

THE RISK JOURNAL

A PUBLICATION FOR MMRMA MEMBERS

JUNE 2009

Members Help MMRMA Launch Online Training

by Chuck Schwab,
Director of Risk Management

THE PHRASE "thinking outside the box" was popular a few years ago, and the concept remains valuable. Doing things differently – and thereby more effectively and efficiently – is always in vogue.

Consider mass communications. In the early 1900s, radio was the only alternative to newspapers and magazines. But around 1940, people began talking about the emerging phenomenon of television, the ultimate source of information. The word "television" itself told the story, and even the uninitiated could imagine what a TV set was all about: sound and pictures, both emanating from one contraption!



We've come a long way since the introduction of the early computers in the 1950s.



MMRMA has identified two online training vendors: Local Gov. University and Target Safety.

Early viewers certainly couldn't have predicted TV's evolution from black and white to color, from tube to flat panel, from broadcast to digital cable and satellite, not to mention digital video recorders or their predecessors, VCRs. Yes, television technology has advanced rapidly, but it has never displaced radio or magazines.

However, an even more diverse and rapidly evolving device – the personal computer – seems poised to finish off the old print media stalwarts. The *Detroit News* and *Detroit Free Press* tout their electronic editions and have eliminated home delivery most days of the week.

So far, the Sunday print edition survives, good news for those who aren't quite ready to spend a leisurely breakfast squinting at their laptops.

Communication is now driven by computers and the internet. As humans age, we often become resistant to change, but if we don't learn at least some computer basics, we'll be left behind. With jobs to hold, bills to pay and daily affairs to manage, there's too much at stake to remain defiantly in the stone age.

In 2008, MMRMA began to explore the concept of online training. Our first lesson was about the aggression of sales reps. Once they sensed an

interest, the onslaught of cold calls and emails began. Fortunately, with eight MMRMA members and the Risk Control department serving as our test pilots, we survived the marketing blitz and have moved past the hype of prospective vendors.

MMRMA is now poised to begin phase two of the online training pilot. We're forming a second group to assist as we continue to find our electronic training comfort zone. In return for their time and effort, participating members received Risk Avoidance Program (RAP) grant funding. The next 30 members that volunteer for the now-starting second phase will also receive RAP assistance.

We have identified two capable vendors thus far – Local Gov. University (LocalGovU) and Target Safety – both of which offer a variety of courses and administrative options. As with all products, the more bells and whistles desired, the more the cost. But all things considered, the price per student is nominal.

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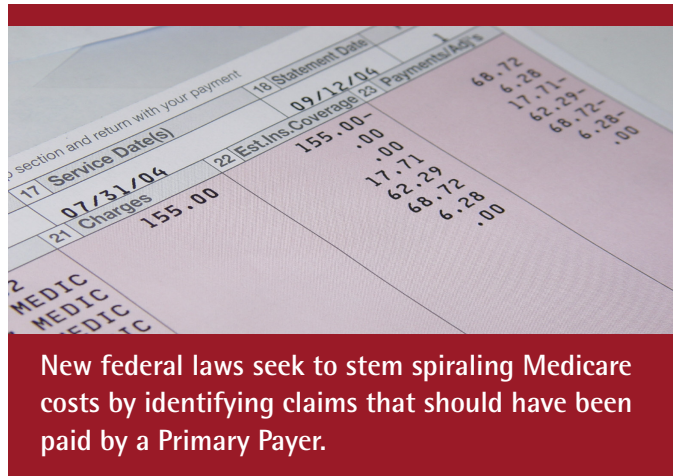
Understanding the New Medicare Reporting Requirements

by Michael Ellis,
Director of Claims

DUE TO RECENT changes in Medicare reporting requirements, organizations that make direct payment to a third party for medical services that might be paid by Medicare may be required to report this fact to the federal government. Failure to report could result in severe penalties of \$1,000 per day. While it is much too early to tell how the very real teeth in this new statute will be used, it's important to understand how this affects your entity, both as an MMRMA member and otherwise.

Medicare has had a huge impact on the federal budget due to rising health care costs and an aging population. In the mid-1980s, Congress passed the Medicare Secondary Payer Provision (MSP), which made Medicare excess over any other available program.

