Well, it’s finally here! On behalf of the Arizona Self Insured Association (ASIA), I am pleased to share with you our 2015 newsletter. Three issues will go out in 2015 that will address our legislative progress, recent achievements, and important forthcoming activities such as our annual seminar, monthly lunches, speakers, and ways to advertise and promote your company and the services you offer.

The Arizona Self Insurers Association (ASIA) was established in 1983 to provide professional development and networking opportunities to self-insured entities throughout the state, and to promote and protect the rights of public and private sector employers to self-insure. The effect of government on a self-insured and large deductible employer’s workers’ compensation program is the primary concern of ASIA. It is ASIA’s mission to represent and speak for the interests of our members while closely working with the legislative process and the Industrial Commission of Arizona (ICA).

ASIA has successfully worked to pass a host of legislative reforms to the workers compensation system. To that end, we employ a year-round lobbyist, Jeff Gray of “R&R Partners”, who is prepared at a moment’s notice to address issues that may negatively impact our members.

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ASIA has been recognized nationally for its work and has been quoted in various publications, including “workcompcentral”

Affiliated with the National Council of Self-Insurers, ASIA offers our members, education and training sessions through our monthly

Welcome New Members

Katherine Nelson
PriorityCareSolutions

Visit our website at asia@azselfinsurers.org to renew or call us at: (480) 706-5762

Micheline Parkey
McKee Foods Corporation

Visit our website at asia@azselfinsurers.org to join or call us at: (480) 706-5762
2014 Elections

The November 2014 elections ushered in a number of changes at the Arizona Capitol. Former state senator and ASIA legislator of the year Michele Reagan was elected as the new Secretary of State. Mark Brnovich, who spoke at the 2014 ASIA Annual Seminar, was elected as Attorney General. Lastly, former Arizona Treasurer and Coldstone Creamery CEO, Doug Ducey, was elected as Arizona’s 23rd Governor. All three will be incredible assets to our state and bring a pro-business perspective to governance.

2015 Legislative Session

2015 will prove to be another busy year for workers’ compensation policy, legislation, and regulatory issues. Working with a coalition of other employers and insurance carriers, ASIA will continue to advocate for reasonable legislation to address the alarming increase in the number of “bad faith” cases filed in Superior Court. ASIA supports

On the legislative front, the Arizona House, led by Speaker David Gowan, will continue with a 36/24 Republican/Democrat split, while the Senate, led by President Andy Biggs, will retain a 17/13 split. Rep. Karen Fann, also a former ASIA legislator of the year, will serve as the House Insurance Chair and Senator Kimberly Yee will serve as the Senate Commerce Chair. These committees have jurisdiction over workers’ compensation legislation in their respective houses.

We hope this newsletter and subsequent issues will keep you informed of developments affecting the Arizona workers’ comp community. We look forward to meeting you at any of our forthcoming luncheons as well as the annual seminar.

Sincerely,
Alberto L. Rivera
ASIA President

The President’s Corner (continued)

meetings and our annual conference. Review and discussion of members’ common problems concerning workers’ compensation and other insurance matters, and invaluable networking opportunities via educational programs, newsletters, bulletins and our website (www.azselfinsurers.org) are also benefits of membership in ASIA. If you are not already a member, please consider joining our organization by going directly to our website or contacting our office.

In this issue we will be addressing workers’ comp issues to watch in 2015 and issues currently relevant to Arizona self-insured employers and critically important, such as the upcoming legislative changes on Evidence Based Medicine. You will also find information on our annual seminar scheduled for October. The seminar’s in a new location with a beautiful golf course. The weather should be perfect for it. Be sure and make a note to save the date.

Sincerely,
Alberto L. Rivera
ASIA President

Legislative Update by Jeff Gray
ensuring that these cases remain at the Industrial Commission, consistent with A.R.S. § 23-930. Many neighboring states, as well as states across the country, ensure that bad faith cases are handled administratively rather than casting courts in the role of regulator over the workers’ compensation insurance industry.

