

# GRAHAM ADVISOR

VOLUME X, ISSUE 3: 2018



## EXECUTIVE ANNOUNCEMENTS

### CFO BEHAVIORAL HEALTH ROUNDTABLE

This summer, Graham Company hosted a group of Chief Financial Officers (CFOs) from large behavioral health and human services businesses in the Mid-Atlantic Region for a roundtable discussion focused on challenges they are currently facing. We welcomed 11 CFOs to the Graham Building to meet up to compare notes, share ideas and benchmark against one another. Knowing that collaboration is vital for success, we were excited to provide them with a forum to discuss current obstacles and to offer innovative solutions to meet their business objectives. Additional roundtables will be scheduled in the coming year.

### EMPLOYEE OWNERSHIP MONTH

As a company that is proudly employee-owned, Graham Company celebrated Employee Ownership Month by hosting a fun-filled event at Chickie's & Pete's in support of a wonderful cause. Bringing together all our employees, along with spouses and partners, the night included an engaging discussion led by Kevin McPhillips, executive director of the Pennsylvania Center for Employee Ownership (PCEO). In addition, we had a raffle benefiting the Metropolitan Area Neighborhood Nutrition Alliance (MANNA), a nonprofit organization that provides nutritious and medically appropriate meals to individuals who are battling life-threatening illnesses.

### PAR EMPLOYEE OF THE YEAR AWARD

Graham Company employee Thomasina Justice was selected as the Employee of the Year award winner by the Pennsylvania Advocacy and Resources (PAR) for Autism and Intellectual Disability, which honors extraordinary Pennsylvanians who have made remarkable contributions to their communities. PAR award winners demonstrate all of the finest qualities of a top performing employee: positive attitude, integrity, initiative, dependability, strong work ethic, professionalism, customer service excellence, collaboration and being goal-oriented. Thomasina was honored during the awards ceremony, which took place in Harrisburg, Pa. on October 22.



**THOMASINA JUSTICE**  
PAR Award Winner



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*Mike*

**MIKE MITCHELL**  
*Vice Chairman*

## NOTES FROM THE PLAYBOOK

### AT GRAHAM, WE UNDERSTAND THE IMPORTANCE OF PROTECTING OUR CLIENTS' INFORMATION.

In the wake of several highly-publicized cyberattacks on Fortune 500 companies, in which the personal information of millions of Americans was compromised, many states have enacted Cybersecurity Regulations. These regulations require entities that have licenses within the state to establish and maintain a cybersecurity program to protect their system and the data of its customers. As a licensed insurance broker in these states, Graham Company is required to comply with these regulations.

Most of these efforts will be accomplished behind-the-scenes, with one exception:

Graham is required to send Personal Health Information (PHI) or Personally Identifiable Information (PII) encrypted when distributing it outside of the company. To satisfy this requirement, we will utilize Zix, a security technology company, to send emails that require encryption.

We understand that most businesses have Transport Layer Security (TLS) delivery and hope any impact to our customers is minimal. However, we do realize that this may present an administrative nuisance, and for those negatively impacted, we apologize for this inconvenience.

Apart from the legal obligation to comply with all Cybersecurity Regulations, at Graham Company, we fully embrace the importance of protecting the security of our customers' private information. We will continue to search for encryption solutions that minimize the impact upon our customers and achieve the same level of security for confidential information that we currently have in place with the Zix product.

