

# FUNDING SAFETY & HEALTH FUNCTIONS

According to the National Council of Compensation Insurers (NCCI), since FY08 the cost of workers' compensation losses in Montana has declined by a cumulative total of -42.4%. -22.4% of that decrease was achieved from HB334. The remainder of these savings is from legislative changes prior to 2011 and stakeholder's efforts to assist workers with return to work and prevention of injuries.

Montana employers have benefited from these decreased costs through premium reductions. Montana's written premium has decreased from \$356 million in 2008 to \$276 million in 2013.

## **MONTANA'S INJURY RATES, HOWEVER, ARE 40% HIGHER THAN THE NATIONAL AVERAGE.**

Montana's workers continue to suffer more lost time accidents than the national average. HB334 didn't address the savings that

## **THE CHALLENGE**

Except for a portion of the private employer safety consultations that are paid with a grant from OSHA, the Department's safety services are funded with revenue from the workers' compensation assessment. The assessment is billed to employers by their workers' compensation insurer and is paid by every insured employer in Montana.

The assessment is capped at 3% of workers' compensation benefits paid in the preceding calendar year, less all medical benefits greater than \$200,000 per claim. In addition to paying for safety services of the Department, this assessment is also used to pay for all statutorily required workers' compensation administrative and regulatory functions of the Department and the Workers' Compensation Court.

## **THE SOLUTION**

**THIS LEGISLATION IS SUPPORTED BY THE LMAC, THE DEPARTMENT, AND THE GOVERNOR'S OFFICE AND MUST BE PASSED BY THE 2015 LEGISLATURE OR THE DEPARTMENT'S SAFETY SERVICES WILL BE ELIMINATED BY THE END OF FY16.**

The Labor Management Advisory Council on Workers' Compensation (LMAC) has recommended legislation to the Department that raises the 3% cap on benefits paid to a 5% cap on benefits paid to be used for the administrative and regulatory

can be achieved from increasing safety and prevention of injuries. Montana can save an additional \$115 million in loss costs by reducing our lost time injury rates to the national average.

## **THE KEY TO ACHIEVING THIS CHANGE IS SAFETY.**

Since 2010, lost time accidents have decreased 10% and saved \$29 million in loss costs. This decrease is a result of the emphasis on safety and prevention of injuries. The Department's Safety and Health Bureau is the leader in education, training, and outreach to employers and employees and is instrumental in achieving reduced injury rates. The Bureau staff provides consultations to public and private employers upon request; inspects public workplaces and investigates complaints at public workplaces; organizes no cost safety training at multiple locations across the state – Assistance to Business Clinics, SafetyFestMT, new and refresher mine training, OSHA 10 hour general and construction certifications, and young worker training; and provides assistance in complying with the Montana Safety Culture Act. These safety services are authorized by law but not required.

Since FY04, expenditures for these services have increased consistent with the CPI increases during that time and expenditures also increased due to additional statutory requirements. Prior to FY11, paid benefits increased at a level that provided assessment revenue sufficient to cover expenditures. Since FY11, paid benefits have decreased by 11.3% and no longer provide sufficient revenue to pay for current services. By the end of FY16, the Department will need to reduce expenditures by approximately \$2 million in order to pay for the statutorily required functions of the Department and Workers' Compensation Court.

**WITHOUT ADDITIONAL FUNDING, THE SAFETY SERVICES CURRENTLY PROVIDED BY THE DEPARTMENT WILL HAVE TO BE ELIMINATED.**

workers' compensation functions of the Department and creates a separate assessment on benefits paid to be used to fund the legislatively appropriated functions of the Safety and Health Bureau.

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