The Ripple Effect

noun - 1. spreading effect or series of consequences caused by a single action or event
Workers’ Compensation is often perceived as an insurance industry behemoth, mired in rules and governmental regulations, where thinking “outside the box” is not the norm and implementing new ideas for positive change can be a daunting challenge. Fortunately, the Trust has never subscribed to this point of view. We are often successful in turning those challenges into opportunities where we can truly make a difference in healing injured workers, controlling claim expenses and educating our members. It all has a Ripple Effect in improving loss results.

As you’ll see throughout this report, the 2015 year was filled with examples of how the Trust makes a difference. For instance, our newly created Return To Work Specialist has successfully returned to work more than 50% of injured workers who had previously been totally sidelined, with no return to work plan.

In the ongoing battle against opioid abuse and sky rocketing prescription costs, the Trust restricted dispensing of medication in a physician’s office by requiring injured workers to utilize our pharmacy benefit management program (PBM). The PBM has safety checks in place to protect against dangerous drug interactions and abuse.

Making yet another difference was the addition of two new programs to address more difficult claims. Our Positive Self (PS) program successfully utilizes intervention by highly trained psychologists to confront a host of challenges that can delay or prevent full recovery. Meanwhile, our Voc-Fit program is used in specific situations where a worker’s overall physical condition needs further improvement following completion of formal physical therapy. Both programs have resulted in positive outcomes for injured workers and returning them to the workforce.

We are pleased to be able to say that the Ripple Effect from all these efforts has greatly benefitted our financials. The Board of Directors declared a $1.7 million premium return to qualifying members for the 2015 policy year. The latest distribution creates a total of $7.35 million returned to Trust members in just the last six years and an astounding $26 million returned over our 34 year history! Think about that for a moment. . . $26 million dollars returned back to Connecticut’s healthcare and human service providers to reinvest back into their businesses and provide much needed services to the public.

Trust results once again significantly outperformed the industry averages for both ultimate combined ratio and average claim cost. Impressive results in their own right but even more impressive when considering the Trust specializes in providing coverage to several of the most loss intensive occupations in the industry.

Our proactive efforts continue to benefit both injured workers and our members. The Trust staff works tirelessly for good outcomes, lower losses and ultimately lower premiums for our members. While our industry is truly a behemoth, we are not afraid to make some changes that make Ripples in the right direction.

Diane M. Ritucci, President & CEO

“The Trust has maintained its position as Connecticut’s 5th largest insurance provider of workers’ compensation for the 5th consecutive year!”

- Based on information from the National Association of Insurance Commissioners
Playing a Pivotal Role in Establishing a State Fee Schedule

Diane M. Ritucci, President & CEO of the Trust was one of a select group of industry leaders appointed by Chairman John A. Mastroietro of the Workers’ Compensation Commission to assist in establishing an equitable workers’ compensation state fee schedule for services rendered by a hospital or ambulatory surgery center. The committee met several times and eventually came to an agreement on a fee schedule that went into effect April 1, 2015.

NCCI estimated that the provision to adopt a Medicare based fee schedule for Hospital Inpatient, Hospital Ambulatory Surgical Center (ASC) services would result in an impact of -2.7%, or -$20 million on overall workers’ compensation system costs in Connecticut.

Eliminating Physician Drug Dispensing

The Workers’ Compensation Research Institute (WCRI) reports that office dispensing of medications by providers treating workers’ compensation patients continues to be a nationwide problem and a costly one as well. It costs more when insurers pay for drugs dispensed to patients within a physician’s practice than at a retail pharmacy. In addition, and even more importantly, it circumvents the embedded safety checks and balances that are in place when the prescription is processed through an insurer's pharmacy benefit manager. This is especially necessary when it comes to the use of opioid medications.

In 2015, the Workers’ Compensation Commission approved the Trust’s application to add Pharmacy to its overall medical care plan. This strategic move now prohibits providers from internally dispensing medication and requires providers and injured workers alike to follow our patient-safety centric and cost effective pharmacy benefit management program.

Continuing Collaboration with Businesses and State Leaders

Due to our laser focus and sole commitment to writing workers’ compensation insurance only in the state of Connecticut, the Trust is viewed as a key resource when system changes are contemplated, whether it be legislative, regulatory or policy. We pride ourselves on this unique and collaborative relationship with State Representatives, the Connecticut Business & Industry Association, Workers’ Compensation Commission, PRIMA, and other Stakeholders and will continue to pledge our enduring support to improve the system to benefit employers and their workers.
Return to Work Specialist Added to Staff

In January of 2015, The Trust hired Robb Wright as our first ever Return to Work Specialist. Robb has over 25 years of experience as an Occupational Therapist in the workers’ compensation industry. He works diligently with our members, injured workers and providers to shorten the overall disability duration when an employee is sidelined by an injury. In his first year here, Robb has:

- Worked with over 200 individual claims on return to work or work modifications.
- Made 30 site visits to Trust members to gain a better understanding of their work environments and to make suggestions on alternative work assignments so employees could continue to work during their period of recovery.
- Created and presented two half-day educational seminars on best practices in return to work programs, which over 60 Trust members attended.
- Maintained a success rate of over 50% in positively changing the course of return to work for injured workers who were initially sidelined.