Another issue where ASIA will be active this year includes clarifying that a self-insured employer or an insurance carrier is not required to pay for medical marijuana. Current statute states that government medical assistance programs and private health insurers are not required to pay for medical marijuana. While it is likely that workers’ compensation would be covered under these terms, we felt that it was important to add language to A.R.S. § 36-2814 in light court decisions from neighboring states such as New Mexico requiring payment for medical marijuana.

Recent court decisions this past year in Stenz v. Tucson and Luna v. ICA have held that payors are responsible for payment of interest on benefits that were not timely paid, even if the case was being disputed. This will likely require legislation to address.

Another issue that may also require legislation relates to physicians facing an increased number of complaints at their regulatory boards when they perform IMEs, even if there is little to no merit to the claim. This requires physicians to hire an attorney and take time away from their practice. Physicians should not be subject to frivolous board complaints simply for performing an IME. ASIA will also closely monitor the likely attempt by public safety lobbyists to introduce legislation providing for a presumption of compensability for PTSD for law enforcement.

Regulatory Issues
On the administrative and regulatory front, the Industrial Commission recently approved the use of ODG treatment standards for the management of chronic pain and the use of opioids for all stages of pain management. The implementation date is still to be determined. While the 2012 legislation requiring the adoption of evidence based medicine treatment standards wasn’t limited to chronic pain or opioids, an advisory group to the ICA director recommended the initial phase be limited in scope. The proposal also included an alternative dispute resolution process to the traditional process in A.R.S. 23-1061 (J). The new dispute process is largely voluntary, as payors can still use the 1061(J) process if they request an IME as it relates to a provider’s use of the ODG treatment guidelines. While the ICA is moving forward with implementing the recommendations, ICA staff believe they need to take the route of adopting the process via the state rulemaking process (which can take nearly one year). ASIA, along with CopperPoint Mutual Insurance and the Property Casualty Insurers Association of America, believe that rulemaking is not required and it will unnecessarily delay implementation. We have also encouraged the ICA to set a date certain, no later than one year from implementation, for the process to be reviewed and data obtained as the efficacy of EBM. Pending the outcome of that review, the ICA was encouraged to continue its consideration of other appropriate areas of treatment for the use of evidence based medicine standards beyond chronic pain and opioid use.
WORKERS’ COMP ISSUES TO WATCH IN 2015 by Mark Walls

Tis the season for reflections on the past and predictions for the future. As we kick off 2015, here are my thoughts on the workers’ compensation issues to watch this year.

Rising Generic Drug Prices

The opioid epidemic, physician dispensing and the increased use of compound drugs are issues the industry has faced for years. While these issues continue to be a problem, I want to focus on something that is getting less attention. Have you noticed that the costs for generic prescription drugs are increasing, sometimes significantly? In the past, the focus was on substituting generic drugs for brand names, which provided the same therapeutic benefit at a fraction of the costs. But now the rising costs of these generic medications will drive costs in 2015. These price increases are being investigated by the Federal Drug Administration (FDA) and Congress, but I do not expect this trend to change soon.

Medical Treatment Guidelines

Another issue to watch on the medical side is the continued development of medical treatment guidelines and drug formularies in states around the country. This is a very positive trend and one that our industry should be pushing for. There is no reason that the same diagnosis under workers’ comp should result in more treatment and longer disability than the same condition under group health.

One troubling issue that I see here is the politics that come into play. Sorry, but I do not accept that human anatomy is different in California or Florida than in other states. I feel the focus should be on adopting universally accepted treatment guidelines, such as Official Disability Guidelines, or “ODG,” rather than trying to develop state-specific guides. The ODG have been developed by leading experts and are updated frequently. State-based guidelines often are influenced by politics instead of evidence-based medicine, and they are usually not updated in a timely manner.

