

# Risk Advisor

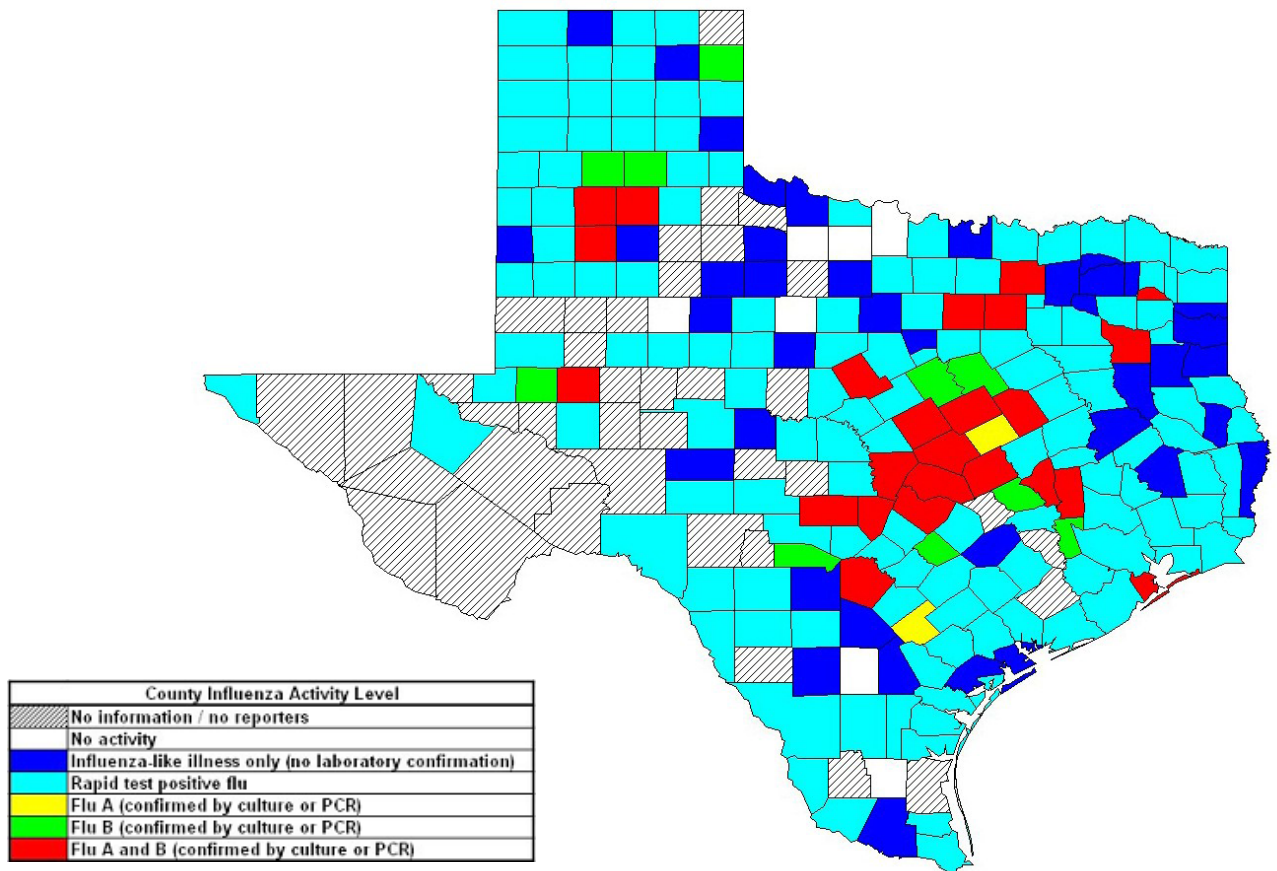


SPRING 2018

## Flu Season Hit Hard this Winter and Won't Go Away

In late Fall 2017 the Centers for Disease Control and Prevention was providing information about what to do in the event of a nuclear attack. They were responding to the tensions between the United States and North Korea. However, a more direct and imminent threat changed their focus to the current flu outbreak that is the result of a more virulent strain of virus than has been seen in recent years. The current strain is H3N2, a strain of the virus that has caused bad outbreaks in previous years. So far this year the flu has been reported in all 50 states and has only recently peaked (as of February 23, 2018).

