



# SUMMARY

## WORKERS' COMPENSATION STUDY PROJECT

- Department of Labor and Industry
  - Employment Relations Division
    - Jerry Keck, Administrator
      - June 25, 2009

# Reasons for Study Project

- Perception of high premium rates
- Perception of low benefits

# 2008 Oregon Premium Ranking

2008 Ranking	2006 Ranking	State	Index Rate	% of Study Median
2	5	Montana	3.50	155%
8	4	Kentucky	2.96	131%
21	26	Tennessee	2.44	108%
34	32	Idaho	2.12	94%
36	15	Hawaii	2.08	92%
36	44	South Dakota	2.08	92%
37	29	Wyoming	2.06	91%
38	37	Washington	1.98	88%
39	42	Oregon	1.88	83%
42	43	Kansas	1.77	78%
43	29	Colorado	1.76	78%
46	38	Utah	1.63	72%
47	48	Arkansas	1.61	71%
51	51	North Dakota	1.08	48%

# Employers' Costs of Workers' Compensation Insurance

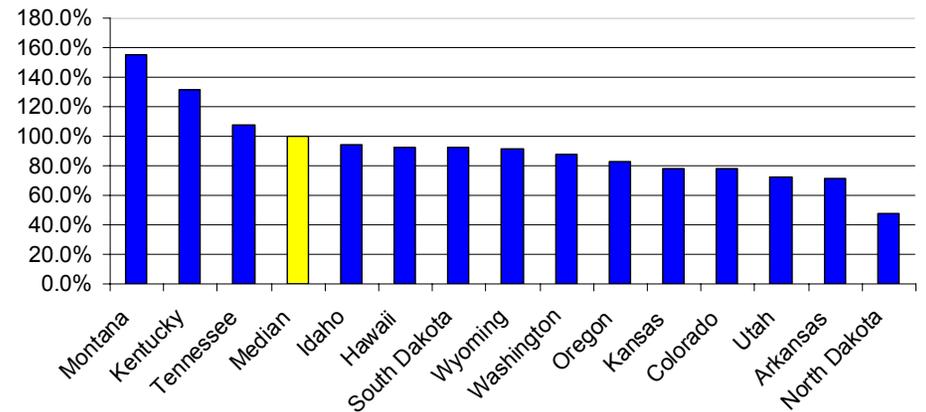
Oregon Premium Rate Rankings, 2008

	Index Rate	State % of Median	Study Rank	Nat'l Rank
Montana	\$3.50	155.0%	1	2
Kentucky	\$2.96	131.0%	2	8
Tennessee	\$2.44	108.0%	3	21
<b>Median</b>	<b>\$2.26</b>	<b>100.0%</b>		
Idaho	\$2.12	94.0%	4	34
Hawaii	\$2.08	92.0%	5	36
South Dakota	\$2.08	92.0%	5	36
Wyoming	\$2.06	91.0%	6	37
Washington	\$1.98	88.0%	7	38
Oregon	\$1.88	83.0%	8	39
Kansas	\$1.77	78.0%	9	42
Colorado	\$1.76	78.0%	9	43
Utah	\$1.63	72.0%	10	46
Arkansas	\$1.61	71.0%	11	47
North Dakota	\$1.08	48.0%	12	51

Source: OR Workers' Compensation Premium Rate Ranking 2008

Note: No consistency between the two premium rate comparisons.

WC Premium Rate Rankings (OR) as a % of Study Median, 2008



# Montana's Premium Rates

- Montana has ranked consistently high in these studies over the last few years
  - 2008 – 2nd
  - 2006 – 5<sup>th</sup>
  - 2004 – 8<sup>th</sup>
  - 2002 – 10<sup>th</sup>
- Why is Montana ranked this high and what factors are influencing this ranking?

# Workers' Compensation Study Project

- Governor Schweitzer asked Lt. Governor Bohlinger to lead study
- Department of Labor staffed the study
- Project Team
- Regular Status Meetings – 7 total

# Workers' Compensation Project Purpose

According to the project charter, the project purpose defined and conducted a study of the Montana workers' compensation system - premiums, benefits, costs and other factors - as compared to selected other states. The study determined and established accurate means of comparison across other state systems and reported the results in an objective manner.

