

WORKERS' COMP

State Fund Hikes Its Rates

IN A MOVE that reflects the pricing trend in the California market, State Compensation Insurance Fund increased its overall rates by 6.5% on Jan. 1.

The largest carrier in the state, State Fund had actually reduced its rates by 7% at the start of 2013 in anticipation that claims costs would fall after the workers' comp reforms ushered in by legislation the prior year.

According to trade press reports, State Fund also plans to hike its rates further in March and make changes to its group plans.

The insurer said it is increasing rates to account for higher claims costs and an increase in the average number of claims filed.

Besides the rate increases, State Fund plans to make changes to the premium discounts it

offers members of its many safety groups.

For January 2014, State Fund has decided to reduce the premium discount of its Farm Bureau group to 6% from the current 20%. Other groups' discounts will remain as they are.

Meanwhile, State Fund's board has asked the insurer's management to analyze how group discounts are performing under the company's new tiered rating program.

They will also review these safety groups' safety and other outreach efforts to make sure they are in line with the insurer's overall group agenda.

And in March, State Fund may raise rates further and also increase the minimum premium it will write by 25% across all classes and rating tiers. ❖

State Minimum Wage to Climb

THANKS TO legislation signed into law last year, the state's minimum wage will increase by 25% over a two-year period, starting with July 1, 2014.

The legislation, which Gov. Jerry Brown has been pushing for and has promised to sign into law, increases the state minimum wage to \$9 an hour in July, and then to \$10 an hour on Jan. 1, 2016.

Supporters argued that this increase was needed and would be the first change to California's minimum wage since 2008, while the Chamber of Commerce listed the bill as among its biggest "job killers."

The Chamber, which headed a coalition of business groups to lobby against the bill, AB 10, argued that it would raise the minimum wage too quickly over too short a period of time.

The coalition warned that higher wages could increase the unemployment rate and jeopardize California's economic recovery. ❖

Rate Filings Trending Higher

State Compensation Insurance Fund	6.5%
Truck Insurance Exchange	9.5%
Mid-Century Insurance	10.5%
Great West Casualty Insurance Co.	3.1%
Zurich American Insurance Co.	3.4%
Regent Insurance Co.	7.7%
Advantage Workers' Compensation	8%
Amguard Insurance Co.	11.3%
Starr Indemnity & Liability Co.	6.2%
Sparta Insurance Co.	9.4%
Liberty Mutual Insurance Co.	10.1%
Travelers Property Casualty	4%
AIG Property Casualty Co.	5%
Continental Casualty Co.	7.8%

CONTACT US



If you have a question about any of the articles in this newsletter or coverage questions, contact your broker at one of our offices.

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AFFORDABLE CARE ACT

Administration Catches Heat over ACA Navigators

A CONGRESSIONAL committee report has shined the spotlight on questionable practices by Affordable Care Act “navigators”, who are supposed to help individuals apply for health coverage via government-run online health insurance exchanges.

There have been news reports of navigators actually encouraging individuals to commit fraud in order to qualify for federal assistance to pay for their health insurance.

The House Committee on Oversight and Government Reform held a hearing on Nov. 21 to take a look into the Department of Health and Human Services’ oversight of the navigator program.

It found that the HHS does not conduct background checks of navigators and that its oversight of these individuals is lax, according to a report the committee published and released in mid-December.

The report found that the manner in which the HHS is managing the navigator and assister programs “induces fraudulent behavior and poses real threats to the safety of consumers’ personally identifiable information, such as one’s social security number, yearly income, and other sensitive tax information.”

The committee also found through the Nov. 21 hearing that ACA navigators had “encouraged consumers to commit tax fraud by under-reporting income in order to qualify for health insurance subsidies.”

Some navigators had even “assisted applicants before completing their five to 20 hour online training course, and others took custody of paper applications and mailed them for the applicant, violating the rule that applicants must mail in the application themselves.”

For instance, the committee found that:

- Navigators from the Urban League of Dallas were captured on video encouraging applicants

to lie on their health insurance application so they could qualify for tax subsidies. The navigators were recorded advising an applicant to lie about her smoking habit to obtain a lower monthly premium. In fairness, the Urban League fired one navigator and suspended two others.

The Centers for Medicare and Medicaid Services referred the incidents to the Justice Department and put the Urban League on a “corrective action plan.”

- One self-identified navigator gave a television interview in which she told viewers blatantly incorrect information – that the applicants’ credit scores could impact their eligibility for certain plans. It later came to light that the woman was not a certified navigator, but rather a volunteer with a navigator organization.

- Mountain Project, Inc., a navigator grantee organization in North Carolina, has been collecting and mailing paper applications on behalf of applicants, in violation of navigator rules and procedures. According to the Navigator Standard Operating Procedures Manual, “[navigators] may not mail applications for consumers.”

- When the online health insurance exchanges were rolled out and barely functioned, navigators were given no direction on how to enroll individuals. In fact, 99% of their training had been focused on helping individuals fill out online applications.

“Because HHS lacked a backup plan for navigators in the event that the website crashed, there was widespread confusion among the navigator organizations in the first month of enrollment,” the committee wrote.

- Navigators are not required to undergo background checks or fingerprinting, even though they have access to sensitive and personal information, such as social security numbers and tax returns. In fact, there are few restrictions on who can become a navigator. ❖



ACCIDENT PREVENTION

As Construction Rebounds, Put a Premium on Safety

AS THE economy gathers a bit more steam, employment in the construction industry is surging as pent-up demand means that more homes are being built at a brisk pace.

