

Smithfield



WORKERS COMPENSATION CLAIMS MANAGEMENT: A MEAT PACKER'S PERSPECTIVE

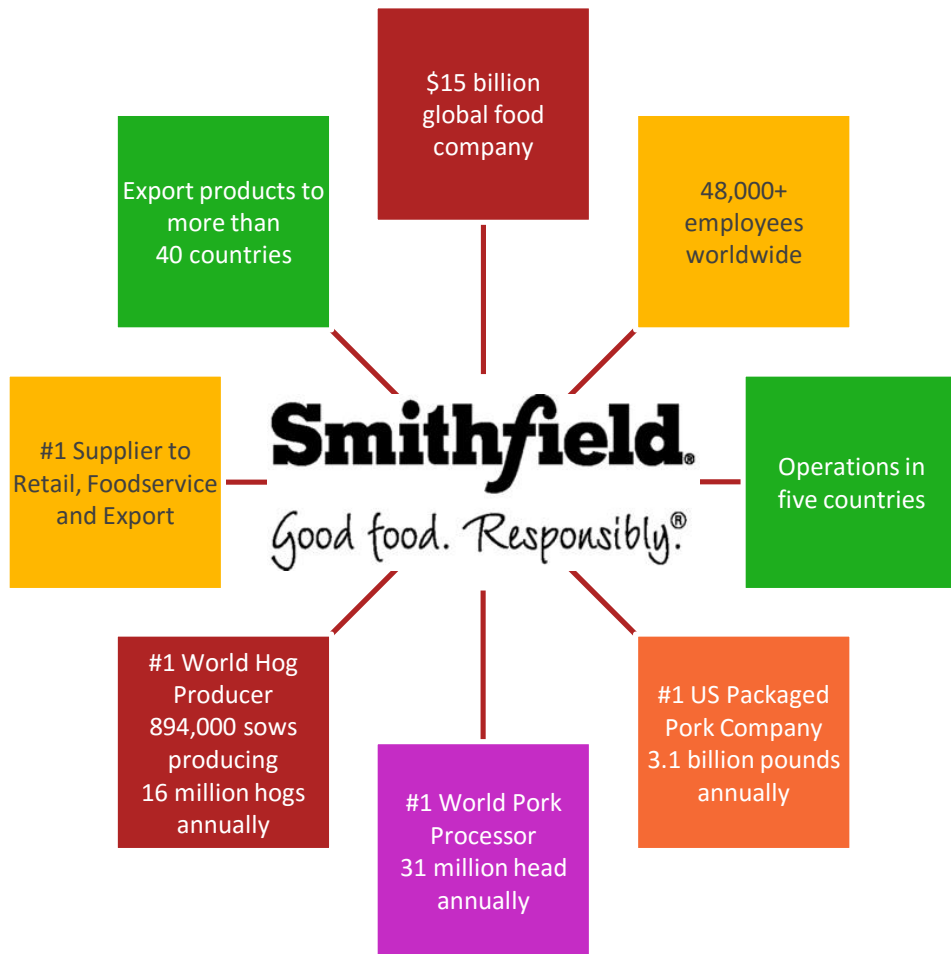
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DIRECTOR OF CLAIMS MANAGEMENT



WHO IS SMITHFIELD FOODS?

LARGEST AND LEADING PLATFORM IN PORK INDUSTRY

Smithfield



- 41 Domestic Locations
- 400+ company-owned hog farms and ~2,100 contract farms country-wide
- 39,000+ Domestic Employees
- 1700+ Annual WC Claim Volume
- 3,400+ Open WC Claims at any given time
- **\$30M+ Annual WC Claim Spend**

THAT'S A LOTTA PRODUCT....!!

