



# Agent Agenda

JUNE - JULY 2002

## news briefs

### SCF assessment rises

The Minnesota Department of Labor and Industry has increased the Special Compensation Fund assessment rate from 20 percent to 30 percent.

DOLI's action follows bills passed by the Minnesota Legislature in March and May taking a total of \$250 million from the SCF to help balance the state budget. The funds are scheduled to be transferred from the SCF to the state's general fund in June 2003, while the increase in SCF assessments is effective July 1, 2002.

The extent to which the increase in SCF assessments will affect individual employer's bottom line cost of workers' compensation coverage is still to be determined.

### \$25 million ARP settlement

Employers who want to be included in the distribution of the \$25 million class action settlement involving the transfer of Assigned Risk Plan funds must send in their claim forms by June 28.

Employers with Assigned Risk Plan workers' compensation policies in effect any time during Jan. 1, 1992, and Dec. 31, 2001, are eligible to participate in the settlement distribution. For more information or claim forms, call the settlement administrator at (612) 596-4160.

The \$25 million settlement arises out of a lawsuit brought by Danny's Trannys Inc., an Assigned Risk Plan policyholder, challenging state legislation enacted in 2000 that transferred \$325 million from the Assigned Risk Plan to the Minnesota Special Compensation Fund. A Ramsey County district court judge ruled that a Minnesota Commerce commissioner order barred some of the funds from being transferred.

## Rising prescription costs, health problems affecting claims costs

Steeply rising prescription costs and preexisting health conditions are two of the more recent trends having a major impact on total claims costs.

The underlying industry trend that's shifting toward more of the claim dollar going for medical expenses is reflected in State Fund Mutual's experience. Since SFM's earlier years in the mid 1980s, medical costs have increased from 40 percent of total claims costs to 53 percent—clearly an indication of steep increases in medical costs since indemnity benefits increased at a rate more in line with general cost-of-living increases.

It's good to be aware of what's happening in medical cost trends. They're a factor pushing up overall claims costs—and hence pricing—even for employers who've had good loss track records over the years.

### Drug costs

Infection control and pain management are two of the drivers pushing prescription costs up. Infections are on the rise, one reason being that some bacteria strains have become resistant to the more common, and less expensive, antibiotics.

Disease-causing microbes that have become resistant to drug

therapy are an increasing public health problem, according to public health officials. Antibiotic resistance is attributed largely to the increasing use of antibiotics. State Fund has seen a rise in the number of these infections contracted at job sites and hospitals.

"A growing number of injured workers are requiring ongoing intravenous antibiotic therapies," said Meg Kasting, vice president, SFM Claims Services. "Even a few treatments of these prescriptions can substantially increase costs."

"For example, one employee had an otherwise minor wound that ended up costing nearly \$52,000 in outpatient drug therapy. The last round of treatment alone cost around \$20,000 for a one-month treatment," she said.

Narcotic drug therapy has become more widely accepted for treating chronic pain. New drugs like Oxycontin do a good job controlling pain. In many situations use of the drugs can be long-term.

The new narcotic drugs tend to be expensive. Pain management and anti-inflammatory drugs such as Oxycontin, Celebrex, Vioxx, Vicodin and Percoset are among the

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## news briefs

### Avoid delays; check address

Applications mailed to SFM's street address take three to four days longer to get processed than those mailed to SFM's post office box.

Be sure to send mail to underwriters at:

State Fund Mutual Companies  
PO Box 582918  
Minneapolis, MN 55458-2918

### Employment legal advice

State Fund Mutual's attorneys welcome opportunities to help agents and employers with workers' compensation issues. Oftentimes, employers are looking for advice on more general employment issues, too.

That's why SFM has set up an arrangement with Littler Mendelson, a national employment law firm with offices in the Twin Cities.

If you have clients who are looking for good advice over the phone they can get it through a "hotline" consultation with a Littler attorney. There's nothing in it for SFM except helping policyholders find the kind of practical, affordable advice that's essential to good business.

For more information, call SFM General Counsel Bob Lund at (952) 838-4224 or Littler's Minneapolis office managing partner Marko Mrkonich at (612) 313-7650.

### Premier Partner Award

The College of Saint Benedict, St. Joseph, Minn., is the second-quarter winner of SFM's Premier Partner Award.

St. Benedict's excels at analyzing loss trends to better understand where losses are coming from and how they can be prevented.

The college will be featured in the July *Companion*.

