



BlueCross
of California



Integrated MediComp Group Health & Workers' Compensation

24-Hour Coverage for Small Groups



Introduction

The Problem:

Workers' Compensation insurance is required by law. Health care coverage is optional, but necessary when competing for capable employees. Purchased separately, these coverages may be more expensive than when purchased together because you may qualify for Workers' Compensation insurance premium discounts.

The Solution:

Blue Cross of California, a leading innovator in small business health insurance coverage, and Employers Compensation Insurance Company, one of the leading Workers' Compensation insurance providers, join forces to announce Integrated MediComp, a program offering both coverages through one insurance source. This combined Medical and Workers' Compensation insurance is an affordable program providing the following benefits:

- ▶ 24-hour coverage
- ▶ Discounted Workers' Compensation insurance premiums for qualifying employers
- ▶ Consolidated invoices
- ▶ Quick claim response
- ▶ Prompt benefit payments
- ▶ A managed care approach
- ▶ Fraud reduction
- ▶ Ease of administration

*a program offering coverage
through one source.*

How Does Integrated MediComp Work?

Blue Cross of California and its affiliate BC Life & Health Insurance Company (Blue Cross) offer a wide range of flexible, affordable health plans for small businesses. Blue Cross and Employers Compensation Insurance Company have teamed to offer Integrated MediCompSM, allowing employers with 2-50 employees to combine their medical coverage and Workers' Compensation insurance into a comprehensive 24/7 package. Since nearly 50 percent of all Workers' Compensation claim dollars go to medical costs, Integrated MediComp can provide employees with seamless coverage by allowing them to see their own physicians if they become ill or injured on the job. This process returns the employee to work rapidly and reduces fraudulent claims that cost you, the employer, money.

If an employee becomes ill or injured on the job, the employer should send them to a network occupational clinic or provider. However, with Integrated MediComp, the employee can receive initial treatment for an on-the-job injury if the employee goes to his or her regular doctor. If the employee needs ongoing treatment for the on-the-job injury, the employee's regular doctor will refer him or her to a network occupational doctor.

Who Can Participate in Integrated MediComp?

Most industries can take advantage of Integrated MediComp, including some types of new businesses. Those businesses engaged in out-of-state operations, employee leasing, agriculture, and the gas and oil industries may not be considered for coverage.

What Does Integrated MediComp Include?

Blue Cross covers:

- ▶ **Group health coverage:** A contract issued to an employer under which employees and their eligible family members may obtain health coverage.
- ▶ **Non-occupational illness or injury coverage:** Health coverage for the treatment of non-work injuries or illnesses, plus treatment of an individual who is injured or ill as a result of work and is not covered under Workers' Compensation, such as an owner of a business.
- ▶ **An extensive network of providers:** The choice of over 40,000 providers and 400 hospitals OR use of specific providers or facilities in a managed care framework (PPO or HMO) to save money.



Employers Compensation Insurance Company makes insurance available to cover:

- ▶ **Medical:** This benefit includes all medical treatment for industrial injuries. Medical treatment covered under Workers' Compensation is not subject to an employer deductible, copay or coinsurance percentage.
- ▶ **Temporary Disability:** These benefits are paid when an employee is medically unable to work as a result of an industrial injury. The benefit amounts to two-thirds of an employee's weekly salary, subject to a minimum and maximum.
- ▶ **Permanent Disability:** These benefits are paid when an employee suffers permanent impairment from an industrial injury, which can preclude full competition in the open labor market.
- ▶ **Death:** These benefits are paid to dependents when an employee dies as a result of an industrial injury. Funeral expenses (up to a \$5,000 maximum) are also part of the benefits.

