

LMAC TALKING POINTS

November 19, 2013

Generally speaking it is still early in the process and difficult to discern the impacts of the reforms.

We solicited 2009-2012 loss data and talking points from MSIA membership. The Montana Self Insured Association consists of:

- Cross section of self insured Montana employers

 - Small/large employers and pooled groups

- Solicited comment from those who adjust or otherwise directly work with claims –

 - General comment was that it is still early and no specific conclusions should be drawn.

A review of incurred and paid loss data revealed:

- Payrolls have increased - 6.39% - 13.1%

- Number of claims (frequency) has gone down for most self insured employers.

 - Varies by size of employer or group

 - Reductions from 6% to 37.3%

 - The number of medical only and indemnity claims is generally down, indemnity seeing a greater reduction.

- Conducted a review of paid claim data – emphasis on paid medical data

 - Varies greatly with three issues driving variances:

 - Number of catastrophic losses

 - Successful closure of medical payments

 - Claim creep or expansion of claims with aging workforce.

In general medical costs are trending down. Especially for FY 2012 to 2013. Not absolute truth. One group has seen incurred costs increase 11.8%. and average cost of MO up 19%

General trend shows hospital costs per claim are increasing for most self-insured employers. Paid claims are down largely due to reduced frequency.

COMMENTS ON POINTS IN THE CHANGES BROUGHT ABOUT BY REFORMS

U & T Guidelines

There appears to be some help from U&T in managing costs.

There is a real problem in the medical community and their misunderstanding of the U&T process.

The process has provided increased control over some service providers including PT, chiro, and other specialty services.

Conversely, for some the generous allowance of PT, massage therapy and chiro has increased usage.

Fee Schedule changes

Fee schedule freeze appears to have produced some modest savings.

This likely tracks with the reduction in medical payments

The payment of 110% to treating physicians is causing problems.

Payment challenges for accounts payable.

Fewer MD's willing to be WC treating in rural areas.
Treating vs. non-treating is very hard to track.
Fee schedule has too many schedules or tables.

Changes in PPD

Some self insured employers have seen modest savings from changes to the PPD process for Class 1 impairments with no wage loss.

However, much of the savings has been offset by the increase of 25 weeks in PPD payments causing an increase in cost for the PPD settlement.

Reimbursement of TTD after 21 days of wage loss

This change has produced significant confusion regarding the retro payment of wage loss benefits.

Significant challenges in making proper payment due to differences in WC wage loss benefits and regular payroll.

Some are waiting to make TTD payments until after 21 day waiting period is reached.

Needs to be education of the process employers and insurers.

Ability of insurer to direct treating physician

This has helped with the management of claims.

Numerous statements about the injured worker getting the proper treatment in a more timely manner.

Has produced challenges in some rural areas due to limited number of MD's willing to be treating physician.

There needs to be continued and better education of the process throughout the medical community and the benefits of participating in the treating physician area.

Some see a problem with too few medical providers with Occ Med/WC background or an understanding of the management of WC injuries.

Ability to settle medicals

Significant variety of results

Some self insured employers have had good success.

Resistance of some plaintiff's counsel to work with this option.

Stay-at-work/Return-to-work

Change has had virtually no impact on self-insured employers.

All but the very small had programs already in place.

Some self insured employers have had great success with strong SAW/RTW programs. The change in law raised awareness of the process.

Course and scope

Clarification of this matter has helped manage some exposures of employers.

Gray is gone from the law

5 Year Closure Provision

Obviously, too early to tell

Keys for successful WC claim management with self insured employers

Understanding of the need to actively manage all claims.
Understanding of the process by mid-level management.
Strong SAW/RTW programs.

SAFETY PROGRAMS – SAFETY PROGRAMS

SAFETY PROGRAMS

Many see the lack of a strong safety program as a continued problem, especially with smaller employers

IN CONCLUSION

STILL EARLY

SOME SAVINGS IN MEDICAL PAID

NEED FOR CONTINUED ENHANCEMENT OF THE
CURRENT LAWS AND/OR AND EXPANSION OF
TRAINING IN A VARIETY OF AREAS.

Treating physician

21 day TTD reimbursement process

Settlement of medicals

U & T guidelines

SAFETY/SAFETY/SAFETY