

Risk ADVISOR



What is “Data Analytics” and How does the Fund use it?

The Fund’s Workers’ Compensation Claims Adjusters are using a new tool to help them control the cost of claims from centers. In this age of information mining and millions of data points, the Fund is using an algorithm based analysis to identify certain medical only claims that may evolve into much more costly lost time claims. A medical only claim is usually one where only medical expenses are paid for a minor injury that does not prevent the injured employee from going back to work. A lost time claim involves time off from work due to the seriousness of the injury. On average a lost time claim is 40 times more expensive than a medical only claim.

The algorithm the Fund’s adjusters use includes several factors that may predict a minor medical only claim may develop into a lost time claim. The potential for fraud is one of the factors, but most medical only claims that turn into lost time claims do so for medical reasons or reasons related to the employee’s particular situation in relation to his or her family, the employer and possible other health issues.

The Data Analytics process seeks to:

- ★ Use claim and managed care data to improve decision making about the treatment and management of a claim
- ★ Use specific algorithms to predict or anticipate changes in the development of the claim
- ★ Review data looking for patterns, issues or targets to better manage risk for the employer and the Fund
- ★ Influence claim progression by alerting to the use of specific actions in order to reduce claim costs and durations
- ★ Help Fund experts such as nurse case managers work together to change or improve claims direction
- ★ Gain insights on claim results and patient populations
- ★ Identify areas for claims handling operational improvement, operational efficiency, effectiveness and results

The process targets the specific claim and injured worker but also yields data that may benefit other claimants, employers and the Fund’s overall claim handling operation.

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Loss Control Briefs

School Traffic

Summer is ending and school is about to begin. For many centers the reduction in traffic that results after school lets out is a pleasant and time saving benefit that is about to end. Any road street or highway near a school will see school buses, parents transporting kids, bicycles and increased pedestrian traffic. This added congestion will pose serious hazards to center vehicles as they go about their daily travels. When school starts watch out for:

- ★ School buses stop in streets and roads, usually with some warning that starts with flashing lights and the swinging arm with a stop sign attached. Stop for the safety of the children the bus transports. After the first week you'll know when the buses that affect your travel are also on the road. This may allow you to avoid them. If not, be patient and obey the law. Some buses may be equipped with cameras that record the license numbers of vehicle that illegally pass a stopped bus.
- ★ Speed limits around schools are significantly lower and usually signaled by flashing yellow lights. In rural areas or small towns speed limits can suddenly drop from highway speeds to 35 mph.
- ★ New signage after the 2015 Texas legislative session also prohibits cell phone use in any school zone.
- ★ Additional congestion may be caused by school drop off lines that snake out into local streets as harried parents drop their child off or pick them up in front of the school entrance.
- ★ Watch out for kids on foot or bicycles crossing streets near the school. Pedestrians in cross walks in school zones have right of way and even if there is not a crossing guard, stop and let them cross safely.

Storm Surge

The heart of hurricane season is approaching and another reminder is in order. The most dangerous aspect of a hurricane is storm surge. This giant tidal dome that is generated by the action of the storm comes ashore rapidly with deadly force as it floods areas far inland from the coast, cuts off evacuation routes and carries the intense wave action with it to add to the destruction. The Fund recommends that members with clients, facilities or group homes near the coast plot their location with the storm surge maps provided by NOAA at: <http://noaa.maps.arcgis.com>. The maps cover the coast of the United States from Brownsville to Maine and can zoom in to street level. The maps show estimated surge at typical Category 1 through 5 levels. Other information will be provided by the National Weather Service if tropical storms approach the Texas coast with more specific warnings



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about expected storm surge and local impacts. Storm surge with its increased tides may begin quite some time before other storm effects begin. Evacuation routes can be cut off before the heavy winds and rains begin. If you have been instructed to evacuate, do not delay.

Loss Control Briefs, continued from page 2



(Ike Storm Surge, Reuters/Carlos Barria)

Slips, Trips and Falls

Is this your desk?



It's a fall waiting to happen if you become entangled in that mess of wires and cords.

Slips, trips and falls are the most common cause of injury to Fund member employees.

