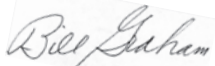# GRAHAM ADVISOR

COMMENTS
FROM THE CEO

As we enter a new year, now more than ever we need to think about how to protect your company from potential risks. Our approach to business is rooted in the belief that it is our job to stay ahead of evolving risks in the marketplace well before they become an unexpected claim for you.

A recent, national study by The Graham Company revealed that nearly three-quarters of business leaders are most concerned about potential risks associated with healthcare costs and only slightly more than half regularly consulted with an insurance or risk management expert to review plans for such risk. The survey also found that, even though business leaders perceive they are taking adequate measures to protect their organizations, in reality they're falling short of doing what's necessary to mitigate the risk.

Like many of those surveyed, you too may worry about healthcare costs as the expense continues to increase and the administration becomes more complex. While there are many variables that influence cost, we are helping employers accept that healthcare no longer needs to be looked at once a year by implementing strategies that are sustainable for three to five years.

Throughout the coming year, we encourage you to turn to The Graham Company for help in staying ahead of today's ever-evolving risks by visiting the Knowledge Center at www.grahamco.com/KnowledgeCenter. You can also follow us on Twitter @TheGrahamCo.

Bill Graham

WILLIAM A. GRAHAM, IV
CPCU, CLU, CEO

Making Healthcare Safer
Three Foundational Elements for a Strong Safety Culture

Not-for-profit service provider agencies that want to reduce workers' compensation costs can do so by building a culture of safety. Building a workplace culture focused on safety begins with an organization's leadership team making a commitment and verbalizing it to staff. Leadership can explain the importance of a culture of safety to staff in a compelling way that enables workers to be more engaged in the program. After establishing a safety culture, the next step is to build its foundation. There are three key premises:

- Optimal teamwork
- A learning and growing environment
- Predictive modeling versus reactive model

1. OPTIMAL TEAMWORK

Performance improvement projects start with good teamwork, but few organizations invest the resources to determine whether their team dynamics meet the mark. An optimal teamwork environment is one where staff members on all levels — from direct care workers to managers — work together with equal respect for one another and collaborate to solve an issue.

Evidence of such an environment includes:

- Frequent briefings and debriefings with all staff participating, such as managers consulting with caregivers or other staff when investigating a reported concern, to get a better idea of safety concerns
- An assessment of team dynamics and team building that may be needed in order to move forward in building a culture of safety

2. LEARNING AND GROWING ENVIRONMENT

The second element for building a culture of safety is a learning and growing environment. Your team is most likely aware it works in a high-risk environment. Your team's response to the risks may be to "knock on wood" in hopes there will be no incidents. Realizing the team works in a high-risk environment should not mean it accepts the risk of undesired outcomes, but instead works to prevent them.

For example, care workers that work with clients suffering from anxiety that also exhibit aggressive behaviors without warning may expect to be injured in the workplace. The number of risks can be high, but when approached within a culture of safety, teams can evaluate the incident and make improvements.

ASK THE EXPERT

Carl M. Bloomfield on Accountable Care Organizations

Q. What is an Accountable Care Organization (ACO)?

A. ACOs are a group of doctors, hospitals and other healthcare providers that come together voluntarily to give coordinated, high-quality care to their Medicare patients. ACOs have a financial incentive to provide high-quality care in the most cost-efficient means because it gets to share in the savings it achieved for the Medicare program.

Q. What does it mean to me as a provider to be part of an ACO?

A. Organizations in an ACO work to better manage the health of people. This means providing preventative treatments and health promotions and intervening before the onset of acute or chronic illnesses. If organizations are successful at improving the health of people at an expense less than the payments provided by Medicare, then savings are shared between the Centers for Medicare & Medicaid Services (CMS) and the ACO.

There are a number of benefits to being part of ACOs, including improved communication and collaboration between providers. Sharing health data improves the quality of care through seamless coordination rather than the disjointed care that comes when working separately in silos.

However, there are some considerations for providers as they look to join an ACO. Providers must meet quality performance metrics, such as CMS's Five-Star Quality Rating System. If they do not, they will not be included in the ACO network, which could financially impact their business. Because there are different types of providers in one group, they all have different operations and regulatory requirements to follow. Coordination is needed in the development of care standards and programs for an ACO.

Q. What can a provider do to become part of an ACO?

A. The goal is to communicate your interest in being a partner in improving care with other providers. Work to improve your quality performance metrics and share your results. Also, participate in hospital wellness alliances or clinical focus groups; join with hospitals to reduce readmission rates; create clinical protocols for after-hospital care with lead rehab or cardiac physicians; share performance data on care initiatives; and build an electronic data interface with other contracted providers.

Q. What other business risk exists?

A. Many providers are reluctant to join an ACO because of the potential financial business risk in alternate payment arrangements.

Choosing not to be involved in an ACO is not the best bet. It is wise to insure the financial business risk through a stop-loss product and secure your place in the ACO rather than find yourself excluded from the provider network.

If you would like to know more about Accountable Care Organizations, please contact Carl M. Bloomfield, Vice President, and leader of the Health & Human Services Division, at The Graham Company, cbloomfield@grahamco.com or 215.701.5420.

BENEFITS BRIEF
Consider Self-Funding Plans

When choosing the right employee health benefits, employers need to understand the two ways a plan can be structured – fully insured or self-funded. In a fully insured health plan, employers pay a premium to an insurance carrier. The premium will change each year depending on the number of employees, and the insurance provider pays the healthcare claims based on the coverage outlined in the policy. In a self-funded health plan, the employer establishes his or her own fund to pay medical expenses.