Maintaining Strong Broker Relationships

The Trust conducted our first “Partnering With The Trust” class for Brokers. The event was well attended and gave brokers a comprehensive overview of the multitude of topics and procedures covered with members. Topics included claims administration, loss control services, managed care program compliance, return to work expectations, available education programs and concluded with a marketing wrap up geared towards brokers’ needs. Feedback was very positive and future meetings of this type are planned.

Website Enhancements

The Trust is constantly looking for ways to enhance services, improve claim outcomes and lower claim costs. To that end, we redesigned our website to better serve members, injured workers, medical providers and brokers. Our new and much improved website not only has a new look and style, but offers more interactive links and features.

For starters, the process for filing a First Report of Injury (FROI) was greatly improved. The electronic form has drop-down menues that auto fill required information such as location address, marital status, applicable class codes and more. Upon completion, the member simply clicks the submit button and the system automatically provides the assigned claim number and gives the member the option to print the FROI form or save it in a pdf format.

A new “Injured Worker” tab was added to provide injured workers with useful and valuable information regarding the claim process, benefits and responsibilities. In addition, there are downloadable forms, health & wellness resources, information on return-to-work programs and a Q&A section.

Medical providers now have access to evidence based medical protocols and expected performance quality standards.
Implementing New Programs to Avert Claim Outliers

In claims management, sometimes we need to look beyond the myopic view of just dealing with the injured worker’s torn rotator cuff, back strain or carpal tunnel syndrome, and begin to look at how their injury may be impacting their overall well-being or how their overall well-being might be impacting their recovery.

In 2015, the Trust introduced two programs to its claims strategy toolbox to prevent injured workers from becoming derailed in their recovery.

**Voc-Fit Program** – This program is intended to improve the injured workers’ overall physical condition while minimizing the impact and long term negative effects of a work-related injury. Special individualized exercises are offered to injured workers, who meet certain criteria. This is done after the completion of formal physical therapy. The program is usually completed within 4 to 12 weeks and is provided through the Trust’s statewide physical therapy provider network.

**Positive Self (PS)** - Many injured workers suffer with depression, pain perception, pain medication misuse and obesity. All these issues can delay a patient’s recovery and successful return to work. This program provides access to a statewide network of highly trained psychologists who work to mitigate the effects of these issues and thereby improve the overall health and recovery of the injured worker.

In the short time that these programs have been in place, both have yielded positive results on some very difficult claims, and further compliment our existing comprehensive care management offerings, all aimed at closing claims and reducing costs.

“VocFit has really helped me in my injury recovery process. I have never felt better in my life!”  
*Susan G., Certified Nurse Aide & 2015 VocFit Participant*

Promoting Wellness: Keeping Employees Healthy

We hear it on the news and read about it in the newspaper. Health care costs continue to increase year after year as do the cost of workers’ compensation claims. To assist our members with reducing costs, the first **Wellness Fair** was held in 2015. Members were able to interact with several organizations to discuss low cost initiatives that they could share not only with their employees but also with the clients they serve. Guest speakers from various local health organizations provided interactive breakout sessions for attendees providing both education and hands-on tips to take back to employees.
Making Safety a Priority To Reduce Losses

The safety of our members’ employees is the driving force behind our loss control service team. Our members have come to rely on our many services and resources to reduce employee injuries. Our loss control team provided over 840 consultations and onsite visits to members to enhance compliance with OSHA and to develop and implement safety programs to further strengthen efforts to ensure workers remain safe and productive.

**Client Interaction** continues to be the number one loss leader in terms of both frequency and severity. Loss control staff continues to provide education sessions to assist our members with reducing these injuries including education on Dementia/Alzheimer’s, Therapeutic Sensitivity and Workplace Violence.

**Slips, Trips & Falls** continue to be a top cause of loss both in frequency and cost. Loss Control staff focused on providing our members with resources to create employee awareness, sample policies, on-site education, and economical solutions to help control this top loss source for the healthcare industry.

