



JOHNS EASTERN COMPANY, INC.

Claim Adjusters & Third Party Administrators

SPEED AND ACCURACY

COMMON CLAIMS

NEW RULES FOR SELF-INSURERS

Under the Workers' Compensation Act (Rule 69L-5, F.A.C.)

The Rule changes went into effect on Tuesday, March 9, 2010. The following outlines a summary of the changes. However, a review of the Florida Administrative Code is necessary in reviewing details of changes and further instruction.

Financial penalties apply to the following forms:

- SI-17 Unit Statistical Reports - due no later than sixty (60) days after the evaluation date.
- SI-5 Payroll Report - due no later than sixty (60) days after their Anniversary Rating date.
- SI-19 Certificate of Servicing Report - due no later than thirty (30) days after entering into a contract.
- Excess Policies/Binders/Certificates - due within thirty (30) days after the effective date of the policy.
- SI-20 Outstanding Liabilities - due no later than 120 days after the end of your fiscal year.
- Financial Statements* - This report is due no later than 120 days after the end of your fiscal year.
- Actuarial Reports - This report is due no later than 120 days after the end of your fiscal year or within 90 days of the date requested by the Department or the Association.

*Extensions for financial statements (60 days) are attained by providing evidence for the reason of delay and must be entirely beyond the control of the self-insurer which includes the following reasons:

- Destruction of records of the self-insurer or TPA
- Delays caused by Acts of God or nature
- Delays caused by other regulatory processes of the State of Florida or the US Government

Other note-worthy changes include:

1. The minimum net worth for private self-insured's has changed from \$1,000,000 to the greater of \$10,000,000 or 3 times the standard premium.
2. Criteria for establishing the required security deposit (for private self-insureds):
 - a. \$100,000 minimum security deposit if you have a Investment Grade Credit Rating or equivalent rating from FSIGA or DFS. Rating cannot be less than "Baa3", "BBB-" issued by Moody's Investors Services, Standard & Poor's or Fitch Ratings, respectively.
 - b. If you do not have a current Investment Grade Credit Rating, a security deposit equal to the greater of the current actuarially determined loss reserves or the actuarially determined loss reserves forecasted to a date one year in the future.
 - c. For former self-insurers that do not have a current Investment Grade Credit Rating or equivalent rating, a security deposit equal to the actuarially determined loss reserves.
3. Specific Excess Insurance is now required for all private self-insurers, with a minimum specific limit of \$50 million and a maximum SIR of the greater of \$500,000 or 1% of the self-insurers net worth.
4. Aggregate Excess Insurance is no longer required.
5. If a parent company owns 100% of a self-insurer and executes a parental guaranty, the financial statements of the parent company are submitted instead of those of the self-insurer.

Please reference the following link for a complete copy of the Rules via The FSIGA website at www.fsig.org/Rule69L-5-030910.pdf. Please feel free to contact Kerry Thayer, Account Manager, with any questions at kthayer@johnseastern.com or directly at (877) 879-9539.



TOP 5 LEGISLATIVE ITEMS FOR 2010

1 Healthcare Reform

With so many interested parties calling for change, it remains to be seen how federal legislation for healthcare reform many fit in with state workers' compensation laws. However, it will likely have an indirect effect on workers' compensation costs through areas such as changes to Medicare reimbursement rates. Needless to say, this is an issue payors will want to follow closely.

2 Average Wholesale Price (AWP)

The AWP settlement will cause AWP to cease publication in early 2011. The debate as to a replacement pricing benchmark will be dominated by the major payors, pharmacy chains, wholesalers and state and federal government entities. Workers' compensation providers should remain flexible and prepared in the coming year to absorb and implement any replacement benchmark.

3 eBilling

With success in implementing eBilling in two large and influential states - Minnesota and Texas - eBilling will certainly be on the table for numerous states in 2010. Entities such as IAIABC and NCPDP will continue to develop and push versions of eBilling model guidelines for adoption by numerous state workers' compensation agencies.

4 NCCI Data Call Project

NCCI's Medical Data Call Project will kick off in late 2010, expanding NCCI's data collection scope by making all medical transactions for workers' compensation claims reportable in an electronic format. Over 40 states have agreed to participate and providers and payors in these states should be ready to comply with any NCCI or state workers' compensation agency requirements.

