



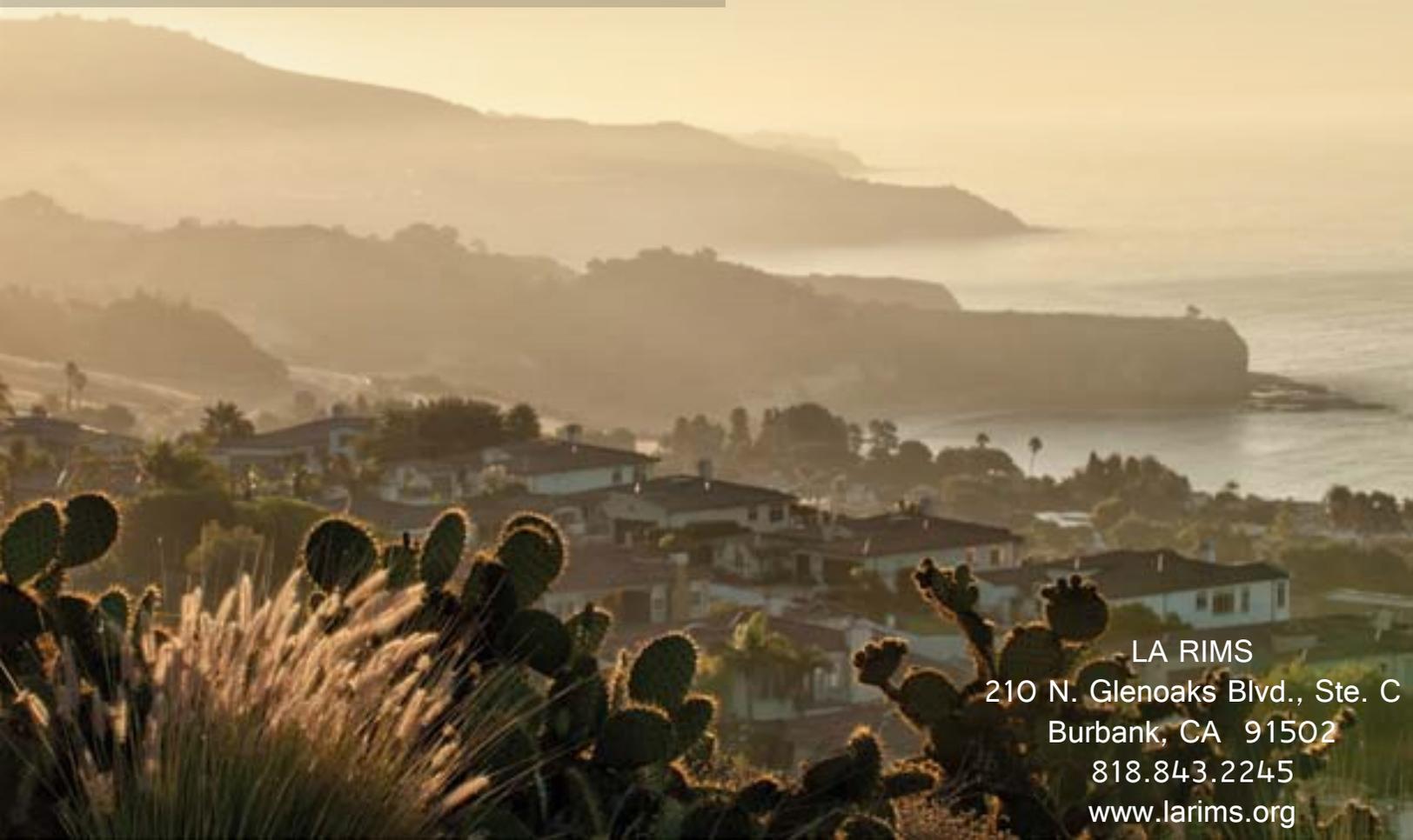
Los Angeles Risk and Insurance Management Society

# Quarterly Newsletter

- Summer 2013 -

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# President's Message

## From Kurt Leisure



Kurt's back? Well, due to a change in employment, Ross Pebley had to move out of the Chapter President role and is currently supporting the chapter through with our educational programs (monthly luncheons and Education Day). During his Presidency, Ross had a profound impact on the Chapter and was able to represent the Chapter at the National Conference's opening session. Thank you Ross for all of your energy and guidance during your reign as President; we are a better Chapter due to your leadership.

I will assume the position of President of the Chapter until the end of the year at which point a new President will be elected.

