SUBSEQUENT INJURY FUND

BILL WHEELER

LMAC FEBRUARY 2020
Corrections From January

January LMAC Presentation:

- Nationally:
  - 39 states have some type of second injury or subsequent injury fund
  - 9 states no longer have their funds – AL, KS, KY, NE, NM, NY, SC, VA & WV
  - 3 states never had a fund - ME, WY & OR

Updated:

- Nationally:
  - 29 states have an second injury or subsequent injury fund
  - 18 states no longer have their funds – Alabama, Alaska, Arkansas, Colorado, Connecticut, District of Columbia, Florida, Georgia, Kansas, Kentucky, Minnesota, Nebraska, New Mexico, New York, Rhode Island, South Carolina, Utah, West Virginia
  - 4 states never had a fund – Maine, Wyoming, Vermont, Oregon

Many of these states are running off the liability
Terminated SIF Programs by State

- **Alabama**
  - Terminated after 5/19/1992 because funding source “dried up”
  - Trust fund, paid into by employers, not functioning well
  - In 2020, still paying on claims ~ $150K per year from operating budget

- **Alaska**
  - Recent sunset – no new claims after 8/31/18 w/ deadline to file 10/1/2020
  - Passage of ADA reduced need for SIF
  - Will pay existing claims until all closed. Funded by employers

- **Arkansas**
  - Eliminated for new claims after 12/31/2007
Terminated (continued)

- **Colorado**
  - Original purpose similar to MT
  - Closed after June 30, 1993 for injuries and March 31, 1994 for ODs
  - General Assembly felt that the economic burden should be with insurers or self-insurers and not the state

- **Connecticut**
  - Closed by their 1995 legislature for new claims

- **District of Columbia**
  - Closed to new second injuries occurring on or after 4/16/99

- **Florida**
  - Ended for new claims January 1, 1998
  - Paid for through Disability Trust Fund. Assessment is to insurers
  - ADA
Terminated (continued)

- Georgia
  - Closed for injuries after 6/30/2006
- Kansas
  - Closed for accidents after 7/1/94
- Kentucky
  - Closed 12/12/96
- Minnesota
  - Repealed for subsequent injuries after June 30, 1992
  - Assessed against employers and insurers
Terminated (continued)

• Nebraska
  • Eliminated for new claims December 1, 1997
  • Paid for by assessment on insurers and self-insurers
  • ADA

• New Mexico
  • Closed in 1996

• New York
  • Date of injury before 7/1/10

• Rhode Island
  • Date not found
Terminated (continued)

- **South Carolina**
  - Eliminated 7/1/08

- **Vermont**
  - Limited use fund to $500 per occurrence
  - Never completely funded or used so abolished around 1999

- **Utah**
  - Called the Employers Reinsurance Fund (ERF)
  - In sunset mode since 1994
  - Combined somewhat with Uninsured Employers Fund (UEF) for PTDs of uninsured employers
  - ERF and UEF paid for though tax on policies
Other Notes by State

- Many are tied specifically to PTD benefits
  - Alaska 95% are PTD
- Several said their program was originally set up similar to MT
- Several of the states responding said ADA was a factor in discontinuing their Second Injury Fund
- Most assess either employers or insurers or self-insurers to replenish
- One noted they pay for prosthetics
  - Indiana
- Uninsured Employers Fund (UEF)
  - Utah and Arizona
- About half the states did not respond regarding outstanding liability
### # of Claims / Amount Reimbursed

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Number of Claims</th>
<th>Sum of Reimbursement Paid FY 2008-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan 1</td>
<td>42</td>
<td>$2,145,686.40</td>
</tr>
<tr>
<td>Plan 2</td>
<td>28</td>
<td>$2,204,432.53</td>
</tr>
<tr>
<td>Plan 3</td>
<td>101</td>
<td>$6,242,317.07</td>
</tr>
<tr>
<td>Captive</td>
<td>2</td>
<td>$48,190.56</td>
</tr>
<tr>
<td>Grand Total</td>
<td>173</td>
<td>$10,640,626.56</td>
</tr>
</tbody>
</table>

Total medical & indemnity paid by all carriers FY 2008-2019 was $489,497,665.22
Employers w/ SIF claims (FY 2008 - FY 2019)

Number of employers with SIF reimbursement – 139
Number of claims w/ reimbursement – 173
• Plan 1 – 42
• Plan 2 – 28
• Plan 3 – 101
• Captive – 2

Number of Employers in Montana with Work Comp Coverage – 33,199 policies in 2018 (NCCI)

Percentage of Montana employers who have claims for which SIF reimbursements are made – 0.42% (139 / 33,199)
State Agencies (Paid vs Premium Benefit)

FY 2008 – FY 2019
- Assessments paid (surcharge) – $391.2K
- Premium benefits from e-mod – $80K
- Net benefit – -$311.2K

- Note – there is a 3 – year window used in NCCI’s experience rating for e-mod
SIF and the Self-Insureds

Active Self-Insureds in Montana

- **Individual**
  - Private – 23

- **Groups**
  - Private – 3 with 105 member employers
  - Public – 5 with 418 member employers
Self-Insureds (Paid vs Reimbursement)

FY 2008 – FY 2019

• Reimbursements
  • 17 different self-insureds (13 still active self-insureds)
  • Total Reimbursement - $2.15M

• Assessments - $1.87M

• Current SIs below receiving a net benefit from SIF (Of 31 SIs, 24 pay in more than they take out)
  • Individual Private - 5 (22%) received a net benefit
  • Private Group – 1 (33%) received a net benefit
  • Public Group – 1 (20%) received net benefit
Questions

Employment Relations Division
Bill Wheeler, Deputy Administrator
bwheeler@mt.gov
406.444.6541