

# Citizens Management Inc.



THIRD-PARTY ADMINISTRATION

EXCESS INSURANCE

RISK MANAGEMENT

LOSS CONTROL SERVICES

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Scott Gaffner, President  
Citizens Management Inc.

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### Special Points of Interest:

- The United States now boasts a population of more than 40,000 people aged 100 and older. In 1950 there were only 2,300 centenarians in this country.
- Next issue: Managing the impacts of an aging workforce

# The Examiner

As we look back on the year 2007, I am proud of the accomplishments that we shared with our customers. While the state of Michigan experienced one of its most difficult economic environments in memory, CMI continued to invest in services to save you, our clients, on your workers' compensation costs. We invested in services such as the agreement with Cofinity (PPOM) to reduce medical payments, free access to online claims information and reports, and partnering with Global Options to reduce surveillance costs.

For our clients in 2007, CMI provided over 7,400 hours of loss prevention consulting, generated over 44 percent in medical savings from physician billings with our cost containment programs, and reduced the average number of lost-time claims per client by 10 percent. In addition, CMI grew in the number of clients we serve in 2007. This is evidence of the value of the CMI partnership and our dedication to providing our partners with world-class, third-party administration of their workers' compensation and disability programs.

Looking ahead, each year brings new challenges, opportunities, and change. CMI is committed to investing in new ways to strengthen our partnerships, in discovering new processes that make us more efficient, and in implementing new technologies and services to better serve you. In the coming weeks, CMI will be sending you a client survey. I encourage you to give us feedback on ways to improve so that CMI remains the TPA of choice in Michigan and in the Midwest.

Thank you for allowing us to grow and win together.

Sincerely,

Scott W. Gaffner, CIC, CRM  
President, Citizens Management Inc.

## Client Education Day Wrap Up



On October 25, 2007, CMI conducted its 13<sup>th</sup> Annual Client Education Day Seminar at Crystal Gardens in Howell, MI. The half-day event provided an educational opportunity for CMI clients and agents. The keynote speaker, attorney Walter Noeske from the law firm of Conklin and Benham, provided updates in recent Michigan court decisions, as well as conducted a mock trial of a real case. Dr. Charles Syrjamaki provided insight on the independent medical exam, and Global Options gave an overview of the new online tool for clients to view surveillance videos and reports.

Overall, the event was a success as demonstrated by the positive survey responses. One survey response, "I very much like this conference. It always appears that you treat your clients excellent. Thanks for bringing in top notch speakers and in addition to that- you do not charge. You're a quality company."

If you would like copies of the presentation material, please contact Rob Dewey, Operations Manager, at [rdewey@hanover.com](mailto:rdewey@hanover.com).

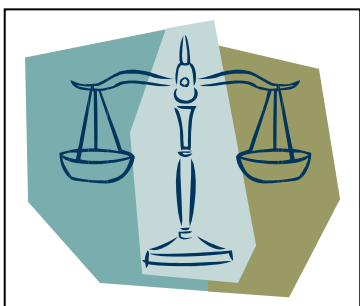
## Technology Update



Effective February 1, Citizens Management Inc. will unveil its new and improved website, [www.citizensmanagementinc.com](http://www.citizensmanagementinc.com). Inside you will find information on CMI products, services, and people, as well as helpful links and information. Please take time to visit us at your earliest opportunity.

The purpose of the website is to act as a portal to deliver information and services to our clients and agents. We value your feedback on information and services that you would like available for future enhancements. Please contact Doug Hirt, CMI Automation and Technology Manager, at [dhirt@hanover.com](mailto:dhirt@hanover.com) if you have any requests.

## Claims and Legal Update



In 2005, CMI began the administration of disability (STD/LTD) claims on behalf of self-funded employers. CMI provides disability claim handling in unison with our workers' compensation claim service as a seamless product termed Integrated Disability Management. To date, our disability claim team has grown to twenty-four staff members comprised of a Claim Supervisor, a Registered Nurse, Disability Adjusters, and Service Specialists.