BACON

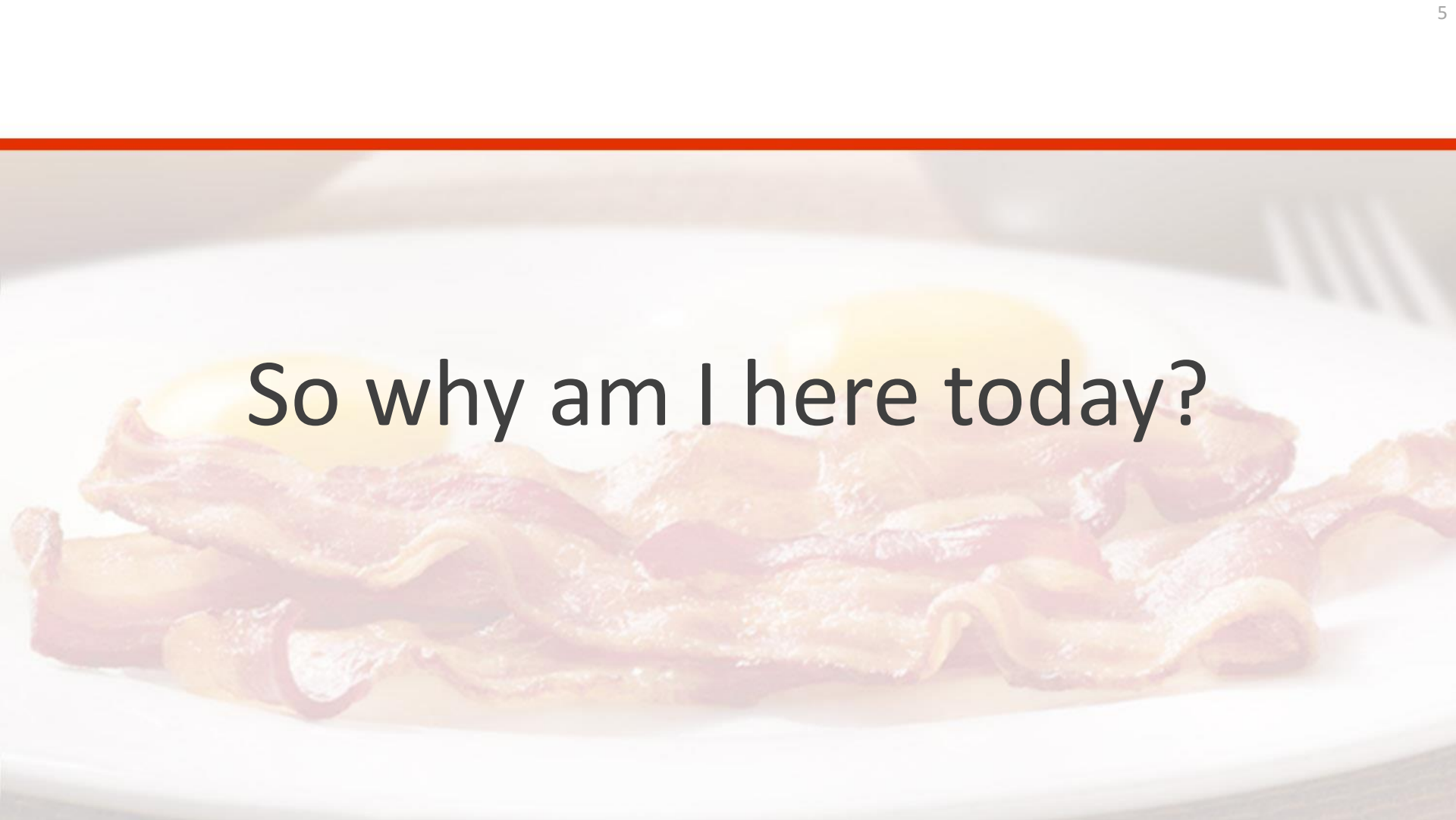


96.4 MILLION POUNDS !

HOT DOGS



762 MILLION Hot Dogs!

A close-up photograph of a white plate containing a sunny-side-up egg and several strips of cooked, wavy bacon. The image is slightly blurred and has a warm, soft light. A silver fork is partially visible in the background on the right side.

So why am I here today?

WORKERS COMPENSATION CLAIMS MANAGEMENT

- 
- Our WC Program.....An Historical Perspective
 - Decentralized structure with no Unified Vision/Direction
 - 4 Divisions with different approaches to Claims Management
 - No Corporate Claims Manager in place
 - Lack of Consistent, Written Processes and Discipline in Claims Management
 - No consistent RTW Program
 - No direct corporate oversight of our TPA
 - Limited WC expertise in our Field Operations...staff wearing many hats

CHANGE WAS IN THE AIR.....

