



**Risk and  
Insurance  
Management  
Society, Inc.®**

*RTMS NEWS  
OCTOBER  
2003*

**THE AWARD WINNING HOUSTON CHAPTER**  
**Advancing the Risk Management Profession**

**The 2003 Fall Conference &  
Golf Outing  
Saturday, October 17, 2003**

7:30am Registration & Breakfast  
8:30 - 9:00 Welcome & Introduction  
9:00 - 12:30 Morning Session  
12:30 - 6:30 Lunch/Afternoon Sessions  
5:30 - till Cocktails/Dinner/Prize

**Morning Session #1 Liability**

Tort Reform and Litigation Management

Speakers:

Joseph M. Nixon, Phillips & Akers, P.C.  
Jennifer House, Phillips & Akers, P.C.  
Amie Berg, Baker & Hostetler, LLP

**Morning Session#2**

Workers' Compensation

HB 2600 from Conception to Now  
Our speakers will examine SIBS, RTW Programs, FMLA and give an example of a Successful Program.

Speakers:

Dean G. Pappas, Dean G. Pappas & Associates  
Steven T. Smith, Smith & Carr, P. C.  
Thomas H. Dolan, Manager of the Claims Management & Workers' Compensation Departments for Houston Independent School District

[ceu's for Agents and Adjusters have been applied for]

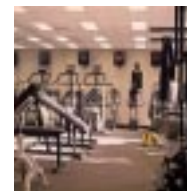
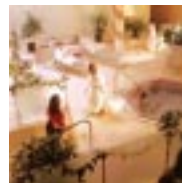


**Afternoon Session#1**

Golf at The Woodlands Resort & Conference Center

**Alternate Afternoon Session#2**

Use of the Resort Facilities (SPA, Massage, etc...)



There is still time to register. See the attached flyer.

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A big thank you to the sponsors:

Diamond Level: AON, John L. Wortham & Sons, L.L.C., Lockton, Marsh USA, Inc.

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## From the President's Desk

It is time for the annual Houston Chapter Fall Conference and Golf Outing. Hopefully you have made plans to join us on Friday, October 17<sup>th</sup> at The Woodlands Resort & Conference Center for a day of education, networking and fun. If you have not registered, it is not too late. You can visit the Houston Chapter website at <http://houston.rims.org> or call Colleen Cummings at (713) 580-1209 or Julia Kovach at (713) 362-7607 for additional information.

This year we are trying something new. We will have two morning sessions for you to choose from. Our topics include Workers' Compensation or Tort Reform & Litigation Management. We have applied for three hours of continuing education with the Texas Department of Insurance for each of the sessions.

A big thank you from the Houston RIMS Board, to all of our generous sponsors for their continued support and to our membership for registering for the conference.

We are looking forward to seeing you all in the Woodlands on October 17<sup>th</sup>.

*PAM*

## WELLSPRINGS CHRISTMAS PARTY

Believe it or not, the Holidays will be here before you know it. We are already starting to plan our Wellsprings Christmas Party which is scheduled for December 6<sup>th</sup>. We will need volunteers to help go shopping; wrap presents in gift bags and bake cookies, all prior to the party. Then we will need volunteers to join us for the party to setup tables, serve food, help the children decorate cookies, help Santa pass out presents, clean up, play with the children and best of all, HAVE FUN!

If you are interested in helping out with any of these tasks, please contact Susan Sanders at 713-625-7015 or by e-mail at [ssanders@ContactPSC.com](mailto:ssanders@ContactPSC.com).





## Regulatory & Legislative Issues

### CALIFORNIA WORKERS' COMPENSATION REFORM LEGISLATION

The California Legislature passed Assembly Bill 227 and Senate Bill 228, which contain workers' compensation reforms. The authors of the legislation have claimed that the reforms provide \$5.3 billion in one-time savings and \$6 billion in on-going savings. However, the Workers Compensation Insurance Rating Bureau (WCIRB) has estimated that the one-time savings are \$3.5 billion and \$2.6 billion in on-going savings. The major reforms of the legislation are as follows:

- Repeal of Vocational Rehabilitation (for injuries occurring on or after January 1, 2004) – replaced by a voucher system to allow for retraining in a state accredited retraining program. The cost of the voucher will be based on the Permanent Disability rating.
- Adoption of medical treatment controls and utilization review
  - Limits the number of physical therapy and chiropractic treatments to 24 per claim
  - Utilization review systems will be based on the American College of Occupational and Environmental Medicine Medical Practice Guidelines
- Eliminates the presumption of correctness of the treating physician (except for employee pre-designated physicians) regarding scope and extent of medical treatment
- Reduction in the medical fee schedule

The California's workers compensation system is currently estimated to cost employers \$29 billion. In 1995, the cost was \$9 billion. Hence, the estimated one-time savings of \$3.5 billion and \$2.6 billion in on-going savings represents a modest reform of the workers compensation system.

