

# agent agenda

## SFM No. 1 in timely response

State Fund Mutual again ranked No. 1 among large workers' compensation insurers for prompt action on lost-time claims.

The 2000 *Prompt First Action Report* by the Minnesota Department of Labor and Industry shows SFM's prompt first action to be 91.4 percent on its 2,637 lost-time claims between July 1, 1999, and June 30, 2000. That's No. 1 among Minnesota insurers with more than 1,000 claims.

"Getting claims off to a good start helps control claim costs, so this kind of reliable performance counts up in the long run," said Meg Kasting, vice president, Claims Services.

"But timely response depends not only on outstanding performance by our staff. It also depends on timely reporting by employers," she said.

Kasting said agents can help improve timely reporting by referring employers to the new 2001 SFM *Employer Kit* and by recommending that new policyholders attend SFM's seminar for claim coordinators.

## Top 10 producing agencies

Here are the top 10 producing agencies for State Fund Mutual in 2000:

- Wells Fargo Insurance Inc.
- Maguire Agency Inc.
- Cedarleaf, Cedarleaf & Cedarleaf.
- Acordia of Minnesota Inc.
- Northern Capital Insurance.
- TC Field & Co.
- Apollo Agency.
- Liscomb Hood Mason Co.
- RJ Ahmann Co.
- Mahowald Insurance Agency.

## Alternative dispute plan offers 3 percent credit

A new 3 percent credit is available to employers with employees in certain labor unions that agree to participate in alternative dispute resolution (ADR).

Employers and participating labor unions agree to bypass the state hearing process and instead resolve workers' compensation disputes through the facilitation, mediation and arbitration processes used in collective bargaining. The Union Construction Crafts Workers' Compensation Fund administers the ADR program.

The purpose of ADR is to resolve workers' compensation issues in a fair, quick way outside of the courts. Once facilitation has been requested, the problem can generally be solved within days. Minnesota Department of Labor and Industry conferences sometimes take months to schedule.

Any party to the claim can request the assistance of the dispute facilitator and, if they wish, take their dispute through to arbitration.

In the program's 3½ years, participating employers have incurred 1,600 claims, including 515 lost-time claims. Of those that used the ADR process, all but three were resolved without litigation, according

Continued on back

## Strong policyholder retention highlights 2000

Nearly 92 percent of SFM's policyholders renewed in 2000, sustaining SFM's consistently impressive retention rate. Renewal premium retention was 94 percent.

Total estimated annual premium for SFM's 5,711 policyholders in 2000 was \$57.6 million. Total written premium including audit premium was \$62.6 million.

"Our figures for last year reflect an increase in pricing, too," said Vice President Fran Kaitala. "That's certainly a positive development, and credit clearly goes to our loyal agents. While pricing was up, it was still short of offsetting the uptick we're seeing in loss costs. We'll need to continue building on our pricing this year."

### Other highlights of 2000:

- Employers served by SFM rose to a record 7,776 at year-end, including both insureds and self-insureds.
- 719 of those were new SFM policyholders.
- Agents submitted 4,100 applications.
- SFM captured 39 percent of business quoted.
- Largest growth was in:
  - Construction with 200 new accounts totaling \$4 million.
  - Manufacturing with 98 new accounts totaling \$2.2 million.
  - Services with 172 new accounts totaling \$1.9 million.

SFM's Multi-State Coverage program grew to \$2.6 million, up substantially from \$1.5 million at year-end 1999.

"Our multi-state coverage through Fireman's Fund continues to go smoothly," Kaitala said.



State Fund Mutual  
COMPANIES

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# SFM discontinues Preferred WorkCare medical network

## SFM's in-house programs for managing medical costs will continue

After more than seven years, State Fund Mutual is discontinuing its participation in the Preferred WorkCare certified managed care network. The action recognizes long-term trends affecting certified managed care networks.

SFM is discontinuing only the network. Its other extensive programs for managing medical costs and disability will continue. Those include comprehensive bill review and physician case management, which have always been performed in-house.

Letters were mailed Feb. 12 notifying agents they no longer need to encourage policyholders to enroll in the network. The letter, from Vice President Fran Kaitala, went to all agents with currently enrolled policyholders.