The first illustration shows flu prevalence in all Texas counties as of March 2, 2018:



*Texas Department of State Health Services for the week ending March 2, 2018.*

The next chart shows the same information for the United States. Most reporting entities are indicating a slight decrease in the number of reported cases.

## Liability Workshop

**Disaster Response and Preparedness** is the topic of the upcoming Liability Workshop **April 13, 2018** at the Sheraton Downtown in Austin sponsored by the Fund's Risk Managers Advisory Committee.

This important workshop was originally scheduled for October but after the impact of Hurricane Harvey the committee decided to reschedule this workshop before the start of the 2018 hurricane season. The primary focus of the workshop is the community center's own preparedness and its relationship with the state and local emergency preparedness systems.

The session will be kicked off by Francisco Sanchez, the Chief Information Officer of the Harris County Office of Homeland Security & Emergency Management. His topic will be "Effective Communications." He will describe how important it is for every component of the local system to communicate effectively before, during and after a disaster to respond to the needs of those affected by the event. Failures in communication often lead to the horror stories we hear about a community, state or federal government's inadequate response to disaster.

Supporting Mr. Sanchez' presentation will be members of the Emergency Preparedness infrastructure of The Harris Center including Bob Stakem and Eunice Davis. They will describe their center's plan, center infrastructure and how they interact with the local annexes and other entities. Regan J. Rychetsky, Risk Control Manager for the TCRMF will also speak on Safety in the planning stages and during the disaster response. Chance Freeman, Director of the Health and Human Services Commission's Hurricane Harvey Crisis Counseling Program and previously Branch Manager of the Disaster Behavioral Health Services unit of the Texas Department of State Health Services (now a part of the Texas Health and Human Services Commission) will present on the state's emergency management plan and what the expectations are for community centers.

Another important aspect of the workshop is that every community center in Texas has had some kind of experience with natural or manmade disasters that mobilized their own emergency response. A panel of Sally Broussard, (formerly with Spindletop) Andrea Richardson, (Bluebonnet) and Dana LaFayette (Heart of Texas) will discuss the importance of debriefing first responders and other aspects of events such as the West Explosion and the Bastrop Complex Fire.

With this much talent and knowledge about emergency planning and response in one place, we expect the workshop to be a discussion among the speakers and audience. As usual a full breakfast before the start of the workshop and lunch are provided. Please register online at [tcrmf.org](http://tcrmf.org).



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### Risk Advisor

#### Volume 30, Number 1

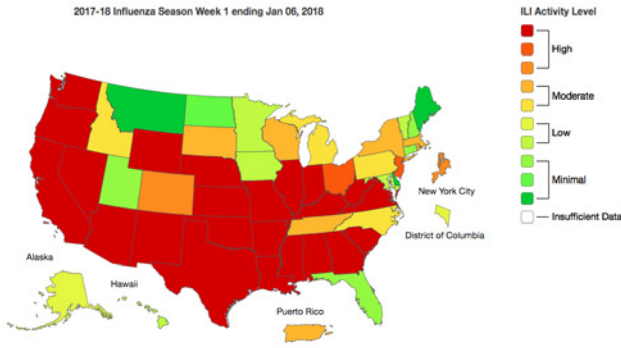
Published quarterly by the Texas Council Risk Management Fund.

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Fund Administrator: York Risk Services Group, Inc.