5 ICD-10 Code Implementation

Numerous states currently require medical providers to utilize ICD-9 codes to disseminate type and/or extent of workers' compensation injuries. Eventually, ICD-9 codes will be replaced (via a mandate from the Centers for Medicare and Medicaid Services) by new and improved ICD-10 codes, which will have a trickle-down effect to workers' compensation providers and payors through enhanced state regulations.

Source: PMSI Industry Perspective 2010

The ABCs of SCI

Spinal Cord Injury (SCI) is a catastrophic trauma resulting in damage that affects the ability of the brain to send and receive signals to the body's systems below the injured area that control sensory, motor and autonomic functions, thereby causing paralysis. Accordingly, when an SCI happens, some people lose the ability to use their legs and lower body only (paraplegia), while others lose ability from the neck down (quadriplegia).

When a spinal cord injury occurs, the nerves within the bony protection of the spinal canal are often damaged. The most common cause of work-related spinal cord injury is trauma. However, SCI damage can occur from different diseases occurring at birth or even later in life. Injuries can also result from tumors, poisons, electric shock or lack of oxygen. What's not often realized is that the spinal cord does not have to be severed to result in a loss of function. Most people with spinal cord injuries have an intact spinal cord that has been bruised, not cut or detached.

BASIC SPINAL CORD ANATOMY

The spinal cord is made up of thousands of nerves and is responsible for synchronizing movement and sensation within the body. It is the pathway for information connecting the brain and peripheral nervous system, and coordinates all bodily functions. The spinal cord extends from the base of the brain to the middle of the back, where the nerves of the spinal cord join at the lower spine. It is enclosed in and protected by the bony vertebral column.

SCI LIFECYCLE

It's important to understand that a spinal cord injury is more than a single event. The initial trauma damages or kills nerve cells at the area of impact. After the initial injury, a surge of secondary events occur — including oxygen loss as well as the release of toxic chemicals at the site of the injury — further damaging the spinal cord. The first hours following a spinal cord injury are critical in keeping secondary events at bay. Current practice immediately following an SCI includes administering steroid (methylprednisolone) treatment in the hopes of limiting damage. However, this treatment modality is still being debated and as a result is not yet practiced universally.



MEDICARE UPDATE

On February 16, 2010, the Center for Medicare Services (CMS) advised that the period for reporting changed from 4/1/10 to 1/1/11. TPOC's (total payment obligation to the claimant - better known as full settlements) are required to be reported if the date of settlement is 10/1/10 or subsequent. Requirements for criteria to be reported changed from 1/1/09 to 1/1/10 for ongoing responsibility for medical (ORM). Version 3.0 dated 2/22/10 is the latest update.

As a reminder, CMS has repeatedly stated that there is no "safe harbor." Unless we have Medicare approved documentation that a claimant is not a Medicare recipient, we must protect their interests. CMS is not bound by the terms of any release or addendum (settlement documents). Johns Eastern has adopted new procedures to protect our clients and we continue to update them as changes continue to evolve from Medicare.

After the injury, swelling of the spinal cord begins to decrease and many injured individuals may show some functional improvement. With incomplete injuries, some function is preserved below the lesion level. An individual may recover some motor or sensory functions up to 18 months following the date of injury. In a complete spinal cord injury, nerve damage obstructs or stops all signals coming from the brain to the body parts, muscles and organs innervated by nerves that are located below the injury level. With ongoing research and enhanced technologies, more and more is being done today to improve the outcomes of this catastrophic injury.

SCI CARE AND IMPROVEMENTS OVER THE YEARS

Until the mid 1940s, individuals sustaining a spinal cord injury usually died from urinary tract infections, pneumonia, and/or skin infections or breakdown due to lack of mobility. Medical research and development conducted over the past 60+ years has changed this bleak outcome. The introduction of antibiotics such as sulfa drugs, new therapeutic interventions, and improved technology has changed the prognosis for many SCI individuals from a death sentence to a normal life expectancy. Individuals with spinal cord injuries are surviving and living long, fruitful lives. Today there are 247,000 Americans currently living with an SCI, with approximately 11,000 new injuries occurring yearly — and a new SCI occurring every 49 minutes. The most frequent level of injury at the time of hospital discharge is illustrated below.

