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Texas Alliance of Nonsubscribers is Formed

Some of the state's leading employers have announced the formation of the Texas Alliance of Nonsubscribers (Alliance). The Alliance will focus on preserving the right of Texas businesses to manage their occupational injury claims through nonsubscription.

Texas remains one of the few states in the nation where participation in the state's workers' compensation system is not mandatory for all private employers. This option allows responsible companies an avenue to implement effective alternatives in delivering coverage and benefits to their employees. The flexibility of nonsubscription can result in better management of costs, improved benefits and medical treatment for employees, reduced regulation, and less government red tape.

"While legislators have not mandated participation in the system, reforms in recent sessions could indicate a possible trend toward increased regulation of nonsubscription," said Margaret Greenshield, Co-Chair of the Alliance and Vice President of Human Resources for James Avery Craftsman, Inc. of Kerrville.

"There is growing concern among some nonsubscribers that if this option were challenged, Texas businesses who utilize this right would be ill-prepared to provide a united and persuasive defense of its benefits," Greenshield continued.

In announcing its formation, leaders indicated the Alliance will serve as a unifying voice dedicated to ensuring that nonsubscription interests are better prepared, more cohesive, and strategically proactive in preserving the choice that provides injured-employee satisfaction and saves Texas businesses millions of dollars each year.

By being strategically proactive, the Alliance plans a focused outreach effort to educate key legislators on the process of nonsubscription and the benefits it provides to all parties. While other organizations list nonsubscription among the issues on their legislative agendas, the Alliance will be devoted exclusively to preserving this choice.

"We believe there is strong message to convey to legislators on the value of nonsubscription. It works for the employees; it works for employers; it works for our communities and for our state's economy," stated Beth Huntington, Co-Chair of the Alliance and Corporate Director of Risk Management for Baylor Health Care Systems in Dallas.

Huntington added, “We are member-driven organization and there is strong belief among our membership that nonsubscription interests can be more active and effective in reaching out to our legislators to tell our story.”

The Alliance has secured the services of Texas Lobby Solutions and Fleishman-Hillard to support its communication and legislative outreach efforts.

Alliance Delegation Meets with State Leadership Offices

An Alliance delegation consisting of Co-Chair Margaret Greenshield of James Avery Craftsman, Inc., Secretary Jai Sharma of CHRISTUS Health, and board member John Irons, of Sears Methodist Retirement System, Inc. recently concluded meetings with the offices of Governor Rick Perry, Lt. Governor David Dewhurst, and Speaker Tom Craddick. The meetings were scheduled to officially notify state leaders of the formation of the Alliance.

In addition to informing state leaders of the newly formed organization, the Alliance delegation also utilized the meetings to brief those attending on the process and successes of nonsubscription in Texas.

During their two day visit to Austin, Alliance leaders also met with State Representative Burt Solomons, a key leader in workers’ compensation reform efforts and State Representative Patrick Rose who recently announced the formation of the Texas Manufacturer’s Caucus.

“We were very pleased with the response from these offices to our announcement of the Alliance’s formation and for their interest in learning about the successes of nonsubscription. It is this type of legislative outreach that will strengthen our position to work with legislators in future sessions,” said Alliance Secretary Jai Sharma.

Alliance Provides Input to Texas Department of Insurance on Nonsubscription Survey

As one of its first acts as a newly formed organization, the Texas Alliance of Nonsubscribers (Alliance) has announced its involvement in assisting the Texas Department of Insurance (TDI) in developing an upcoming survey of nonsubscribers. The survey to be conducted later this summer by Texas A&M University will assist the Department in identifying factors that influence a company’s decision to opt out of the state’s workers’ compensation system.

“Our goal is to assist the nonsubscriber community in better communicating with legislators and other government officials. We are grateful to have had the opportunity to assist the Department by providing comments from nonsubscribers on their upcoming survey,” said Alliance Treasurer Doug Wohletz of the Sonic Corp.

Wohletz added, “We are pleased the Alliance is being recognized as a voice for nonsubscription and that most of our suggestions have been incorporated into the survey instrument.”

TDI staff expressed appreciation to Alliance members for their involvement.

An interview with State Representative Burt Solomons

Rep. Solomons (R-Carrollton) has served six terms in the Texas House of Representatives and is the Chairman of the House Financial Institutions Committee. As House Chair for the Sunset Commission, in 2005 Rep. Solomons authored House Bill 7



which instituted sweeping changes to the workers' compensation system. A key component of that legislation was allowing employers and insurance companies to utilize managed care-style networks for the delivery of health care services to injured workers.

Q-You passed major workers' compensation reforms last session and TDI has now certified two networks and is processing applications for twenty more as a result of those efforts. What type of improvements to the system do you envision occurring as a result of the changes that were enacted?

A-The Texas workers' compensation system was in regulatory crises. The Sunset Commission Report on TWCC was a scathing review of TWCC indicating why the agency and the system was a failure. It became clear to all concerned that to have any hope of "fixing" the workers' compensation system in Texas, it was going to take bold and fundamental changes. By abolishing TWCC and moving the regulatory functions to the Texas Department of Insurance with a division devoted solely to workers' compensation, along with creating an Office of Injured Employee Counsel to concentrate on problems associated with dispute resolution and return to work issues, the Legislature now has an opportunity to create a "health care" system that provides flexibility for employers, carriers, and injured workers to allow the workers' compensation system to be more like group health insurance and provide access to health care for injured workers.

Q-Members of the Texas Alliance of Nonsubscribers have opted out of the state system for various reasons including cost, access to care, and concerns with utilization management. Do you expect improvements from the reforms to result in nonsubscribers returning to the system?

