

Time is 'right' for better WC loss control, says Vermont's Costle  
Insurance Times: October 1, 2002, Vol. XXI No. 20

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InsuranceTimes

MONTPELIER — Workers compensation providers have a responsibility for loss control which should extend to participating in states' hospital certificate of need proceedings to encourage "right-sizing" of medical facilities, Vermont's insurance regulator believes. Speaking at a forum sponsored by the National Council on Compensation Insurance (NCCI), Elizabeth Costle commissioner of Banking, Insurance, Securities and Health Care Administration, stressed that insurers need to spread risk – that is what they do. But, she maintained, they also need to do more.

"Insurers need to be not just risk spreaders, which is a very important aspect of what they do," she said, "but they also need to get into loss control."

Costle is concerned that hospitals are feeding patient demand by each trying to have the latest and greatest medical tools instead of having what she called "right-size" medical facilities. She said Vermonters are capable of driving to one of the medical centers for specialized treatment procedures and that every local or community hospital doesn't need to have similar capabilities.

The state tries not to encourage excess capacity in medical facilities because, she said, "supply drives demand."

"We know medical costs are going to go up, but you want them to go up in a reasonable way. You want the right kind of facilities to be there. Comp carriers really have an interest in right-sizing things," she told the NCCI forum.

The regulatory arm is the only counterforce to the hospitals and providers in their race to expand services, she argued. Lawyers, insurers and health care service consumers are almost never present when regulatory hearings are held on hospital certificates of need, she noted.

"We don't have a good advocate for employers and insurers," she said. "I tell employers, 'You can't just sit back and complain about health insurance or emerging comp insurance rate increases, you need to get your act together and start looking at the cost drivers.'

"I think it behooves employers to become involved in the process," she said. "There will be political resistance to rate increases."

Costle praised Tasha Wallis, Labor and Industry Commissioner, who also spoke and who under Director Laura Collins, has made the workers compensation system "a lot more accessible, consistent and acceptable."

The system is under "incredible scrutiny" in this hard market, noted Wallis. Her department, in conjunction with Green Mountain Coffee, is offering safety courses which she encouraged all small employers to attend.

She said Vermont has not increased its medical fee schedule in a few years and will probably have to look at that soon.

She is also interested in studying utilization of medical services by workers compensation carriers.

"We need to see whether or not there is more extensive use of certain procedures by workers compensation than by other areas," Wallis said. p