

**A DESCRIPTIVE ANALYSIS OF WORKERS' COMPENSATION  
FOR THE PURPOSE OF DEVELOPING  
AN INSURANCE PROGRAM IN A  
MAJOR MULTI-HOSPITAL SYSTEM**

**by**

**MARY LOUISE DUJKA, B.S.**

**THESIS**

**PRESENTED TO THE FACULTY OF  
THE UNIVERSITY OF HOUSTON-CLEAR LAKE  
IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS  
FOR THE DEGREE OF  
MASTER OF HEALTHCARE ADMINISTRATION**

**THE UNIVERSITY OF HOUSTON -CLEAR LAKE  
DECEMBER, 1990<sup>o</sup>**

**Copyright 1990, Mary Louise Dujka  
All Rights Reserved**

**A DESCRIPTIVE ANALYSIS OF WORKERS' COMPENSATION  
FOR THE PURPOSE OF DEVELOPING  
AN INSURANCE PROGRAM IN A  
MAJOR MULTI-HOSPITAL SYSTEM**


by

**MARY LOUISE DUJKA, B.S.**

**APPROVED BY THESIS COMMITTEE**

  
\_\_\_\_\_  
**Dr. Joseph K. Taylor, Chairperson**

  
\_\_\_\_\_  
**Dr. Paul T. Bruder**

  
\_\_\_\_\_  
**Dr. William A. Staples, Dean**

## **DEDICATION**

**To Barbara LaMarche without whose immeasurable assistance and support this thesis would never have come to fruition.**

## **PREFACE**

**There are several individuals the author wishes to recognize for their invaluable support during the preparation of this thesis.**

**First, Richard J. Cheney, General Counsel for Community General Hospital, for the valuable time he gave me for an interview. Without his expertise the author would not have been able to comprehend all the legal aspects of Workers' Compensation Insurance.**

**The author also thanks Phil DePalma, Risk Manager for Community General Hospital, for his insight into the insurance aspects of the research on self insurance and Juanita Toombs, Workers' Claims Analyst for Community General Hospital, for her willingness to supply important statistics.**

**Patty Newton, for her immeasurable assistance with literature searches and library duty. And finally, the author wishes to give roses to her husband for his support and perseverance through the years spent working toward attaining this degree. December, 1990**

## **ABSTRACT**

### **A DESCRIPTIVE ANALYSIS OF WORKER'S COMPENSATION FOR THE PURPOSE OF DEVELOPING AN INSURANCE PROGRAM IN A MAJOR MULTI-HOSPITAL SYSTEM**

**Mary Louise Dujka, B.S.**

**The University of Houston-Clear Lake, 1990**

**Thesis Chair: Dr. Joseph K. Taylor**

The healthcare field, operating for years with little financial scrutiny, now faces scores of monetary dilemmas resulting from legislative directives. These directives answer demands from constituents to contain healthcare costs. Failure to do this will cost healthcare providers the loss of needed federal reimbursement dollars.

Attempting to comply, the industry has targeted for restructuring those areas that are financially burdensome. One such area targeted is the mechanism for paying Workers' Compensation.

There was a review of literature regarding the origin of Workers' Compensation, its evolution in America, the turmoil created in the Texas legislature and the long-overdue change in the Texas Workers' Compensation law. Apparent during this review was the need for an alternative mechanism to pay these benefits. With the passage of the new Texas Workers' Compensation Act, self-insurance, once banned in Texas, is now permissible as an alternative funding process. Self-insurance versus commercial insurance is to be considered in this research.

## TABLE OF CONTENTS

<b><u>CHAPTER</u></b>	<b><u>Page</u></b>
<b>ABSTRACT</b>	<b>1</b>
<b>TABLE OF CONTENTS</b>	<b>11</b>
<b>I. INTRODUCTION</b>	<b>1</b>
<b>Scope of Problem</b>	
<b>Importance of Thesis</b>	
<b>Methodology</b>	
<b>II. LITERATURE REVIEW</b>	<b>8</b>
<b>Early Beginnings</b>	
<b>American Adoption</b>	
<b>Legislative Movement - U.S. and Texas</b>	
<b>Workers' Compensation - Crisis in Texas</b>	
<b>III. THE LEGISLATIVE DILEMMA</b>	<b>14</b>
<b>The Hobby Bill</b>	
<b>The Caperton-Parker Bill</b>	
<b>IV. THE LEGISLATIVE DECISION</b>	<b>19</b>
<b>V. ALTERNATIVE FUNDING</b>	<b>25</b>
<b>VI. COMMERCIAL INSURANCE</b>	<b>30</b>
<b>The CGH Experience</b>	
<b>VII. SELF INSURANCE OPTION</b>	<b>37</b>
<b>VIII. INTERVIEWS</b>	<b>42</b>
<b>IX. CONCLUSION</b>	<b>48</b>
<b>BIBLIOGRAPHY</b>	<b>53-54</b>

## **CHAPTER I**

### **INTRODUCTION**

#### **Scope of the Problem**

**The Community General Hospital System (System) in recent years has seen a marked increase in costs associated with the provision of Workers' Compensation benefits to employees. The current environmental pressure from both local and national sources has forced the System to take a hard look at any area where it would be possible to exert more stringent control over expenses. Tighter control over expenses should create savings that would significantly add to profit margin. In an era of declining margins in healthcare, the attainment and maintenance of positive net margins is paramount to the System's survival.**

**The System, and others like it, is feeling the external pressures on it by an abundance of national issues. Some of these issues are: an increase in the number of persons with no insurance, an increase in the number of AIDS cases, the nation's increased focus on healthcare and its financing, the Federal debt, and the rapid growth in Medicare. In addition and closer to home, is the issue of investigation of property tax-exempt status of non-profit hospitals (System Healthcare Environmental Analysis, 1989). The latter is an area of great concern to the System as any change in its current non-profit status would clearly endanger**

its existence as a major healthcare provider by virtue of increased costs with no offsetting increase in revenue. A major decline in the System's profit margin (which is used to continually better the services offered) would certainly ensue. These pressures, combined with internal ones such as continual critical staffing needs, inadequate Medicare/Medicaid payments, and increasingly negative perceptions of healthcare by patients, has forced the System's leaders to analyze all facets of operations (Ibid, pg. 76).

This analysis, therefore, should afford the System the opportunity to find ways to improve its financial strength and thereby render it capable of surviving the ubiquitous regulation holocaust.