Over these last two years, our clients recognize the significant benefits of an integrated product for disability and workers' compensation claim administration. Through the sharing of required information, subject to appropriate privacy and protection laws and regulations, claims are managed more efficiently. For example, claims with disability that are denied as not work related, are automatically referred to the Disability Team, eliminating the need for the employer to report another claim or for the employee to call another company to report a disability. Necessary information is shared immediately, reducing the timeframe in which the

claim is accepted or denied. To ensure a smooth process, clients are assigned a dedicated disability adjuster who works closely with the workers' compensation adjuster when transferring a claim.

The goal of Integrated Disability Management is to make the handling of the different benefits as seamless and easy as possible for both the employer and the employee. "We take the focus off applying and obtaining benefits to allow the injured employee to focus on getting healed and back to work," says Tiffany Miles, Disability Supervisor. *See Tiffany's interview in the "Employee Spotlight" section of this paper.*

CMI utilizes industry-standard disability guidelines, along with technical expertise from our on-staff nurse in determining appropriate lengths of disability. We have a developed network of physicians for Independent Medical Examinations and Peer-to-Peer reviews for assurance in the quality of care the employee receives.

If you are interested in learning more about our disability claim service, please contact your CMI account manager.

## Loss Prevention and Safety



### **Does the new chemical security rule apply to you?**

Do you have chemicals on site? If so, you may be in for a big surprise. The Department of Homeland Security recently published a new rule in the Federal Register requiring any company who either currently possesses, or will possess in the future, any chemical listed in Appendix A of the rule to notify them by January 22, 2008. DHS enacted this rule to prevent acts of terrorism involving chemicals we commonly use in our facilities. While the list of chemicals of interest to DHS is short (approximately 300) the list does contain some commonly used chemicals throughout any industry such as propane, chlorine, hydrogen peroxide, and acetylene. Just because you have these chemicals on site however does not automatically require you to report them.

### **How do I comply?**

1. Pull together a list of all of the chemicals you have in your operations. This should already be in place as part of your compliance efforts with OSHA's hazard communication standard. If you do not already have a list assembled, now is a good time to develop one.
2. Gather Material Safety Data Sheets (MSDS) for each chemical on your list and compare the constituents of those chemicals to the ones listed in Appendix A. A copy of Appendix A can be found at [http://www.dhs.gov/xprevprot/programs/gc\\_1169501486179.shtm](http://www.dhs.gov/xprevprot/programs/gc_1169501486179.shtm). For any chemical that exceeds the threshold quantity listed in Appendix A, you must either:


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- Reduce the quantity of that chemical at your site below the value listed in the Appendix;
  - Replace the chemical with one not listed in the Appendix; or
  - Continue on to the next step.

If you do not have any chemicals that exceed the values listed in Appendix A, you can stop. However, keep in mind, if you purchase any new chemical in the future, you will need to compare it to the Appendix and there may be a need to report it in the future.

3. Register with DHS to use their Chemical Security Assessment Tool (CSAT). CSAT is the online tool setup by DHS for reporting chemicals that exceed the limits expressed in Appendix A. Approximately two weeks after registration, you will receive a username, password, login instructions, and information on how to use the system to report your chemicals.
4. Once you have logged into the system, complete the "Top-Screen," which is the initial screening process and the method used to provide basic information to DHS. They will want to know:
  - Who you are?
  - What you do?
  - What chemicals you have?
  - How much of the chemical and in what condition?
5. Once you submit the "Top-Screen," DHS will notify you of one of the following:
  - DHS needs more information in order to determine your level of risk;
  - Your facility is exempt and in compliance with the regulation and no further action is required on your part; or
  - Your facility is required to move to the next level and complete a security vulnerability assessment and site security plan.

Not many companies will be required to complete steps beyond the "Top-Screen." In fact, DHS estimates that only 7,000 facilities will fall into the high-risk category requiring the vulnerability assessment and security plans. However, if you fail to conduct the initial review and have chemicals on your site that exceed the quantities listed in Appendix A, DHS has the authority under the rule to fine a company \$25,000 per day and shut down its operations.

