

Associated Industries Insurance Company, Inc.



901 N.W. 51st STREET • P.O. BOX 310704 • BOCA RATON, FLORIDA 33431-0704
PHONE: (800) 866-1234 OR (561) 994-9888 • FAX: (561) 997-6444 • E-MAIL: aais@aif.com • INTERNET: <http://aif.com>

October 1, 2001

RECEIVED OCT 04 2001

Dear Policyholder:

The 2001 Florida Legislature made some amendments to the workers' compensation law, and one of the most significant changes was in the area of managed care. Effective October 1, 2001, managed care is no longer mandatory but instead is voluntary on the part of carriers/employers. Associated Industries Insurance Company (AIIC) has decided to no longer participate in the managed care program and will not be offering managed care to its policyholders. In making this decision, the following factors were considered:

- **AIIC has always managed** the medical care and treatment of injured workers and did not relinquish control or change practices while governed by managed care. Our claims management will not change and should only become more timely and efficient.
- Many excellent physicians refuse to treat workers' compensation patients due to the managed care bureaucracy. We are hopeful that some of those physicians will again accept injured employees.
- For initial medical treatment, employees will not have to rely upon selecting a physician from a managed care list. Employers can direct injured employees to appropriate physicians or emergency rooms for initial treatment.
- Adjusters can direct injured employees to specialists in a timely manner and do not have to wait for approval or a referral from a managed care coordinator.
- When injured employees are dissatisfied with their treating physician, they will be given a selection of three well-qualified physicians from which to choose a new physician. They will not have a lengthy managed care list containing all network providers.
- Employees will be allowed to change physicians only once, not numerous times.



- Managed care is one of the most litigated areas of workers' compensation claims. Attorneys attempt to dispute managed care arrangements and their validity. By leaving the managed care arena, we believe that litigation issues and costs will decrease.
- Studies have shown that medical costs in Florida have risen faster and higher than in most other states. Florida is the only state that has had mandatory managed care.
- Of eight states recently studied by the Workers' Compensation Research Institute, Florida has the highest medical cost containment expenses. Medical cost containment expenses account for 51% of each dollar. This was due to mandatory managed care.

Associated Industries opposed mandatory managed care in workers' compensation when it was passed into law and we worked to repeal it which was finally done by the Legislature earlier this year. We know it is in the best interest of employers and injured workers to not be under managed care in workers' compensation and that is why we are withdrawing from same at this point.

Our First Report Representatives will continue to assist you in referring injured employees to appropriate medical providers for initial medical care. If you have any questions regarding medical care and treatment, please contact one of our claims representatives at 888-225-2442.

Sincerely,

Jon L. Shebel
President & Chief Executive Officer