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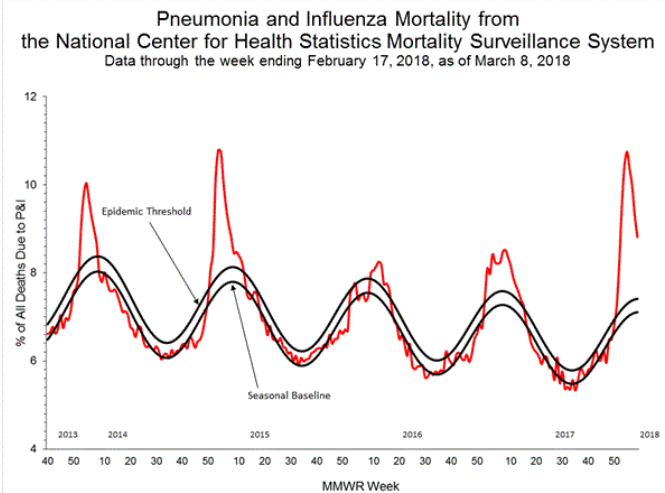
**Flu Season, continued from front cover**



Centers for Disease Control and Prevention, published in *Business Insider*, January 12, 2018

The latest reports indicate that this strain of flu is quite serious for very young children and “baby boomers.” A recent CDC report shows that the hospitalization rate for people over 65 is 322.7/100,000 and that the H3N2 strain and H1N1 are both involved in this group. The CDC also reported February 18, 2018 that the overall hospitalization rate for all populations was now 74.5 per 100,000 and that hospitalizations are “even higher than the 2014 – 2015 season” when 710,000 hospitalizations were reported.

The next chart illustrates this flu season’s percentage of deaths from flu and pneumonia. Reporting entities lump flu and pneumonia together because the fatal symptoms are the same. Although the weekly number of deaths is declining, the outbreak is still above the “Epidemic Threshold” shown on the chart.



The Texas Department of State Health Services also provides the following data about this season’s mortality numbers and rates per 100,000 population through the end of February.

Although recent reports indicate that the 2018 Flu season is starting to wind down, it is not over. Take precautions and stay healthy. Anything you learn this year will also be applicable when the next flu season rolls around. Flu vaccines for the 2019 season are already being developed based on the observations of disease strains that are now emerging. The flu virus can develop rapidly and leave the medical system without an optimally effective vaccine as

happened this year. Latest incidence figures indicate that this year’s vaccine was only about 25% effective with almost no effect in the 9 years old to 17 age bracket and the over 50 group. The World Health Organizations current vaccine recommendation for the 2018 – 2019 season includes four strains of flu virus with a change to the H3N2 type that was predominant in the 2017 – 2018 flu season.

Texas Flu Mortality October 2017 - February 2018		
Age Group	Number of Deaths	Mortality Rate per 100,000
0-4	17	0.81
5-17	10	0.15
18-49	300	2.31
50-64	815	15.93
65+	4088	111.35
overall	5230	17.8

Recommendations to slow the spread of the disease include:

- ★ Wash hands frequently,
- ★ Cover coughs and sneezes so the highly contagious aerosols are contained,
- ★ Limit physical contact with others,
- ★ Get vaccinated (25% protection is better than nothing.)
- ★ An early dose of Tamiflu has been effective this year in reducing symptoms and limiting the duration of illness and
- ★ If you are sick, stay home.
- ★ Don’t go to work. Your co-workers and employer will thank you.

Whatever happens next year, we know there will be a flu season and it will have a strong impact on personal health and the productivity of community centers. Additional information about this year’s flu outbreak is available at the Centers for Disease Control and Prevention at [www.cdc.gov](http://www.cdc.gov) and from the Texas Department of State Health Services at [www.dshs.texas.gov](http://www.dshs.texas.gov).

Sources: *Washington Times*, January 29, 2018, Centers for Disease Control and Prevention website, Texas Department of State Health Services website, *Avian Flu Diary*, “WHO Recommended Composition of 2018-2019 Northern Hemisphere Flu Vaccine,” February 22, 2018

Richard Wigzell, Risk Management and Program Analyst, The Texas Council Risk Management Fund

## Safety Seminar Season Starts in May

TCRMF Risk Control Consultants have been busy developing their presentations for the 2018 round of Safety Seminars. Topics for this year’s workshops are:

## Safety Seminars, continued from page 3

- ★ Workplace Violence
- ★ Emergency Preparedness
- ★ Falls
- ★ Infectious Diseases and Other Exposures
- ★ Recent Fund Claims Analysis