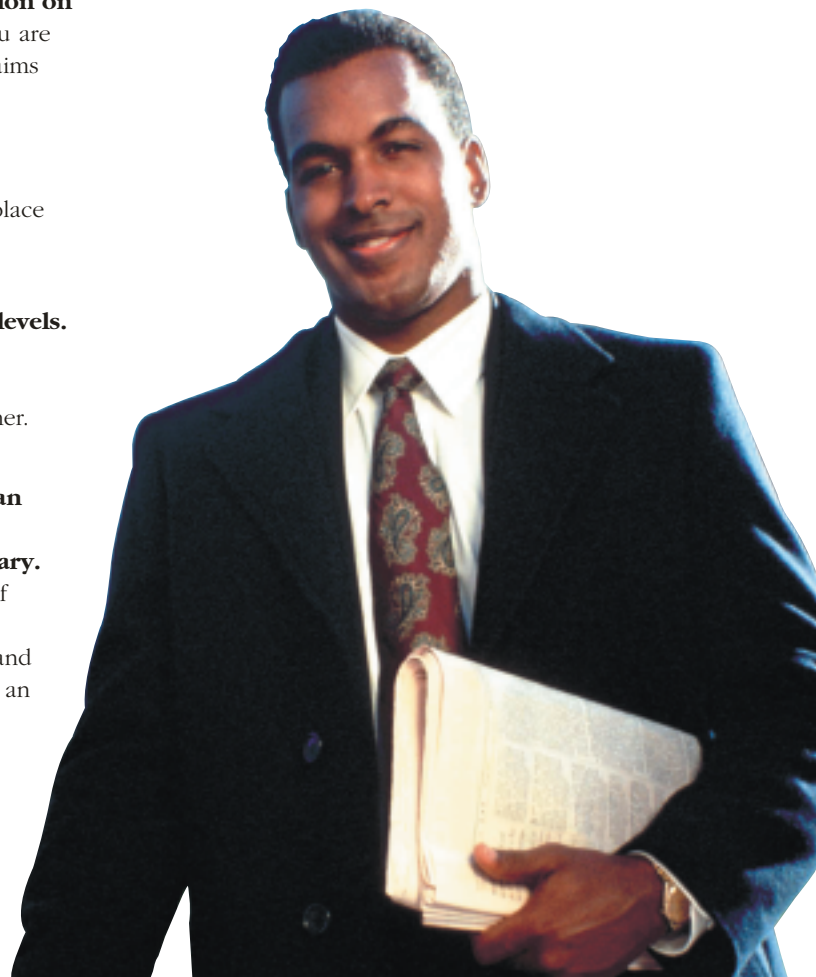
Offering both Workers' Compensation and health coverage helps employees stay healthy and on the job, or to return to work in the least amount of time necessary.

Why Is Integrated MediComp the Best Option for Employers and Employees?

- ▶ **Rate discounts are included on Integrated MediComp coverage policies.** When you purchase the Integrated MediComp program, you will receive a 10% discount on your Workers' Compensation policy through Employers Compensation Insurance Company. You may also qualify to save up to 10% on your Blue Cross Small Group Medical plan contract.
- ▶ **A wide variety of loss-prevention services are available to Integrated MediComp policyholders.** A loss-prevention consultant is available to assist your management team in evaluating exposure to loss and in analyzing your loss history by isolating principal loss causes and implementing practical control measures.
- ▶ **You receive reliable, up-to-date loss information on a regular basis.** The more useful information you are given on claim activity, the easier it is to keep claims from recurring.
- ▶ **You are rewarded for being safety-conscious.** Customers with documented safety programs in place may receive discounts on their rates.
- ▶ **Examiner case loads are kept at manageable levels.** By making sure our claims examiners are not overburdened with cases, they are better able to handle your claims in a timely and efficient manner.
- ▶ **Your employee's network family physician can treat both personal illness and work-related injuries, and refer to specialists when necessary.** This integrated coverage reduces the likelihood of payment for fraudulent claims. Since Integrated MediComp covers employees for both industrial and non-industrial medical problems, we know when an

employee has had treatment. Access to the Blue Cross of California medical network ensures quality health care and cost-effective rates while reducing unnecessary treatment and expense.

- ▶ **A staff nurse oversees the medical treatment of all lost-time injuries.** While the treating physician directs the medical treatment, help from a medically trained staff nurse, who asks the physician questions, can be useful in evaluating the employee's medical condition and determining the best method of treatment. This form of team treatment prompts quicker healing and a swifter return to work.