The Chapter has accomplished a lot over the past few months and our board is taking a short period to recover. As the host Chapter for the National Conference, we worked closely with the RIMS National Conference team to support this huge event. Despite some logistical opportunities, I feel that this conference was much better attended than anyone anticipated and Los Angeles actually supported this conference very well. LA Live was a huge hit and it was often difficult to walk through the area during the evening hours due to all of the conference traffic. The next annual conference will be in Denver, Colorado, April 27-30, 2014; please mark your calendars accordingly.

Shortly after the conclusion of the national conference, the Los Angeles Chapter held our annual Golf Tournament at Brookside Country Club. Thanks to the over-the-top efforts of board member Chad Smith, this tournament was the Chapter's most successful tournament of the year and the feedback from our sponsors and players was extremely positive. We continue to fine tune this event and encourage your input as we plan the tournament for 2014 (scheduled for June 4<sup>th</sup>, 2014). The proceeds from this event will be used to continue educational, social and scholarship programs to our members and sponsors. I want to sincerely thank all who participated and supported this amazing tournament as well as those who donated their time to ensure this was our best tournament ever.

We are currently planning our annual Education Day which is scheduled for October 16, 2013. Please mark your calendars for this event as we are taking this event to an entirely new level. This will be a full day event which will conclude with a cocktail reception. We are also allowing our sponsors to exhibit at this event so if you are interested in having a table top exhibit, please contact Amber Ardizone at [amber@emaoffice.com](mailto:amber@emaoffice.com)

Finally, the year will wrap up with our annual board installation dinner and casino night which will be held at the Woodland Hills Country club on December 5th. Look for more information to follow on our website; this event has been breaking attendance records every year and provides a fantastic time to catch up with our fellow risk managers and chapter sponsors.

# Upcoming Events!

*Mark your calendars!*

July 26, 2013

OCRIMS 17th Annual Golf Tournament  
Yorba Linda, CA



August 21, 2013

Monthly Luncheon  
Beverly Garland Holiday Inn, Studio City, CA  
Special guest speaker Kirk Pasich of Dickstein Shapiro

September 18, 2013

Monthly Luncheon  
Beverly Garland Holiday Inn, Studio City, CA  
Special guest speaker Steve Nyblom of County of Los Angeles

October 16, 2013

Education Day  
Beverly Garland Holiday Inn, Studio City, CA

November 20, 2013

Monthly Luncheon  
Beverly Garland Holiday Inn, Studio City, CA

December 5, 2013

Installation of Officers-Holiday Party  
Woodland Hills Country Club

# Welcome

## New RIMS Members

Michael Boldt	<i>Boldt Risk Management Solutions Inc.</i>
Daniel Crowley	<i>Booth Mitchel &amp; Stange LLP</i>
Michele de Anda	<i>Entertainment Partners</i>
Tiffany Felix	<i>NBC Universal</i>
Mark Friedman	<i>Lowes Enterprises, Inc.</i>
Jean Lawler	<i>Murchison &amp; Cummings LLP</i>
Adam Levin	<i>University of Southern California</i>
Suzanne Maldonado	<i>InterDent Inc</i>
Maritza Martorana	<i>Technicolor USA Inc</i>
Timothy Molloy	<i>Windham Group</i>
Peter Parmenter	<i>Edison International</i>
Keesa Reiter	<i>NALS Apartment Homes</i>
David Solomon	<i>PHARMAVITE</i>
Lori Tranquilla	<i>99¢ Only Store</i>
Scott Tropio	<i>Tropio &amp; Morlan - A Law Corporation</i>
David Tsai	<i>Millennium Corporate Solutions</i>
Denise Umali-Do	<i>Murphy Pearson Bradley &amp; Feeney LLP</i>
Dawn Watkins	<i>LAUSD/Division of Risk Mgmt &amp; Ins. Services</i>
Jiaqian Zhang	<i>California State University Northridge</i>



# We had a blast at the 2013 RIMS Golf Tournament!



The LA RIMS chapter is grateful to advise the annual golf tournament held last month at Brookside golf course in Pasadena was a tremendous success! The tournament was another sell out, both in terms of players and sponsorships. Each of the 18 holes had *active* sponsors on the tee box and all four par three holes had sponsors at the greenside. The greenside sponsors were serving as witnesses should we have had another \$25,000 Hole-In-One, sorry not this year! However, we are pleased that we were able to achieve our objectives again this year, which are to provide a

conference type atmosphere and raise funds to assist with our yearly schedule of events.