The workers' compensation reform legislation did not come easily and there was all-out lobbying efforts by the interested groups – doctors, chiropractors, pharmaceutical companies, employers, attorneys and labor unions.

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It is important to highlight the efforts of one employer coalition, the California Coalition on Workers' Compensation (CCWC). Its Chair is Tim East, Director of Risk Management for The Walt Disney Company. The CCWC is the largest statewide coalition of employers, public and private, dedicated solely to workers' compensation reform. The CCWC was very involved in offering reform proposals to the Insurance Commissioner and various Legislators.

As Legislation & Compliance Director of the LA RIMS Chapter, I met recently with Tim to get his assessment on this legislation. He indicated that the legislation is a good start for reform and given the lower estimates provided by the WCIRB, can lay the groundwork for obtaining more comprehensive reforms for next year. Tim described the legislation as addressing only the medical component of the workers' compensation claim and not the indemnity component and specifically, the inflated permanent disability ratings. "One-half of all lost time cases have permanent disability ratings," he said. Some degree of permanent disability is found more often in California than in any other state.

Tightening the permanent disability eligibility would address a major cost driver in the California workers' compensation system. It is important to note that attorneys are paid their legal fees from the permanent disability payments and therefore, have an incentive to obtain higher permanent disability ratings for the claimant.

Tim also advised that there will probably be clean-up legislation and there may be legal challenges to the reform legislation. When asked about a long-term lobbying strategy for keeping the workers' compensation reform process going, he provided the following advice:

- Unite and stay active in the process;
- Stay informed;
- Take advantage of what reforms and court decisions offer.

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The challenges of maintaining the reforms and keeping the cause going are significant. Those interested groups who want to keep the system costs high can raise large amounts of money and within a very short period of time. Employer coalition groups thus far, have not demonstrated the same capability. Given the \$29 billion cost of the system, it is important to continue the lobbying effort for reform and/or redesign of the system. The term limits imposed on our legislators means there is no institutional knowledge in Sacramento of the workers compensation system and therefore, makes it challenging for employer coalitions to inform and educate legislators on this complex and labyrinth system.

During this past legislative session, workers compensation reform received a lot of press coverage because of the burden of high insurance premiums and the statements from businesses that jobs are fleeing California. The Insurance Commissioner, John Garamendi, provided testimony to legislators that pointed out the burden of the workers' compensation system on businesses, governments, and non-profit organizations. Tim also pointed out to me in my interview with him that the burden of the system on public entities and specifically, school districts was significant. He said, "We spend more on workers' compensation per student, than we do on textbooks". Given that profound anecdotal evidence, it is important for the Risk Management community to invest their time and effort to the long-term strategy of workers' compensation reform and/or redesign.

The California Chamber of Commerce<sup>1</sup> has proposed the following workers compensation reforms for next year:

- Tighten permanent disability eligibility ratings, and have them verified by objective medical findings.
- Extend the employer's right to choose a medical provider from 30 days to 365.
- Correct the definition of what it means to "cure and relieve" injured employees so that it is evidence-based.
- Require apportionment when the injury is to the same part of the body.
- Reform administrative penalties in the workers' compensation system that have acted as a perverse incentive for applicant attorneys to chase minor paperwork violations and turn them into large awards, and curbing other excessive litigation costs.

<sup>1</sup> California Chamber of Commerce Floor Alert dated September 12, 2003

**By Ruth Lindstrom**

*Legislation & Compliance Director*

## Member's Corner

The Houston Chapter has the privilege of welcoming the following new Corporate Deputy members:

- Link Staffing Services, Inc.
  - Faith Daniels, Director, Risk Management

We are equally pleased to welcome our new Associate Member:

- Jay Boyd, Account Representative, Wausau Insurance Companies

Meeting Notices, Newsletters and other chapter correspondence are now sent out by **e-mail**. If you are a deputy member and are not receiving yours please let us know by contacting Jim Lyon, Membership Director. All others, Associates and Non-Members, please contact Monica Olis. Deputies can update/correct information by logging on to the Society web site: [www.rims.org](http://www.rims.org).

## Houston Chapter Celebrates 50 Years!

Join us to Celebrate the 50th Anniversary of the Houston Chapter. Location TBA. Happy Hour December 10, 2003.

Watch the website for more information as it becomes available!