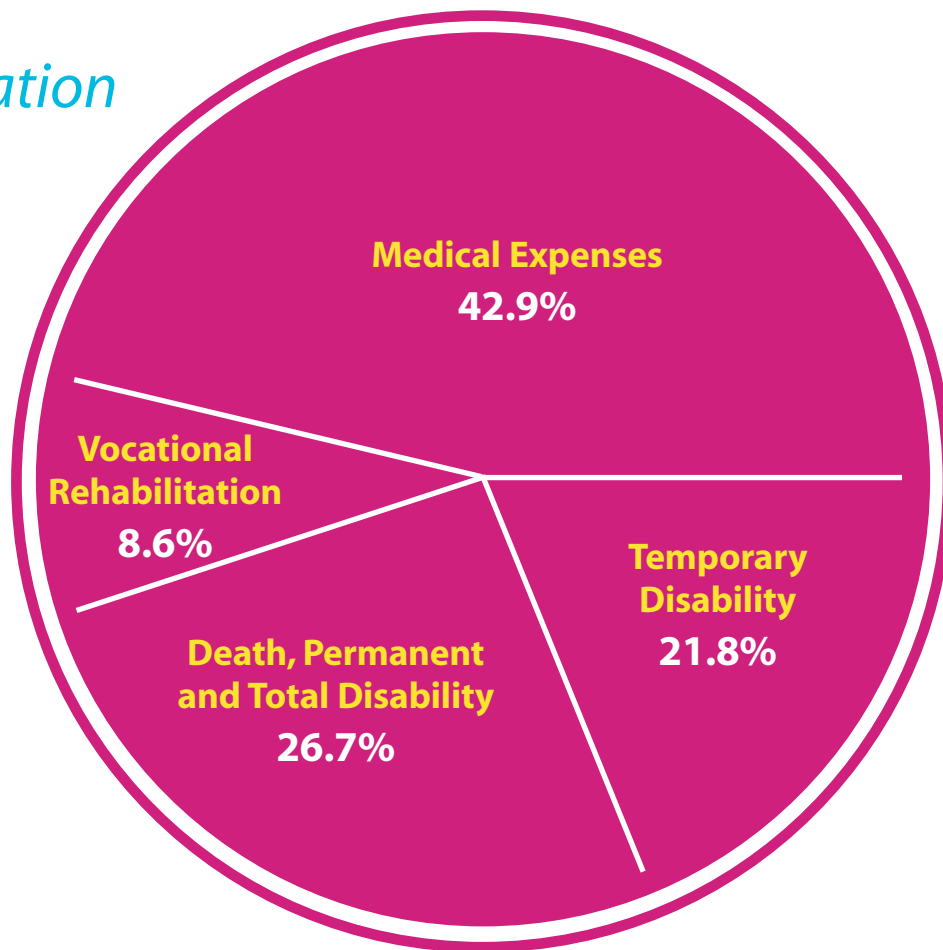
- ▶ **Coordination and assistance is provided to implement Early Return-to-Work programs.** Your claims examiner and nurse work with you to find modified duties for your injured employees who may not yet be able to return to their normal duties. Early Return-to-Work programs can save you money by lowering disability and rehabilitation expenses, while allowing the employee to maintain his/her standard of living.
- ▶ **Bilingual claims professionals are available for injured employees.** When employees can ask questions and receive answers from Employers Compensation Insurance Company's bilingual claims personnel, they are less likely to seek the services of attorneys due to misunderstandings.
- ▶ **Quality legal representation is provided whenever necessary.** Although we try to treat your employees in a fair and considerate manner, occasionally claims are litigated. When this happens, Employers Compensation Insurance Company provides legal representation from specialists in Workers' Compensation law.
- ▶ **A toll-free, 24-hour reporting service is available to assist policyholders in reporting claims.** Helping you report claims promptly not only eases your administrative burdens, but also helps you respond quickly and efficiently to your employees' needs.
- ▶ **For Workers' Compensation claims, the employer, employee and medical provider are contacted by Employers Compensation Insurance Company's claims department within 24 hours of receiving a claim.** Quick response to claims helps everyone involved understand what to expect. Employees who lose time from work due to injuries are reassured they will be treated fairly. Problems can be identified and addressed before they get out of control. Questionable claims are identified for additional action.
- ▶ **Claims are thoroughly investigated.** Those suspected of fraud are vigorously pursued with the help of the Employers Compensation Insurance Company's Special Investigative Unit.
- ▶ **Benefits are paid promptly to legitimately injured workers.** Our staff shares the sense of urgency needed for swift claims management. Paying your injured employees their benefits when they are due helps increase employee satisfaction and reduces the likelihood of unnecessary litigation.