## GRAHAM SIGHTINGS

### Experts in the News



**Luke Foley**  
on global supply chain risks during disasters.



**Bette McNee**  
on medical malpractice claims.



**Ian Mitchell & Karen Boyle**  
on employee ownership.



**Kim Sharkey**  
on navigating settlement of claims.



**Marc Leone**  
on cybersecurity risks during M&A.

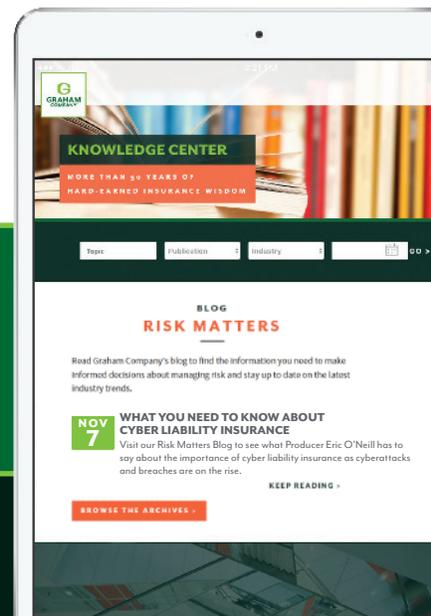


**Tanya Pecorari**  
on lessons from Ford's supplier shutdown.

## RISK MATTERS BLOG

From a how-to guide on safety leadership training to guidance on reducing the likelihood of lawsuits in health and human services, our experts discuss managing risk and industry trends affecting your business on our Risk Matters Blog.

To read more, visit [grahamco.com/knowledge-center](http://grahamco.com/knowledge-center).



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### WHAT YOU NEED TO KNOW ABOUT CYBER LIABILITY INSURANCE

Visit our Risk Matters Blog to see what Producer Eric O'Neill has to say about the importance of cyber liability insurance as cyberattacks and breaches are on the rise.



@TheGrahamCo



The Graham Company

# TREND REPORT

## REDUCING RISKS, DRIVING COST SAVINGS



### GRAHAM COMPANY'S MERAKEY SERVICE TEAM

At Merakey, every dollar saved can be used to meet the needs of the vulnerable individuals and families that the organization serves.

So, when we partnered with Merakey nearly 20 years ago, our top priority was to renegotiate and more efficiently consolidate its insurance policies, enhance coverage and streamline risk management efforts. In the first year alone, we achieved a cost savings of 30 percent – a seven-figure number – and improved the consistency and efficiency of Merakey's insurance coverage.

And we didn't stop there. Acting as Merakey's outsourced risk management department, we continue to provide a range of services – from claims management and advocacy to quality and compliance support, safety trainings and access to proprietary data – designed to proactively manage risks.

#### *Data-Driven Analysis*

With approximately 10,000 employees and seven service lines, Merakey provides developmental, behavioral health and education services to more than 41,000 individuals in 11 states. To ensure safety and assess risks in real-time, the leadership team needed an easy way to immediately access all claims data and sort it by location, service lines, populations and exposures. We customized and deployed our proprietary GrahamAlytics® business analytics system, allowing Merakey to review high-level trends or dive into specific data sets to identify risks and reduce exposure.

#### *Practical Insight*

With GrahamAlytics® capabilities in place, we drilled into the data to develop a plan for reducing liability claims. With more than 50 years of experience, we know that an organization's internal processes and commitment to safety often play a key role in defending or negotiating settlements for liability claims. So, we created a liability claim database, allowing us to immediately access and provide loss data for specific locations or entities when needed.

We also analyzed past claims data to identify specific, common tactics used by plaintiff attorneys in settlement negotiations, and developed a training with actionable strategies to deflect these tactics and minimize Merakey's liability claims.

Working with its Corporate Safety Committee, we helped train employees on small, actionable changes that could be made to daily record-keeping, hiring practices and employee trainings. This demonstrates Merakey's commitment to safety and reducing liability claims in the future.

As a result of our trainings, safety efforts and claims advocacy, we have been able to improve Merakey's claims experience and make the organization more attractive to insurers.

When it's time for renewal, we can offer Merakey more options for carriers and program structures – ensuring the organization can control its cost and select programs that best fit its needs.

**“Graham's team has an incredible depth and diversity of experience that fully supports the entirety of our business operations. With GrahamAlytics®, we're able to harness our vast amounts of data for actionable insights, identify trends and see in real-time where to focus our efforts.”**

**CHRIS D'AMICO, SAFETY DIRECTOR, MERAKEY**

#### *Partners in Caring*

At Graham Company, we are proud to serve as a true risk management partner for our clients. That means we're committed to doing whatever it takes to drive down your total cost of risk, help you save money and keep your consumers and employees safe.

To transfer risk away from our clients, we built a library of insurance and indemnification requirements to streamline contracts for Merakey and our other health and human services clients. We also developed a database of employed and contracted physicians to improve credentialing and to identify insurance coverage of others for potential claims. In the case of Merakey, we even invited the head of a national insurance company and a partner of a major defense firm to tour Merakey facilities, going above and beyond to help them understand Merakey's unique risks and build stronger cases to defend claims.