**Safe Patient Handling** remains a challenging task as the population and workforce ages. The Trust continues to assist members with developing patient mobility programs that mitigate injuries. This continues to be effective in reducing injuries.

“The Trust takes detailed interest in each of our companies. The Trust team not only delves into the major topics of conversation or issues, but also the more minute areas of a personal nature. This makes the difference in the lives of our employees. The Trust claim specialists are always professional, kind and courteous when speaking with our team members”

*Janet Welch, SPHR, Director of Human Resources, American Group*

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**The Ripple Effect**

<table>
<thead>
<tr>
<th>MEMBER TYPE:</th>
<th>Long Term Care Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISSUE:</td>
<td>Slips, Trips &amp; Fall related injuries had incurred costs of $300,000 in one year</td>
</tr>
<tr>
<td>RIPPLE:</td>
<td>Member implemented several new slip, trip &amp; fall policies and a cord management program, attended Trust seminars and provided “Ice Grippers” to appropriate staff.</td>
</tr>
<tr>
<td>EFFECT:</td>
<td>80% Reduction in frequency of injuries 99% Reduction in incurred losses</td>
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</table>
Reducing Member Losses

Better Than Industry Standards - Results in Rate Decreases

“Combined Ratio” is an important measure for insurance companies. It compares ultimate claim costs and expenses to the amount of collected premium. A factor of less than 100% represents an underwriting profit, while a factor above 100% represents an underwriting loss.

The bar graph below shows the Trust outperformed the combined results for all other NCCI members companies in Connecticut by an average of 17.9% per year from 2008 thru 2014. The 2009 through 2011 years had unprofitable combined ratios for both the industry and the Trust. The Trust fine-tuned our underwriting guidelines and implemented new claims analysis methods, quickly returning the ratio back to profitable levels in 2012 while the rest of the industry suffered in the unprofitable cycle considerably longer. The recent exceptional results have allowed rates to be decreased by 3% in 2015 and 4% in 2016.

Knowledge of the Connecticut’s workers’ compensation system and its efficiency in operating expenses allows us to continue to outperform the competition and deliver the best value to our members longterm.

The Ripple Effect

MEMBER TYPE: Community Services Organization

ISSUE: Overall Losses were higher than expected

RIPPLE: The member implemented several safety programs, attended educational programs and worked with the Trust to train supervisors and employees in safety related areas.

EFFECT: 90% decrease in incurred losses over a 4 year period.

* NCCI Data for 2015 not available at time of printing

“Working with the Trust on a strong risk management program is the BEST way a client can have a hand in controlling their workers’ compensation costs.”

Lisa Carlson, President, Lighthouse Insurance & Risk Management, LLC
Education Programs Continue to Grow

Trust education programs continue to be an integral component of our safety efforts. Members rely on our programs to help develop, update and implement programs that assist with employee injury reduction. Not only do our members learn from our instructors but in many cases they learn from each other during class discussion, breakout sessions and group exercises. In 2015, 1,492 attendees were educated on 35 various subjects; 12 of which were newly developed based on member feedback and changes in regulatory requirements.

“The seminars are extremely informative and provide up to date changes, not only to the employees in the Human Resources department, but to many other areas of CRI. We have had several employees from HR, Finance and Professional Development attend these seminars and are never disappointed!”

Michelle Fazzino, HR Benefits Coordinator, Community Residences, Inc.

Trust University Continues to Pull in Record Numbers

In 2015, over 25% of Trust members utilized Trust University: free online training available 24/7. The university continues to be a cost effective and valuable learning tool for our members allowing them to provide employees and supervisors with the safety, compliance and management training necessary to do their jobs effectively and safely. Popular courses were Defensive Driving, Safety Courses and Developing Interpersonal Skills.

“We find that Trust University is a great resource for our agency’s training needs. It offers a variety of training topics and is convenient for our employees to complete wherever they have access to a computer.”

Cori Castro, Human Resource Manager, The ARC of Quinebaug Valley, Inc.

“The programs help me implement and provide appropriate staff training. All the speakers are great. I always feel comfortable and welcome here. It’s great training and hospitality!”

Valerie Sorrentino, Youth Coordinator, GBAPP, Inc.

“2016 marks the 3rd year using Trust University for our mandatory training. . . . web-based training allows for consistency in the course content and saves us in both time and money. As a non-profit agency, both are very important to us.”

Pamela Novick, HR Manager, SCADD
Continuing Education for Insurance Professionals

In keeping with the Trust’s desire to continually strengthen broker relationships, Ed Meaney, Coordinator & Training Consultant, continues to provide superior continuing education and licensing courses to the broker community through Trust Academy. This service is appreciated by the brokers and it has served to introduce several new brokers to the Trust.