- ▶ **Integrated coverage helps end administrative billing issues between carriers for occupational and non-occupational injuries and diseases.** You and your employees benefit from the enhanced communication and coordination of the Employers Compensation Insurance Company and Blue Cross alliance.
- ▶ **A single, consolidated bill is provided for the group's Medical, Workers' Compensation, Dental and Life insurance.** This single invoice allows you to pay one monthly premium for both group health and Workers' Compensation.
- ▶ **The employee receives greater security and satisfaction when health care is coordinated by his/her personal network physician for both work-related injuries and personal illnesses.** This creates a history between patient and physician, which can help to quickly and accurately diagnose injury or illness.

Did You Know...

Workers' Compensation Costs



Medical expenses are the largest component of Workers' Compensation costs. Blue Cross and Employers Compensation Insurance Company have made a commitment to reduce these costs.

- ▶ Managed care techniques such as medical case management, and medical bill and utilization review combine to lower Workers' Compensation costs and premiums.
- ▶ The personal contact, managed medical care facilitation and emphasis on an early return to work help reduce litigation and its associated costs.
- ▶ Access to the Blue Cross of California physician and hospital network ensures quality health care and cost-effective rates, while reducing unnecessary treatment and expense.
- ▶ One insurance source for both Medical and Workers' Compensation eliminates duplicate claim filings, in turn reducing costs.
- ▶ Health and Workers' Compensation premiums are consolidated into one simple monthly payment, creating easy administration.

Request Your Integrated MediComp Quote Today

How to Receive an Integrated MediComp Quote

- 1) Approximately 60 days before your Workers' Compensation renewal date, you must request loss runs from the insurance companies who have provided your coverage for the past three years. Request the loss information in writing on your company letterhead. Samples of loss information request letters are included to assist you.
- 2) Make a copy of the information or declaration page of your current policy.
- 3) Complete the Workers' Compensation application form with the help of your insurance agent/broker.
Note: *If you are presently covered by Blue Cross of California's Group Medical, be sure to provide your Group Number on the Workers' Compensation application.*
- 4) Gather copies of product brochures, sales literature, or other materials that describe the nature of your business.

Give your agent/broker the following materials:

- ▶ Completed Workers' Compensation application, including ownership and description of operations
- ▶ Copy of your current policy declaration page
- ▶ Loss runs for the last three policy years
- ▶ Brochures or other literature describing your business

Once the application is approved by your Employers Compensation Insurance Company underwriter, a quote will be sent for you and your agent to review. If you agree to the quote and the terms, you will need to send your deposit premium (quoted in your proposal) and a copy of the proposal to your Blue Cross agent. Once your application is processed, you will receive a copy of your policy, and a Workers' Compensation Claims Kit will be sent.

Sample Letter

[To be completed on the insured's letterhead]

January 1, 2004

*Sample Insurance Company
P.O. Box 123
Anywhere, CA 90123-0123*

*RE: Workers' Compensation Insurance
Policy #: 1046XX-00, 1046XX-01 and 1046XX-02
Effective: 1-1-2000 to 1-1-2004*

To Whom It May Concern:

We hereby request that you forward Loss Experience Reports to us for the above referenced policies for the last three policy periods, beginning 1-1-2000 to the present. If possible, I would appreciate you sending these reports by return fax to (XXX) XXX-XXXX. I would like to receive the reports within the next two weeks.

If you have any questions, please call me at (XXX) XXX-XXXX. Thank you for your cooperation.

Sincerely,

*Tom Jones
President*

[This is an example of an initial request for Loss Experience Reports, which policyholders can send their insurer(s). If the Loss Experience Reports are not received within two weeks from the date the letter is mailed, a stronger follow-up letter should be sent.]

Application & Supplemental Questionnaire

Application and Underwriting Guidelines

- ▶ A Workers' Compensation application needs to be submitted to the Employers Compensation Insurance Company Newbury Park office to receive an Integrated MediComp rate quote.
- ▶ The application should be submitted at least 15 days prior to the effective date (the earlier the better).
- ▶ It is recommended that a Supplemental Questionnaire be completed for each prospective insured to provide the Underwriting Department with a complete understanding of the account.
- ▶ The number of employees, both full- and part-time, is essential to evaluating an account.
- ▶ Provide the level of contribution by the employer towards payment of health benefits on behalf of the employee.
- ▶ If the company currently has a Blue Cross of California Medical plan, the Group Number should be referenced on the Workers' Compensation application and written on any correspondence.
- ▶ Some groups in business less than one (1) year may be considered only in conjunction with a Blue Cross Small Group Medical plan.
- ▶ Provide a copy of the company's current Workers' Compensation policy to expedite application processing.