TCRMF Workers' Compensation Cause of Claims 2007-2017			
Cause	Number of Claims	Total Incurred	Cost per Claim
Slip/Trip/Fall	2,033	\$ 7,813,539	\$ 3,843
Motor Vehicle Accident	1,864	\$ 6,624,117	\$ 3,554
Strain/Sprain	1,257	\$ 5,896,569	\$ 4,691
Consumer Related	1,401	\$ 1,798,425	\$ 1,284
Strike/Struck by	689	\$ 1,040,023	\$ 1,509
Caught In	115	\$ 559,263	\$ 4,863
Exposure	758	\$ 446,885	\$ 590
Bite - Animal /Insect	508	\$ 257,693	\$ 507
Total	8625	\$ 24,436,514	\$ 2,833

There are many causes of slips, trips and falls such as wet floors, uneven surfaces, objects in a walkway, loose carpet or tiles, and potholes in the parking lot. Most employees expect facilities management to take care of these hazards and in many cases repairs and clean ups should be done by the maintenance staff. However, there are a lot of measures that individuals can take to make their workplace a safer environment. Good housekeeping around your workspace

is probably the most effective thing you could do to prevent accidents. The mess shown above (under your desk) needs to be straightened up and the cords run neatly somewhere off the floor. Desk and file drawers should be closed when not in use. Extension cords or other power cords should never run across an area where people walk. Nor should boxes or files be stored on the floor where people walk. If you spill coffee or other fluids in the breakroom, bathroom or hallways, clean it up! Leave the rain leaks or overflowing toilets to maintenance staff but if it's a minor spill take care of it before an unsuspecting fellow employee slips and gets hurt. Another action you can take, particularly if the solution requires maintenance expertise or equipment, is to report the problem promptly. Do this even if you suspect someone else may have already done it. Maintenance would rather hear about an issue from several people than have their first notice be an accident report.

A Checklist for the Risk Transfer Elements of Contracts

The Fund's coverage documents transfer risk from the member to the self-insured risk management fund. In return for paying contributions the Fund provides coverage up to certain limits of liability for risks the member faces from employee injury, its premises and operations, its governance and administration and to its owned property and vehicles. Members also transfer risk when they enter a contract with a contractor, vendor or provider of professional services such as engineers and architects. The following are principles of effective risk transfer in center contracts:

- ★ If you are paying for a service or project, the entity you contract with should sign your contract form, not theirs. Many contractors will try to make it easy for the center to sign their form, but what is easy at first could degenerate into disaster if what you have agreed to is against the center's interest.
- ★ Sometimes you may "have to" sign their contract if they have sufficient leverage. One of our members refused to sign an elevator company's contract so that company refused to provide repairs to the inoperable elevator. The member signed their contract to get the elevator fixed because there was no one else. Even in this situation you may be able to negotiate changes to make the contract more favorable.
- ★ The hold harmless (indemnification) agreement is the key to risk transfer. In this provision the contractor agrees to hold the center harmless from actions due to their negligence that cause damage or injury. The center

see **Checklist** continued on back cover

Data Analytics, continued from front cover

The process of adjusting even a simple medical only claim generates a tremendous amount of information about the injured worker, his or her job, medical diagnosis and treatments. Some of the “data points” that go into the data analytics process include:

- ★ Date of injury
- ★ Nature of injury
- ★ Lag between date of injury and date reported
- ★ Diagnostic codes
- ★ Drug codes
- ★ Co-morbidity diagnoses
- ★ Dates of service
- ★ Costs
- ★ Duration of treatment
- ★ Number of pills or prescriptions
- ★ Use of opioids
- ★ Use of compound medications
- ★ Attorney involvement
- ★ Treating physician information
- ★ The employee’s job
- ★ Employee demographic information
- ★ Wage information

How do these pieces of information fit together to predict a negative trend in the progress of a supposedly medical only claim? A good example is a back claim that may seem minor at first and result in some physical therapy and pain medication. The apparent “minor” nature and a lack of specialization in occupational injuries by the provider may misdiagnose the injury and lead to ineffective initial treatment. This delays recovery and leads to ineffective treatment or tests that cost a lot but leave the injured worker no closer to a return to work. In this case, the algorithm may detect a continuing pattern of treatments with no corresponding improvement in condition. There may also be a pattern of increasing use of medications when the usual recovery progress for a particular diagnosis may indicate that medication use should be decreasing. The lack of improvement during a course of treatment supposedly appropriate for a diagnosis becomes a “trigger” for review of the claim by a clinical team. The findings of the team are immediately sent to the claims adjuster for use in management of the claim. A problem with the diagnosis or treatment may lead the adjuster to assign a nurse case manager to the claim to help steer the treatment to more effective modalities.