*Continued on pg. 3*

# BENEFITS BRIEF



**DEBBIE MONTELLA**  
Vice President

Healthcare costs are one of the largest expenditures for any employer, ranging from 15-20 percent of an employee's salary. With the cost rising every year – PwC's Health Research Institute projects a six percent increase in 2019 – employers of all sizes are focused on ways to curb costs without jeopardizing employee retention and recruitment through stripping away benefits.

That's why self-insurance, a coverage model that 80 percent of companies with more than 500 employees utilize, is rapidly becoming a popular option for midsize and smaller firms. According to the Employee Benefits Research Institute, from 2013 to 2016, the share of self-insured companies with 100 to 499 employees rose to 29.2 percent while companies with 100 or fewer employees jumped to 17.4 percent.

What is fueling this trend? It's the ability for organizations to embrace a more entrepreneurial approach to benefits, taking greater control of claims handling, professional partners, stabilization and reduction of the cost of risk, and ultimately, a return on underwriting profits and investment income.

One cost-shifting strategy gaining popularity amongst self-funded employers is reference-based pricing. With this model, an employer agrees to pay a fixed amount or reimbursement for a defined medical service, rather than using a traditional insurance carrier to negotiate discounts from the provider. An employer partners with an administrator that targets reimbursement rates based on a percentage of what Medicare would pay the provider for this same service, which is typically lower than the discounted rate negotiated by the insurance carrier.

Because this allows the organization to set and better control costs, there are several financial benefits associated with reference-based pricing. In fact, a common reference-based pricing plan that sets costs to 160 percent of Medicare could save up to 60 percent more than a traditional PPO plan, according to an article by Benefits Pro.

When considering a move to a reference-based pricing model, employers need to consider the impact on its employees, the plan's members. Employees may be required to cover the difference if the cost from the healthcare provider exceeds the amount agreed upon by the employer. To avoid this, employers need to ensure employees are educated on how to select a provider that offers services at the reference price in order to receive full coverage. Partnering with a reference-based pricing vendor that eliminates the difference for employees should be a key component in moving forward with this approach in the New Year.

*If you are interested in learning more about Graham Company's Employee Benefits Program, contact Debbie Montella, Vice President at Graham Company, at [dmontella@grahamco.com](mailto:dmontella@grahamco.com) or (215) 701-5248.*

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We were also privileged to offer our safety expertise to Merakey by leading the interview process for its new Safety Director. And today, we continue to work together to train employees to identify risk, provide best practices and ensure Merakey is current with the latest regulatory safety requirements.

We know that when you need to discuss the risks associated with a new opportunity or business challenge, you want to talk to someone on your team – not simply call the insurance carrier. We work closely with clients to minimize their risk and maximize insurance coverage, so they can focus on growing their successful business. Our partnership with Merakey has allowed it to expand into new states with the confidence that its unique risks are managed and regulations are met.

### *Contributed by:*

*Michael J. Mitchell, CPA, CPCU, Vice Chairman*

*Martin J. Purcell, CPCU, Vice President*

*Bette M. McNee, RN, NHA, Clinical Risk Management Consultant*

*Paul J. Mora, ARM, AIC, Assistant Vice President – Claims Services*

*Joseph W. Dorr, CSP, CIH, CHSP, Assistant Vice President – Safety Services*

## ASK THE EXPERT



**ANN HAMPSON**  
Data & Systems Coordinator

### *What is GrahamAlytics®?*

GrahamAlytics® is a unique proprietary business analysis system that totals a client's loss information, from many sources into one snapshot. The system provides a picture and drills down on losses – creating transparency into the client's overall loss experience. Ultimately, GrahamAlytics® enables our clients to harness their data to drive actionable insights that improve business operations.

### *What does it enable?*

Lower, long term costs of insurance. Our Claims and Safety Consultants are able to uncover trends in losses – that may otherwise go unnoticed – by slicing and dicing the data in any way possible. From there, our consultants can use that data to recommend and implement actions to reduce the number of claims for clients. We also have a full-service support team dedicated to training clients, answering any questions and custom-tailoring GrahamAlytics® to meet their business objectives.

*To read the full interview, visit [grahamco.com/knowledge-center](http://grahamco.com/knowledge-center).*