### Houston Area Job(s) Listing for October 2003

#### **Pappas Restaurants**

**Job Title: Safety and Claims Coordinator**

#### **Express Jet Airlines, Inc.**

**Sr. Manager/Risk Management**

- ❖ Any job listing descriptions, contacts, etc. can be found at The Houston RIMS website: <http://houston.rims.org/ChapterWebsite/RIMSChapter.cfm?CID=328>
- ❖ For further information regarding positions or to place a job opening for your company in our newsletter, contact Toni Green, Director - Job Placement, via email at [toni.green@nli-usa.com](mailto:toni.green@nli-usa.com) or by telephone at (281) 423-3357.
- ❖ For information regarding National RIMS listings, contact Jennifer Berman at RIMS New York at (212) 286-9292 or email: [jberman@rims.org](mailto:jberman@rims.org).
- ❖ Also, look online at the Houston Chronicle's classified web site under employment. Do a key word search for Safety or Risk Management: [www.houstonchronicle.com/classifieds](http://www.houstonchronicle.com/classifieds) or look online at the Houston Press's classified web site: [www.houstonpress.com/classifieds](http://www.houstonpress.com/classifieds)



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## Reservation Deadline

No meeting this month. See you at the  
Fall Conference in The Woodlands  
[www.rims.org](http://www.rims.org)

choose “chapters” then “chapter web  
sites” then “Houston” look for the “Fall  
Conference Registration” on the list to  
the left.

## Houston Chapter of RIMS

### UPCOMING EVENTS

Luncheon meetings are at 11:30 am

**2003**

**October 17, 2003**

**Fall Conference**



**The Woodlands Resort & Convention  
Center  
(not a noon Luncheon meeting)**

**November 19, 2003**

**Roster of New Board Members Presented  
Guest Speaker: Chris Mandel  
Executive Committee of RIMS Society**



**December 10, 2003**

**50th Anniversary Celebration  
Happy Hour, time & place TBA**

**December 17, 2003**

**Installation Ceremony: New Officers**

**January 21, 2004**

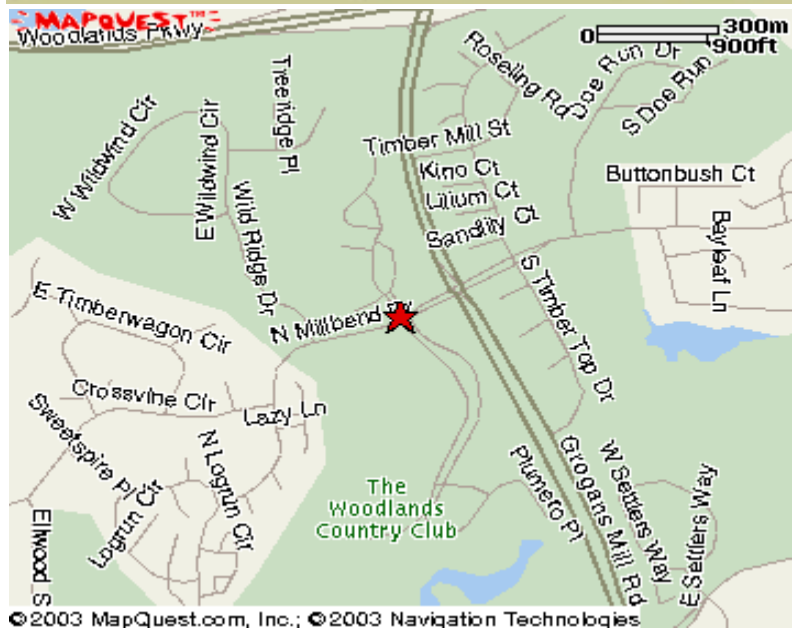
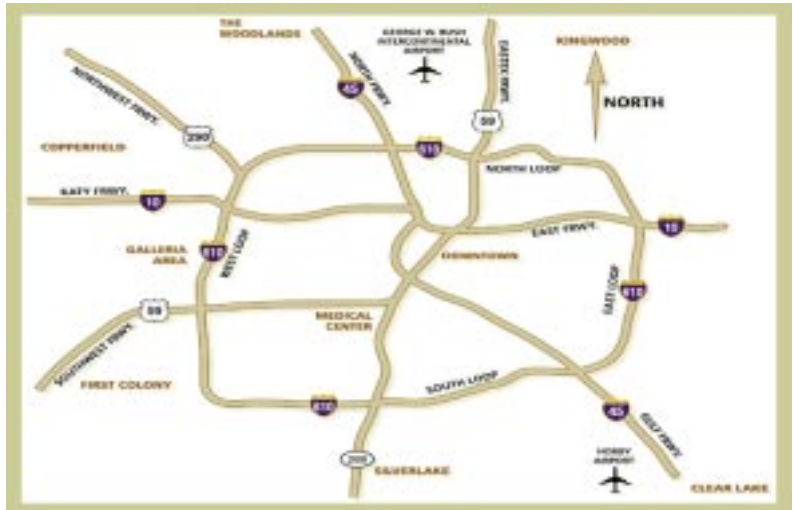
**February 18, 2004**

**March 17, 2004**

**April-No meeting due to  
42nd Annual RIMS Conference  
in San Diego, CA**

## The Woodlands Resort & Convention Center

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The Woodlands, Texas, 77380  
Local - 281.367.1100



Check the web Site: [www.rims.org](http://www.rims.org) >chapters  
>chapter web sites > Houston.  
Watch for event information.