# Study States Included:

- Contiguous states
  - Idaho
  - North Dakota
  - South Dakota
  - Wyoming
- Regional States
  - Colorado
  - Utah
  - Oregon
  - Washington
- States with similar Benefits
  - Arkansas
  - Hawaii
  - Kansas
  - Kentucky
  - Tennessee

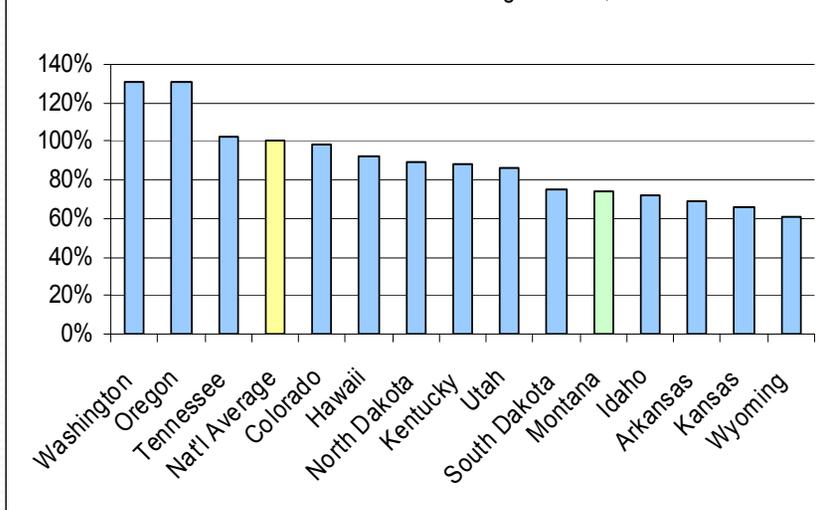
# Statutory Workers' Compensation Benefits

**Maximum Weekly Benefit for TTD, 1/1/2007**

	Maximum Benefit in Dollars	Maximum as % of National Average	Study Rank	Max Rank	State's AWW	Maximum as % of State's AWW	Study Rank	SAWW Rank
Washington	\$961	131%	1	7	\$801	120%	2	10
Oregon	\$960	131%	2	8	\$721	133%	4	20
Tennessee	\$750	102%	3	17	\$682	110%	5	24
<b>Nat'l Average</b>	<b>\$733</b>	<b>100%</b>						
Colorado	\$720	98%	4	24	\$791	91%	3	11
Hawaii	\$678	93%	5	26	\$678	100%	6	25
North Dakota	\$653	89%	6	28	\$1,088	60%	1	1
Kentucky	\$646	88%	7	30	\$646	100%	8	30
Utah	\$631	86%	8	32	\$631	100%	10	34
South Dakota	\$550	75%	9	40	\$550	100%	13	46
Montana	\$545	74%	10	41	\$545	100%	14	47
Idaho	\$526	72%	11	42	\$584	90%	12	42
Arkansas	\$504	69%	12	43	\$593	85%	11	39
Kansas	\$483	66%	13	44	\$644	75%	9	31
Wyoming	\$447	61%	14	47	\$670	67%	7	27

Source: Inventory of Workers' Compensation Laws-BETA VERSION as of Jan 1, 2007, Table 4; DataSum\_2007\_1.pdf from United States Department of Labor. & Calculated.