To this end, the System has identified its Workers' Compensation program as a prime target for re-structuring. The monetary impact made on the organization by this program is phenomenal. From the policy period 1984 to 1989, total Workers' Compensation expenses paid increased 30 percent and total costs incurred rose an alarming 56 percent. (National Insurance Database, 1990). This increase was a signal to senior management that an intense, detailed analysis of the expense components of Workers' Compensation benefits was paramount. During this analysis, it was determined that of all the components contributing to total expenses for Workers' Compensation, the area of insurance activity and claims management was one over which there should be more control. A comparison was made of the



**System's funding of professional liability to that of its Workers' Compensation to show that self-funding (as in the System's professional liability program) may allow more stringent control over claims management with a resultant increase in cash flow through the elimination of unnecessary administrative overhead costs. Historically, the expense associated with Workers' Compensation had not gained System management's devout attention as it had been thought to be an obvious but necessary by-product considering the type of tasks performed by its employees in such a complex environment. Consequently, the mindset was that little control could be exerted over the expenses associated with it. In addition, since management had many other areas of production that were financially sound, the expenses associated with Workers' Compensation had been more readily absorbed by the profits generated from those other areas. Therefore, its impact on the net margin was not readily identifiable. However, as the scores of internal and external pressures began to take effect on the System, and as profit margins became harder to maintain, senior management began a crusade against Workers' Compensation expenses. It was felt that this was an area ripe for investigation and restructure.**

### **Importance of the Thesis**

**The System is a not-for-profit, approximately 1,500 bed institution, operating in the state of Texas. The goal of the**

institution is to provide the best patient care in the world and to be the best service organization anywhere (System Statement of Values, 1988).

To meet this goal on a continual basis, the institution must remain viable. It is only through sound financial management that viability can be attained and maintained in today's world of complex healthcare delivery. Consequently, a new look at the funding of the System's Workers' Compensation program has become a top priority, as this has been and continues to be a very costly area of operations. With the passage of Senate Bill Number One, the new Texas Workers' Compensation Act with its provision allowing for self-insurance by employers, (New Texas Workers' Compensation Act, Article 3, Section D.) the possibility of self-insurance as an alternative will be explored. This thesis will attempt to bring to a conclusion whether using commercial insurance or opting to self-insure as an alternative funding mechanism for a major multi-hospital system is a prudent course to follow to control exorbitant expenses associated with Workers' Compensation.

### **Methodology**

In order to ascertain whether or not the option to self-insure a Workers' Compensation program was a practical approach in reducing uncontrollable expenses, the author decided to address the issue in phases. The first phase was to review Workers'

Compensation in general, through an extensive literature review. This was primarily through books written on the subject. This review allowed the author to study its history, evolution and status in the United States. This study included Workers' Compensation in business as well as healthcare. In phase two, a review was done of the current periodical literature to determine whether business and healthcare had been considering the option to self-insure as an alternative mechanism for the existing practice of payment for Workers' Compensation. The main thrust of this phase was to determine if self-insurance, as an alternative to the traditional insurance for Workers' Compensation, was being used, who was using it, how well was it working, and would it be a probable alternative for healthcare in Texas. Once this information was obtained, phase three was invoked to determine if and how self-insurance should be introduced into healthcare in Texas, i.e. CGH System. This was accomplished through attendance at seminars where Workers' Compensation insurance was the topic, by obtaining seminar documents, and by obtaining information from the Texas Hospital Association's Legal Services Department regarding the new Workers' Compensation bill and how it will affect hospitals as employers. The fourth and final phase of the research for this thesis included interviews with General Counsel of the System, the Risk Manager of the System and with both the senior regional representative, and the loss control specialist for the System's Workers' Compensation insurance provider. The questions asked of General Counsel during an interview were: 1)

**Now that self-insurance is a permissible option in Texas, do you feel that the System should consider this alternative mechanism for its Worker's Compensation program?**

**2) What do you think are the advantages of this option?**

**3) What do you think are the disadvantages? 4) Is there another alternative funding mechanism that would work better than self-insurance? 5) Since two of the requirements to self insure are to have a plan for claims administration and to demonstrate the existence of an effective safety program, do you feel that Community General Hospital is prepared to undertake such a burden?**

**6) What are the advantages of staying with a commercial carrier?**

**7) The disadvantages? These same questions were asked of the manager of the Risk Management Department.**

**A similar approach was taken with the representatives of the System's Workers' Compensation insurance provider. The questions asked were: 1) Now that self-insurance has become an alternative not previously allowed in Texas, do you think this is a funding option healthcare providers should consider?**

**2) If the option to self-insure is chosen by the System, how could you help with the transition? 3) Given our current experience, would you be willing to handle our excess insurance coverage?**

**4) How do you see your working relationship with the System in the setting with self-insurance as the primary insurance program for its Workers' Compensation Program?**

**Once all this information was gathered and assimilated, a realistic proposal for commercial insurance versus self-insurance**

**was developed outlining the pros and cons of either remaining with a commercial carrier or going to a self-insurance funding mechanism for the Workers' Compensation program at the Community General Hospital System ("Analysis of Community General Hospital's Workers' Compensation Program," August 1990, 2-6).**

## CHAPTER II

### LITERATURE REVIEW

There is an abundance of literature on Workers' Compensation. However, very little of it is up-to-date. The author did find a few good books, that, while old, still had pertinent information on the subject. The author also noted that practically all the literature found about self-insurance for Workers' Compensation was written for areas outside Texas as well as outside the healthcare field. Much has been written about alternative funding mechanisms, including self-insurance, over the past few years. However, to bring this thesis to conclude whether self-insurance is a viable alternative funding mechanism for a multi-hospital system, the author divided the literature review dealing with self-insurance for Workers' Compensation into several sequential categories. These categories were: introduction and evaluation of Workers' Compensation in general in the United States; its history in Texas; the crisis created in Texas leading up to its present state as an area possibly ripe for self-insurance as an optional funding device; and the dilemma found in the Texas legislature that resulted in major changes in the Texas Worker's Compensation Law.

#### Early Beginnings

There has never been a time in the history of man when work has not been dangerous. Pre-historic man, Egyptian slaves, the builders of Rome, and England's early sailors were all subject to

work that endangered life and limb. As time progressed, man's work became even more efficient with the use of complex tools, machinery and chemicals. However, in those early times, when a death or crippling accident did occur, the injured worker was merely replaced with another worker. And should he have escaped death, he was returned to his family where he became a burden to both family and the society in which he lived. Begging and menial work (if such work were available) were the only means of obtaining an income for the injured worker (Somers & Somers, 1954, 8).

In the 1800s, during what has been termed the handicraft age (Ashburn, 1938), owners of mills and factories were always found on site and maintained a sense of responsibility toward their employees (Somers and Somers, 1954, 8). However, as time progressed and the work environment became one in which more complex machinery and chemicals came into use, owners became more business oriented and were less likely to be physically present at the worksite. This was the beginning of impersonal corporate structuring that would last for decades.

During these growing years there was an abundance of cheap labor as a result of heavy immigration. This steady stream of poor immigrants, willing to work under any conditions, was the beginning of degradation of human life (Ibid.), as well as the beginning of an era where callousness began to breed contempt in the U.S. workplace; a contempt that was to change the employer/employee relationship for years to come.

