

Health  
Care  
Providers  
Self-  
Insurance  
Trust

2008 Annual Report



October 2008

# 2008: challenges met, progress continued

The Health Care Providers Self-Insurance Trust (HCPSIT), as participants well know, has been a strong trust that has offered tremendous, cost-effective benefits to its participants since 1993. HCPSIT has set the standard for group self-insurers by providing stable and competitive rates, excellent customer service, and a focus on worker safety and loss control, critically important to establishing long-term savings through a reduction in rates. The Trust has benefited from sound underwriting, claims management and finely-honed safety management programs from the Trust's Program Administrator, Program Risk Management, Inc. (PRM).

Through the strong leadership of a dedicated, knowledgeable Board of Trustees comprised of HCPSIT participants, HCPSIT was well-positioned to face the challenges that confronted the group self-insurance industry in 2008.

As of September 30, 2008, the Trust had 144 participants with \$1,007,832,842 in payroll and \$18,189,741 in contributions, a 99% retention rate, zero bad debt and claims management trends (see accompanying charts) that are the envy of the industry.

2007 ended with the implementation of reduced rates for participants following sweeping workers' compensation reform legislation enacted earlier that year. This resulted in an average rate reduction of 32% for home health care employers. At the start of the new year HCPSIT, along with the entire group self-insurance

industry, confronted an unanticipated challenge as the New York State Workers' Compensation Board (WCB) sought to address problems created as a result of the closures of several at-risk, poorly and even mismanaged trusts in New York. The solution that the WCB implemented was securing funding from strong, viable trusts, such as HCPSIT, to pay for defaulted claims.

The WCB sought to increase HCPSIT's 50-5 Assessment, an annual fee New York State imposes to pay benefits for injured workers who were not insured for various reasons, from \$8,711 in 2007 to over \$1 million for 2008—a staggering increase. Normally, the participants of the failed trusts would be subject to assessments based on the joint and several liability contracts; however, neither the WCB nor the Attorney General's Office were initially prepared to start the collection efforts.

Needless to say, the long-term health of HCPSIT and similar trusts was endangered by these gigantic increases in assessments. HCPSIT, and other trusts, took aggressive action to pursue legal, legislative and political solutions to address the significant problems caused by the increased 50-5 assessments.

In response to this threat to HCPSIT, legislation was drafted and introduced at the direction of the Trustees. Ultimately, following HCPSIT's leadership, a new piece of legislation was passed by the New York State Legislature at the end of session in June and then signed by the Governor. It was intended to protect successful self-insurance trusts from excessive assessments resulting from insolvent trusts. At the same time, it created new regulations designed to strengthen the regulatory process to oversee such trusts. The legislation also established a Task Force comprised of the WCB Chair, the Superintendent of Insurance and the Commissioner of Labor, together with nine other appointees of the Governor, to review and recommend changes to ensure the continued financial viability of self-insured group trusts in the State.

In addition to the new law, legal action on the assessment was initiated by HCPSIT in conjunction with other trusts and resulted in a New York State Supreme Court ruling that left both sides feeling they had achieved their goal. Acting State Supreme Court Justice Kimberly O'Connor's decision in July supported the challenge and vacated the assessments.

## Disability Benefits Program

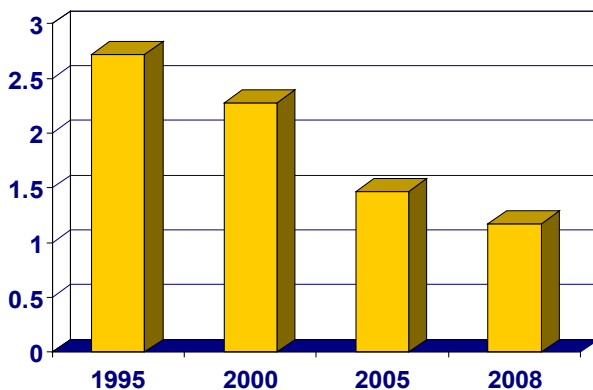
The Health Care Providers Disability Benefits Program (DBP) of HCP Resources, Inc., is a cost-effective option for HCP members to obtain New York State statutory disability coverage required of all employers.

DBP, one of the industry's most competitive programs has generated significant savings for many providers.

Thus, both approaches yielded initially successful outcomes although the results of these efforts have yet to play out completely. HCPSIT remains hopeful that the years of solid performance, integrity and strength will prevail in the end. HCPSIT will continue to work with the WCB and others to ensure the long-term health and viability of the group self-insurance industry.

As always, HCPSIT's goal is to provide competitive rates to HCP members while maintaining a high standard of financial and fiduciary excellence. The past year demonstrates that HCPSIT can meet unexpected challenges and remain New York home care providers' top choice for workers' compensation insurance.