- Director of Claims position created 2012
- Vision to Centralize Leadership and Oversight
- Marsh Past Performers Audit 2013/2014
- Their charge was to do a deep drive into our program to see what we did, how we did it and where we needed to improve.

AND THEIR FINDINGS.....

- Wide-spread Late Claim Reporting
- Inconsistent WC Claim Oversight from location to location
- Locations holding claims “not thought to be compensable”
- Field Case Management Usage
 - Many local vendors with no TPA involvement/control
 - Excessive FCM expenses
 - FCM Involvement Not Controlled / Managed
 - Clinic Nurses refusing any Case Management
- Prolonged Clinic Treatment with no WC claim being filed

FINDINGS.....CONT'D

- Inconsistent application of RTW Policy
- Transitional Duty Assignments
 - Inconsistently applied
 - No consistent Time Limitations
 - Inconsistent progression to Full Duty
 - No formal monitoring system
- Managed Care Programs Not Used Effectively...\$ Left On The Table
 - Utilization Review
 - PPO Penetration
 - ODG Guidelines not used

FINDINGS (CONT'D)

- TPA Not Performing to Best Practice Standards
- Lack of Consistent TPA Control
- Bottom Line.....Cost Savings Opportunity of \$1.8M to \$2.4M per year in Leakage Reduction via internal and TPA process improvements

AND OUR REACTION?

- Task Force Creation
- Met with TPA to Establish Expectations
- Task Force MISSION

.....Create a standardized WC Claims Management process for the entire corporation to follow.

THIS WAS ME AS WE BEGAN THE PROJECT



OUR NEW PROGRAM

- Smithfield's WC Claims Management Process.....An Overview
 - A Concise “How To” Manual on Claims Management
 - Standardized Outline of Mandatory Claims Management Processes
 - Roles and Responsibilities Definitions.....Roles Matrix
 - RTW Program
 - Outline of 9 Core Claims Management Functions
 - WC Basics Guide
 - State by State technical reference
 - Forms and Documents

AND THE ADVANTAGES OF THIS NEW SYSTEM.....

- Single vision
- Consistency of Process
- Clarified Stakeholder Roles & Responsibilities
- Streamlined internal processes
- Measurability of Results...same rules for all
- Single Source Technical Resource
- Ultimately, better outcomes and reduced costs



INITIAL RETURNS ARE POSITIVE

- Prompt Claim Reporting Improving
- RTW Accommodation Significantly Improving
- Transitional Duty Used Appropriately and Monitored
- Disability Tracking Much Improved
- FCM Spend down sharply
- WC Knowledge Base Improving
- TPA Now In Control of our Claims....and being held accountable

AND THIS IS ME TODAY.....



HOW DOES SFI USE DATA TO MANAGE RESULTS AND IMPACT TCOR?

- Metrics Reports
 - WC Report—Monthly
 - Cost Per Employee
 - WC Scorecard—Quarterly
 - Loss Runs
 - Lag Time Reports
 - Defense Attorney Spending Reports
 - Average Cost Per Claim
- Annual RMPI Summit

HOW TO MANAGE YOUR TPA / INSURANCE CLAIM HANDLER

- Establish Clear Roles and Responsibilities
- Hold TPA Accountable to Industry Best Practice Standards
- Ongoing Claim Reviews
- Dedicated / Designated Adjusting Teams
- Clear & Comprehensive Account Instructions
- Annual Best Practices Audit / Leakage Audits
- Performance Guarantees

- 
- Watch your dollars...
 - Review Medical Invoices
 - Review Indemnity Payments
 - Scrutinize Legal Invoices
 - Are they using Managed Care Programs effectively
 - Quality Vendors?
 - PT programs
 - Surveillance vendors
 - Case Management vendors

HOW CAN YOU IMPACT YOUR WC COSTS?

What can YOU do each day to impact your costs?