A-I believe there will always be some form of nonsubscription in Texas. It is a workable option for many larger employers that have the resources to manage work place safety and case management of claims. Our studies show, however, that many medium and smaller employers would like to be participants in a reasonably fair and cost effective workers' compensation system. In other words, if premium costs are reduced and their employees can have access to quality health care when injured so that more of these employees can return to work sooner than later (or if ever), then many would consider participating. By changing the regulatory mind-set that has been too

long in place, providing flexibility for employers and carriers to reduce premium costs, increasing the quality of health care for injured workers, and improving return-to-work outcomes, nonsubscribers will take a look at participating again, or for the first time, in the Texas workers' compensation system.

Q-In addressing a seminar of nonsubscribers last October, you recommended that they organize their efforts to increase their effectiveness in educating legislators and representing nonsubscription interests in Austin. Your comments were a motivating factor behind the Alliance's creation. What advice would you offer us as we move toward the legislative session?

A-My advice is simple. The goal of the Alliance should be to educate the representatives and senators on the value of nonsubscription as an option to prevent movement toward a mandatory workers' compensation system. Many legislators just don't know much about nonsubscription or how it works.

Q-What do you see as the greatest challenge for the nonsubscriber community?

A-Educating legislators about why Texas should not move to a mandatory workers' compensation state is crucial for keeping nonsubscription as a viable option for employers. With health care a leading issue of concern for so many employers and employees, the challenge is to remain vigilant and participate in the legislative process to maintain a balanced approach to health care issues in the workplace, including workers' compensation.

Q-As a Chairman and leader in the House of Representatives what do you envision as the major issues to be addressed when the legislature convenes in 2007?

A-Generally, the issues are the same every session, in some form: the budget, taxes and school finance, education, transportation, health care, economic development, crime, prisons, insurance, telecom, water, and property rights to name the major ones. During each regular session, two or three of these issues rise to the top for more serious discussion and thus receive the most publicity. I envision dealing with taxes as a result of HB 3. School finance and education issues will continue to be our primary concern during the next regular session. Eminent domain and the rights of property owners will also be high on the radar screen this time around, as well as some sort of property appraisal limitations.

Q-From a business perspective, are there any specific issues you would recommend employers giving special attention to as the session approaches?

A-I would like to see the business community continue its efforts to produce a fair and equitable tax system that will continue the gains made in economic development growth in Texas. With regard to workers' compensation, I believe employers should insist that the fundamental balanced reforms made in the last regular session with HB 7 remain in place and given an opportunity

to develop. No good will come of it for the Texas business community if we slide back into an adversarial and bureaucratic workers' compensation system.

An interview with Alliance Co-Chair Margaret Greenshield, Vice President of Human Resources for James Avery Craftsman, Inc.

Q-What is the Texas Alliance of Nonsubscribers?

A-The Alliance is an organization of responsible businesses in Texas who want to preserve nonsubscription. It will focus exclusively on preserving this choice by educating legislators on the value of nonsubscription to employees, employers, communities, and our state's economy.

Q-Why was the Alliance formed? Why now?

A-The last couple of legislative sessions have brought significant changes to the state's workers' compensation system. While the state does not appear interested in mandating participation in the system, we want to be organized and prepared to provide input to any changes that might unduly increase regulation of nonsubscription. There is a strong sense among Alliance members that nonsubscribers can be more effective at informing legislators and government leaders about nonsubscription and also be better positioned to respond to legislative action should the need to do so arise.

Q-How is the Alliance organized/governed?

A-Any company doing business in Texas that is a nonsubscriber to the Texas Workers' Compensation System and who maintains an occupational injury benefits plan is eligible to be a regular voting member of the Alliance. Associate nonvoting members may include any corporation, firm, other business entity, or individuals that provide services to regular members.

As indicated previously, the Alliance is a member-driven organization, so its decisions will be made by its board and members who are all nonsubscribing businesses operating in Texas. New members are being given the option of joining the Board of Directors that will be led by two Co-Chairs, a Secretary, and Treasurer. Beth Huntington of Baylor Health Care Systems and I serve as Co-Chairs, Jai Sharma of CHRISTUS Health serves as Secretary, and Doug Wohletz of the Sonic Corporation serves as Treasurer. The Board meets monthly by teleconference with one in-person meeting per quarter.

Q-What does the Alliance hope to achieve and how?

A-By being strategically proactive, we hope to educate key legislators on the process of nonsubscription and its value to our state, its workers, and its businesses. It is not our goal to recruit businesses to nonsubscribe but instead focus on preserving the nonsubscription choice for Texas businesses who want to exercise it. Through our communications and legislative outreach efforts, we hope to place our members in a strong position to respond to any legislative actions that might adversely impact nonsubscription interests.

We have already had successful meetings with the Offices of the Governor, Lt. Governor, Speaker and key legislators on the formation of the Alliance. We were well received and those individuals with whom we met seemed to benefit from our efforts to reach out and educate.

I was fortunate to be able to participate in those meetings and could not have been more pleased with the reception we received and the interest displayed in our successes

Q-How long has your company been a nonsubscriber?

A-Three years

Q-What observations about your company's occupational injury program can you share with other nonsubscribers?

A-It is important to tailor the program to meet the needs of your employees including such things as the start date and amount of wage replacement benefits, locations of providers, and access to specialty care when appropriate. Communication is critical both initially and as employees incur claims to ensure the process is working as you intend and your employees receive the treatment that they need. If you use a claims administrator, find one that shares your philosophy on how the employees should be treated – they will be perceived as an extension of you. Have a very strong safety program throughout the organization that focuses on safety education, accident prevention and employee involvement.



The Texas Alliance of Nonsubscribers

An employer-driven, nonprofit trade association dedicated to ensure nonsubscription interests are better prepared, more cohesive, and proactive in preserving their choice to manage occupational injury

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