Other claim related factors such as co-morbidities like obesity or diabetes can also be recognized and factored in to the treatment. The availability of a center’s return to work program can also be used to speed recovery and get the injured worker back to work.

Although the data analytics approach starts with an algorithm applied to the data generated by a particular claim, the results come from the involvement of medical and claims experts using their experience and judgment to help a center employee recover from their injury and get back to work. These efforts supplement the work of the claims adjuster whose goal is to get the injured worker back to work as soon as possible with a full medical recovery.

The initial research and trials of the data analytics approach indicated that a triggered intervention resulted in a reduction of 71% in total cost, a reduction of 59% in medical costs and a reduction of 73% in lost time days. The use of these procedures will help the Fund achieve significant savings and more effective results for community center employees.

The Fund’s Safety Awards

Each year the Fund grants recognition for outstanding safety records in several categories. The purpose of the awards is to recognize center efforts in preventing claims through safety and risk management efforts. The 2017 winners in each category were

Liability Winners

Dick DeSanto Excellence in Liability Loss Prevention
MHMR Services for the Concho Valley

Outstanding Achievement in Liability Loss Prevention
West Texas Centers

Outstanding Achievement in Liability Loss Prevention
The Gulf Coast Center

Fleet Winner

Outstanding Achievement in Vehicle Fleet Safety
Central Counties Center for MHMR Services

Workers’ Compensation Winners

William E. Hall Jr. Excellence in Workers’ Compensation Loss Prevention
Integral Care

Outstanding Achievement in Workers’ Compensation Loss Prevention
Camino Real Community Services

Outstanding Achievement in Workers’ Compensation Loss Prevention
Gulf Bend Center

Overall Excellence in Risk Management

Betty Hardwick Excellence in Risk Management

Center for Life Resources

In each category members are eligible for an award after membership in the Fund for four years. The reason for this is the way the winners are determined. For each category there are different criteria, but they are all based on the member's claims history over time. This process recognizes consistency of effort, not just being lucky or dodging a few bullets. The Fund wants to recognize effort as well as results.

The awards program is structured on the three main lines of coverage where conscious and consistent effort to operate safely and prevent claims have an impact. The Liability award recognizes the efforts that go into preventing claims in general liability, professional liability and errors and omissions liability. There are three awards given with the Dick DeSanto award going to the center with the best record regardless of the size of the center. The remaining two awards go to the best records in the remaining two size categories. For both the Liability and Workers' Compensation awards the members are ranked by net operating expenses taken from each member's audited financial statements over a five year period. There is usually a pretty clear dividing line between the small, medium and large centers as illustrated below with the 2017 groupings by five year net operating totals:

Center	NOE
ACCESS	\$ 36,495,380
Central Plains Center	\$ 43,405,247
MHMR Services for the Concho Valley	\$ 46,243,950
Center for Life Resources	\$ 46,471,136
Texoma Community Center	\$ 46,532,065
Gulf Bend Center	\$ 52,634,308
MHMR Authority of Brazos Valley	\$ 63,008,080
Betty Hardwick Center	\$ 64,132,555
Pecan Valley Centers	\$ 67,669,309
Helen Farabee Centers	\$ 83,094,893
Central Counties Center for MHMR Services	\$ 83,942,146
Heart of Texas Region MHMR Center	\$ 87,262,679
Nueces County MHMR Community Center	\$ 90,421,509
West Texas Centers	\$ 94,612,449
Permian Basin Community Centers for MHMR	\$ 94,745,308
Camino Real Community Services	\$ 104,068,172
Denton County MHMR Center	\$ 106,220,447
Andrews Center	\$ 114,655,841
Burke Center	\$ 116,163,522
Tri-County Services	\$ 122,495,038
Community HealthCORE	\$ 149,106,983
The Gulf Coast Center	\$ 157,799,442
Lubbock Regional MHMR Center	\$ 160,715,495
Spindletop Center	\$ 164,512,083
Bluebonnet Trails Community MHMR Center	\$ 177,048,673
Texana Center	\$ 207,363,020
Tropical Texas Behavioral Health	\$ 207,387,424
Austin Travis County Integral Care	\$ 311,603,133
The Center for Health Care Services	\$ 364,189,003
Metrocare Services	\$ 406,192,648
MHMR of Tarrant County	\$ 432,045,558
MHMR Authority of Harris County	\$ 922,820,488