"For many years, our use of the Preferred WorkCare certified managed care network has been effective in helping to control loss costs, and I thank all of you whose enrollment efforts have helped achieve that over the years," said Kaitala in her letter.

"But now, long-term trends affecting managed care have shifted so that costs are outweighing the benefits, and we don't anticipate that changing."

A gradual shift in how the state regulates networks has increased the costs of having networks. It has also reduced the benefits. Instead of encouraging the use of networks, regulators on the front lines now are emphasizing the need to remind injured employees they can treat outside their network. So the costs are rising and benefits declining.

A letter from SFM President Pat Johnson is scheduled to be mailed Feb. 14 to notify enrolled policyholders. SFM's contract with Preferred WorkCare ends March 1, but employers are asked to start now to take down their managed care posters, throw out their PWC identification cards, and let employees know their enrollment has ended.

Employers can continue using these same clinics and physicians as their primary medical providers, and can suggest that employees treat there, though by law they can't require them to.

The managed care credit will continue on current policies until renewal.

If you have any questions about SFM's exit from the PWC medical network, please be sure to call your underwriter.

## Bill review, medical case management save \$8.2 million

Total savings through SFM's in-house bill review and medical case management reached a record-high \$8.2 million in 2000.

Bill review saved \$479 per claim reviewed.

Medical case management saved an average \$3,457 per claim reviewed. That includes \$727 in savings from more accurate PPD ratings and an estimated \$2,730 in savings from earlier return to work.

Bill review and medical case management are key components of SFM's industry-leading system for managing the costs of care.

Bill review is conducted by in-house medical professionals working with claims representatives. SFM does much more than the automated review used by many insurers.

Medical case management and treatment review are done by consulting physicians working on-site with SFM attorneys and claims representatives.

## ◆ ADR credit

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to program facilitator and fund administrator Kevin Gregerson.

The proportion of litigated claims is significantly less than the experience of contractors who are not participants in the ADR program. The high resolution rate and the shorter time to resolve issues have saved employers considerably in time and expense.

Any employer who has contracts with the following unions is eligible to participate in collectively bargained ADR:

Lakes & Plains Regional Council of Carpenters  
Minnesota Iron Workers' Locals 512 and 563  
MN Construction Conference of Teamsters  
North Central Regional Council of Carpenters  
Laborers District Council of Minnesota and ND  
Minnesota Cement Mason & Plasters Local 663  
International Brotherhood of Electrical Workers  
Pipe Fitters Locals 455 and 539  
Plumbers and Gas Fitters Locals 15 and 34  
Twin Cities Plasterers Local 265  
International Union of Operating Engineers  
Local 49

For information on the credit, call your underwriter. For information on the ADR process, call Gregerson at (800) 535-6373 or (952) 854-0795.

# OSHA announces new recordkeeping requirements effective next year

Federal OSHA recently announced the release of its long-awaited recordkeeping standard changes.

Major changes affecting employers include:

- Replacing the old 200 Log with the 300 Log.
- Requiring that cases be recorded within seven calendar days rather than six work days.

- Posting the annual summary three months rather than one month.

The revised standard goes into effect Jan. 1, 2002. Until then, employers should follow the current recordkeeping rule.

For more information, call Minnesota OSHA Safety Consultation at (651) 297-2393. For a summary of the standard, go to [www.mnsafetycouncil.org](http://www.mnsafetycouncil.org).

## New Employer Kits mailed

You should have received a revised SFM *Employer Kit* in mid January. New Kits were also mailed to all SFM policyholders.

Please look through the Kit. It contains a lot of enhancements including additional handouts and resources in the back pocket.

The new Kit is also updated with SFM's new 952 area code.

Please be sure to throw away any old Kits you have in your offices and advise policyholders to do the same.

For copies of the Kit, call your SFM underwriter or SFM Policyholder Services at (952) 838-4325.

## CALENDAR

Feb 21-22	SFM's OSHA workshop for general industries.
March 6-7	SFM's OSHA workshop for general industries.
April 1	Deadline to apply for 2002 MCPAP adjustments.
April 11-12	MIIA convention.
April 24	SFM "Responding to work injuries" seminar for claims coordinators.
May 2-4	Minnesota Safety Council's Safety & Health Conference.
May 31	MN legislative session ends.
June 18	SFM annual policyholder meeting.