Exemptions: There are only a few industries exempt from the new standard. Some of these include:

- Facilities regulated under Maritime Transportation Security Act (MTSA);
  - Public water systems (Safe Drinking Act); and
  - Water treatment facilities (Water Pollution Control Act).
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Colleges and universities can receive a 60-day extension to comply with the new rule; however, they must formally request it from DHS.

CMI loss prevention is available to assist you in complying with this new regulation. If you have any questions or need additional assistance, please contact us at 517-540-4147.

## Business Focus – Self-Insured Group Programs



Workers' Compensation Group Self-Insurance programs provide an excellent opportunity for companies who are not large enough to individually self-insure to have greater control over their workers' compensation costs. This is an area that the state of Michigan has been a role model for other states because of the success of the Michigan self-insured groups and their ability to help stabilize the workers' compensation market. These groups are not-for-profit and after the losses and the cost of running the program are satisfied, the surplus and investment income is returned back to the members.

In the state of Michigan, there are 35 active self-insured groups covering a wide range of industries. Citizens Management Inc. provides Third Party Administration (TPA) services and Excess workers' compensation insurance to 11 of the 35. The newest group was established on October 1, 2007. It developed from a common vision shared by the agencies of **Griffin, Smalley & Wilkerson Inc./Valenti, Trobec, Chandler Inc. and Universal Insurance Services, Inc., a Wells Fargo Company**, to form a self-insured group in the food processing and distribution industry. **Regency Group Administrators** was chosen to perform a feasibility study to determine if a venture of this sort was possible. Regency, in turn, approached Citizens Management Inc. to assist in the analysis. With all of these industry leaders working diligently together as partners, we were able to establish the Michigan Food Processor and Distribution Fund (MFPDF).

If a business is not large enough to qualify as an individual self-insured, they may fit into one of the active self-insurance groups to control their workers' compensation costs. To learn more about self-insured groups, please contact Jeff Packard of CMI at [jpackard@hanover.com](mailto:jpackard@hanover.com).

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## Employee Spotlight



### **Tiffany Miles**

#### **Supervisor, Disability Programs**

In 2005, CMI was looking for an experienced and dynamic supervisor to lead and shape the quickly growing disability unit. Tiffany Miles joined CMI in September 2005, bringing the right mix of expertise and character to mold this young program. Prior to joining CMI, Tiffany was integral in the reshaping of a disability program for a large metro Detroit company. Tiffany stated, "The employees were very frustrated with the company's short-term disability benefit program, with the many hurdles to reporting and receiving benefits, and with the responsiveness to their needs in what is often a difficult time in their lives. We utilized the concepts of the six-sigma quality process to restructure and revitalize the program, and we were successful. Employee satisfaction greatly improved, and as well, reduced program costs."

Tiffany brings 12 years of disability and workers' compensation claim administration background and a leadership style of integrity and compassion. Describing her leadership philosophy, "It's as simple as the golden rule; treat others as you would like to be treated, with respect and always maintain integrity."

Holly Secord, CMI Claims Manager, expounds, "Tiffany's leadership was critical to the success of the disability unit, with her efficient and innovative use of resources and ability to deliver a high quality program for our clients each day."

Tiffany holds a bachelor's degree in criminal justice from the University of Illinois-Chicago, as well as an associate's degree in culinary arts. In her spare time, she owns One More Bite, a small party and gourmet foods catering service.

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## A World-Class Company

Citizens Management Inc. (CMI) is one of the largest third-party administrators in the Midwest.

Since its founding in 1985, CMI has provided world-class Third-Party Administration (TPA) and Excess insurance to corporations, institutions, and municipal organizations of all kinds, earning a reputation for professionalism, quality, and expertise.

CMI is a wholly owned subsidiary of Citizens Insurance Company of America, a company of The Hanover Insurance Group.

Visit us on the web at [www.citizensmanagementinc.com](http://www.citizensmanagementinc.com).

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