- Immediately Report all Claims
- Explain the WC Process to Employee
- Comprehensive Incident Investigation
- Exercise Medical Control
- Active Involvement in Claims Management Process
- Establish a Corporate Fraud Program



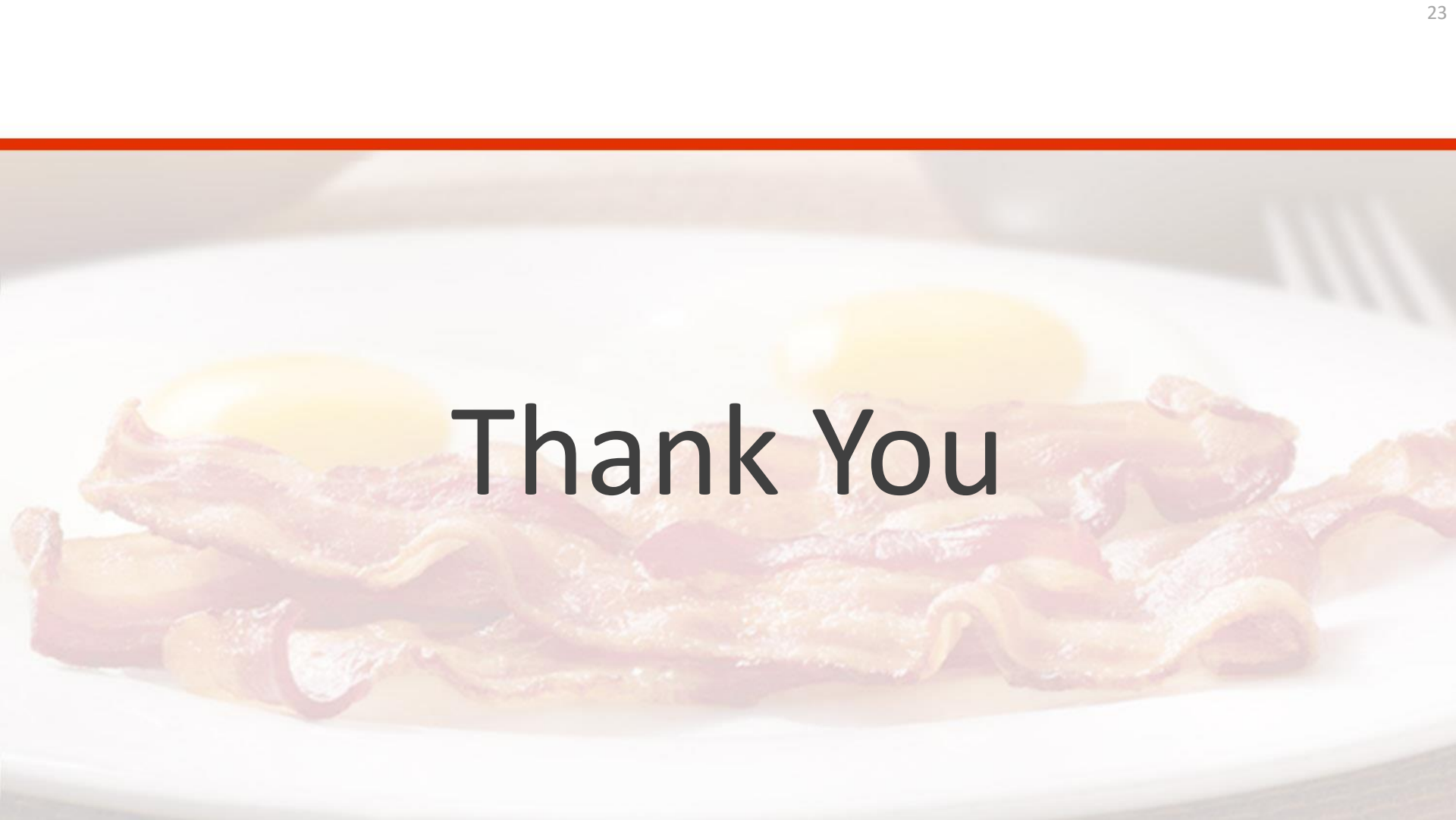
COST SAVING INITIATIVES (CONTINUED)

- Aggressive RTW Program with “Zero Lost Time Mentality” huge cost saver
- Regular Communication with Medical Provider....Partnership!
- Regular Communication with Employee...Show Them You Care!
- Active Engagement With & Oversight Of Your TPA
- Active and United Participation in Litigation



AND THIS IS WHY CLAIMS MANAGEMENT IS SO IMPORTANT



A close-up photograph of a white plate containing a breakfast meal. There are two sunny-side-up eggs and several strips of cooked, wavy bacon. The image is slightly blurred and has a warm, soft light. A silver fork is partially visible in the background on the right side.

Thank You