HOW TO COMPLETE THE APPLICATION

- ▶ **All** the blank areas of the application must be completed.
- ▶ The completed application must be **signed by the insured/applicant**.
- ▶ Please **read** through these instructions for help in completing the application.
- ▶ If this is your first submission, please send a **copy** of your Fire & Casualty license, **or** I.E.A. Certificate **and** your Life Agent license, with your first submission.

Side One of Application:

1. Please provide a Blue Cross Small Group policy number or indicate if the applicant is currently applying for a Small Group policy.
2. **BROKER INFORMATION** – Application **must** have complete broker/agent information and application **must** be signed by **insured/applicant**.
3. **COMPANY INFORMATION** – Provide the **full name** and mailing address of the applicant, the **number of years** in business and **indicate** whether applicant is an Individual, Partnership or Corporation. Provide the **Federal Employer ID number** for the applicant. The NCCI ID number and other Rating Bureau ID numbers are not necessary.
4. **LOCATIONS** – Provide **all physical** locations for the applicant.
5. **POLICY INFORMATION** – Provide the **proposed effective date** and **expiration date**. Show **CA** for California in Part 1 (States).
6. **RATING INFORMATION** – Show **CA** for California. Provide the respective **class codes*** of the payroll, **classification description***, **number of employees** in that class **and payroll** in that class. If available, please provide the applicant's Experience Modification.

* A copy of the client's Declaration Page of their current coverage will assist you in determining classifications.

Side Two of Application:

7. **INDIVIDUALS INCLUDED/EXCLUDED** – List **all** OFFICERS or PARTNERS to be included **or** excluded from coverage, **including** title and ownership percentage, totaling 100%.
8. **PRIOR CARRIER INFORMATION** – Provide **currently valued loss runs** from the prior carrier for the last 3 years; this information may be obtained from the applicant who would get them from their prior carrier.
9. **NATURE OF BUSINESS** – Provide a **complete description** of the applicant's operations (attach a business brochure, if available).
10. **GENERAL INFORMATION** – Answer "**yes**" or "**no**" to **all** questions. Explain all "yes" answers in the "Remarks" section below. Provide a **contact** person's name and telephone number or indicate if the applicant is currently applying for a Small Group Policy.
11. **SUPPLEMENTAL WORKERS' COMPENSATION QUESTIONNAIRE** – Please complete in full to provide additional underwriting information.

MAIL OR FAX THE COMPLETED APPLICATION TO:

P. O. Box 9057 • Oxnard, CA 93031 • 800/520-1683 • Fax 805/499-7214



WORKERS' COMPENSATION APPLICATION

Please type or print

PLEASE FAX or MAIL COMPLETED APPLICATION - DO NOT RETURN ELECTRONICALLY VIA E-MAIL

Name of Company	Group Health No.	Date (MM/DD/YY)
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Will this Workers' Compensation Application be integrated with a Blue Cross of California Small Group Health Plan? Yes No *If yes, please continue.*

BROKER INFORMATION

Writing Broker's Name	Broker License No.	
Broker Address	General Agent License No.	Broker Employer I.D. No.
City / State / ZIP Code	Phone No.	Fax No.

COMPANY INFORMATION

Name of Company and D.B.A.	Years in Business
<input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Subchapter "S" Corp <input type="checkbox"/> Other (specify):	
Mailing Address	Federal Employer I.D. No.
City / State / ZIP Code	Other Rating Bureau I.D. No.