More pictures of the tournament [here](#)



# 2013 Golf Tournament

## Winners

Congratulations to the following players:

<u>1<sup>st</sup> Place</u>	<u>2<sup>nd</sup> Place</u>	<u>3<sup>rd</sup> Place</u>
Terry Hunt	John Nilson	Greg Church
John Shaw	Andy Blasher	Allen Blum
Jonathan Bredehoft	Charles Lee	Scott Ritto
Paul Gilbert		Rob Edwards

Our long drive winners were Charlie Los and Danette Jones. The putting contest winners were Jim Murtaugh and Wendy Michaels. In addition, there were numerous men and women's closest to the pin/hole winners on the par-3 holes; #5 – Charles Lee & Rochelle Piequet, #10 – Manuel Garcia & Linda Lee Long, #12 – Mark Maragay & Rochelle Piequet, and #15 – Heywood Friedman & Danette Jones.

The winner of the coveted 4<sup>th</sup> annual Best Hole (Decoration) Sponsorship went to AIG, who have now captured the plaque three out of the four years we've offered the contest.



We were also very fortunate and thankful to have a corporate sponsor, Zurich, again for the 2<sup>nd</sup> straight year.



**Viva Las Vegas** ♥  
**Calling all golfers!** ♣

JOIN US FOR OCRIMS 17TH ANNUAL GOLF TOURNAMENT  
July 26, 2013 in Yorba Linda, CA  
FOR MORE INFO go to : [www.ocrims.org](http://www.ocrims.org)



# 2013 Golf Tournament

## Sponsors



*The chapter would like to thank all the sponsors who made this golf tournament a successful event! We couldn't have done it without you!*

### Hole Sponsors

AIG  
Aon Risk Services  
Beecher Carlson  
Belfor  
Broadspire  
Chubb & Son  
Corvel  
Electronic Waveform Lab, Inc.  
Floyd, Skeren & Kelly  
FM Global  
Gallagher Bassett  
Imber Court Reporters  
Liberty Mutual Insurance Services  
Mullen & Filippi  
Sedgwick  
The Hartford  
Zurich

### Beverage Sponsor

Fresh & Easy Neighborhood Market Inc.  
Tobin Lucks, LLP

### Hole in One Sponsors

ACE  
American Technologies, Inc.  
Floyd, Skeren & Kelly, LLP  
Poms & Associates

### Range Sponsor

Marsh

### Lunch Sponsor

Orchid Medical

### Awards Sponsor

Swett & Crawford

### Photography Sponsor

3I Corporation

### Ball Sponsors

Safety National  
Tokio Marine

### Goody Bag & Raffle Prize Sponsors

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Belfor  
Century Pacific  
Dempsey Partners  
Fox Entertainment Group  
Guess?  
Liberty Mutual  
Marsh  
The Walt Disney Company  
Zenith  
IRMI  
Broadspire  
Beecher Carlson  
Bee Bald  
Developlus

# Planning For A Catastrophe Now Can Avoid Headaches Later

**ROBB GREENSPAN, SPPA**

*The Greenspan Co /Adjusters International*

*Claims Consultant For The Policyholder*

What you know and how you prepare yourself for a claim can make the difference between an unsatisfactory answer from your insurance company or getting a settlement that allows you to rebuild with no out-of-pocket cost and little inconvenience. Many insureds end up out-of-pocket because they did not pay attention to details and relied on the insurance company to do their work for them!

When the call comes in from the fire department that your property has suffered a catastrophe such as a fire,



flood or water damage, your work has just begun. The claims process can go smoothly or become a nightmare. By preparing your records ahead of time and having an emergency plan in place, you can reduce the chances of problems. The claims process is a burdensome task at best, which is further complicated by personalities. By this I mean you are going to deal with an insurance adjuster and his or her personal quirks. Although there are guidelines to follow in claims and the insurance company may offer to “ help” you in the claims process, you still have to deal with an adjuster (or two) who may help or hurt you. The wise property manager or owner

recognizes this. The first impression you make and how you deal with that adjuster initially, sets the tone for the whole adjustment process.

When the loss occurs the insurance company sends out their adjuster to give advice on how to proceed with the clean up and filing of the claim. They are also there to investigate the cause of the claim and ensure that you document everything in your claim to their satisfaction. Not all insurance companies though have your best interest at heart. You need to take a proactive approach to your claim.

The policy has many requirements that you must comply with in case of a loss. I suggest you read your insurance policy now to get an idea of what will be required of you when a loss occurs. The policy also spells out what the insurer must do and how they will pay. Areas not covered are discussed at great length in the document, so read it carefully. You can bridge the gaps in coverage, if necessary, by reviewing your policy and discussing your needs with your insurance agent. This should be done on an annual basis. Pre-planning for problems now will help you sleep at night knowing you are prepared should a disaster occur.