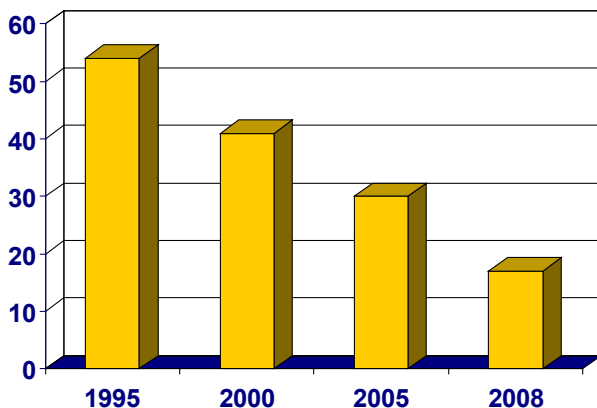
*Claims per Million Dollars of Payroll*



### *HCPSIT Claim Trends*

*The Trust has always utilized loss control and claims handling techniques to reduce the number of claims. The chart above shows claims per million dollars of payroll and how that figure has fallen over the years. Reporting claims promptly also helps reduce costs. The chart below shows HCPSIT's success in that area by indicating the average lag time in days between the date of accident and the report date.*

*Average Reporting Lag Time (days)*



## Safety and loss control

The Trust provides loss control services to all participants in both one-on-one and group settings through its contract with Program Risk Management, Inc. (PRM), the program administrator. Onsite visits include audits of safety records and presentations to both management staff and field employees. The loss control professionals often participate in in-service meetings to provide the safety message directly to employees and obtain feedback from employees on the safety issues they face daily.

The loss control professionals are experts trained in providing a comprehensive review and audit of a participant's exposure to back injuries, bloodborne pathogens, driving and weather related risks, OSHA regulations and ergonomic issues.

HCPSIT has always underwritten safety and administrative educational seminars for participants. The safety programs have worked in tandem with the visits by the loss control experts to reinforce the safety message.

In addition, special safety projects have included the "Back Injury Prevention Guide for Home Care Providers," published in 2007 and still available and, in 2008, the "Home Care Safety Series."

This last project consists of four one-hour video safety seminars underwritten by HCPSIT and produced by Community Health Care Services Foundation, Inc. (CHC). The seminars focus on General Safety, Transportation Safety, Ergonomics and Bloodborne Pathogens. These programs can be used to educate new or existing workers, meet in-service requirements and enhance ongoing education and training programs.

Although the safety series is available at a fee to all home care providers, a special project in 2008 enabled it to be offered free for several months to Trust participants—a \$465 value. The video seminars could be accessed by any employee of a participant that signed up for the program.

# Board of Trustees, 2007-08

**Todd Brason**

*Chairperson*  
WILLCARE  
Buffalo, NY

**John Fraher**

*Secretary/Treasurer*  
VNA of Albany, Saratoga, Rensselaer  
Albany, NY

**Kenrick Cort**

Tri-Borough Home Care  
Brooklyn, NY

**Scott Tooker**

North Country Home Services  
Saranac Lake, NY

**Timothy McGorry**

CareGivers  
Buffalo, NY

**Jordan Shames**

Neighbors Home Care  
Bronx, NY

**Gwen Eichorn**

VNA of Central New York  
Syracuse, NY

**Richard Swanson**

Greystone Programs  
Poughkeepsie, NY

**Suzanne Smith**

Interim HealthCare of the Capital Region  
Albany, NY

**Nelson Carpenter**

Home Instead Senior Care  
Saratoga Springs, NY

**Gregory Schaefer**

Better Home Health Care Agency, Inc.  
Rockville Centre, NY

**Phyllis A. Wang**

President  
Albany, NY

**Professional Services:****John Conroy, President****Gail Farrell, Senior Vice President****James Pavoldi, Director of Loss Control**

Program and Claims Administrator  
Program Risk Management, Inc.  
PRM Claim Services, Inc.

**Joel Hodes, Esq.**

Legal Counsel  
Whiteman Osterman & Hanna

**David Johnson, CPA**

Audit Services  
DeChants, Fuglein & Johnson, LLP

Stergiou & Gruber Risk Consultants, Inc.  
Actuarial Services

Morgan Stanley/Neuberger Berman  
Investment Advice & Services

JP Morgan Chase  
Banking Services

Tillinghast-Towers Perrin  
Claims Audit Services

## Investment/Finance Committee

John Fraher, *Chairperson*

Kenrick Cort  
Todd Brason

Tim McGorry  
Jordan Shames

**Health Care Providers Self-Insurance Trust**

99 Troy Road, Suite 200  
East Greenbush, NY 12061  
(P) 518/463-1118  
(F) 518/463-1606