## American Adoption

In the early 1900's, accidents involving the railroads and mines were occurring regularly. These accidents were attributed to accelerated industrial activity, a complete absence of any concerted safety efforts, long work days, and child labor (Ibid., 9). Eventually, this plethora of accidents caught the attention of employers and the costs associated with these injuries became a great concern. Employers were having to pay lost time of an injured employee by hiring other workers; pay for repairing any damaged equipment; pay costs associated with lost or decreased production; and pay increased costs charged to the employee health and welfare systems (Ibid.).

The employers during this period had in their favor three types of defense: "Contributory negligence," which showed that an injured employee contributed to the accident through his own negligence; the "fellow servant" doctrine, whereby a fellow employee of the injured worker was held responsible for the accident, or "assumed risks," the idea that an employee had knowledge of the risks of the job when accepting it and assumed the risks (Ashburn, 1938). As a consequence, the burden of workplace accidents for the most part was placed directly on the worker.

## Legislative Movement- U.S. and Texas

Workers' Compensation legislation in the U.S. actually had its roots in Germany in 1884 under the leadership of Bismarck where a comprehensive system of sickness, accidents and old age



insurance was made effective. The United States had been interested in changing it's system for a variety of reasons and, as a result of what was occurring in Germany in 1891, John Graham Brooks was commissioned by the United States Bureau of Labor to investigate the German system. In 1898, the Bureau of Labor Statistics of Massachusetts, as a result of a study of U.S. industrial accidents, performed a similar study on the German system. By 1903, a number of legislative commissions were appointed to gather U.S. statistics for the purpose of introducing Workers' Compensation legislation. After 1905, organized labor began to assert its influence for the enactment of state laws for compensation of workers as well (Ibid., 16).

By 1912, public interest had been aroused on the issue of Workers' Compensation. In Texas, at a state Democratic party convention in San Antonio, a resolution was endorsed favoring a Workers' Compensation law. By March 31, 1913, the Texas Employers Liability Act, effective on September 1 of that year, was passed. This act was adopted almost in its entirety from the Massachusetts law which had a provision for an elective law and the annulment of the three historical common laws. Under this new system, an injured worker would be provided financial relief more quickly than ever before (Somers & Somers, 1938).

### Workers' Compensation - Crisis in Texas

The principle behind Workers' Compensation was always a good one. It was created to provide security to both the employee and the employer. Employers had the need to be protected from law

suits that would be financially devastating to them in the event a worker should sue them for an on-the-job injury. Likewise, employees needed assurance that their medical bills and salaries would be compensated should they be injured on the job. This system was to be serviced by three major professions: doctors, lawyers and insurers (Austin, 1988).

Ironically though, the support system appears to have been the major cause for the crisis in Texas's Workers' Compensation system today. The costs associated with providing Workers' Compensation benefits have escalated higher than anyone would have anticipated. And it would appear that those costs are for physicians, lawyers, and insurance companies. The Workers' Compensation Research Institute found that while consumer prices nearly doubled between 1975 and 1986, the costs of medical services nearly tripled (Milikan, 1989). The ceiling on attorney's fees in Texas is 25 percent of awards, versus 10 to 20 percent elsewhere; and insurance companies have failed to stop frivolous claims and have therefore, allowed thousands of cases to go uncontested (Austin, 1988). The many transgressions against the Workers' Compensation system by these three major professionals "supporting" the system culminated in 1989 when the rate for Workers' Compensation insurance realized over a 200 percent increase during a period of only five years (Gagen, THA Seminar, 1989).

It was obvious the system wasn't working. However, before it could be fixed, the underlying components creating this phenomenal increase had to be researched. In short, while the reasons were multiple, the basic causes of this increase and the

**resultant crisis in Workers' Compensation were:**

- **Medical care decisions are more technical than ever;**
- **Third party payors allow little incentive to lower costs;**
- **Most medical care providers are fee-for-service (more service, more fee);**
- **Cost shifting by institutions and insurers due to the Medicare system of DRGs;**
- **Medical care for Workers' Compensation cases is fixed by law and can not be negotiated (Miliken, 1989).**

**In order to break this perpetual cycle, insurers, businesses, government, lawyers, and physicians must begin to cooperate and work together to provide our workers with a benefit they should have. Continual self-interest, greed and lack of concern for a secure Workers' Compensation system by all factions involved will surely end this benefit as it is known today.**

## CHAPTER III

### THE LEGISLATIVE DILEMMA

For many years employers have been concerned about Worker's Compensation rates putting them out of business. Small companies had been seeing rates they couldn't afford while at the same were trying to stay operable. Large companies were seeing these rates reduce their bottom line and as a result erode their ability to provide quality levels of service. These increased rates, 200 percent for a period of only a few years (Gagen, 1990) were instrumental in driving the legislative process to effect a fix to the Texas Workers' Compensation System.

The Texas legislature responded to the crisis by creating a Joint Select Committee to research what was causing these costs in Workers' Compensation to increase so dramatically (THA Seminar, 1990) The committee found some very interesting facts about the system; not only was it costly but it was functioning poorly as well. Some of the major findings of the committee were:

- ° There were really two systems at work in Texas; one was in statute and one in the reality of how day-to-day claims were handled;
- ° Texas has some of the highest average cost per Workers' Compensation claim in the country, but the benefits are one of the lowest;

- ° The medical costs in Texas were higher than anywhere else;
- ° There is absolutely no control in utilization of medical care and there were actually incentives in the System to over utilize medical care as over utilization of medical care would enhance the settlement value of the case;
- ° Seriously injured workers, under economic duress or hardship, would play a greater role in what the worker received instead of what the law said the worker should receive;
- ° There was no effective means of resolving disputes (Ibid.).

### Workers' Compensation System

With these findings, the Texas legislature was confronted with the charge to develop a law that would put equitability back into the system and at the same time be acceptable to their constituents. Given this charge, the legislature devoted their time to making a change in the Workers' Compensation law in Texas that would be better for employers and employees as well. The two major bills that the Texas Legislative dealt with to resolve the Workers' Compensation issue were a bill submitted by Lt. Governor Bill Hobby, the "Hobby Bill", and a bill submitted by Senators Kent Caperton, D - Bryan and Carl B. Parker, D - Port Arthur, the "Caperton-Parker Bill". The major components of these bills

**deliberated by the legislature are as follows:**

**The Hobby Bill**

**Lt. Governor Bill Hobby, D - Texas, drafted a bill that he thought would address and correct the major issues facing the Texas Workers' Compensation system. The major areas of the bill he presented were:**