How Advances in Medical Treatment Can Increase Workers’ Comp Costs

There is one area in which advances in medicine are actually having an adverse impact on workers’ compensation costs, and that is in the area of catastrophic injury claims. Specifically, I’m referring to things such as brain injuries, spinal cord injuries and severe burns. Back in 1995, Christopher Reeve suffered a spinal cord injury that left him a quadriplegic. He received the best care money could buy from experts around the world, and he died less than 10 years after his injury. But as medicine advances...
advances, we are now seeing that a quadriplegic can live close to normal life expectancy if complications can be avoided. Injuries that used to be fatal are now survivable. That’s great news. The downside for those paying the bills is that surviving these injuries is very costly. The cost of catastrophic medical claims used to top off around $5 million, with a $10 million claim being a rarity. Now, that $10 million price tag is becoming more the norm.

The Evolving Healthcare Model

For years, workers’ comp medical networks focused on two things: discount and penetration. Sign up as many physicians as you can as long as they will agree to accept a discount below fee schedule for their services. I’m happy to say that we are slowly, finally, evolving away from that model. Payers are realizing that a better medical outcome for the injured worker results in lower overall workers’ compensation costs, even if that means paying a little more on a per-visit basis. We are now seeing larger employers developing outcome-based networks, not only for workers’ compensation, but for their group health, as well. Employers are also starting to embrace less traditional approaches such as telemedicine. Finally, more and more employers are recognizing the importance that mental health plays in the overall wellness of their workforce. In the end, we are slowly starting to see a wellness revolution.

The Need for Integrated Disability Management

The evolving healthcare model is tied directly to an evolving viewpoint on disability management. More employers are realizing the importance of managing all disability, not just that associated with workers’ compensation claims. Employees are a valued asset to the company, and their absence, for any reason, decreases productivity and increases costs. I feel this integrated disability management model is the future of claims administration. Employers who retain risk on the workers’ comp side usually do the same thing with non-occupational disability. These employers are looking for third-party administrators (TPAs) that can manage their integrated disability management programs. And make no mistake: Having an integrated disability management program is essential for employers. Human resource issues such as the Americans With Disabilities Act (ADA) and the Family and Medical Leave Act (FMLA) cross over into the workers’ compensation realm. The same interactive process required on non-occupational disability is required in workers’ compensation. Employers must be consistent with how they handle any type of disability management, regardless of whether the cause is a workers’ compensation injury or non-occupational.

Will We See a Push for ‘Opt Out’ in Other States?

Most people know that non-subscription, or opt out, has been allowed in Texas for many years. The Oklahoma Option that started last year is viewed as a much more portable version of opt out. Under this system, employers can opt out of workers’ compensation, but they must replace it with a benefit plan that provides the same (or better) benefits available under traditional workers’ compensation. While some view the Oklahoma Option as the start of an opt-out revolution, it is just too early to tell what impact it will ultimately have. But, make no mistake, discussions about opting out are spreading to other states. A group called the Association for Responsible Alternatives to Workers’ Compensation is currently investigating the possibility of bringing opt out to other states. I expect to see opt-out legislation in a handful of other states in the next three to five years.

“...advances in medicine are actually having an adverse impact on workers’ compensation costs, and that is in the area of catastrophic injury claims.”

More employers are realizing the importance of managing all disability...
Marijuana

Marijuana legislation is a very hot topic these days. In national polls, the majority of Americans favors legalization of marijuana in some form. Recreational use of marijuana is now legal in four states (Colorado, Washington, Oregon and Alaska), and 23 states allow medical marijuana. When it comes to workers’ compensation, much of the attention has been focused on medical marijuana as a treatment option for workers’ comp because a judge in New Mexico allowed this last year. My concern is that seems to be subsiding, the concerns about Ebola last year showed we are not ready for that next pandemic. People who were exposed to the disease were allowed to interact with the general population and even use commercial travel. Government agencies debated whether travel to certain countries should be limited. The problem is, diseases don’t wait for a bureaucracy to make decisions. While this threat didn’t materialize, you can see how easily it could have. With work forces that travel around the globe, the threat of a global pandemic is very real. You know where you send your workers as part of their job, but do you know where they go on vacation? As an employer, are you allowed to ask about what employees do during their personal time? Are you allowed to quarantine an employee who traveled to an infected country during vacation? These are very complex legal questions that I cannot answer, but these are discussions we need to be having. How do we protect our employees from the next pandemic?