Today, more employers are turning to self-funded plans because it's a cost-effective alternative to traditional group plans. However, there is some risk to managing employee claims because if there is a high number of claims, it could result in the employer paying more. To limit such risk, stop-loss insurance coverage protects employers.

Why choose a self-funded plan?

Self-funded plans have a positive impact on an employer's cash flow. In a self-funded plan, money collected from premiums is only paid out when claims occur. If claims are lower one month, the money goes back into the reserve to accrue interest – unlike a fully insured plan where employers have to pay in advance to cover projected claims. All taxes and administrative fees are handled by a third-party administrator in a self-funded plan so there is no overheard cost to the employer.

Another benefit to a self-funded plan is that employers can track employee populations that pose the highest risk and implement a targeted wellness program as a way to lower claims.

Employers of any size can benefit from a self-funded plan by helping them lower healthcare costs and putting reserves back into the company.

If you are interested in learning more about The Graham Company's solutions, contact Drew A. Miller, Producer - Employee Benefits Consultant, at dmiller@grahamco.com or 215.701.5406.

In order to learn from incidents, your team must first make an important discernment. As part of the investigation, your team may discover staff actions played a part in the incident. The team needs to classify actions as resulting from any or all of the following:

- Error
- Poor judgment
- Disregard for standards

An error is easy to understand; the staff member knew what to do, but an incident occurred. Two examples may be someone who misread a drug label or someone who slipped on a wet floor. In these cases, your team will implement a new protocol to prevent a reoccurrence.

In other situations, your team may determine a staff member made a poor judgment — the staff member had a task, but did not perform it because he/she had a reasonable justification. For example, a direct care worker knew an agitated patient needed to be transferred using lift equipment, but decided to perform a manual transfer instead. In this case, the staff member did not follow the patient's care plan, as well as safety standards. Most traditional organizations would implement disciplinary actions and would not investigate further. In a culture of safety, the response is different.

The team needs to respond to these occurrences with an organization-wide focus instead of a staff member-specific focus. The team may consider implementing peer checks to ensure the care team is mutually responsible for compliance with all safety standards.

3. FOCUS ON A PREDICTIVE MODEL

Finally, the third and last element for building a culture of safety is a change in focus from reactive to predictive modeling. Naturally, organizations must respond to incidents that occur. Beyond learning from actual events, your team must change its focus to be more predictive or proactive in responding to safety risks.

For example, a co-worker observes another direct care worker transferring a patient without proper lift equipment. How does the direct care worker respond, whether it results in harm or not? With a predictive focus, failure to follow safety protocols is handled in the same manner, regardless of whether there is an adverse outcome or not. Teaching your team to identify risks in its work environment, such as tripping hazards like water leaks or fraying carpet, and responding promptly with an immediate intervention is another way to exercise predictive focus.

Building a workplace culture focused on safety begins with an organization's leadership team making a commitment and verbalizing it to staff.

Staff members reporting potential risks, such as co-worker fatigue or concerns about a heavy workload, demonstrate a proactive approach. These risks should be met with mitigating interventions, just like a pool of water on the floor. Shifting your organization's approach to a predictive model is an investment that will reduce employee incidents and ultimately reduce costs.

BUILDING ACCOUNTABILITY

After an organization makes a commitment to build a culture of safety and sets the elements in place, leadership must build accountability to ensure the culture of safety continues. Some key ways to build accountability include:

- Detailing compliance with safety procedures in job descriptions
- Reviewing safety procedures during onboarding of new employees
- Highlighting safety procedures during annual safety training
- Measuring compliance with procedures during the 90-day and annual review processes

MEASURING KEY PERFORMANCE INDICATORS FOR LONG-TERM SUCCESS

Organizations that build a culture of safety will not only see a reduction in workers' compensation costs, but also witness other key performance indicators. The effectiveness of the culture of safety can be evaluated using performance data. A performance improvement measure is a decrease in workers' compensation costs. A measure early on in the process is a decrease in time in reporting employee incidents. A delay in reporting, often referred to as lag time, may be indicative of employees' apprehension to make a report or a supervisors' lax responsiveness. Both of these situations improve in a culture of safety. Prompt reporting of employee injuries promotes rapid, appropriate treatments. Another performance measure is the increased reporting of "good catches," which are situations of potential hazard or error that are reported so the team can respond and address risks before there is an incident. Finally, it's wise to measure how employee satisfaction has improved through surveys and increased employee retention rates.

To learn more, please contact Alan Mar and Shane Riccio at The Graham Company at amar@grahamco.com, 215.701.5316, or sriccio@grahamco.com, 215.701.5245.

EXECUTIVE
ANNOUNCEMENTS

HEALTHCARE RISK FORUM

STOCKTON SEAVIEW HOTEL | OCT. 6-7
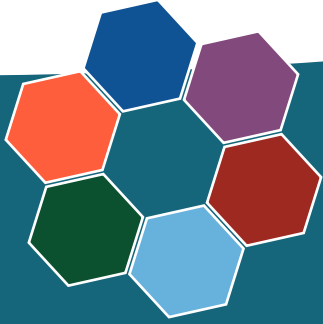
REGISTRATION
OPENS SOON

Questions? Contact cbloomfield@grahamco.com

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