## calendar

June 21	SFM mails quotes for September renewals
July 1	SCF assessment increases
July 4	Independence Day—SFM closed
July 23	SFM claims coordinator seminar
July 25	MWCIA board reviews 2003 pure premium rates
Sept. 2	Labor Day—SFM closed
Nov. 5	Election Day

## Subscribe to receive employer loss runs regularly via email

Agents can receive employer loss runs via email monthly or quarterly just like State Fund Mutual policyholders.

All you need to do is subscribe through CompOnline®.

Simply go to SFM's website, SFMIC.com, log on to CompOnline and go to your "Active policyholders" page. Find the policyholder whose loss run you want to receive. Click on "Loss runs," then on "Subscribe to a loss run." You have the option of receiving the loss run on a monthly or quarterly basis.

The loss run will be automatically generated and emailed directly to you each month or quarter. As electronic files, the loss runs are convenient to store, and they're in a printer-friendly format so you can easily print them out if you wish.

To help you manage your loss runs, you can view an online listing of all

the loss runs you have signed up to receive. Go to the "Agent loss runs" link that's right under the "Policyholder information" tab.

If you don't have a password to access CompOnline, now is a good time to register for one. You can get a registration form from SFM's website or call (952) 838-4200, option 7.

Encourage your clients to do the same. If they haven't already, they can become registered CompOnline users and can subscribe to receive loss runs, too.

Receiving your clients' loss runs in an easy-to-view email format makes it fast and easy for you to attach your comments and forward them on to employers. Leverage this opportunity to help employers understand their loss experience.

For questions about subscribing to loss runs, call your SFM underwriter.

### WorkComp Connections

## SFM to launch monthly email

State Fund Mutual is planning in the coming weeks to launch *Work Comp Connections*, a monthly email giving policyholders to-the-point tips on preventing workplace injuries and navigating SFM's website.

The monthly email gives employers:

- Safety information in a convenient and time-saving email format.
- Direct links to SFM's website, where they can download and print safety and general workers' compensation materials.

- Ways to get the most from SFM's online tools, including online reporting, looking up information on specific claims, and analyzing their organization's loss experience.

SFM plans to send each email-of-the-month to agents in advance of sending it to policyholders. Emails will go to medium- and larger-size policyholders for whom SFM has current email addresses.

# Truman Jeffers elected board chair

Truman Jeffers was elected chair of the State Fund Mutual board of directors on June 17 during the board meeting following SFM's annual policyholder meeting.



Truman Jeffers, chair

Jeffers, a member of the board since 1995, replaces Richard Marshik, who retired from the board after 19 years. Jeffers, of New Brighton, is former chief executive officer of the Minnesota Bankers Association.

Eugene Merriam, whom policyholders

reelected to a second four-year term, was elected vice chair. Merriam is chief financial officer of ECM Publishers, Princeton.



Eugene Merriam, vice chair

Policyholders elected two new directors: James Benike, executive vice president of Alvin E. Benike Inc., Rochester, and Robert Mars III, president of W.P. & R.S. Mars Company, Bloomington.

Policyholders also approved the board's appointment recommendation of Strohm Ballweg LLP as company auditor for 2002.

## Marshik retires from SFM board; served 19 years

Richard Marshik, a 19-year member of State Fund Mutual's board of directors and chair since 1997, retired from the board in June.



Dick Marshik, retiring chair

Marshik has served on the board since 1983, helping organize the company before it started writing business in 1984. Marshik is former owner of Marshik Insurance Agencies, Little

Falls, and past president of the Minnesota Professional Insurance Agents Association.

"Dick's contributions to State Fund over the past two decades are immeasurable. He's been a rock solid advocate for this organization and for the things that have made it distinctive and successful," said President and CEO Pat Johnson.

Marshik remains active on the board of directors for CompCost Inc., a subsidiary of SFM.

## ◆ Rising costs Continued from front

most costly prescriptions in the workers' compensation system—as much as \$3 a dose.

### Preexisting health conditions

Today's workforce is older and heavier than ever before, complicating even further the recovery and return-to-work processes.

"In approximately 80 percent of cases where the amount we expect to pay over the life of the claim is more than \$70,000, the employee's weight is a complicating issue," Kasting said.

"Extra weight is making recovery from the injury more difficult and lengthier, especially when the injury is to the back or a knee."

Another complicating factor associated with obesity is diabetes. In the past, for instance, a puncture wound to the foot was treated successfully with antibiotics and a tetanus booster. Now these same injuries are more frequently resulting in serious infections—even partial amputations—due to poorly monitored diabetes.

By anticipating the risks and taking the right steps, employers can avoid many problems, keep their employees healthy, and keep their workers' compensation costs under control. Agents can help by encouraging employers to develop health and wellness programs and maintain open communication with physicians.



**State Fund Mutual**  
COMPANIES

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