Medicare then started to coordinate benefits with these other programs and force them to either pay first or to reimburse Medicare when Medicare paid first in error. In many cases, these were not true errors by Medicare, but rather were caused when the Primary Payer disputed that benefits were due. In those instances, Medicare paid up front, then sought reimbursement if and when the dispute was resolved.



New federal laws seek to stem spiraling Medicare costs by identifying claims that should have been paid by a Primary Payer.

Last year, Congress passed a new group of laws, based on studies showing that Medicare was not being properly reimbursed. A report by the Governmental Accounting Office in 1999 estimated that Medicare had erroneously paid approximately \$43 billion from 1991–1998 on claims that should have been paid by a Primary Payer. Medicare seemed to be leaking \$5 billion dollars a year by not seriously enforcing the MSP provisions.

New Requirements for Primary Payers

Under the new procedure, put forth in Section 111, Primary Payers must now report to Medicare all cases that may qualify for coordination of benefits, rather than Medicare being responsible for seeking them out. The new law defines those who must report as Responsible Reporting Entities (RRE). All insurance companies and self-insurers for group health plans,

workers compensation, no-fault auto, and liability must register as RREs.

These laws were enacted with very little fanfare, considering their scope and complexity. To help solve the confusion, Medicare published a manual that interprets Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007.

The status of pools like MMRMA is specifically mentioned in the manual: *"RRE for liability self-insurance pools—Entities self-insured in whole or in part with respect to liability may elect, where permitted by law, to join with other similarly situated entities in a self-insurance pool (e.g., joint powers authority). If the self-insurance pool (1) is a separate legal entity (2) with full responsibility to resolve and pay claims using pool funds (3) without involvement of the participating entity, the self-insurance pool is the responsible*

Failure to report could result in severe penalties of \$1,000 per day.

reporting entity. If all three aforementioned characteristics are not applicable to the self-insurance pool, the participating self-insured entity is the responsible reporting entity."

MMRMA Will Report Member Claims

Having reviewed these new laws and the manual, we believe that MMRMA is an RRE and, as such, must report all member claims that meet the reporting requirements. MMRMA bases this opinion on the fact all three of the criteria are met: MMRMA is a separate legal entity with full responsibility to resolve and pay claims using pool funds without involvement of the participating entity.

This view is based on the Joint Powers Agreement and the applicable Coverage Documents. MMRMA will register as an RRE and develop procedures for filing these reports for claims handled on behalf of our members.

Although each member has a self-insured retention, it is merely financial in nature and impacts the ultimate cost to the member.

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MMRMA Streamlines Communications, Technology

IN THE COVER ARTICLE of this issue, you read about MMRMA's pilot program for online risk management training. In the coming months, MMRMA will continue to provide more of its communications and training online, in keeping with unprecedented and rapid changes in communication media from print to electronic forms across the globe.



MMRMA plans to distribute more and more membership materials electronically.

many journals, periodicals, magazines, and newsletters are also moving to electronic formats. Amazon recently released a new model of its e-book reader, Kindle, designed for loading and reading college textbooks.

MMRMA plans to distribute more and more membership materials electronically. Later this year, our Quarterly Reports will be available online via Member Representatives' login accounts. Meeting notices, agendas, and supporting

The trend is a result of exponential advances in information technology over the last several decades. Computing speed has doubled on a seven-year cycle, and the relative cost of capacity has dropped significantly. In addition, Wi-Fi capability has made high-speed internet accessible at work, home, and in public places.

Meanwhile, print media is struggling. As more and more newspapers go online only,

MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY

Please complete this sentence: I am visiting MMRMA's web site today to find information about:

What is your favorite part of MMRMA's web site? _____

Do you have a log-in account for MMRMA's web site? Yes No

If so, how often do you log in to the account? Daily Weekly Monthly Less

What MMRMA publications do you read?

- Risk Journal
- Quarterly Reports
- Bi-Weekly Risk Update
- Annual Report

We've posted a survey on our website, www.mmrma.org, to seek your feedback and suggestions for improving the site and making it a primary source of member information and communications. Please take a few moments this week to complete the survey.

material will be delivered via e-mail. Risk control resources, the *Risk Journal*, and other publications will continue to be provided in electronic form as well as print. MMRMA will also upgrade its website to provide improved functionality and fresh, timely content.