The Next Pandemic

Another hot topic these days is Ebola. While the threat from this particular disease out talking about insurance premium rates in workers’ compensation. After several years of increasing rates around the country, the National Council on Compensation Insurance (NCCI) is projecting that, in 2014, workers’ compensation combined ratios were below 100% for the first time since 2006. This means that, as an industry, writing workers’ compensation is profitable again. So what should buyers expect in 2015? Well, it depends. California continues to be a very challenging state for workers’ compensation costs. New York is challenging, as well. Given the percentage of the U.S. workforce in those two states, they have significant influence on the entire industry. Some employers will see rate reductions this year, and some will not. In the end, your individual loss experiences will determine what happens with your premiums. That seems to be the one constant when it comes to pricing. Employers with favorable loss experiences get lower rates, so it pays to stay diligent in the areas of loss prevention and claims management.

Rates and Market Cycle

You cannot have a discussion around issues to watch with
Will We See More Constitutional Challenges Similar to Padgett in Florida?

While I don’t think the Padgett case will be upheld on appeal, I am concerned that the case is the first of many similar ones we could see around the country. Look at the main arguments in Padgett: The workers’ compensation system is a grand bargain between injured workers and employers. Workers gave up their constitutional right to sue in civil courts in exchange for statutorily guaranteed, no-fault benefits. Over the last 20 years, many workers’ comp reform efforts around the country have focused on lowering employer costs. Standards of compensability have been tightened. Caps have been put on benefits. The judge in Padgett looked at these law changes and ruled that workers’ compensation benefits in Florida had been eroded to the point where it was no longer a grand bargain for injured workers. He ruled that the workers’ compensation statutes were unconstitutional on their merits because the benefits provided are no longer an adequate replacement for the right to sue in civil court that the workers gave up. Attorneys tend to mimic what succeeds in other courts, so I expect we are going to be seeing more constitutional arguments in the future.

Impact of the Evolving Workforce

One of the biggest issues I see affecting workers’ compensation in 2015 and beyond is the evolving workforce. This takes many forms. First, we are seeing technology replace workers more and more. When was the last time you went to a bank instead of an ATM? I have seen both fast food and sit-down restaurants using ordering kiosks. Also, we are seeing more use of part-time vs. full-time workers. Some of this is driven by concerns around the Affordable Care Act. But part-time workers also have fewer human resource issues, and their use allows employers to easily vary their workforce based on business needs. Unfortunately, part-time workers are also less-trained, which could lead to higher injury frequency. Finally, the mobile workforce is also creating concerns around workers’ compensation. Where is the line between work and personal life when you are using a company cell phone, tablet or computer to check e-mails any place, any time? Where do you draw the line for someone who works from home regularly? There have been numerous court cases around the nation trying to determine where that line is. This is a very complex and evolving issue.

Mark Walls is the vice president, communications and strategic analysis, at Safety National. Mark is also the founder of the Work Comp Analysis Group on LinkedIn, which is the largest discussion community dedicated to workers’ compensation issues.

"One of the biggest issues I see affecting workers’ compensation in 2015 and beyond is the evolving workforce."
and living rooms with work desks.

There’s 7 dining options, including a 24-hour cafe and a steakhouse. The casino offers slots, table games and poker. There’s also an outdoor pool, a sports bar, a nightclub, 5 meeting rooms and an outdoor event space.”

This year we are moving to a new location for the 2015 seminar and golf tournament. Our seminar will take place on Thursday, October 29th at the Wild Horse Pass Hotel & Casino.

"Set on the Gila River Indian Reservation, adjacent to Interstate 10, this hotel with a 10,000-square-foot casino and live entertainment is a 3-minute drive from the Phoenix Premium Outlets and a 5-minute drive from Whirlwind Golf Club.