As usual the workshops will be presented at several locations around the state. Members are welcome to attend any one of the workshops but we have chosen locations convenient to most members. The following are the workshop dates and locations for 2018:

- ★ The Andrews Center, Tyler, May 2, 2018
- ★ Border Region Behavioral Health Center, May 9, 2018
- ★ West Texas Centers, Big Spring, June 6, 2018
- ★ Starcare Specialty Health System, Lubbock, July 10, 2018
- ★ Behavioral Health Center of Nueces County, Corpus Christi, July 18, 2018
- ★ The Harris Center, Houston, August 22, 2018
- ★ The Harris Center, Houston, August 23, 2018
- ★ MHMR of Tarrant County, Fort Worth, October 10, 2018

The materials presented are designed to enhance the knowledge and capabilities of any center employee who has safety or risk management responsibilities. This includes safety officers, site safety coordinators, emergency response team members, risk managers and human resources claims coordinators. A light breakfast and hearty lunch will be served. Online registration of each attendee will insure enough workbooks and food will be available. Register at [www.tcrmf.org](http://www.tcrmf.org). There is no charge for these workshops.

## The Cost of Delay in Workers' Compensation Claim Reporting

Does it make a financial difference how fast a Fund member reports their workers' compensation claims? In a recent study of the Fund's indemnity claims the answer is an emphatic YES! The study showed an increase of \$122 per day of delay in reporting. On average the cost of a workers' compensation claim went up by \$122 for each day of delay in reporting.

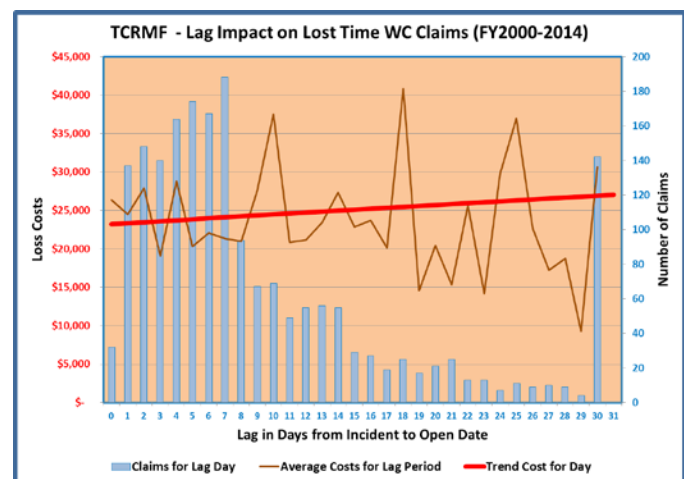
The "Lag in Days from Incident to Open Date" is the number of days between the date the injury occurred until the date it was actually reported to the Fund. The last bar at the 30 day mark includes all claims 30 days or more late in reporting. The "Average costs for Lag Period" is the average cost of claims that were reported to the Fund that number of days late shown at the bottom of the chart. The light

blue bars indicate the number of claims reported for each number of lag days.

Regardless of the financial impact illustrated above, employee injuries need to be reported to the Fund immediately. No one benefits from late reporting. The primary reason for prompt claim reporting is to provide the injured worker the quickest and best possible medical attention to their injury. Another major reason to avoid late reporting is that an employer must "file the *Employer's First Report of Injury or Illness* (DWC Form-001) with your insurance carrier within eight (8) days from the date your employee is unable to work for more than one day due to the injury or immediately if the injury is an occupational disease or death" (Texas Department of Insurance, Workers' Compensation, Employer Frequently asked Questions, TDI website). Workers' compensation claims can be denied if not reported within eight days.