**Maximum as % of National Average for TTD, 2007**



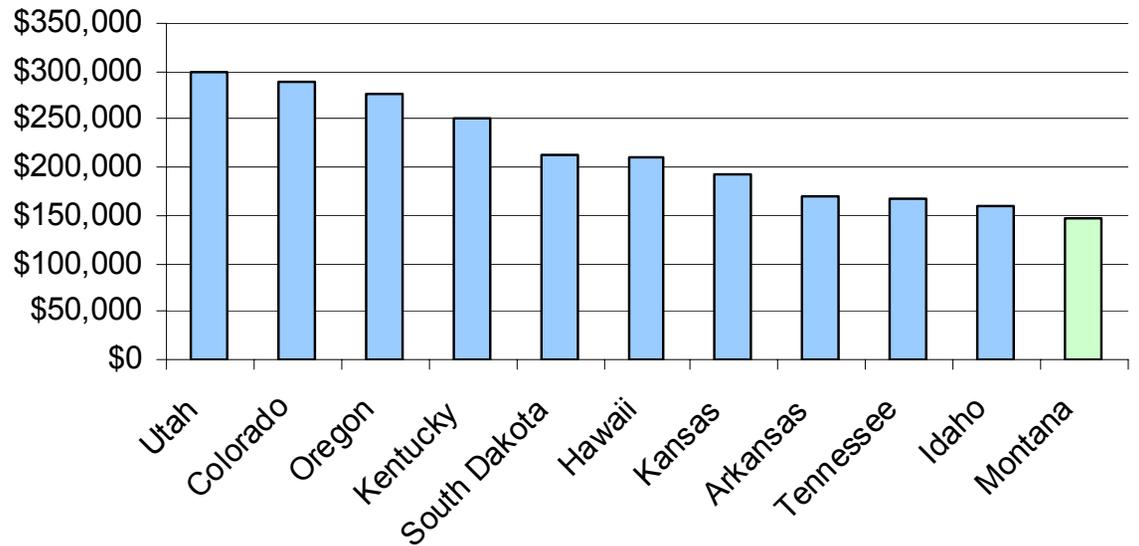
# Statutory Workers' Compensation Benefits

Maximum PPD Benefit for Nonscheduled Injuries as of 1/1/2007

	Maximum Benefit(\$)	Study Rank
Utah	\$299,966	1
Colorado	\$287,896	2
Oregon	\$276,517	3
Kentucky	\$252,122	4
South Dakota	\$212,784	5
Hawaii	\$211,536	6
Kansas	\$193,200	7
Arkansas	\$170,100	8
Tennessee	\$168,400	9
Idaho	\$160,600	10
<b>Montana</b>	<b>\$145,890</b>	<b>11</b>
North Dakota	No Max	
Washington	No Max	
Wyoming	No Max	

## Benefits

Maximum PPD Benefit(\$) for Non-scheduled Injuries, 2007



Source: Inventory of Workers' Compensation Laws-BETA VERSION as of Jan 1,2007, Table 6 & Calculated.