But this new growth in housing has come at a price for those working in the industry: a significant jump in construction workplace deaths and injuries. In 2012, 775 construction workers died on the job, up 5% from 2011 and the first increase in the industry since 2006. The fatality rate also increased to 9.5 deaths per 100,000 workers in 2012, up from 9.1 in the year prior, according to figures from the U.S. Bureau of Statistics.

Reports suggests that the trend will continue as human resources shortages force contractors and construction firms to promote relatively inexperienced workers into supervisory roles.

With they grow construction firms should double down on safety training for their managers and supervisors to build a culture of safety at all levels of their organizations. It also recommends that companies focus on their human resources, recognize that the labor pool is more diverse, hire competent and experienced supervisors and managers, and ensure they are all properly trained.

There are other issues facing construction firms as they grow: labor costs and employee turnover.

“Some increase in project overhead may be expected by customers as construction firms harness the skills of available labor, protect older workers, and train the new employees required for successful project completion,” the report states. “However, contractors will continue to struggle to offer adequate compensation and benefits packages to retain employees while holding down project costs as competition for labor with other builders grows.”

The report recommends that construction employers invest in high-quality leadership as a means of both keeping valued workers and maintaining a safe work environment. It also recommends that companies engage in continuous training, review and application of lessons learned from earlier workplace injuries or near misses.

In terms of management, the report recommends that companies assess their current management systems to identify what is working, what needs improvement and what is missing.

Some managers, whether new to the task or seasoned veterans, may need to be taught basic leadership principles while others, in a different stage of leadership development, may benefit from a higher level of skill building. And, like the construction work they oversee, managers’ and supervisors’ leadership performance must be properly and effectively monitored.

All of this ties into improving safety as a company grows.

The main causes of construction fatalities are:

- Falls, slips and trips: 36%
- Transportation incidents: 28%
- Contact with objects and equipment: 18%
- Exposure to harmful substances or environment: 13%
- Violence and injuries by persons or animals: 4%
- Fires and explosions: 1%

The following list includes the top five contractor sectors in terms of workplace fatalities in 2012:

- Roofers: 81 deaths.
- Site preparation: 71 deaths
- Electrical: 54 deaths
- Plumbing, heating and air-conditioning: 39 deaths
- Painting and wall covering: 33 deaths

Accordingly, the report recommends that construction firms focus on training management to ensure effective leadership and help build a culture of safety at every level of their organization.

As projects vary, it’s wise to hold tailgate safety meetings before starting a new job to identify specific hazards in the new worksite and also go over basics as a refresher. On page 4, you’ll find a list of major topics you can cover during your tailgate meetings. ❖

TAILGATE MEETINGS

Twelve Months of Safety Meeting Topics

YOU CAN use this handy chart of meeting topics to plan your tailgate meeting agenda for the year. This list is by no means exhaustive, but it does cover the major areas that you should refresh your workers on annually.

- **Workplace hazards** – Hazard recognition is a skill that all workers need to stay safe on the worksite. This training should cover common types of hazards found in the construction industry, how to assess their severity and the different control methods employed to prevent incidents from occurring.
- **Managing worksite conditions and equipment** – The dangers change from worksite to worksite depending on the job as well as the weather. As a result, hazards associated with housekeeping, slips, trips, falls and materials need to be recognized. Training should include general tool safety guidelines including rotating machinery, air, electric and power tools.
- **Fall protection** – Falls are a serious hazard in commercial, industrial or residential construction. This training should focus on basic fall protection equipment used in construction, worker and employer responsibilities for working at heights, and common fall protection inspection points.
- **Ladder and scaffold safety** – Some of the most common tools used on construction sites today include ladders and scaffolds, which pose their own fall hazards. They can also be major sources of injuries due to falls and improper use. Training should focus on the types of ladders and scaffolds that will be used in a job, correct set-up, usage and contraction, along with a description of scaffold tags.
- **Defensive driving** – Whether your employees are driving to work, from work, or operating a piece of equipment on the worksite, it is important to practice safe, defensive driving techniques. Your training should focus on state driving laws, defensive driving techniques and typical causes of motor vehicle accidents.
- **Powered mobile equipment** – Powered mobile equipment is used for many purposes in the construction industry. It is important to operate and work safely near this equipment. Training should cover all

of the powered mobile equipment you'll have on the job, how to conduct a pre-job walk around of a machine and how to work safely around the various pieces of equipment.

- **Personal protective equipment** – Although it is your last line of defense in the prevention of injury, personal protective equipment (PPE) is a regular part of the clothing worn on most construction jobs. Training should focus on the role of PPE on the job, basic PPE found in the construction industry, and when specialized PPE is necessary.
- **Excavating and trenching** – Any excavation has the potential to harm workers that are not properly informed of the risks associated with digging and how to prevent these hazards from becoming incidents. Training should explain hazards, different soil types and their properties, and important safety precautions that should be part of all digging operations.
- **Personal physical care and conduct** – Working in the construction industry requires substantial physical health and stamina. In this module, ways to care for your body to prevent injuries and the impacts of drugs and alcohol on your ability to work safely should be examined, as well as professional behavior and conduct on the worksite.
- **Hazard communications** – The construction industry uses various chemicals and materials that could be harmful to your health if not handled correctly. Training should focus on the Globally Harmonized System of hazardous materials labeling and the function of Material Safety Data Sheets, so that employees know how to protect themselves from dangerous hazardous materials.
- **Environmental safety** – Protecting the environment is everyone's responsibility. Training should introduce workers to the typical types of pollutants found in the construction industry, what to do in case of an accidental release of hazardous materials and general transportation of dangerous goods requirements.
- **Emergency response** – When an accident does occur, your employees, supervisors and managers should know your emergency response plan. It should cover key response plan elements, how to access first aid on the worksite, and basic fire-fighting techniques. ❖

