much for me, I wanted to give something back," says Kaitlyn.



Kids' Chance of Maryland, Inc. is a 501(c)3 charitable organization.



TOP 10 OSHA Standards Cited in Maryland for 2010

The Maryland Occupational Safety and Health Administration reported these top 10 OSHA/MOSH standards were cited in Maryland in 2010.

Rank	Standard	# Times Cited	Description
1	*5 0406 a 1	262	Chemical information list forwarded to the Maryland Department of the Environment
2	*5 0405 b 1	170	Duty of employer to compile and maintain a chemical information list
3	1910 1200 e 1	113	Written hazard communications plan – Toxic & hazardous substances
4	*5 0104 a	112	The Maryland General Duty Clause
5	1910 1200 h 1	112	Written hazard communications plan – Employee information and training
6	1926 0503 b 1	109	Certification of training – Fall Protection – Training requirements
7	1926 0503 a 1	106	Fall protection training program
8	1910 0132 d 2	88	Personal protective equipment – Hazard assessment & equipment selection
9	1910 0132 f 4	78	Personal protective equipment – Proper training
10	1926 0020 b 2	74	Construction – General safety and health provisions – Accident prevention responsibilities

2010 MOSH Statistics

Maryland establishments with MOSH fines: **591**
 Total amount of original MOSH fines: **\$3,487,250**

* Note: Standards starting with the #5 are Maryland specific MOSH standards.

For more information on the Maryland specific MOSH standards visit:

www.dllr.state.md.us/labor/mosh/

OSHA standards can be found at www.osha.gov

Information source: Maryland Occupational Health & Safety Administration

Congratulations to the winners

of the 2011 Drawing Attention to Health & Wellness Poster Contest sponsored by IWIF. Joanne Li, a student at Loch Raven High School, won 1st place and \$500 for her "Life is Beautiful" poster. Second place went to Yana Gurova of Perry Hall High, and 3rd place went to Kenneth Friedel of Loch Raven High. The contest was open to all Balto. Co. high school students. A copy of the winning poster is included in this issue for employers to post.



Kristin Klein, New IWIF Director of Loss Control Announced



Kristin Klein, was promoted to IWIF Loss Control Director. Previously, she was a Loss Control Supervisor for IWIF's Strategic Business Unit and the State Employee Risk Management Administration.



IWIF's new **Safety** University micro website contains a variety of helpful workplace safety tools and resources. The library of information and resources are free to anyone to access. [Visit www.IWIF.com](http://www.IWIF.com) and click on **Safety** University.

Online safety resource topics and information include:

- Effective Hiring Practices
- Safety Posters Library
- Safety Tip Sheets/Handout PDFs
- English/Spanish Workplace Safety Pocket Guide Booklets
- Starting a Workplace Drug Testing Program



Joanne L, with her winning wellness poster and her art teacher, Benjamin Dursa, from Loch Raven High School.

8722 Loch Raven Blvd., Towson, MD 21286-2235

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www.iwif.com

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and safety programs:



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Maryland Workplace Health & Wellness Symposium

Friday, June 1, 8:00 a.m. – 3:30 p.m.

BWI Marriott Hotel • 1743 West Nursery Rd. • Baltimore, Md., 21090



Business Owners, Chief Financial Officers, Human Resource Executives and Insurance professionals will find a wealth of information and insights presented by many of today's top health and wellness professionals.

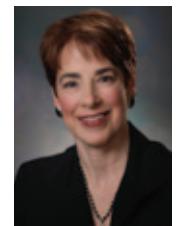
Key Speakers include:

Visit www.iwif.com for the complete agenda - topics include:

- Success stories from local Maryland employers
- Total Worker Health™ and ROI
- Prevention of chronic conditions
- The legal environment and wellness programs
- Status of health initiatives in Maryland
- Getting management on-board



Frances Phillips,
Deputy Secretary
Public Health Services
MD Dept. of Health
& Mental Hygiene



Anita Schill, PhD
Senior
Science Advisor
CDC/NIOSH



Todd Whitthorne,
President and CEO
Cooper Concepts, Inc.
Dallas Texas

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Attendance is FREE, reservations are required:

Visit www.iwif.com to register, or call 410-494-2170 or scan the QR code.