Since inception, attendance has continued to grow and feedback from attendees has been very positive. We value our relationships with the broker community and are happy to provide them with this important educational resource.

Results

<table>
<thead>
<tr>
<th>Classes Offered</th>
<th>65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendees</td>
<td>400+</td>
</tr>
<tr>
<td>Newly Licensed Agents</td>
<td>18</td>
</tr>
</tbody>
</table>

“I attended the Trust Academy Property & Casualty (P&C) Pre-Licensing class and passed my state exam on my first try! Not only that, I became friends with the other students and they too all passed on their first try! Thanks to Ed, I increased my knowledge of the P&C industry.

How good was the class really? I am already enrolled in the next Trust Academy class to test for my Life and Health license! Ed makes learning fun and turns difficult concepts into solid understanding.”

Hillary Bernetich, Manager, Bernetich Allstate Agency

Serving Those Who Serve Others

In December, Trust staff put on Santa hats and took part in a special program to support one of our members. New Reach, Inc.’s Adopt-A-Family program offers support and stability to families going through difficult times. They offer emergency shelter, housing, family stabilization and assistance with basic needs to families across Connecticut.

We provided Christmas gifts for five families who otherwise may not have had any presents to open on Christmas morning. Gift cards were also purchased for New Reach to use and distribute to families as needed for food and necessities throughout the year. We were happy to be able to help. The generosity of the staff was overwhelming and their efforts were much appreciated.
The Trust continues to return premiums to its members based on loss ratio and years of membership. $1,700,000 was approved in 2015.

$26 million has been returned to our members over our 34 year history.

The premium return reserves continue to grow adding to the financial stability of the Trust which positively impacts our members.

$15.9 million is set aside for future distributions.
# Financial Results

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash and Investments</td>
<td>$ 149,834,742</td>
<td>$ 140,117,104</td>
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<tr>
<td>Premiums Due from Members</td>
<td>19,540,221</td>
<td>20,124,152</td>
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<tr>
<td>Other Assets</td>
<td>11,327,991</td>
<td>11,381,921</td>
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<tr>
<td>Property, Building and Equipment</td>
<td>3,868,648</td>
<td>4,111,413</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 184,571,602</td>
<td>$ 175,734,590</td>
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<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid Loss and Loss Adjustment Expenses</td>
<td>$ 115,929,697</td>
<td>$ 112,109,258</td>
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<tr>
<td>Unearmed Premiums</td>
<td>18,494,076</td>
<td>18,738,257</td>
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<tr>
<td>Reserve for Future Premiums</td>
<td>15,876,924</td>
<td>14,576,924</td>
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<tr>
<td>Current Liabilities</td>
<td>8,436,972</td>
<td>6,861,986</td>
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<tr>
<td>Total Fund Balance</td>
<td>25,833,933</td>
<td>23,448,165</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCE</strong></td>
<td>$ 184,571,602</td>
<td>$ 175,734,590</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums and Commissions, net</td>
<td>$ 53,520,229</td>
<td>$ 53,964,440</td>
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<tr>
<td>Investment Income</td>
<td>4,080,971</td>
<td>4,471,419</td>
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<tr>
<td>Realized Loss on Investments</td>
<td>(1,330,661)</td>
<td>0</td>
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<tr>
<td>Other Income</td>
<td>1,174,471</td>
<td>1,139,379</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$ 57,445,010</td>
<td>$ 59,575,238</td>
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<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
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<tr>
<td>Loss and Loss Adjustment Expense</td>
<td>$ 37,034,627</td>
<td>$ 41,818,476</td>
</tr>
<tr>
<td>State Assessments</td>
<td>2,444,679</td>
<td>2,499,530</td>
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<tr>
<td>Commissions</td>
<td>3,111,948</td>
<td>3,089,093</td>
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<tr>
<td>Professional, General and Administrative Expense</td>
<td>7,921,134</td>
<td>7,675,191</td>
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<tr>
<td>Federal Income Taxes</td>
<td>2,293,592</td>
<td>1,341,565</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$ 52,805,980</td>
<td>$ 56,423,855</td>
</tr>
<tr>
<td>Net After Tax Income</td>
<td>$ 4,639,030</td>
<td>$ 3,151,383</td>
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<tr>
<td><strong>Fund Balance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>$ 23,448,165</td>
<td>$ 20,540,890</td>
</tr>
<tr>
<td>End of Year</td>
<td>$ 25,833,933</td>
<td>$ 23,448,165</td>
</tr>
</tbody>
</table>
Connecticut’s leading provider of workers’ compensation insurance to healthcare and human service industries for over 35 years

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