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Shared Workers' Compensation Philosophy Key to Successful Group Captive, Member & TPA Relationship

In 2004, a year or so after J.J. White Inc., a Philadelphia-based provider of construction services in the Mid-Atlantic region since 1920, became a member of American Contractors Insurance Group Ltd. (ACIG), a group captive insurer based in Dallas, there was one aspect of the solid relationship that J.J. White wanted to change.

According to Robert Celestino, J.J. White's director of risk management, his company believed that having a third-party administrator (TPA) for workers' compensation claims that really knew the jurisdictional nuances and construction climate in J.J. White's areas of operation would be a positive – both for J.J. White and ACIG.

ACIG, which already had a TPA, kept an open mind and worked with J.J. White on their request. It proved to be a very good move. For the last five years, ACIG and J.J. White have worked with Risk Enterprise Management Limited (REM), a national TPA based in Cranbury, N.J. Both ACIG and J.J. White agree that the decision was a *bona fide* win-win.

"ACIG is a captive company owned by the members, and as such, we have a very proactive, integrated partnership with our members," says Susie McGee, senior claims consultant/technical manager at ACIG. "When J.J. White came to us and wanted to know if they could research and potentially change TPAs, we launched an RFP process and met with several candidates."

When ACIG traveled to REM, McGee says she was immediately impressed with the firm's professionalism, technical knowledge and expertise. It also helped that REM quickly grasped ACIG's mission and overall workers' compensation claims philosophy.

"Most of all, they are a service-oriented business in the true sense of the word. And they understood what it meant to be a real partner," she says. "At the time, we needed a TPA that would do what they said they were going to do. There is always a honeymoon period with a TPA. But it's been five years, and today they are as good as they were the first day." As evidence of the strong bond ACIG and REM have formed, REM is now working with other ACIG member contractors (ACIG is the fourth largest group captive in the industry, with 39 members nationwide, all in the Engineering News Record Top 400).

For his part, Celestino explains that with ACIG as J.J. White's insurer and REM as its TPA, his company is able to enjoy both an outstanding carrier and a TPA with deep understandings of his company's specific business challenges as they relate to workers compensation claims.

"A strong TPA relationship, a partnership really, is critical, perhaps even more critical than the coverage provider in some ways," Celestino says. "And that's the reason why we have the triangle with REM and ACIG. It gives us high levels of service from both a coverage and a claims perspective."

Mike Ebert, Vice President of Programs for REM, agrees.

"Whenever you're working with an alternative risk organization, like a captive or a program, you have to understand their industry, and meet both the needs of the broader entity and the individual insureds," says Ebert. "I think our relationship with J.J. White and ACIG is a great example of how that Insured-Insurer-TPA connection should work in the group captive environment."

Celestino, who worked as a claims adjuster himself prior to his tenure at J.J. White, had some history with REM, and respected the way REM manages workers' compensation claims. Once REM passed ACIG's litmus test, it was a natural fit.

"We always want to do what is best for our business, so now we have the best of both worlds," he says. "J.J. White's overall claims philosophy must bend to the classic conundrum of serving two masters," Celestino explains. "One being

loyalty to the company - setting up programs enabling the company to be financially secure in the event of a catastrophic loss. It's not just a matter of surviving, but also having programs in place to give the company stability," he says.

The other master, both personally for Celestino and for the company as a whole, is the moral obligation to employees - not only to provide a safe work environment, but to have the "best of the best" available in terms of medical care, claims responsiveness and a highly rated insurer to be there when losses occur.

"Our employees know that our executive management is in stride with them when it comes to a claim, following it all," he says. "The objective is to be sure everything is handled properly, to the best of our ability."

To get there, Celestino takes a team approach, and he feels very strongly that with the help of ACIG and REM, J.J. White's loss control programs are among the best in the construction industry. In fact, the company's proactive health and safety efforts have earned national accolades. In 2003, J.J. White earned the Pennsylvania Department of Labor & Industry's PennSafe Governor's Award for Safety Excellence, and in 2005, the company earned the Contractor Award for Meritorious Safety Performance from the National Petrochemical and Refiners Association. In 2009, OSHA granted J.J. White participation in the prestigious Star Voluntary Protection Program (VPP), and this year, J. J. White became the only OSHA region III contractor ever to earn the coveted OSHA VPP Mobile Workforce Certification.

"We try to offer the best care all along the continuum, serving both the employee and employer the best we can," he says. "Having ACIG and REM as part of the equation is critical."

Celestino says that the key TPA success factor for claims handling in workers' compensation is having a thorough understanding of what every job entails, a lesson Celestino learned when he was a claims adjuster. Another key skill is having deep and wide jurisdictional knowledge, because of how each state has its own regulatory environment, with rules that vary widely.

"You have to have adjusters who really know the jurisdictions they are handling," he says, adding that if they don't understand the nuances and procedural requirements, they will not be able to afford the proper benefits and make sure the claim is properly managed. "Not only will costs skyrocket, but you will incur penalties," he says. "The last thing you want is to be in front of a court with a number of cases being litigated. That's not the reputation you want, and there are certainly better ways to spend money."

Celestino says that as you develop this team approach, key players include legal counsel, vocational and medical management, the insurer and the TPA - and each of these elements is necessary to create an effective custom-tailored package for loss control.

"Prior to ACIG and REM, that's the direction we were headed in," he says. "Bringing REM in was the last piece in the complete package."

ACIG's McGee agrees.

"Nathan [Schlusser] has not missed a beat; he is someone we can count on and he has incredible integrity," McGee says. "And Lisa [Iamonaco] is a true professional, always willing to sit in on claim reviews, whatever it takes." McGee is referring to Nathan Schlusser, senior claim adjuster and Lisa Iamonaco, claim manager, both of REM's Philadelphia office. "They understand the customer service side of the business," McGee adds. "I'm a veteran and understand what true service is. REM is very aggressive in claims and return to work protocols."

For Iamonaco, the feeling is mutual. "Robert and Susie both have a real team approach; they care about the injured employees and about maintaining a partnership with their adjusters," she says. "They're excellent at what they do, and are really involved in the claims' details. We all work together to achieve the best possible outcomes."

McGee says ACIG looks for a breadth of experience in a TPA, and wants to know the backup plan - because workers' compensation claims are not on a schedule.

"We don't expect our designated team to be in the office 24/7 every day of the year, but we need to know who to call in case a serious claim arises during off hours," she says. "For the most part, I am on call around the clock. So we need to know the TPA will be there for us, and REM has never let us down. All TPA customers expect competency, good claims systems and financial reporting. But if the TPA truly understands customer service, as REM does, it's the icing on the cake."

Celestino says J.J. White is convinced the team approach delivers ultimate success. Along those lines, the company uses its suites at Philadelphia ballparks to host “team nights” so the entire claims handling team – adjusters, nurses, attorneys, etc. – get together to put faces to names and build team camaraderie.

“The team approach is a great way to interact in a business relationship, so when claims go through the process, everyone knows the people they are working with and their roles,” he says. “And with REM’s help, we can focus on what we need to focus on, keeping workers safe or helping them stay financially sound when they are injured.”

“Over time, we are convinced we have built the Cadillac plan for managing workers’ compensation claims,” Celestino says.

For more information, contact the REM sales team at 1-800-347-4494 or marketing@remltd.com.

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