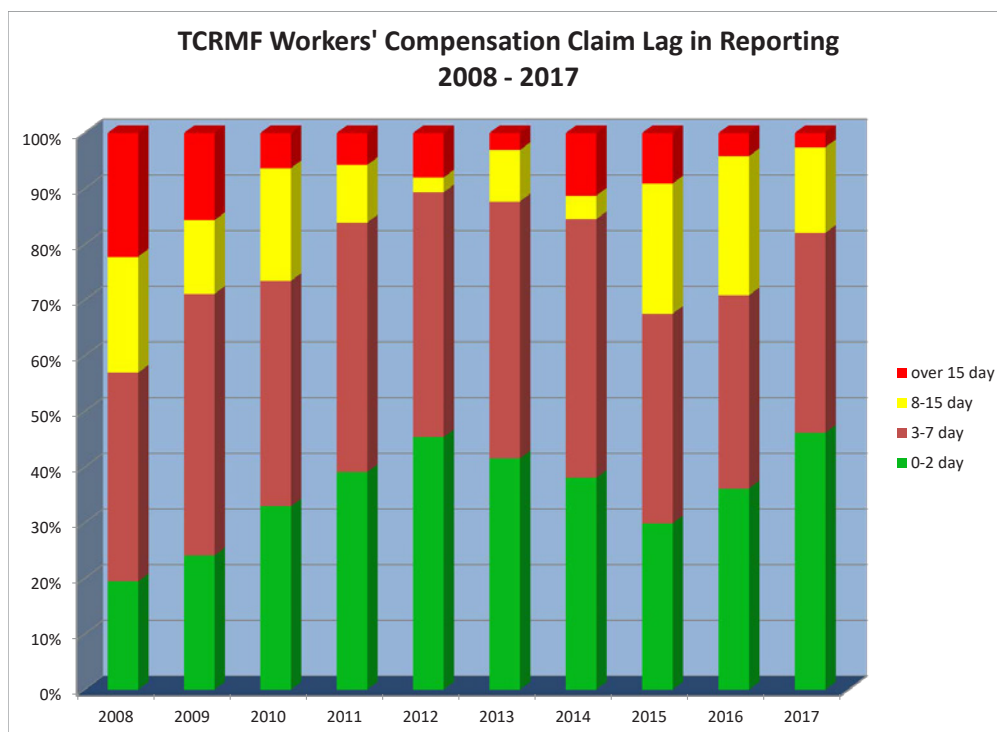
Claim reporting improved somewhat this past year. Fund members reported incidents in less than seven [7] days this Fund year slightly over 80% of the time. The Fund would like to see that same percentage for number of claims reported in less than three days (currently about 56%). A closer examination of the specific reasons Fund members reported later than within 24 hours revealed the following reasons:

- ★ The employee minimized the incident and thought they would heal or get better, only to find the injury continued to linger and reported it late to the employer after



they realized they needed to seek medical attention.

- ★ The employee, usually new employees, did not understand the difference between an on the job injury and any other non-work related injury and sought medical treatment from their regular provider. This highlights the importance of orienting new employees to the requirements to report on the job injuries immediately and the benefit to them of treatment under the workers' compensation system.
- ★ In a few situations the supervisor did not know that they were to report the incident. Ensure that supervisors understand they are responsible for reporting incidents immediately.
- ★ In some instances the staff members involved in the



center's reporting chain did not understand fully the importance of prompt reporting.

Prompt reporting of workers' compensation injuries also has benefits to the injured worker and the Fund member. The most important benefit, mentioned above is a quicker medical response. The goal of the Fund is to provide the best possible medical care at the earliest moment to help the injured worker return to their job. This benefits the employee, his or her family and the Fund member. Prompt reporting also alerts the member to any safety deficiencies revealed by the incident and allows a quick response to remedy a safety problem. This can help prevent other employees from suffering a similar injury.

Your claims adjuster can help you with any questions about the reporting process or about what injuries should be reported. In general, the Fund recommends that you report all injuries even if no medical attention is required immediately. This costs the member nothing and the Fund creates an "incident only" file in case the claim opens if medical attention later becomes necessary. Having a record from when the injury actually occurred can be very helpful because it records the information needed and removes any doubt about the legitimacy of the claim. It also provides information about claim causes that can be used to improve safety.

Best practice for claim reporting is within a 24 hour window for contacting the Fund and sending notice to the Department of Workers' Compensation. Centers should make prompt reporting a priority for all staff involved in the workers' compensation reporting process including supervisors and managers.