The net operating expenditures are the totals for the period from 2012 to 2016. After compilation of the net operating expenditures, liability losses for the same period are totaled. The ratio between net operating and total losses becomes a loss rate per \$1,000 of net operating. This loss rate for the five year period determines the rankings within each size category. The loss rate for MHMR Services of the Concho Valley was 0.000. They had no liability losses for the award period. West Texas Center's loss rate was .0308 and The Gulf coast Center had a loss rate of .0160. The formula is (Five year total of losses)/(five year total of NOE/\$1,000) = Loss rate/\$1,000 NOE. Liability loss rates for all members ranged from 0.000 to \$5.57739 per \$1,000 net operating.

Net operating expenditures are also used to determine the size categories for all of the members but payroll is used in the calculations to determine the winners in the Workers' Compensation award category. Again, five years of losses and five years of audited payroll determine the loss rate used to rank the members. For 2017, the winner of the William E. Hall Jr. Excellence in Workers' Compensation Loss Prevention was Integral Care with a Workers' Compensation loss rate of .1532 per hundred dollars of payroll. Camino Real's rate was .1766 and Gulf Bend Center had a rate of .1946. The highest rate was \$1.6708, over ten times greater than the winning center. The formula is (Five year total of losses)/(five year total of payroll/\$100) = Loss rate/\$100 payroll.

The Automobile Liability award is determined in a slightly different way. Automobile losses include both liability claims from accidents that are the center's fault and automobile physical damage claims to center vehicles from comprehensive and collision damage. Five year loss totals are determined then that figure is divided by the number of center owned vehicles in the most recent year. This results in a loss total per vehicle. Only one winner is determined in this category. Loss rates per vehicle ranged from \$9,971 to \$415 per vehicle. The winner in this category was Central Counties Center for MHMR Services with a loss rate of \$585.39 per vehicle. This wasn't the lowest rate but that leads to the more complicated determination of the Betty Hardwick Award Winner for Overall Excellence in Risk Management.

The Betty Hardwick Award is determined by the best overall rates in all three categories. A judgment call is often made because rarely does any one center have the best rate in all three areas. In 2017 the Center for Life Resources did have the best rates in Liability, 0.000 and Fleet, \$415 and a very good rate of .4865 in Workers' Compensation. No other center that was eligible came close. Two centers were ineligible in 2017 because they had not been members of the Fund for the required period.

Checklist, continued from page 3

may agree to be responsible for incidents that are due to the center's sole negligence, but any shared negligence should be the responsibility of the contractor.

- ★ The contractor's general liability insurance extends coverage for the contractor's assumption of liability in a "written" contract. Their insurance provides the money to pay for the property damage or bodily injuries the contractor causes.
- ★ This is why insurance requirements in your contracts are so important. The contractor's assumption of liability through their contract with the center is funded by their insurance coverage. Suggested coverages, limits of liability and other important provisions are provided on the Fund's website at tcrmf.org.
- ★ Who is responsible for safety during construction or remodeling is also important. The contractor should assume this responsibility as well with a qualified safety officer enforcing their program. The center should be willing to comply with the contractor's safety program.
- ★ Venue for settlement of contractual disputes is a trap in contractor prepared documents, particularly if the contractor operates nationally. The center wants the venue to be in Texas, not New York or California.

- ★ Your vendors, contractors, service providers and consultants should carry general liability insurance, automobile liability including hired and non-owned vehicles, workers' compensation and professional liability for those providing professional services. Contractors doing construction work for public entities are required by law to carry workers' compensation. Sole proprietors are not. Other entities should, but if they do not the Fund will charge for their coverage based on the cost of their contract.
- ★ Certificates of insurance that a contractor or vendor may provide are not binding and are merely for information purposes. If the center requires provisions like being named as additional insured or waivers of subrogation, proof in the form of copies of the endorsements to the contractor's policies should be required. Your contract form should require the contractor to provide a complete copy of their insurance policies if requested.

The Fund's underwriter, risk management consultant and attorneys will be happy to review contracts, insurance requirements and safety provisions in your contracts. Please send them before they are signed. The Fund wants to help protect the center by helping you avoid assuming risk that belongs to the vendors, contractors or service providers that work for you.