Many of these changes will allow us not only to take advantage of emerging technology, but also to save on paper, printing, postage, and labor. This is especially important in these difficult economic times.

Medicare Reporting, continued from page 2

Control over the disposition of every claim has always rested with MMRMA. Members and defense counsel need to be cautious in the future that this arrangement is properly reflected in correspondence.

If documents give the impression that the member has control over the claims process, it may inadvertently become exposed to the duties of an RRE when it is not actually performing those

duties. The resulting penalties could be catastrophic.

Please note that MMRMA members still may be required to register as RREs for other purposes. MMRMA advises each member entity to thoroughly review its specific human resource and risk management activities that result in monetary payments to individuals to determine if such reports are required. If so, the member entity must



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not follow the exact procedure, this will be deemed a failure to report.

register as an RRE with the federal government between May 1 and September 30, 2009. Upon registering, each RRE will be assigned an ID number and a reporting period. If a member is required to report but does

Please contact MMRMA with any questions about these new requirements.

SDIC Training Takes PRIMA Award



Michael Rhyner
Executive Director
mrhyner@mmrma.org

Michael Ellis
Director of Claims
mellis@mmrma.org

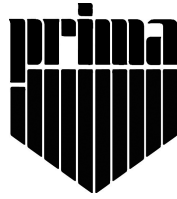
Chuck Schwab
Director of Risk
Management
cschwab@mmrma.org

The Risk Journal is published six times a year for members of the Michigan Municipal Risk Management Authority. We welcome your feedback. To comment or suggest story ideas, please contact Tamara Christie, communications specialist, at 734 513-0300, 800 243-1324, or tchristie@mmrma.org.

14001 Merriman Road
Livonia, MI 48154
734 513-0300
Fax 734 513-0318
www.mmrma.org

MMRMA'S Sudden Death in Custody (SDIC) training program received first place in the Pool category from the Public Risk Management Association (PRIMA) at its June conference.

SDIC losses have been identified as a leading contributor of law enforcement-related claims. To tackle this issue, MMRMA developed a training program and sponsored various sessions to educate its



member agencies about SDIC liability.

Risk Avoidance Program (RAP) grants helped fund additional courses to address high liability issues related to SDIC. The RAP grants allowed MMRMA to provide this extensive training resource, along with guidelines, handouts, and videos, all at no cost to members.

The SDIC program included a train-the-trainer workshop, curriculum development, and

regional training sessions throughout Michigan. In 2007-2008, more than 450 police, corrections, dispatch, mental health, and criminal justice member employees completed the course.

MMRMA's risk management department continues to bring effective, award-winning solutions to the membership. MMRMA is proud of the entire team and congratulates them on this latest achievement.

Online Training, continued from page 1

LocalGovU

LocalGovU offers approximately 125 training topics; some are job specific and others are more general. LocalGovU categories include corrections training, customer service, financial management, information technology, productivity and management, and safety and environmental issues.

With LocalGovU, each member is required to pay the initial fee of \$4.25 per course and would be reimbursed \$3.25 upon each employees' successful completion, for an actual cost to members of \$1 per course.

Target Safety

Target Safety offers five blocks of related courses for \$20 per employee. Each block contains about eight topics directed at different department operations. There are courses on operating large fleet vehicles; emergency

vehicle operations for fire, EMS, and law enforcement; supervising and management; and general human resource subjects.

RAP funding will cover \$1.75 for each of the eight courses, or \$14 per block (about 70 percent of the cost). Target

Online courses cover job-specific topics as well as human resource, management, and safety issues.

Safety also has a one-time \$495 set-up fee per member, which will be reimbursed at 50 percent (\$250) upon completion of 125 courses by that member's employees in aggregate.

Both vendors provide certificates of completion after each employee passes a comprehension test.

Director of Risk Management Chuck Schwab is heading up the online training program, with the valued assistance



of Cara Kowal (formerly Ceci) and Al Smolen. Further information is available from each vendor, but we recommend that members start with their Regional Risk Managers.

The Risk Control team will then help members and address any further questions. Please contact Cara Kowal at 734 245-7757 or ckowal@mmrma.org, or Al Smolen at 734 697-8549 or amsmolen@comcast.net, for further details about each vendor's course offerings.