*Source: Analysis of TCRMF Workers' Compensation claim database for lag time between date of accident and date reported for claims occurring between 2000 and 2017.*

## Recent Cyber Incidents and Beazley Cyber Insurance

Cyber incidents have occurred recently at numerous Texas public and private entities. One incident was caused by a phishing scheme and another by a stolen laptop, two of the most common kinds of incidents. Both events could have serious privacy violation consequences and financial impacts. The phishing scheme resulted in a loss of over \$600,000 through a fraudulent wire instruction targeting the entity's banking relationship. The stolen laptop crated a breach of thousands of clients' personal information. Both incidents are exactly what the Texas Council Risk Management Fund's cyber liability coverage was designed to address.

In an annual report, Beazley, a Lloyd's of London provider of Cyber Liability coverage provides a **Beazley 2018 Breach Briefing** that recaps major breach categories and incidents they have responded to in 2017. In the report they describe breaches as a result of:

- ★ Payroll diversion phishing attacks
- ★ Cyber extortion
- ★ Fraudulent wire instruction attacks
- ★ W-2 e-mail phishing scams
- ★ Attacks focused on retail and hospitality

continued on back cover

# The Risk Managers Advisory Committee 2018 Program of Liability Workshops

## Disaster Preparedness and Response, April 13, 2018

Sheraton at the Capitol;  
701 E 11th St., Austin, TX 78701.

## Practical Compliance, July 13, 2018

Sheraton Dallas Hotel by the Galleria,  
4801 Lyndon B Johnson Fwy, Dallas, TX 75244.

## Contracts and Purchasing, October 19, 2018

The St. Anthony Hotel,  
300 E. Travis St., San Antonio, Texas 78205

Information on workshops, hotel rates and registrations can  
be found at our website [www.tcrmf.org](http://www.tcrmf.org).

continued from page 5

### ★ Attacks on the healthcare industry

The types of attacks occurring in 2017 included

- ★ Hack or malware – 36%
- ★ Accidental disclosure – 28%
- ★ Insider – 10%
- ★ Social engineering – 10%
- ★ Portable device – 7%

In the last couple of years public entities in Texas have been victimized by fraudulent wire instruction attacks, attempts at W-2 phishing scams and cyber extortion (ransomware). In two of the cases covered by the Beazley Cyber Liability insurance, staff involved in the incidents were not fully aware of the Breach Response services that are part of the Beazley policy provided to members by the Fund. When the capability was brought to their attention and Beazley was notified their Breach Response team took action to assist in the breach notification process, engage legal counsel experienced in breach response and conduct forensic evaluation to determine the source and extent of the attack. Beazley also helps in the breach notification process by providing a call center if required by the extent of the breach. They also engage public relations and crisis management services on behalf of their clients.

Currently, most of the Fund's members carry Cyber Liability insurance through Beazley. The policy provides several areas of coverage for damage to equipment, regulatory fines, consequential loss from service interruption and liability damages to members of the public or clients. A Beazley's publication describes its Breach Response service as being

*unique among insurers in having a dedicated business unit, BBR Services, which focuses exclusively on helping clients manage cyber incidents successfully.*

*BBR Services is a dedicated team of cyber incident pro-*

*essionals who assist BBR policyholders at every stage of incident investigation and incident response. They coordinate the carefully vetted forensics experts and specialized lawyers to help you establish what's been compromised; assess your responsibility; and notify those individuals affected. In addition, BBR Services coordinates credit or identity monitoring for your customers and PR advice to help you safeguard your reputation.*

*We also, of course, indemnify your losses from lawsuits or regulatory actions, the risk of which may be reduced by a well-coordinated incident response but can never be completely eliminated. Beazley's claims team has been at the forefront of defending clients in the developing and evolving legal arena of privacy class actions and regulatory investigations arising from cyber incidents.*

Contact Shela Ferrell at the Fund, 512-427-2487 or 800-580-8922 extension 12487 and [shela.ferrell@yorkrsg.com](mailto:shela.ferrell@yorkrsg.com) for help with your coverage or claim and to request a copy of the **Beazley 2018 Breach Briefing** for more information about the extent of your exposure to cyber liability.