- ° To increase benefits for seriously injured employees;**
- ° To limit the role of courts in resolving disputed claims;**
- ° To provide discounts for safe employers;**
- ° To apply surcharges for hazardous employers;**
- ° To fine up to \$5,000 per day for safety violations;**
- ° To have mandatory coverage for businesses of more than four employees by 1996; and**
- ° To overhaul the insurance pool for employers who cannot purchase compensation coverage on the open market (The Houston Post, November 10, 1989).**

**Opposition to the Hobby Bill included the following:**

- **Hobby proposed that the standards of the American Medical Association be used to determine how much an injury is worth. The trial lawyers association opposed the concept as similar injuries can mean different degrees of impairment, depending on occupation; and**
- **Organized labor opposed the bill as it doesn't provide enough emphasis on worker safety (Ibid., Dec. 2, 1989).**

### **The Caperton - Parker Bill**

**Senator Kent Caperton, D - Bryan, and Senator Carl Parker, D - Port Arthur, drafted a bill they thought would best address and correct problems existing in the Texas Workers' Compensation System. The major areas addressed in this bill were:**

- **A provision to set up a state insurance company; and**
- **A call for a 15 percent reduction of all Workers' Compensation premiums over two years if it should be actuarially sound (Ibid., Nov. 12, 1989), and a better provision for worker safety (Ibid., Dec. 13, 1989).**

**The major opposition to this bill came from business and insurance industry groups who blamed the high insurance rates on trial lawyers which included Senators Caperton and Parker. However, trial lawyers accused insurance companies of being greedy**

and of gouging smaller employers by putting them indiscriminately into the Assigned Risk Pool, a pool originally intended for bad risks, to increase insurance company profits.

Under the Caperton-Parker Bill the state insurance company would be a means to stimulate competition, lower insurance rates, and offer an alternative insurance market should more private companies withdraw from the insurance market. However, a major drawback to this arrangement is that capitalization requirements for the state insurance company would be drawn from higher Workers' Compensation premiums (Ibid., Section J, 3).



**CHAPTER IV**  
**THE LEGISLATIVE DECISION**

On Tuesday, December 12, 1989, a Workers' Compensation reform bill was passed. This amended Texas Workers' Compensation Act actually becomes effective January 1, 1991. (New Health Care LAWS, 1990).

A highlighted legal summary, as cited in the addendum to Texas Hospital Association's New Health Care LAWS follows:

**Texas Workers' Compensation Commission**

- ° The current three member Industrial Accident Board becomes a six member board appointed by the governor.

**Workers' Compensation Coverage**

- ° Coverage remains voluntary but any employers electing not to provide Workers' Compensation coverage must notify their employees of such at time of hiring and must also provide written notice to the commission.
- ° The ability to self-insure, with certain guidelines followed, is now allowed. An application must first be made to the commission by the employer wishing to

**self-insure. This will become effective on January 1, 1993.**

### **General Benefits**

- **"Are exempt from garnishment with certain limited exceptions."**
- **"Disability benefits to be called Income Benefits."**
- **"There will be four categories in income benefits:  
1) Temporary, 2) Impairment, 3) Supplemental,  
and 4) Lifetime."**

### **Medical Benefits**

- **"The injured employee is entitled to the initial choice of a doctor. The employee may change doctors once following the submission to the commission of why the change is necessary...a third or subsequent doctor is subject to approval by the insurance carrier or the commission."**
- **"Effective June 1, 1993, the commission shall require" that an injured employee "receive medical treatment from a doctor chosen from a list of doctors approved by the commission."**

## Compensation Procedures

- "The employee is required to notify the employer, in writing, within 30 days after the injury or after he knew or should have known that the occupational illness was work related."
- "If an injury results in the absence of an employee from work for more than one day...the employer shall file a written report with the commission and the insurance carrier. The report must be mailed to the commission and the insurance carrier not later than eight days after the employee's absence from work or the employer receives notice the employee has contracted an occupational disease." Upon notification of an injury or death "the commission shall mail to the employer a description of the services offered by the commission, the commission procedures, and the employer's rights and responsibilities under this act."

## Workers' Health and Safety

- "The worker's health and safety division is created and is required to collect information on workers' health and safety" for purposes of

**identifying and prioritizing safety needs.**

- **Defines "extra-hazardous employers" as "those employers whose injury frequency substantially exceeds those that may reasonably be expected in that employers' business or industry."**

#### **Texas Compensation Research Center**

- **"Created as an advisory board to the commission...conducts professional studies to study workers' compensation issues."**

#### **Adjudication of Disputes**

- **"Requires the hearings division of the commission to conduct benefit review conferences, contested case hearings, arbitration, and appeals within the agency."**
- **"Delineates the purposes of the benefit review conference."**
- **"If issues remain unresolved after the benefit review conference, the parties may go to arbitration if mutually acceptable by both parties."**

## **Penalties**

- **Criminal penalties incurred for fraudulently obtaining or denying Workers' Compensation benefits.**
- **Rate rollback policy possible for a three year rate rollback if State Board of Insurance feels such would be beneficial.**

## **Effective Dates**

- **"...Act generally effective January 1, 1991."**
- **"...Reorganization of commission is effective April 1, 1990."**
- **"The self-insurance provisions are effective January 1, 1993, and the**
- **Arbitration procedures within the adjudication of disputes process is effective January 1992."**

**Now that the legislative battle is over and Texas has a new law, a law that for the first time allows an employer to self-insure, many companies will be reviewing the pros and cons of self-insurance. They will be looking at what funding mechanism is**

right for them and many may opt to self-insure.

After an extensive review of the literature on Workers' Compensation, the author has found that there are several alternatives to funding Workers' Compensation. In addition, during the literature review, the author found a common denominator that is a vital component to the success of any funding mechanism. That common denominator is safety in the workplace. Lack of safety was responsible for starting Workers' Compensation and is what has brought Workers' Compensation to its current state of being out of control. In the author's opinion, in the final analysis, there are really two basic options then that are available to the System. Consequently, it is the author's intent that this thesis analyze commercial versus self-insurance funding options and show that in either case, sound general safety practices in the workplace are paramount to controlling the costs associated with Workers' Compensation. The author will conclude by showing what option should be taken by Community General Hospital and by others like it in the Healthcare field, to reduce costs associated with Workers' Compensation.

## CHAPTER V

### ALTERNATIVE FUNDING

#### Background

From 1984 to 1988, the amount of money spent on alternatives to traditional insurance increased 50 percent, from approximately \$30 billion to approximately \$60 billion (Waldman, 1988). Business interest in alternative funding mechanisms rose sharply from 1985 to 1986, the time of a liability crisis during which many companies saw rates soar while others had insurance coverage canceled (Joseph, 1988). "Today, there are too many insurance companies to be efficient...U.S. insurance industries are over-regulated, depend too much on re-insurance and include more than 500 severely under-reserved property casualty insurers" (Shapiro, 1987). Risk managers, due to the hard commercial insurance market over the past few years, have concentrated too much on insurance placement rather than on risk assessment and risk control (Ibid., 3).