WORKPLACE OUTCOMES

About 40% of injured individuals with paraplegia and 30% with quadriplegia eventually return to work. Factors that affect return to work include magnitude of the injury (incomplete or complete), level of independent mobility, employment history, education, and demographics such as age, gender and race. SCI individuals who return to work in the first year post injury usually return to the same job for the same employer; those who return to work after the first year post-injury usually go to work for different employers.

DAILY CARE FOR AN SCI

Because of the complexity of SCI, injured individuals require a wide range of durable medical equipment (DME), supplies, prescriptions and therapies. It is imperative that the injured individual, physicians, health-care staff, and family are all educated and in agreement on a short- and long-term plan of care. PMSI provides a single-source solution for the needs of catastrophically injured individuals. Through actively managing a national vendor network, PMSI provides a one-call approach for coordinating the medications, medical services, products and equipment for injured individuals — saving busy claims professionals time and lowering costs, while reducing risk and providing world-class care.

PMSI's goal is to provide the right product, at the right time enabling individuals with spinal cord injuries to lead a more productive and active life to the fullest extent possible.



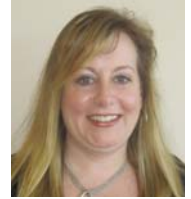
Source: PMSInfo, June 2009 edition
http://www.pmsionline.com/pdf/PMSInfo_June_2009.pdf

Reference: <http://www.spinalcord.uab.edu/show.asp?durki=19775>
<Accessed May 15, 2009>

Who's WHO at Johns Eastern?

KERRY THAYER ACCOUNT MANAGER/ JECO EXCESS AGENT

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Ms. Thayer began her employment with Johns Eastern Company in June of 2008. She obtained her All-Lines Adjuster and Agent's License in 2002 and is also licensed in Life, Health & Variable Annuities. Ms. Thayer holds a Bachelor of Science Degree from Florida State University and an Associate of Arts Degree from Manatee Community College.

Ms. Thayer is responsible for the placement of numerous excess insurance policies. She files state reports on behalf of our self-insured clients and is responsible for the overall administration of their accounts.

Ms. Thayer continues to stay abreast of industry changes by attending continuing education classes and seminars. She is presently working on her Association in Risk Management (ARM) designation through the Insurance Institute of America.

LINDA TREFETHEN, LPN QUALITY ASSURANCE SUPERVISOR

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Ms. Trefethen joined Johns Eastern Company in November 2003 as a senior claims adjuster. She previously worked for a large insurance company for eight years as a workers' compensation adjuster. In August 2005, Ms Trefethen was promoted to claims supervisor overseeing workers' compensation claims for municipalities, school boards and private entities.

Ms. Trefethen assumed responsibility for medical management quality assurance in April 2008. She brings 11 years experience in the nursing field to this position. Ms. Trefethen currently monitors network penetration, serves as network liaison, triages new claims, researches vendor issues, and develops the JECO Network as needed to complement our contracted networks. Ms. Trefethen has also had an integral role in Medicare Secondary Payer Reporting implementation for our clients.

Ms. Trefethen is a licensed workers' compensation adjuster and a licensed practical nurse. She continues her education through case law, industry seminar's workshops and conferences. She is a member of the Workers' Compensation Claims Professional Association.



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JOHNS EASTERN COMPANY
Experience. Integrity. Results.

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CEU SEMINARS & CONFERENCES

- APR 12 - Medical Terminology
- APR 22 - Clinical Indications for Treatment
- MAY 27 - How to Objectively Identify Document Symptom
- JUN 10 - Case Law Update and Adjuster Ethics

The District School Board of Collier County

Johns Eastern Company has been handling the workers' compensation, auto liability, and general liability claims adjusting services for the School Board of Collier County since June 2003. Our Sarasota/Lakewood Ranch office handles the workers' compensation adjusting as well as the cost containment, medical management, and information services for the program. The auto and general liability adjusting is handled out of our other Lakewood Ranch office, providing on-call field response as needed.

Collier County School Board is located in Southwest Florida, and is most readily identified by the city of Naples as a bustling, growing Gulf Coast community. The district employs approximately 7,000 people and educates over 43,000 students. The current Superintendent of the district is Dr. Dennis L. Thompson. The district recently earned it's first-ever "A" grade from the Department of Education for the 2008-2009 school year. The district boasts some of the best-paid teachers in the State and a 77% graduation rate.

