



California Restaurant SIG Seen as Menu for Health Reform

The California Restaurant Mutual Benefit Corporation (CRMBC), a self-insured group workers' compensation plan, has been so successful that it has been nominated by a prominent journalist to serve as a model solution for broad healthcare reform.

Peter Roff, writing for the FOXNews website, traced Congressional deliberations of healthcare reform to this conclusion: "There is an alternative, already in place in certain parts of the country, in which small- and medium-sized businesses are banding together into co-ops called self-insured groups, which are proving to be a good deal for employers and employees.

"These self-insured groups, in which businesses pay into a fund that is used to administer the program and to pay out claims, give employers more control, and more responsibility, over what goes on in their warehouses, on their shop floors and in their plants."

Roff reported that California has adopted and supports the self-insurance option despite pressure from parts of the legal and financial community that oppose it. "State Insurance Commissioner Steve Poizner...pointed to the self-insurance model as an instructive lesson of ways to make the system work," he wrote.

Roff's article quoted David Mitchell, chairman of CRMBC, on the benefits of self-insurance to his industry: "We have reduced claims frequency, fought and won against fraud, helped employees in crisis and developed new technologies," Mitchell said, and added that self-insurance "makes for a better workplace all around."

Jim Leftwich, founder and CEO of CHSI, the program administrator and financial risk management firm that manages CRMBC, agrees that the self-insured group workers' compensation model could be adapted to broader healthcare management:

"Self-insurance provides new solutions and access to entrepreneurial ingenuity," Leftwich said. "Those who seek to reform the nation's healthcare system could learn from successful workers' compensation experience. Our member companies have more wellness, more education and more safety training than is available to companies simply purchasing health insurance or that would be available through government-operated plans."

Leftwich brings the conversation back to the degree of responsibility and control that employers experience in a self-insured plan. “They enjoy being able to roll up their sleeves and do some of the work to cut their costs and create safer workplaces,” he said. “Look at it this way: nobody can control health care costs, but we can work to control the safety of our workplaces to help avoid expensive claims.”

In an often-problematic industry, CRMBC has become California’s largest self-insured group with more than 3,000 members and annual payroll greater than \$1 billion. Statistics presented at its annual meeting reflect improvement across the board since the plan was founded in 2005:

- Workers’ compensation premium has been reduced from more than \$9 per \$100 of payroll to less than \$3.
- Number of claims has been reduced from about 2.5 per \$1 million of payroll to less than 1.
- Eighty percent of claims are closed within a year, far below the traditional industry average in the range of 50-60%.
- \$14 million has been returned to members in dividends despite California’s high standard for financial security of self-insured groups.

Leftwich identifies aggressive incident management and rapid, technology-assisted claims services as elements that raise CRMBC operations to its successful level.

Injured employees are able to speak with a nurse by phone immediately through the CHSI Solutions Hotline that serves most languages. Informed counseling gets the employee off to the right start for recovery. The system takes the guesswork out of first-aid for employers resulting in fewer self-insurance claims and lower costs. Physician referrals are managed to assure the best outcomes.

CHSI’s website provides unique technology and tools to CRMBC members to help them report and manage claims, manage finances electronically and access tools for safer workplaces. The leading edge technology provided to CRMBC group members is unique to CHSI managed programs.

Web-based training resources are supplemented by CHSI’s experienced risk control professionals who provide onsite, customized safety and claims training to address the real-world needs of restaurant operators.

As California requires claims processing independent of the management company, CRMBC employs the professional claims administrator Intercare, an industry leader in the state. Aggressive file management and rapid claims closure has contributed to CRMBC’s overall success.

In addition to ordinary claims, CRMBC enjoys complete protection against catastrophic claims through A rated excess insurance carriers. All on-the-job employee injury claims

from a single major occurrence – an earthquake, a violent attack or other event – are covered completely after the group has met its basic retention limit.

“The excess insurance protection ensures that members never have to worry about serious losses by the group,” Leftwich points out.

In an industry ordinarily fraught with workers’ compensation issues, the California Restaurant Mutual Benefit Corporation stands as a model for employee safety – and perhaps to serve the broader scope of general health benefits.