During an extensive review of the periodical literature on the subject of alternative funding mechanisms, the author found considerable reference to the "insurance" or "liability crisis" of the past several years as being the cause of companies feeling the need to go outside conventional insurance coverage. Therefore, before a comparison is made of commercial versus self-insurance, a brief summary should be given explaining why this need arose. An understanding of this "crisis" as a whole should provide the

reader the background information necessary to understand the option process and ultimately the proposed solution to the dilemma the author will develop.

### Insurance Crisis

"On March 22, 1988, the attorney generals of eight states filed anti-trust class action lawsuits...which identified defendants who conduct liability insurance business ...including large diversified insurance and re-insurance companies, U.S. and British brokers, members of Lloyds of London, and trade associations" (Hampton, 1989).

This statement would make it appear insurance companies were the basic cause of this crisis, but that isn't the case. "An inherent purpose of insurance is sharing the risk" (Joseph, 1986). The rationale for insurance is simple: "it is the ability to pool risks and predict losses...allowing for the collection of premiums from many...to cover the losses of a few..." (Hampton, 1989). An insurance company's function is set forth in the following equation:

$$\begin{aligned} \text{"Net income or loss} &= \text{premiums collected} \\ &\text{and income from investing assets} - \text{claims paid} - \\ &\text{administrative expenses"} \end{aligned} \text{ (Ibid., 47).}$$

While this equation is quite simple, often times in actuality its implementation can be very complex. Insurance is cyclical - losses can be substantial (based on claims) for one or



two policy periods and then reverse and be quite profitable for the same length of time. As an example, in 1985 the industry experienced cumulative annual losses of \$3.3 billion but by 1987 the cycle had reversed and profits were above \$20 billion (Ibid.). Unfortunately, there is no single reason why these cycles occur or why they are so diverse in nature. However, some reasons for the increase in liability coverage can be attributed to expanded interpretation on coverage, increased frequency and size of jury awards for negligence and alleged wrongdoing, and class action lawsuits being promulgated as a means of compensating grievances against large corporations. As a result, there were high jury judgements, high legal costs, long-tailed (delayed) coverage of possible catastrophes, and a change in the social role of insurance (Ibid.).

The basic cause of the crisis then was an increased exposure to risk by insurance companies. The obvious solution to cover this increased exposure was for insurance companies to increase costs to their clients until the costs associated with the exposure could be reduced.

The liability crisis was only part of the increased costs generated by insurance companies. Liability insurance is one of many types of insurance offered by commercial carriers. Workers' Compensation insurance is another type that has seen unprecedented cost escalation. Payments for Workers' Compensation insurance cost 73 percent more than they did in 1985. Many small businesses are now unable to afford Workers' Compensation coverage for their employees and without this coverage a company is fully liable for medical bills and lost wages in illness, injury, or death caused

by on-the-job accidents (Austin, 1988). In addition, a company could be wiped out financially should an employee sue and win a large settlement.

The question again comes to mind as to why rates are skyrocketing in insurance. The answer is the same in nearly all areas; liberalized laws and unsound court decisions have resulted in the awarding of outrageous judgements. Added to that, Workers' Compensation insurance is fraught with fraud throughout its system, from employee through physician, lawyer, and insurance company. Workers' Compensation was intended as compensation for injury, not what it has become, a replacement for unemployment (Ibid, 8).

### Funding Options

There are many alternatives to funding for Workers' Compensation. Some of the major ones available are:

- ° "Going Bare" a company pays claims benefits out of its budget (Waldman, 1988);
- ° Forming a Risk Retention Group - a means for business and professional groups with similar risks to band together and self-insure - either through their own companies or through insurance collectors (James, 1987);

- **Forming a Captive Insurance Company** - a company owned by a single parent through which premiums flow in lieu of the commercial carrier (Pearson, 1988);
  
- **Self Insuring** - employer pays day-to-day claims and has commercial insurance coverage for losses above the pre-determined point (Sood, 1988); or
  
- **Insuring with a Commercial Carrier** - the traditional way to insure: pay premiums to an insurance carrier and allow them to handle claims and pay your bills.

While there are advantages to each of these alternatives, CGH found that the first two options were, 1) not financially feasible, and 2) not necessary due to the large size of CHG alone. The remaining three, however, are still under consideration.

## CHAPTER VI

### COMMERCIAL INSURANCE - THE CGH EXPERIENCE

Workers' Compensation is currently being handled for the System by a commercial insurance carrier brokered by a major brokerage firm in Texas. The current insurance carrier has had the System's account for two policy periods. A change in carriers was made in policy year 1988 as the System felt the former carrier was not handling its claims well enough and costs had escalated out of control.

The System, as stated earlier, has seen an unacceptable rise in the cost of its Workers' Compensation coverage. Now, however, changing insurance carriers in 1988 appears not to have been the solution to reducing costs in this area. Many other factors play a role in the cost of Workers' Compensation and one such factor the author found in the literature was that of workplace safety.

During the much publicized debate in the legislature over Texas' Workers' Compensation system, there was "one area in which most critics of the Texas system found agreement...workplace safety" (Bradford, 1988). As stated by Senator Frank M. Tejada, Jr., D - San Antonio, "we need to reinforce the utilization and effectiveness of safety programs," and Rick Heustis, Association of Business, "we...need to take a much more serious attitude toward selecting, training and equipping...employees so they can provide the tasks they're being compensated for in a safe and productive manner" (Ibid.).

**The policy year for Workers' Compensation in the System is from September 1 through August 31. In January of policy year 1988 (four months into the fiscal year for CGH), the Safety Committee of the System was charged with effecting a means to reduce Worker's Compensation expenses by \$500,000. This was to be accomplished by year's end. The key components necessary to significantly effect this reduction were:**

- ° Restructure the Safety Committee by reducing the number of members to form a more workable unit;**
- ° Require attendance at Safety Committee meetings;**
- ° Have Risk Management and Safety work closely together to coordinate significant findings and trends on employee accidents;**
- ° Re-structure the System's Employee Back School and market it continually to all employees to reduce accidents of back injury;**
- ° Provide a summary report of Safety Committee activities to senior management; and**
- ° Require mandatory reports on their committee activities from sub committee chairmen.**

**Throughout fiscal year 1988 (same as calendar for CGH), intense efforts were made by Safety to effect changes in the Safety Program that would in turn effect the required reduction of \$500,000 in Workers' Compensation expenses. These efforts included:**

- ° Membership of the Safety Committee was reduced from 35 to 27 making a better working committee;**
- ° Attendance at Safety Committee meetings by members was monitored by the executive with management responsibility for the Safety Department;**
- ° Employee accident statistics were compiled weekly and trends by division, department, and job classification were identified and reported to senior management;**
- ° Attendance at the Employee Back School was not only encouraged but was monitored by the executive responsible for Safety, and poor attendance formatted in a report, by division and by department, was generated by Safety and brought to the attention of appropriate senior management;**
- ° Summary reports of Safety activities were reported to senior management; and**

