

RiskWatch

2003 Report

ABOUT THE SURVEY

Mitigating risk is an economic imperative for today's companies, and determining the appropriate risk "mix" is often a race against time. To better understand what poses the greatest threat to employers—and how they prioritize risks when faced with multiple issues—Intracorp recently conducted this *RiskWatch* survey. The results of this survey are intended to help risk managers gain insight into both the significance and priority of certain risks, and to help them see how their issues compare to those faced by their industry colleagues.

Survey participants included risk and claims managers and consultants or brokers from a wide variety of industries such as utilities, construction, manufacturing and retail, which collectively employ more than a million people. Approximately 70 percent of respondents were self-insured, and represented companies with more than 5,000 employees, many in multiple locations throughout the U.S. and the world.

Risk managers determined the relative importance of 10 scenarios and then prioritized and ranked each issue from one to ten. This report summarizes those responses.

EXECUTIVE SUMMARY

It should come as no surprise that the overwhelming concern among this audience is rising medical costs and self-insurance. One hundred percent of respondents believe this issue is important or very important to their business. In fact, it ranked among the top two priorities for all those surveyed. Another key concern is the need to change current return-to-work programs to make them more effective. Eighty-five percent of respondents rated this as important or very important. Two other issues were rated important or

very important to a large majority of the respondents. One was state-specific issues, namely high workers' compensation costs in certain states. The other is the need to identify solutions to restore or boost profitability and sustain long-term growth.

While there are no simple solutions to any of these issues, there are several innovative approaches that reach beyond the tried and true medical management programs to help risk managers improve results. For example, employers who optimize their network contracts and increase penetration can substantially reduce their medical costs. One particular solution might be to develop a diverse network program that contracts with multiple, best-in-class national, regional and specialty networks, and allows employers and payors to optimize coverage based on claims history, utilization patterns and jurisdictional locations.

Other programs, such as proactive use of independent medical exams or physician advisors, can help direct and channel care more effectively. Employers can maximize return-to-work efforts by creating comprehensive contingency plans and job databases that expand work possibilities beyond light-duty and schedule accommodations. With more available options, there's a better chance of an appropriate match—and a quicker return to work.

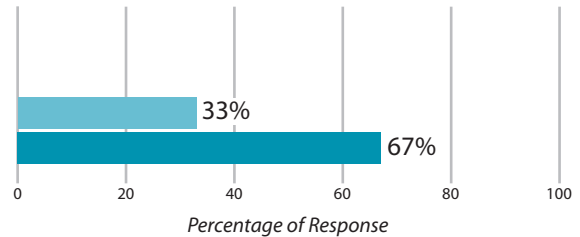
These are just a few of the solutions that Intracorp has been delivering to its customers with great success. If you're interested in speaking to us and learning more about these and other innovative medical management strategies, please contact your local Intracorp representative or call 1.800.345.1075 for more information.

Survey Results

PART 1

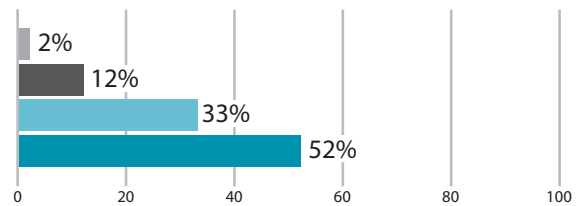
Rising medical costs and self-insurance

The availability and cost of excess reinsurance are changing the structure of my organization's risk financing arrangements. A diverse workforce comprised of employees who are getting older and have a variety of ethnic and educational backgrounds exacerbates this problem. Exposure within self-insurance compels me to seek best-in-breed solutions to control medical and lost-time costs.



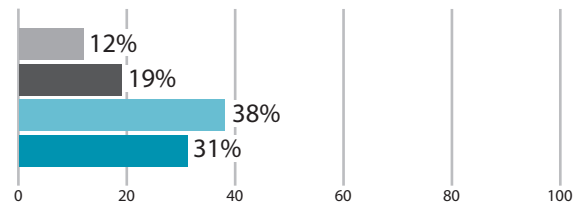
Rethinking return-to-work programs

Lost-time costs continue to plague my organization. The need to change current return-to-work programs to make them more effective is growing in importance and is a critical risk mitigation strategy.



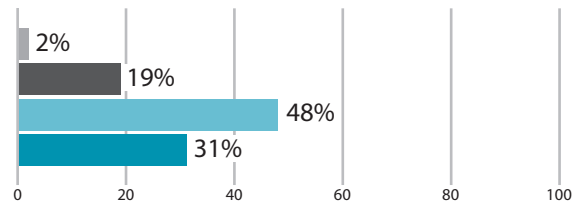
State-specific issues and their business impact

High workers' compensation costs in certain states are forcing my company to rethink its risk management strategy and operating models. Identifying solutions that will allow us to continue to operate in these states, restore/boost profitability, and sustain long-term growth have become top priorities for my risk management organization.