Contemporary rooms and suites include 40-inch flat-screen TVs, coffeemakers and free WiFi. Some have desert views and balconies. Suites
SAVE THE DATE! 2015 Seminar and Golf Tournament

Our Golf Tournament will be the following day, Friday, October 30th at the beautiful Whirlwind Golf Club, adjacent to the Wild Horse Pass Hotel & Casino.

"Since opening in the fall of 2000, Whirlwind Golf Club has established itself as the gold standard of golf tournament venues. Over the years, our tournament guests have returned time and time again to experience a one-of-a-kind golf tournament experience. Spectacular mountain ranges and unspoiled desert landscape surroundings will give your tournament an exclusive feel. Not a single home or backyard to be seen!"

We are excited and looking forward to seeing you this year. Please look for more information to come soon!

Seminar
Thursday, October 29, 2015
Wild Horse Pass Hotel & Casino
5040 Wild Horse Pass Blvd.
Chandler, AZ 85226

Golf Tournament
Friday, October 30, 2015
Whirlwind Golf Club
5692 West North Loop Rd.
Chandler, AZ 85226

“Whirlwind Golf Club has established itself as the gold standard of golf tournament venues.”
Thank You to our generous 2014 Sponsors

We thank our wonderful 2014 sponsors for your support and consideration.

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DentalWorks USA
Desert Hand Therapy
Digistream
Dixon Golf
Electronic Waveform Lab, Inc.
Encore Unlimited
EPIC Hearing Healthcare
EVOSS & Laser Knee Institute
ExamWorks
FastMed
First Medical Advisory Group
Foothills Sports Medicine & Rehabilitation
Helios
Integrated Medical Evaluations, Inc
Integrated Prescription Solutions (IPS)
ISYS
Jardine, Baker, Hickman and Houston
Kimberly-Clark Corporation
How has ASIA been a benefit to you or your company?

I credit my association with ASIA with much of what I know about workers compensation. It has been invaluable to me the resources I have acquired and the associations I've made in formulating our workers compensation program and the administration of our claims. I am very proud of the program we have developed at Mesa Public Schools.

What do you enjoy doing in your spare time?

My husband is a hot air balloon pilot so we spend time with our friends and family flying locally and traveling to balloon rallies in and around the state of Arizona. Since starting a new business last year, my husband and I don’t have much “spare time” right now but look forward to getting to travel and doing things together now that our kids are out and creating their own adventures.
Advertise with Arizona Self-Insurance

BUSINESS CARD AD
Includes: company name, address, e-mail & FAX/phone numbers.

Single Issue:
$50 (member)
$100 (non-member)

Three Issues:
$127 (member)
$255 (non-member)
*15% Discount!

1/4 PAGE AD
Includes: company name, company logo, address, e-mail & FAX/phone numbers with a brief description of your company’s services.

Single Issue:
$100 (member)
$200 (non-member)

Three Issues:
$255 (member)
$510 (non-member)
*15% Discount!

1/2 PAGE AD
Includes: company name, company logo, address (including multiple locations), e-mail & phone/FAX numbers with a description of your company’s services.

Single Issue:
$150 (member)
$250 (non-member)

Three Issues:
$382 (member)
$637.50 (non-member)
*15% Discount!

FULL PAGE AD
Includes: company name, company logo, address (including multiple locations), email & phone/FAX numbers with a full description of your company’s services.

Single Issue:
$300 (member)
$500 (non-member)

Three Issues:
$765 (member)
$1275 (non-member)
*15% Discount!

We’re on the web
azselfinsurers.org

Upcoming Events - Register online at www.azselfinsurers.org

February Luncheon
“Evidence-Based Medicine in Interventional Pain Management”
Kevin S. Ladin, M.D.
Wednesday, February 18
11:30 AM - 1:30 PM
Doubletree Hotel, Phoenix Airport
320 N. 44th St.
Phoenix, Arizona 85008

Seminar
Thursday, October 29
Wild Horse Pass Hotel & Casino
5040 Wild Horse Pass Blvd.
Chandler, AZ 85226

Golf Tournament
Friday, October 30
Whirlwind Golf Club
5692 West North Loop Rd.
Chandler, AZ 85226