LOCATIONS

#	Address	City/County/State/ZIP Code
1		
2		
3		

POLICY INFORMATION

Proposed Effective Date (MM/DD/YY)	Proposed Expiration Date (MM/DD/YY)	Normal Anniversary Date (MM/DD/YY)
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Part I (State)

Provide the level of contribution by employer towards payment of health benefits on behalf of the employee

RATING INFORMATION (MANDATORY)

State	LOC	Class Code	Categories/Duties/Classifications	Number of Employees		Estimated Annual Payroll
				Full-Time	Part-Time	

Specify Additional Coverages/Endorsements (All exposures checked above should be explained)

INTEGRATED MEDICOMP WORKERS' COMPENSATION APPLICATION *(Continued)*

Partners, officers, relatives to be included or excluded (Remuneration to be included must be part of Rating Information section)

#	Name	Date of Birth	Title/Relationship	Ownership %	Duties	Include/Exclude	Class Code	Remuneration

Provide information for the past five (5) years and use the Remarks section for loss details. (Must have a minimum of three (3) years loss runs attached).

Year	Carrier	Policy No.	Annual Premium	Mod.	No. Claims	Amount Paid	Reserve

Provide comments and descriptions of business, operation and products. **Manufacturing:** raw materials, processes, product, equipment. **Contractor:** type of work, sub-contracts. **Mercantile:** merchandise, customers, deliveries. **Service:** type, location. **Farm:** acreage, animals, machinery, sub-contracts.

Please explain all "Yes" responses in the "Remarks" section below.		Yes	No	Please explain all "Yes" responses in the "Remarks" section below.		Yes	No
1. Does applicant own, operate or lease aircraft/watercraft?		<input type="checkbox"/>	<input type="checkbox"/>	10. Any employee under 16 or over 50 years of age?		<input type="checkbox"/>	<input type="checkbox"/>
2. Does operation involve storing, treating, discharging, applying, disposing or transporting of hazardous material? (e.g., landfills, asbestos, wastes, fuel tanks)		<input type="checkbox"/>	<input type="checkbox"/>	11. Any employees over 60 years of age?		<input type="checkbox"/>	<input type="checkbox"/>
3. Any work performed underground or above 15 feet?		<input type="checkbox"/>	<input type="checkbox"/>	12. Any part-time or seasonal employees?		<input type="checkbox"/>	<input type="checkbox"/>
4. Any work performed on barges, vessels, docks, bridges over water?		<input type="checkbox"/>	<input type="checkbox"/>	13. Is there any volunteer or donated labor?		<input type="checkbox"/>	<input type="checkbox"/>
5. Is applicant engaged in any other type of business?		<input type="checkbox"/>	<input type="checkbox"/>	14. Any employees with physical handicaps?		<input type="checkbox"/>	<input type="checkbox"/>
6. Are sub-contractors used?		<input type="checkbox"/>	<input type="checkbox"/>	15. Do employees travel out of state?		<input type="checkbox"/>	<input type="checkbox"/>
7. Any work sublet without certificate of insurance?		<input type="checkbox"/>	<input type="checkbox"/>	16. Are athletic teams sponsored?		<input type="checkbox"/>	<input type="checkbox"/>
8. Is a formal safety program in operation?		<input type="checkbox"/>	<input type="checkbox"/>	17. Are pre-employment physicals required?		<input type="checkbox"/>	<input type="checkbox"/>
9. Any group transportation provided?		<input type="checkbox"/>	<input type="checkbox"/>	18. Any other insurance with this insurer?		<input type="checkbox"/>	<input type="checkbox"/>
				19. Any prior coverage declined/cancelled/non-renewed (last 3 yrs)?		<input type="checkbox"/>	<input type="checkbox"/>

Inspection Contact	Phone No.	Account Records Contact	Phone No.
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Remarks

Signature of Insured _____ **Date** _____

Integrated MediComp Workers' Compensation coverage offered by Blue Cross of California and/or BC Life & Health Insurance Company and Employers Compensation Insurance Company.

