WORKERS COMPENSATION CLAIMS MANAGEMENT:
A MEAT PACKER’S PERSPECTIVE

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DIRECTOR OF CLAIMS MANAGEMENT
WHO IS SMITHFIELD FOODS?
LARGEST AND LEADING PLATFORM IN PORK INDUSTRY

- Export products to more than 40 countries
- Operations in five countries
- $15 billion global food company
- 48,000+ employees worldwide
- #1 Supplier to Retail, Foodservice and Export
- #1 World Hog Producer 894,000 sows producing 16 million hogs annually
- #1 World Pork Processor 31 million head annually
- #1 US Packaged Pork Company 3.1 billion pounds annually
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• 41 Domestic Locations
• 400+ company-owned hog farms and ~2,100 contract farms country-wide
• 39,000+ Domestic Employees
• 1700+ Annual WC Claim Volume
• 3,400+ Open WC Claims at any given time
• $30M+ Annual WC Claim Spend
THAT’S A LOTTA PRODUCT….!!

BACON

96.4 MILLION POUNDS!

HOT DOGS

762 MILLION Hot Dogs!
So why am I here today?
WORKERS COMPENSATION CLAIMS MANAGEMENT

➢ Our WC Program...........An Historical Perspective

➢ Decentralized structure with no Unified Vision/Direction
  ➢ 4 Divisions with different approaches to Claims Management

➢ No Corporate Claims Manager in place

➢ Lack of Consistent, Written Processes and Discipline in Claims Management

➢ No consistent RTW Program

➢ No direct corporate oversight of our TPA

➢ Limited WC expertise in our Field Operations...staff wearing many hats
Director of Claims position created 2012
Vision to Centralize Leadership and Oversight
Marsh Past Performers Audit 2013/2014

Their charge was to do a deep drive into our program to see what we did, how we did it and where we needed to improve.
AND THEIR FINDINGS......

• Wide-spread Late Claim Reporting
• Inconsistent WC Claim Oversight from location to location
• Locations holding claims “not thought to be compensable”
• Field Case Management Usage
  – Many local vendors with no TPA involvement/control
  – Excessive FCM expenses
  – FCM Involvement Not Controlled / Managed
  – Clinic Nurses refusing any Case Management
• Prolonged Clinic Treatment with no WC claim being filed
• Inconsistent application of RTW Policy
• Transitional Duty Assignments
  – Inconsistently applied
  – No consistent Time Limitations
  – Inconsistent progression to Full Duty
  – No formal monitoring system
• Managed Care Programs Not Used Effectively...$ Left On The Table
  – Utilization Review
  – PPO Penetration
  – ODG Guidelines not used
FINDINGS (CONT’D)

• TPA Not Performing to Best Practice Standards
• Lack of Consistent TPA Control
• Bottom Line.....Cost Savings Opportunity of $1.8M to $2.4M per year in Leakage Reduction via internal and TPA process improvements
Task Force Creation
Met with TPA to Establish Expectations
Task Force MISSION

......Create a standardized WC Claims Management process for the entire corporation to follow.
THIS WAS ME AS WE BEGAN THE PROJECT
OUR NEW PROGRAM

- Smithfield’s WC Claims Management Process.....An Overview
  - A Concise “How To” Manual on Claims Management
  - Standardized Outline of Mandatory Claims Management Processes
  - Roles and Responsibilities Definitions......Roles Matrix
  - RTW Program
  - Outline of 9 Core Claims Management Functions
  - WC Basics Guide
  - State by State technical reference
  - Forms and Documents
AND THE ADVANTAGES OF THIS NEW SYSTEM.....

- Single vision
- Consistency of Process
- Clarified Stakeholder Roles & Responsibilities
- Streamlined internal processes
- Measurability of Results...same rules for all
- Single Source Technical Resource
- Ultimately, better outcomes and reduced costs
INITIAL RETURNS ARE POSITIVE

- Prompt Claim Reporting Improving
- RTW Accommodation Significantly Improving
- Transitional Duty Used Appropriately and Monitored
- Disability Tracking Much Improved
- FCM Spend down sharply
- WC Knowledge Base Improving
- TPA Now In Control of our Claims....and being held accountable
AND THIS IS ME TODAY.....
HOW DOES SFI USE DATA TO MANAGE RESULTS AND IMPACT TCOR?

• Metrics Reports
  – WC Report—Monthly
  – Cost Per Employee
  – WC Scorecard—Quarterly
  – Loss Runs
  – Lag Time Reports
  – Defense Attorney Spending Reports
  – Average Cost Per Claim

• Annual RMPI Summit
HOW TO MANAGE YOUR TPA / INSURANCE CLAIM HANDLER

• Establish Clear Roles and Responsibilities
• Hold TPA Accountable to Industry Best Practice Standards
• Ongoing Claim Reviews
• Dedicated / Designated Adjusting Teams
• Clear & Comprehensive Account Instructions
• Annual Best Practices Audit / Leakage Audits
• Performance Guarantees
• Watch your dollars...
  – Review Medical Invoices
  – Review Indemnity Payments
  – Scrutinize Legal Invoices
  – Are they using Managed Care Programs effectively
  – Quality Vendors?
    • PT programs
    • Surveillance vendors
    • Case Management vendors
HOW CAN YOU IMPACT YOUR WC COSTS?

What can YOU do each day to impact your costs?

- Immediately Report all Claims
- Explain the WC Process to Employee
- Comprehensive Incident Investigation
- Exercise Medical Control
- Active Involvement in Claims Management Process
- Establish a Corporate Fraud Program
COST SAVING INITIATIVES (CONTINUED)

- Aggressive RTW Program with “Zero Lost Time Mentality”.... huge cost saver
- Regular Communication with Medical Provider....Partnership!
- Regular Communication with Employee...Show Them You Care!
- Active Engagement With & Oversight Of Your TPA
- Active and United Participation in Litigation
AND THIS IS WHY CLAIMS MANAGEMENT IS SO IMPORTANT
Thank You