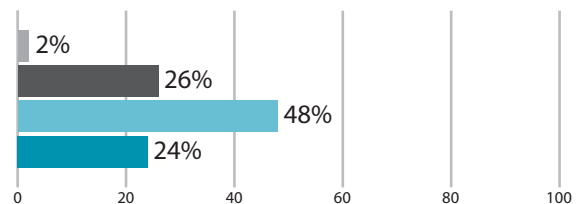
Managing MSDs

Treatment for musculoskeletal injuries is a growing concern for me; my organization's productivity and medical expenses are at risk. I need to identify and deploy more effective prevention and medical management programs to restore injured workers to optimal health and productivity, and to reduce my medical and indemnity costs.



Managing medical utilization

New medical devices, pharmaceuticals and treatment therapies contribute to higher costs and increased demand for emerging and/or experimental treatments. My organization needs to better guide appropriate utilization of these as a way to control workers' comp medical expenses.

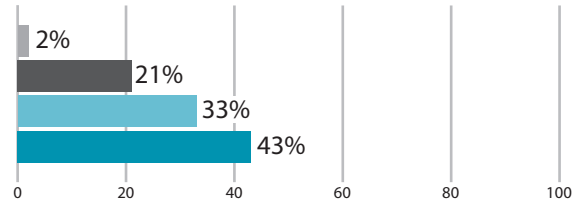


LEGEND



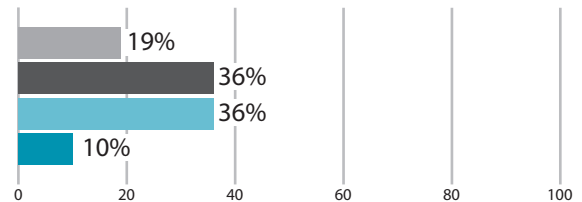
Government regulations and the cost of compliance

The debate over federal involvement in state workers' compensation systems continues with particular emphasis on privacy (HIPAA), ergonomics, and employer responsibilities regarding ADA and/or FMLA. I'm concerned about these issues, their potential implications for my organization's workers' compensation programs, and our exposure to increased costs associated with compliance.



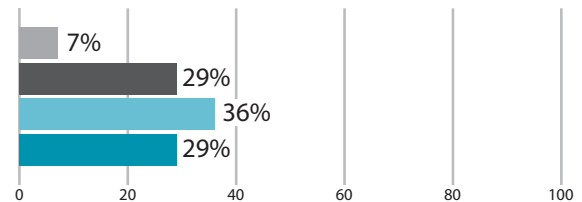
Medical malpractice

Providers across the country have voiced—and demonstrated—their concerns over skyrocketing medical malpractice premiums and sluggish tort reform by closing their practices or moving to other states. This crisis—and its impact on provider satisfaction and treatment—may dramatically influence my organization's ability to provide appropriate care as well as control the costs of workers' compensation.



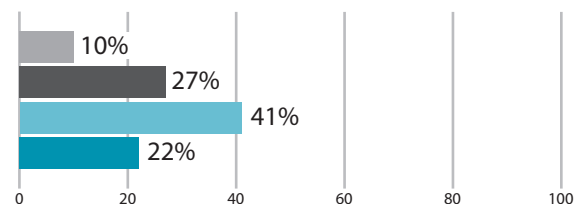
Fraud and litigation

A challenging and uncertain economy, coupled with low unemployment, increase both the frequency and impact of claim fraud and litigation. My organization is grappling with these issues and actively seeks new solutions to reduce our risk and exposure.



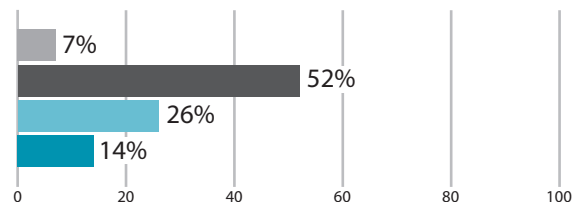
Integrating benefit programs

Integrating medical management and lost-time management programs is a hot topic among consultants and industry experts, but my company is unsure of how effective these strategies are in addressing medical and indemnity costs. My organization needs to investigate this issue further to determine how common practices can impact corporate health and productivity.



Loss of benefits fuels more workers' comp claims

Changes in my company's health benefits—eliminating benefits or increasing the cost of some of them—may spur an increase in the volume of claims submitted under workers' compensation. I'm concerned about the potential impact increased workers' compensation medical expenses will have, and am unclear on the potential impact on litigation and/or lost time costs.



Survey Results

PART 2

These results show how respondents ranked each topic compared to each other. For this report, results have been summarized into the percentage of respondents who ranked this among their top and bottom two priorities.

	Top Two Priorities	Bottom Two Priorities
Rising medical costs and self-insurance	61%	9%
Rethinking return-to-work programs	30%	12%
State-specific issues and their business impact	27%	12%
Government regulations and the cost of compliance	25%	12%
Managing MSDs	23%	10%
Managing medical utilization	17%	14%
Medical malpractice	17%	22%
Integrating benefit programs	14%	24%
Fraud and litigation	7%	19%