PLEASE FAX OR MAIL COMPLETED APPLICATION - DO NOT RETURN ELECTRONICALLY VIA E-MAIL

P. O. BOX 9057, OXNARD, CA 93031 ~ FAX # 805-499-7214



WORKERS' COMPENSATION SUPPLEMENTAL QUESTIONNAIRE

Named Insured: _____ Appl/Policy # _____ Eff. Date: _____

Agency/Brokerage Firm: _____ Attn: _____ Fax: _____

From: _____ Fax: _____

Employee Benefits:

A. Medical Benefits

- Employer pays 80% or more of All Employees
Employer pays 50% or more of All Employees
Employer pays 49% or less of All Employees
Benefits provided only to Management and Supervisors

Provider/Carrier: _____

No Medical Benefits provided

- B. Employer paid Vacation? Yes No
C. Employer paid Sick Leave? Yes No

Employee Management:

A. Pre-Hire Screening:

- Applications Reference Checks Physical Examinations: Yes No

- B. Pre-Employment Drug Testing
C. Post-Accident Drug Testing Yes No

Employee Profile:

A. Union

- B. No. Of W2s filed for last reporting period:
Starting Wage per hour:
Average Wage per hour:
Number of Permanent Employees: # Full Time: # Part Time:
Number of Employees per Class:
Class: # Class: # Class: # Class: #
Number of Temp/Seasonal Employees:
Employee Turnover per year:
Average number of years with Company:

C. Interchange of labor (if yes, existence of physical separations) _____

D. Percent of payroll for off-premises operations: %
Operations performed off-employer's premises: _____

E. Number of Company Autos: Number of Drivers:
Number of Company Trucks:
Radius of Driving Operations: MVRs Checked: Yes No
How often are MVRs run: per year.

F. Do employees drive their personal autos on Company Business: Yes No

G. Are employees allowed to use motorcycles on Company Business: Yes No

H. Hours of Operation: am/pm to am/pm

I. Any weekend, nightshifts or graveyard shifts? Yes No

J. Early Return-to-Work Program? Yes No

K. If the risk is a restaurant, do they also operate a micro-brewery? Yes No



Employee Safety Program:

- A. New Employee Orientation Plan Yes No
- B. Formal Written Safety Program Yes No
- C. Documented Safety meetings with all employees? Yes No
- D. Safety Incentive Plan Yes No
- E. Written Supervisor Accountability Plan Yes No
- F. Full Time Safety Director/Risk Manager Yes No
- G. Employee Training Program for all employees? Yes No
- H. Documented Physical Inspections of premises Yes No
- I. Maximum weight lifted manually _____ lbs
Controls (back belts, forklifts) _____
List mechanical lifting devices used: _____
- J. Machine Safety guards in place: Yes No
- K. Lockout/Tag-out Program in place? Yes No
- L. Personal Protective Equipment provided and usage enforced? Yes No
- M. Documented Accident Investigation? Yes No
- N. Formal Disciplinary Procedure in place? Yes No

Employee & Payroll Trends:

- A. Future Staff Increases: _____ Future Staff Decreases: _____
- B. Future Layoffs Foreseen: Yes No

Management:

- A. Owners: Active in Management: Yes No
Absentee: Yes No
- B. Trade Associations: _____
- C. Group Transportation Provided: Yes No
- D. Ratio of Supervisors to Employees: _____
Average number of years experience: _____
Average number of years with Company: _____

Please send the following additional information only if there is a check mark in the box:

Claims:

Please forward the following year's loss information to us: (Valuation date should be within 90 days of the policy inception date.)

- 2003 to 2004
- 2002 to 2003
- 2001 to 2002
- 2000 to 2001
- 1999 to 2000
- For all claims over \$25,000, please advise the following:

What was the injury?

How did it occur?

What corrective action has the insured taken to prevent recurrence?

- Please send us a current experience modification worksheet.



Payrolls:

Please forward the following Final Audited Payroll information to us:

- 2003 to 2004
- 2002 to 2003
- 2001 to 2002
- 2000 to 2001
- 1999 to 2000

Premium:

Please forward the following Final Audited Payroll information to us:

- 2003 to 2004
- 2002 to 2003
- 2001 to 2002
- 2000 to 2001
- 1999 to 2000

Insured's Web site Address: _____

Additional Information/Comments:

Please return this Questionnaire by: _____

Completed By: _____ **Date:** _____

Title: _____



BlueCross of California

Blue Cross of California and BC Life & Health Insurance Company are Independent Licensees of the Blue Cross Association (BCA). The Blue Cross name and symbol are registered service marks of the BCA.

Medical coverage is provided by Blue Cross of California and BC Life & Health Insurance Company. Workers' Compensation coverage is provided through Employers Compensation Insurance Company.

*Blue Cross of California
2000 Corporate Center Drive
Newbury Park, CA 91320
(800) 520-1683
www.bluecrossca.com*

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