- **All sub-committees began active participation in issues relating to accidents and loss control assigned to them by the Safety Officer.**

**In addition to the above efforts, the Safety Department also directed intense efforts to enhance safety education for all employees through the work of the Safety Education sub-committee of the System's full Safety Committee. These intense efforts included requirements:**

- 1. To have articles written on safety, as related to the major types of accidents, and published in the System's employee newspaper on a monthly basis;**
- 2. That a paycheck stuffer be developed and distributed on a quarterly basis so all employees were made aware of senior management's support of Safety at Community General Hospital;**
- 3. That central areas be identified that could be added to the System's cable television system so films on safety education could be made readily available to all personnel on all shifts;**
- 4. To monitor all employees who had been off work and on Workers' Compensation for more than thirty days for the purpose of reviewing each case with the expectation that**

**a return to a modified duty program would result;**

- 5. To increase departmental safety inspections by the Safety Officer to assist departments in enhancing and maintaining a safer working environment;**
- 6. To promote a Safety and Security Exposition as an annual event to emphasize safety issues and heighten the employees' awareness of the importance of safety in the workplace;**
- 7. To track safety education inservices for all employees on a database (this was being done only in Nursing);**
- 8. To promote the slogan "Safety is Simple" in all articles and written communication regarding safety;**
- 9. To investigate the possibility of obtaining grant money to assist with the funding of safety educational programs; and**
- 10. To enhance communication with the insurance carrier.**

**All efforts above were developed and all but four (#'s 2, 3, 7, & 9) were brought to fruition. However, the intense efforts made did result in a decrease in total cost for Workers' Compensation during fiscal year 1988 of \$419,794 (CGH, Financial Accounting, 1989).**



It was obvious then that the "Hawthorne effect" was alive, well, and working at Community General Hospital during 1988. However, none of it would have been possible without the staunch support of Safety by senior management. It was through a single senior executive and his superior that these efforts were channeled, and only by their understanding, support and communication to others in senior management were these efforts rewarded.

The Safety, Risk Management and Quality Assurance departments were structured organizationally in a subsidiary corporation of the System known as Community General Hospital Services, Inc. under the direction of a System Senior Vice President. Effective March 1, 1989, Community General Hospital Services, Inc. was dissolved in a corporate re-structure. At this time, the Risk Management Department was reassigned to the System (Corp) under the direction of General Counsel. The Quality Assurance Department was reassigned to the Patient Services Division under a vice president and the Safety department was assigned to the Support Services Division under the direction of a manager. While this was obviously thought to be the correct re-allocation of these departments at the time, the result, in regard to expenses for Workers' Compensation, was devastating. There was no longer an individual in senior management to coordinate the activities of these three departments. Without this coordination, the momentum in safety control was diminished nearly to extinction. No longer was attendance at Employee Back School monitored, no longer were accidents diligently reviewed, no longer was there intense communication to employees about the importance

of safety in the workplace, and no longer was there close communication with the insurance carrier. The result - Workers' Compensation expense for 1990 is projected to be in excess of \$2 million compared with \$1,525,000 in 1989, \$1,198,000 in 1988, and \$1,388,061 in 1987. (Risk Management Dept., CGH, 1990).

Was this the fault of the insurance carrier? Certainly not. The fault, if any can be found, lay in the lack of understanding and communication within the System of the importance of a fully developed Safety Program in the role of accident prevention and in general, overall loss prevention for Workers' Compensation.

Due to the projected increase in total Workers' Compensation expense for 1991, the System, through Risk Management, began to research the feasibility of creating an alternative funding mechanism. Should the System stay with its current commercial carrier, the following would apply:

- ° There would still be no control over claims handling;
- ° The System would still be subject to the ups and downs of the commercial insurance market; and
- ° The Workers' Compensation program at Community General Hospital would remain fragmented. (Analysis of Workers' Compensation Program, CGH, 1990, 2).

As this scenario is certainly not acceptable, the option to self-insure was researched.

## CHAPTER VII

### THE SELF-INSURANCE OPTION

While there are several alternative funding mechanisms available for Workers' Compensation, the System narrowed its options to two - remain with the current carrier or use a fronting carrier as the first phase in going to self-insurance. A fronting carrier would in essence be the claims company who would pay all claims and would be managed by CGH employees. The reason for the "Front" is that auditors only recognize re-insurance between one insurance company and another. CGH would provide funds to a captive (a holding company either on or off shore) and the captive would deal with the fronting carrier. The captive would be insured above excess limits. The system, with nearly 7,000 employees, feels it is large enough to implement and maintain a self-insurance program of this sort.

The System would, in effect, become its own insurance company, assuming the responsibility of furnishing adequate medical care, investigating and adjusting claims, and paying compensation for all employees (Ashburn, 1938).

#### Advantages

Two major advantages of self-insuring are:

- It saves expense loading of an insurance premium

**(brokerage fees, salaries, rent, and other expenses)  
paid to an insurance carrier; and**

- ° **It creates an incentive in the area of accident prevention, for the safer the self-insurer makes his business, the lower the payments in compensation benefits (Ibid. 68).**

**The two main reasons the System would opt for self-insurance would be to:**

- ° **Save money; and**
- ° **Exert more control over losses.**

**The self-insurance mechanism opted for review by the System was that of using a fronting insurance program to obtain self-insurance flexibility. This fronting program would:**

- ° **Allow significant savings in the area of claims management; and**
- o **Begin the development of internal programs that would easily transfer to a more effective self-insurance program later on.**

The use of a fronting carrier would allow the flexibility of self-insurance by the use of:

- Internal claims administration;
- Internal program design;
- Better cash flow management; and
- Ultimate cash savings (DePalma, 1990).

The major benefit of setting up such a front is that Community General Hospital would still have the protection of the Workers' Compensation statute while its learning curve was being perfected (Ibid., 4).