Let's look at what needs to be done when a fire or water damage loss occurs:

- Immediately contact your agent or insurance company. You are required to report losses immediately to your insurance company. This must be done in a timely manner.

- You are required to protect your property from further loss. Calling a board-up service immediately after the loss is in order and will be reimbursed. This is to protect life and health, for a burned, opened building becomes a magnet for kids and others to get hurt in. It will also prevent the salvageable items from "walking away."

- You must separate the damaged property from the undamaged property. You will need to provide inventories for BOTH due to Co-insurance requirements. This is very important to do properly and quickly. Do not forget to inventory and photograph the debris pile; it has a habit of "disappearing" as soon as no one is looking. It contains proof of what is damaged, burned, or "out of sight" (destroyed beyond recognition.)

- Photograph all of the property. Pay attention to unique and expensive items or items whose value may be questioned later by the adjuster. Photograph all angles of the inside and outside of the building or structure.

- Hire a restoration company to remove any excess water. Water causes as much or more damage than fire. As such, you need to control humidity and remove the water immediately especially with the risk and hazards of mold now known.



- Emergency shoring may be necessary. To prevent further damage or for safety this needs to be addressed and discussed with the adjuster before you begin. This may be a problem, for some insurance companies do not respond for several days after reporting the loss and you may need to make an immediate decision to incur costs that may, or may not, be reimbursed.

- Step back and analyze your options and plan. You will have to decide what to do with tenants and what obligations the lease(s) place(s) on you the building owner.

As such a review of all your leases is recommended. You will have questions as to what costs, if any, you want to consider paying to relocate your tenants. This will include issues such as moving them to unoccupied space or to another building. Do you want to keep them as tenants? Do they or you have the right to terminate the lease? If so, when? What about their personal property lost; will you reimburse them for it? Who is responsible for the TI's?

Pre-planning and knowing how your policy reads is important to answer these and the many more questions that arise during a claim. Knowing what your responsibilities are and what the insurance will cover before a need arises is the best insurance you can get.

Do not count on your insurance company adjuster for answers for he or she may have other agendas or simply may not know what is best for your business! You can get help should you want it, by hiring your own Claims Consultant or Public Adjuster.

Public adjusters are here to work for you, not the insurance company. They are there to help with these and other questions and should be consulted immediately after a major loss occurs.



I recommend developing a relationship with a licensed public adjuster or claims consultant who is accredited by the National Association of Public Insurance Adjusters (NAPIA,) who will be familiar with the properties under your control and can make recommendations of coverage to prepare you for a loss, should it occur. That way, if and when a loss occurs, your team is ready to respond to your needs.

*Robb Greenspan, SPPA is a senior partner of The Greenspan Company/ Adjusters International, a public adjusting firm established in 1946 in Los Angeles. Greenspan/AI is dedicated to representing the policyholder's interest in property claims only. Robb has written numerous articles and papers on insurance and has been teaching continuing education classes for Agents and Brokers as well as other Risk Manager professionals for over 25 years. Robb Greenspan is currently serving as a member of the Curriculum Board for the California Department of Insurance and was a past member of the Insurance Commissioners Consumer Complaint and Unfair Claims Practices task force. He holds the Senior Professional Public Adjusters accreditation issued by the National Association of Public Adjusters. Visit [www.greenspan.com](http://www.greenspan.com) for more information.*



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# How to Benefit from SB 863

## Combatting Excessive Medical Charges

### Michael E. Lents

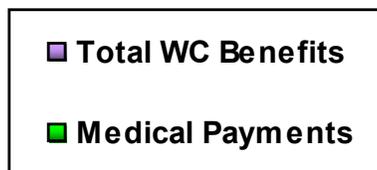
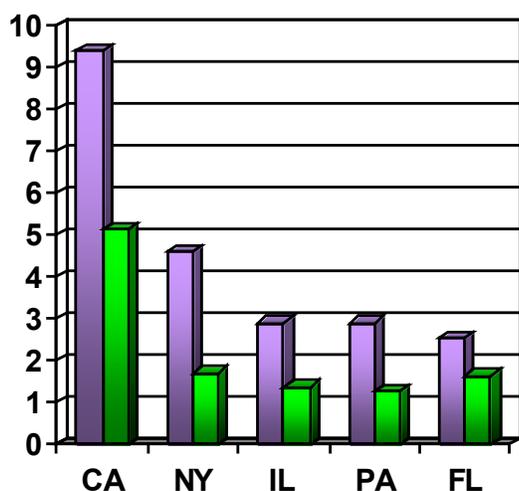
Director, Lien Defense

Lein On Me, Inc

I know we have all heard and been to many seminars regarding Senate Bill 863 (SB 863) over the last year. Some of things have made sense and others have gone in one ear and out the other. In this article, I am going to try to make some sense of how you, as the Risk Manager, can be proactive and benefit from SB 863.

