

# Spotlight<sup>on</sup> Success



## **PMA Management Corp. Helps Johnson City, TN, Maximize its Self-Insured Workers' Compensation Program**

### **Medical Cost Savings Pave the Way**

A picturesque city celebrated as much for its history as its many outdoor offerings, Johnson City is located in Washington County in the northeast corner of Tennessee and is home to nearly 60,000 residents. Founded in 1869 as one of the Southeast's earliest railroad stations, Johnson City neighbors the Great Smoky Mountains National Park and is home to East Tennessee State University, the only comprehensive, four-year university in the northeastern portion of the state.

Family friendly and rich in arts and culture, the city boasts numerous local festivals including the widely celebrated Blue Plum Festival, offers miles of scenic hiking and biking trails around Boone Lake and Watauga Lake, and is arguably home to some of the best freshwater fishing in the country. With so much to offer residents and visitors alike, it's no wonder that Johnson City employs nearly 1,850 people and operates several full-time services, including its own city government, schools, parks/recreation, police, fire, and water and sewer departments. In the spring of 2002, Joy Baker, Johnson City's Director of Risk Management, embarked on a search for a third-party administrator (TPA) to help the city maximize its self-insured workers' compensation program. Throughout the search, she worked closely with the city's broker, Arthur J. Gallagher, and collectively they determined what the city most wanted from its future TPA—efficient claims handling, an overall ease of doing business and proven cost containment measures.

By October 2002, they had found what they were looking for in PMA Management Corp. (PMAMC). Today, more than five years later, PMAMC continues to help Johnson City maximize its self-insured workers' compensation program.

*“PMAMC has helped Johnson City to save nearly \$1 million in medical costs — an average annual savings of 44% compared with billed charges.”*

## Claims Administration

Early in their relationship, Johnson City and PMAMC collaborated on how best to handle the city's workers' compensation claims focusing on three key areas: the city's ease of access to its risk management information, its medical costs and the time it takes the city to report its claims. PMAMC examined the city's claim history and recommended several of its best practices to enhance time- and cost-saving efficiencies in the claim handling process.

Before long, Johnson City had developed the ability to turn its risk management “data” into actionable “information.” PMAMC helped the city to develop its own claim reports, achieve substantial savings on its billed medical charges and improve its claim reporting time. Here's how it all worked.

## Internet Risk Management Information

Reporting workers' compensation claims promptly can translate into big savings. PMA CINCH<sup>®</sup>, PMA Management Corp.'s online risk management information system, gives Johnson City 24-hour access to its critical claims data and the ability to report its claims quickly online.



As a result, PMAMC claims adjusters and nurse case managers can work in concert with the city in real-time to handle each claim individually. Over the past few years, Johnson City has used PMA CINCH to reduce its claims reporting time to an average of just two to three days—an improvement that has helped the city to handle its claims more efficiently and cost effectively.

Johnson City also uses PMA CINCH to view the latest status of its claims, run reports and analyze its claims data in aggregate or by department. “It makes my day-to-day claims management, risk reporting and claims analysis responsibilities for the city much easier than before,” says Baker. “I'm a huge PMA CINCH fan.”

## Medical Cost Containment

Workers' compensation medical inflation rates are currently two to three times that of standard economic inflation. As such, PMAMC prides itself on using its Medical Cost Containment Programs to not only provide injured workers with access to quality healthcare, but also to manage employers' costs on every claim. With a comprehensive cost containment program that includes an extensive bill review process, Preferred Provider Organization network discounts and a "cardless" Pharmacy Program, PMAMC has helped Johnson City to save nearly \$1 million in medical costs—an average annual savings of 44% compared with billed charges. Johnson City's medical cost savings are only expected to improve, too, as PMAMC expands its PPO network in 2008 in order to create opportunities for all of its clients to realize even greater medical discounts.

*"...makes my day-to-day claims management, risk reporting and claims analysis responsibilities for the city much easier than before. I am a huge PMA CINCH fan."*

– Joy Baker, Director of Risk Management, Johnson City, TN

## Good Things Still to Come

While the past few years have been marked by significant improvements in Johnson City's self-insured workers' compensation program, the city and PMAMC continue working closely to ensure ongoing improvements. In fact, they are currently identifying key loss areas across the city's departments and developing best practices to reduce slip and fall and motor vehicle accidents. Whether it's a work in progress or a process already improved, these efforts and more will ensure that Johnson City's self-insured workers' compensation program, employees and bottom line are well-protected for years to come.