While two of the advantages of this type of funding mechanism, cost savings and incentives for accident prevention, have been stated, there are more advantages:

- Investment of reserves opportunity;
- Better cash flow (no advance payment of losses);
- Closer involvement in claims with better control over eventual costs;

- **Involvement with reviewing claims;**
- **Prompt payment of legitimate claims;**
- **Improvement in employee relations (a third party is not involved);**
- **Profit opportunities in risk-bearing activities; and**
- **Access to excess and re-insurance markets" (Self-Insurance Resource, Inc. 1989).**

### **Disadvantages**

**However, there appear to be just as many disadvantages:**

- **"Must provide financing for losses in retained risk area;**
- **Must provide for services previously obtained from the insurance carrier;**
- **Must manage risk better - may require stepping up staffing internally;**
- **Loss of tax deductibility on the earnings from reserves for expected losses;**

- ° **Security requirement - deposit for incurred liabilities in a combination of cash or negotiable securities, an irrevocable letter of credit and/or a surety bond in an amount equal the greater of \$300,000 or 125 percent of the applicant's incurred liabilities for Workers' Compensation;**
- ° **Pyramiding of reserve liabilities over time;**
- ° **Adverse loss experience will cost the company directly;**
- ° **Adverse cash flow can develop with bad claims experience or the settlement of claims; and**
- ° **Difficult to budget for cash flow and financial statements"**  
**(Ibid., 22).**

**For the System, the advantages of this option were quite appealing. However, as many of the disadvantages would significantly affect operations in the System financially, any drastic change could not be considered.**

## **CHAPTER VII**

### **INTERVIEWS**

**In order to develop a realistic conclusion to the dilemma facing the System, the author interviewed those individuals thought to be key in the decision process. The first two individuals interviewed were the System's General Counsel and the System's Risk Manager. The following questions were posed to them:**

- ° Now that self-insurance is a permissible option in Texas, do you feel the System should consider this alternative mechanism for its Workers' Compensation program?**
  
- ° What do you think are the advantages of this option?**
  
- ° What are the disadvantages?**
  
- ° Is there another funding mechanism that would work better than self-insurance?**
  
- ° Since two of the requirements to self-insurance are to have a plan for claims administration and to demonstrate the existence of an effective safety program, do you feel Community General Hospital is**



**prepared to undertake such a burden?**

- **What are the advantages of staying with a commercial carrier?**
  
- **The disadvantages?**

**The interview with General Counsel revealed the following: The option to self-insure would be considered if the System did a better job in controlling Workers' Compensation costs than did the commercial carrier. When asked about the advantages of this option, General Counsel stated that if we could handle the Workers' Compensation process internally, we would not need to pay pool fees and we would also have the advantage of earning interest on funds set aside for self-insurance. The major disadvantage, in his opinion, was the premium effect felt when premiums escalated due to the adverse loss experience of other companies with whom the risk is shared while in the hands of a commercial carrier. When asked if there was another funding mechanism that could be utilized in lieu of self-insurance, General Counsel felt that the risk in any other area (i.e. Going Bare) would be too significant financially. He further commented that at this time, the System would not be able to meet the self-insurance requirements of having a plan for claims management and the demonstration of an effective safety program.**

**The last two questions posed were those relating to the**

advantages and disadvantages of staying with a commercial carrier. In brief, General Counsel felt that the primary advantage of remaining with a commercial carrier was stability. He felt, while we get the benefits of their rates, in good times and bad, we had the stability of an experienced group of individuals handling our Workers' Compensation insurance process.

An interview was also held with the System's Risk Manager. The same questions were asked with the following results: The option to self-insure the System's Workers' Compensation expenses would not be feasible as the requirement to disclose total financial data would not be possible. However, the Risk Manager felt that there were two major advantages to self-insurance: claims management and overall case control. He further commented, the disadvantage would be that it would still create an assigned risk pool. When asked what, if any, other funding mechanism should be considered, the Risk Manager felt being a non-subscriber (rejecting the act) would be plausible. He also felt that at this time, due to the claims management and effective safety program requirements under the new act for self-insurance, CGH would not be ready to self-insure, if that alternative mechanism were to be considered viable. He felt, though, that would take about nine months to prepare the System to non-subscribe.

Again, the last two question posed to the Risk Manager were those related to the advantages and disadvantages of remaining with a commercial carrier. He felt there were no advantages to staying with the carrier but the disadvantages were the insurance company would continue to settle claims without the System's

**involvement and would continue to refuse to give the System access to claims documents. This lack of cooperation, he felt, was a serious barrier to a successful working relationship with the insurance carrier and no improvement would be likely to occur.**

**The second component of the interview process was to elicit opinion from the System's current commercial insurance carrier. The author would like to point out that prior to the interview, a biased response was anticipated. The questions posed to the representatives of the insurance carrier were:**

- ° Now that self-insurance has become an alternative not previously allowed in Texas, do you think this is a funding option healthcare providers should consider?**
- ° If the option to self-insure is chosen by the system, how could you help with the transition?**
- ° Given our current experience, would you be willing to handle our excess insurance coverage?**
- ° How do you see your working relationship with the System in the setting with self-insurance as the primary insurance program for its Workers' Compensation program?**

**As anticipated, the representatives of the insurance carrier were not wholly supportive of self-insurance. They**

cited various reasons not to self-insure but the major one was that a business would have to become its own insurance company and since insurance was not healthcare's forte, this would not be a reasonable option to pursue. They would of course provide CGH with excess coverage as necessary to handle any transactions in this capacity. When asked if they would provide the author with some information on the pros and cons of self-insurance the answer was a reluctant affirmation. However, the author never received that information.

Once these interviews were concluded and the author was able to assimilate the responses, a review of the actual cost data for the past three years was made. The information obtained from the Risk Management Department on total costs for Workers' Compensation expenses for the past three years was as follows:

<u>Year</u>	<u>Total Cost</u>
1987	\$1,388,061
1988	\$1,198,958*
1989	\$1,525,307

\* Policy year 9/1/87 - 9/1/88

The author would like to point out that it was during fiscal year 1988 (calendar year for CGH) that intense efforts were made in Safety to effect a cost reduction in Workers' Compensation expenses. In addition, during the time stated above and to the present CGH used the services of a commercial insurance carrier.

Should self-insurance be the chosen option, it would be difficult to forecast what cost savings would be. However, commercial carrier profit at about \$300,000 and an estimated 30

percent savings on total claims of approximately \$600,000 for a total of \$900,000 could be realized immediately in the first year (DePalma, 1990).

Again, any future reductions in Workers' Compensation, expenses, whether commercial or self-insured, would rely first on an effective Safety Program that would serve to reduce total accidents, thereby reducing total claims. Secondly, once claims were made, as a self-insurance program is tailored to have better claims management, better control in this area would serve to shore up costs as well. However, hiring a commercial carrier and staying on top of your own case management with intense and frequent communication with the carrier should effect the same result in the long run.

## CHAPTER IX

### CONCLUSION

"One of the most attractive elements of a self-insurance plan for many companies is the degree of control they can exert over the claims process" (Self-Insurance Resource, 1989).

This major feature was certainly the one that was key in the System's pursuit of the option to self-insure. However, during the insurance review process, it became evident to senior management that to make a drastic and immediate change from commercial to self-insurance, would not be in the best financial interest to the System. While not wholly discounted, the option to self-insure was deferred.