In 2011, Lien On Me was asked by CAJPA to testify regarding the lien abuses before a Senate Committee hearing on SB 863. I discussed that based on our data, in 2000, the average lien was \$3,251.64 and that in 2010, the average lien DOUBLED to \$6,537.96. I indicated that many liens were coming out of the woodwork for dates of service 5, 10, 15 years prior. These liens that were thought to be non-existent create unforeseen costs which force a reallocation of funds.

One recent example of this abuse was a provider that sought additional payments from multiple cities we represent for services dating back to 2000. With one of our cities, this provider filed 50 liens against 34 individual claims. Although, the provider never disputed the initial payments made, they referred their aged account receivables to a collection agency. The outstanding balances on the 50 liens totaled over \$150K that



was being litigated. After extensive negotiations, the City chose to settle all 50 liens to avoid significant litigation costs, which I conservatively calculated at \$83,300 (34 claims x 3.5 hearings/claim x 4

hours work x \$175 p/hr).

SB 863 thankfully changed the statute of limitation to 3 years from the date of services (18 months for services on or after July 1, 2013), which will rein in these providers and tighten their window of opportunity to file liens. The California Department of Industrial Relations website states, “Labor and management agreed that in order for benefits to be increased, costs would have to be decreased where possible. They also agreed that where possible, the workers’ compensation process should be made more efficient.”

**Some of these purported efficiencies are:**

- Independent bill review (IBR for fee schedule disputes)
- Independent medical review (IMR for UR disputes)
- Fee schedule changes (now there will be a fee schedule for copy services, interpreters during treatment and home health services)

As a Risk Manager, how can these “efficiencies” be put into place to help cut costs within your workers’ compensation programs?

According to the August 2012 report from the National Academy of Social Insurance, California employers and insurers paid \$5.1 billion for medical payments out of \$9.4 billion in workers’ compensation benefits for 2010—that’s almost 55%. This graph demonstrates where California ranks among the top 5 states in workers’ compensation expenditures (billions).

*As clearly evidenced, medical expenses are the costliest part of a claim. However, in day-to-day handling of claims, adjusters are more focused on resolving the cases-in-chief leaving less time to address medical exposure.*

**How is this impacted by SB 863?**

For start, UR disputes will be subject to the IMR process at the expense of the employer for a minimum cost of \$495 per dispute (up to \$850 for expedited reviews) for the calendar year 2013. For 2014, the costs are slightly less. Mind you, injured workers do not need any medical rationale for disputing the UR delay, denial, or modification—they just sign their name on the prepared form.

As a former Vice President of Operations for a statewide cost-containment company overseeing bill review, liens, UR and MPN programs, one approach to help curb this pending catastrophe would be to consider implementing your MPN program for all reported injuries.

Think of this for a moment. Labor Code § 5402(c) states that an employer is liable

up to \$10,000 until the claim is rejected. If for every claim, the employee is immediately given notice in writing and placed into the MPN program (whether litigated or not), you control the medical costs from the start. We all know of providers that can rack up that limit within a relatively short time.

If later it is determined that the employer is not liable for the injury, the claim is denied and the \$10,000 limit for treatment is capped. Once a claim is denied, pursuant to Labor Code § 4610.5(h)(2), IMR cannot commence until the dispute of liability has been resolved.

Another approach to cut expenses is to negotiate savings up-front for inpatient hospitalizations or for services for which no fee schedule exists. For example, one of our clients had a cancer patient receiving daily dialysis. Usual and customary allowed between \$600 - \$900 per dialysis treatment. We negotiated an agreement for \$300 per dialysis treatment (inclusive of all other services). Total bill charges for this provider from 1/1/10 - 5/15/13 were \$1,903,241.66 final allowed amount \$270,675.33 (85.8% savings). This averts litigation.

You just attacked the medical expenses on multiple fronts! MPN and negotiation...

A way to combat the excessive medical charges is by having them in the forefront of an adjuster's mind when a claim crosses their desk. A decisive initial tactic will save significantly in the end and help avoid IMR, IBR, litigation and costs.

Just some thoughts...

Michael E. Lents  
Director, Lien Defense  
Lien On Me, Inc.