

New Cost-Cutting Technology Tools Push Hardware Comp Group 100%+ Growth

By Steve Tuckey
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In April of 2009 the Home Improvement Self-Insurance Group (HISIG) felt it had reached a plateau with its policy administrator.

At the time the self-insurance group provided workers' compensation coverage for about 45 stores in California. But officials felt that if they want to reach that next level of growth for the group that formed in 2005 they would need an administrator strictly focused on private enterprises.

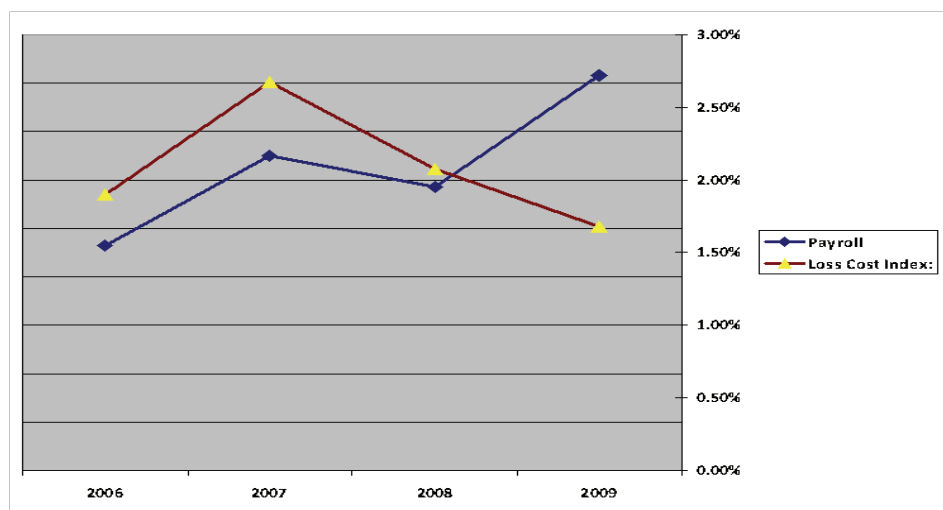
Garth Smith, Chairman of the Board of Directors for HISIG, knew that the way to the heart of a retail store owner grappling with workers' compensation challenges of increasing complexity would be lower costs—immediate and for years to come.

And the best way to do that would be to work with folks who specialize in for-profit businesses in the private sector.

"We turned to CHSI because that is their specialty," Smith said. The proprietary technology the group offered promised more efficient communication among employers, loss control experts and the administrator than ever before, he added.

Cutting costs for members of self insured programs requires their policy administrators to not only manage the claims process, but the financial health of the group. A key component is real-time

information. CHSI's technology division created a policy administration system called CHSI Connections™ Management System to provide a single interface for the multiple functions essential to managing a self-insured program. They use the technology for rating, underwriting, receivables,



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contact management, and claims management.

The technology keeps everyone informed so that not only medical expenses are reduced but indemnity costs as well. When it comes to working on the indemnity side—the costs that come from paying for the time the injured worker takes off from the job. It is extremely important to stay connected to ensure efficient communications.

To start cutting medical costs it's critical that any injured employee obtain the appropriate treatment immediately. Seems simple enough, but in practice it is anything but.

When the claims officer at any particular location gets a notification of an injury at the site, the first reaction might be overkill. "So often out of fear he or she might just say 'yeah, I know it is only a cut but to cut our liability you should go to the emergency room,'" Smith said.



In addition to the Connections Management System all HISIG members have access to a 24 hour hotline number to call whenever there is a workplace injury. The hotline will give employers, managers and employees access to a triage nurse who can determine the best course of action after asking a series of medical questions. In other words, no more costly erring on the side of caution on the part of an assistant manager whose expertise is not in healthcare.

The technology alerts involved parties when an injury has been called into the hotline number and provides a detailed report of the incident and outcome.

Eric Robinson, chief operating officer of CHSI Technologies, said that by using real time policy administration technology HISIG has been able to divert about 75 percent of incidents from becoming claims.

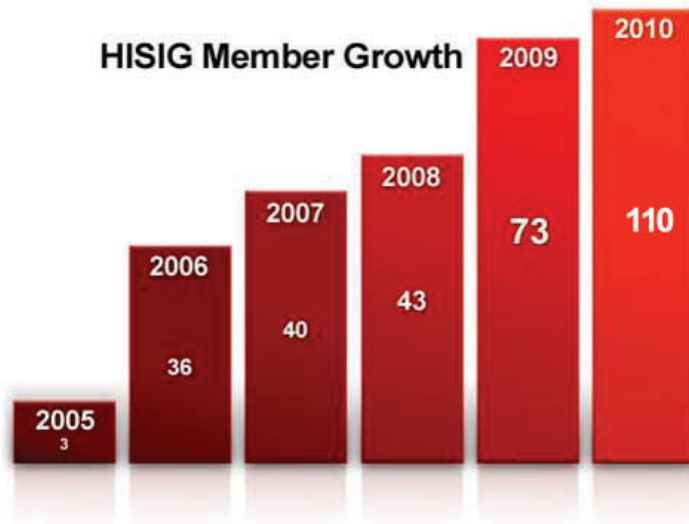
HISIG has more immediate access to claims data and thus can lower costs by reacting faster. "There are particular time frames in California when you can impact the cost of a claim," Robinson said.

If you know about the claim you can provide services to that injured employee in a much faster rate. "A lot of times, the injured worker just wants to know their company wants to take care of him," Robinson said.

The hotline number is just part of the CHSI solution that performs routine and specialized tasks with more speed and skill than any system pieced together by an employer or TPA could manage on its own.

After all, the longer the waiting period for treatment, the more tempted the injured employee may be to turn to a comp attorney who promises to speed things up at increased costs to all in the system.

Such benefits have not gone unnoticed among HISIG members.



Steve Morris, owner of Austin

Hardwoods & Hardware, said that after joining HISIG he enjoyed the immediate advantage of competent claims service. "Just by actively managing the claims process, we noticed that minor incidents were resolved quickly and thoroughly to everybody's satisfaction," he said.

Smith expressed ample satisfaction with the growth the group has grown from 43 in 2008 to 110 today. Additionally, the immediate premium cost savings of 5 to 10 percent he estimates employers enjoy today is the main part of that story.

While employers may not receive any premium return from 2009 when the group is still in its growth phase, Smith sees that changing in the not too distant future.

"The real story is the long-term premium that will be in place in three, five and six years from now," he said. "And members will benefit even more once we start returning premium."



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