Instead, the System negotiated with its current commercial carrier for Workers' Compensation and received, for the first time, the following:

- ° The use of a claims adjustor from the insurance carrier on site, at the System, three days a week to help investigate and review Workers' Compensation claims; and
- ° A renewal of the contract with the carrier that allowed an option for the System to discontinue the contract at any time without penalty.

These negotiated items were, in reality, a stop-gap

measure to give the System time to pull together the areas needed to effect a unified front against the spiraling costs of Workers' Compensation insurance coverage. The System decided to develop new programs, enhance current ones, and re-new those that had previously been abandoned with the corporate re-structuring in early 1989. It was hoped that if these measures could be implemented and maintained successfully, the System could eventually wean itself away from total dependence on a commercial carrier and would be in a much better position to begin a self-insurance program in the next year or two.

Two of the major components realized by senior management, key to any significant reduction in Workers' Compensation expenses regardless of the funding mechanism utilized, were the role of workplace safety and claims management. In pursuit of this, the following chief components were targeted for implementation:

- ° A Light Duty Program was developed by Risk Management and is expected to be in place by January 1, 1991 in concert with the Employee Clinic;
- ° The Human Resources department is developing the criteria necessary to have:
  1. Job descriptions developed for light duty positions;

**2. Job descriptions identified that would require pre-employment physicals and ergonomic testing based on job analysis.**

- **The Risk Management Department has hired an internal claims adjustor who will assist the commercial carrier's on-site adjustor in an effort to begin better claims management for all System's Workers' Compensation cases;**
- **The Safety Department hired a safety specialist who is experienced in accident investigation and who will work in tandem with the claims adjustor to improve workplace safety;**
- **The attendance at Employee Back School will again be monitored so that all departments at risk for back injuries have all employees attend this program;**
- **Safety, Risk Management, Employee Clinic and Safety Education will work more closely together to enhance all aspects of the System's Safety Management Program;**
- **The Human Resources Department will review all job descriptions to see that accountability for safety is included (this is currently not in existence in**



**job descriptions throughout the System); and**

- ° **The Safety Officer will maintain a close working relationship with General Counsel, something that has not been done in the past.**

**Senior management of the System fortuitously recognizes what is prevalent in the current literature: "Keeping...work place safe...key to low compensation costs" (Werner, 1988); "Evaluate the benefits of a light duty program as an incentive to keep employees in the work place while they recuperate from workplace injuries" (Ibid.); "It makes good sense that if you have less accidents, your premiums are going to go down" (Bradford, 1988); "Get serious about loss prevention and claims management" (Pahl, 1990); "Current opinion has it that safety begins with job and workplace design" (Ibid., 22); and "The shift in emphasis from risk financing to claims management and risk control in Workers' Compensation is not emerging - it's upon us right now" (Ibid., 22).**

**Once all the proposed programs are in place and working well, the System will again review, indepth, the costs associated with its Workers' Compensation. It is likely the self-insurance option will again be considered. However, in the author's opinion, the System should find that a financial windfall will ensue from the dedicated effort made to implement, control, and monitor the aforementioned program. It is also the author's opinion, substantiated by in-depth literature review and research**

**of the topic, that to self-insure is a far greater financial risk than to intensify and strictly monitor employee safety and claims management. An institution that has proven past financial success in the handling of its Workers' Compensation by the simple measure of a closely monitored safety program and carefully supervised claims management, should pay heed to the old maxim, "If it isn't broken, don't fix it."**

## BIBLIOGRAPHY

- "Analysis of Community General Hospital's Workers' Compensation Program". August, 1990. 2-6.
- Asburn, Dr. Karl Everett. Report on Texas Workman's Compensation Insurance Act and Its Administration with Recommendation for Improvement. 1938.
- Associated Press. "Hobby Submits Plan for Resolving Snag in Workers' Comp Reform." The Houston Post. Sec. A (Nov. 10, 1989).
- Austin, Brux. "The Smoking Gun." Texas Business April 1988. 7-10.
- Bradford, Michael. "Texas Seeks Workers' Comp Revisions." Business Insurance. Nov. 28, 1988. 34-35.
- Community General Hospital. System Statement of Values. 1990.
- \_\_\_\_\_ System Healthcare Environmental Analysis. 1989. 75.
- DePalma, Phillip. Risk Management Department Manager. Community General Hospital. Interview by Mary Louise Dujka. Oct. 1990.
- \_\_\_\_\_ Workers' Compensation Analysis. Community General Hospital 1990.
- Financial Accounting. Community General Hospital. 1989.
- Hill, John. Representative C & A Insurance Co., (Workers' Compensation Insurance Carrier for CGH). Interview by Mary Louise Dujka. Oct. 1990.
- Googen, Joseph. "What Does the New Bill Really Say?" Texas Hospital Association Seminar. Feb. 1990.
- Hampton, John J. "Cause of the Crisis." Business Insurance. Mar 13, 1989. 47.
- Herman, Ken. "At Last, A Workers' Comp Law." The Houston Post. Sec. A. (Dec. 13, 1989).
- \_\_\_\_\_ "Hobby Plays Hardball on Workers' Comp." The Houston Post. Sec. A. (Dec. 2, 1989).
- Hobby, Bill. "Workers' Comp Isn't Working." The Houston Post.

Sec. J. (Nov. 17, 1989

James, Ellen J. "Risk Managers Fight Back." Institutional Investor. Mar., 1987. 229-233.

Joseph, Eileen Z. "Getting past the Liability Crisis." Nations Business. Aug. 1986. 69-71.

Milikan, Steven D. "The Rising Cost of Workers' Compensation and How to Contain it." The Houston Post, Sec. A. Nov. 10, 1989.

National Insurance Database. Risk Management Department. Community General Hospital. 1990.

New Texas Workers' Compensation Act. Art. 3, Sec.D. (1990).

Pahl, Steven H. "Work Comp Cost Containment - Managers Must Look Beyond Risk Financing." Business Insurance. May 21, 1990. 21-22.

Pearson, Nick. "Self-Insurance: The Big Economic Picture." National Underwriter, Sept. 26, 1988. 24-55.

Richard Cheney, General Counsel, Community General Hospital. Interview by Mary Louise Dujka. Oct. 1990.

Self-Insurance Resource, Inc. 1989.

Shapiro, Stacy. "Self Insurance Boom to Continue: Klomar." Business Insurance, Oct. 26, 1987. 3-33.

Somers, Herman and Ann R. Somers. Workman's Compensation, 1954.

Sood, Bhupinder S. "Self-Insuring Workers' Comp." Business Insurance, Mar. 1988.

Texas Hospital Association. New Health Care LAWS. 1990.

Waldman, Steven, Daniel Shapiro and Tom Schmutz. "The Surge in Self-Insurance." Newsweek. Mar. 7, 1988. 74-75.

Werner, Susan, M. "Keeping Workplace Safe Key to Low Comp Costs." Business Insurance. Oct. 10, 1990. 53.