# Cost to Employers

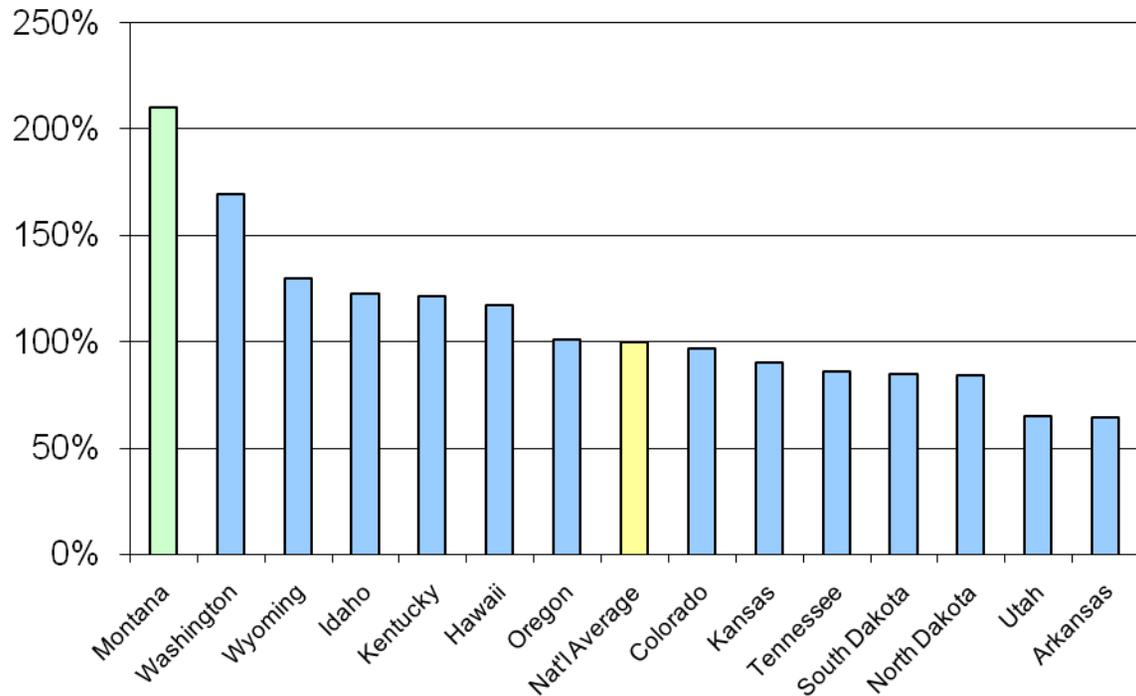
**WC Paid Benefits, 2006**

	Paid Total Benefits Per \$100 of Payroll	Paid Total Benefits as % of Nat'l Avg	Study Rank
Montana	2.02	210%	1
Washington	1.63	170%	2
Wyoming	1.25	130%	3
Idaho	1.18	123%	4
Kentucky	1.17	122%	5
Hawaii	1.13	118%	6
Oregon	0.97	101%	7
Nat'l Average	0.96	100%	
Colorado	0.93	97%	8
Kansas	0.87	91%	9
Tennessee	0.83	86%	10
South Dakota	0.82	85%	11
North Dakota	0.81	84%	12
Utah	0.63	66%	13
Arkansas	0.62	65%	14

Source: NASI, Workers' Compensation: Benefits, Coverage, and Costs, 2006, Table 10 & Calculated

Note: Actually paid to workers. Doesn't include reserves.

**Paid Total Benefits as % of Nat'l Avg, 2006**



# Cost to Employers

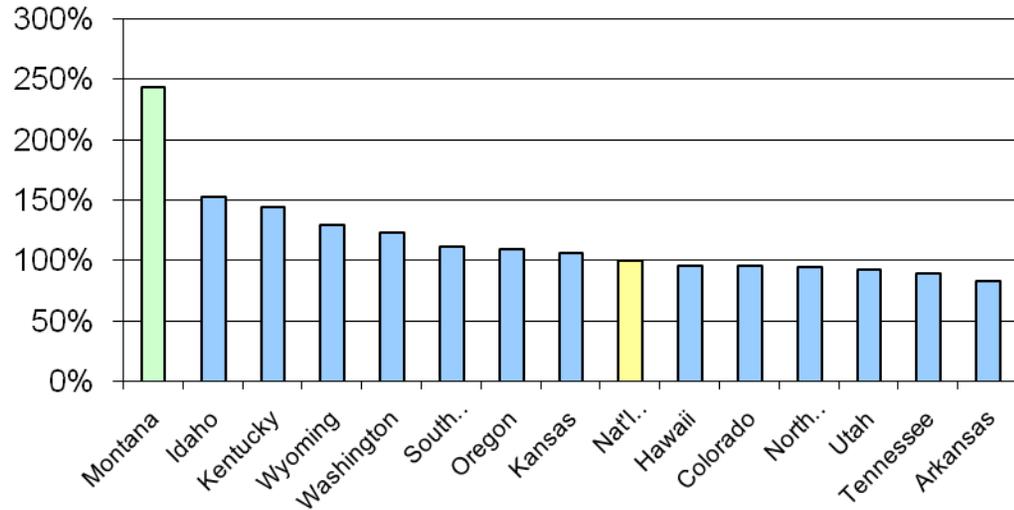
## WC Paid Benefits, 2006

	Percent Medical	Paid Medical Benefits Per \$100 of Payroll	Paid Medical Benefits as % of Nat'l Avg	Study Rank
Montana	57.6%	1.16	243%	1
Idaho	62.0%	0.73	153%	2
Kentucky	58.9%	0.69	144%	3
Wyoming	49.5%	0.62	129%	4
Washington	36.1%	0.59	123%	5
South Dakota	65.0%	0.53	111%	6
Oregon	54.0%	0.52	109%	7
Kansas	58.6%	0.51	107%	8
Nat'l Average	49.8%	0.48	100%	
Hawaii	40.7%	0.46	96%	9
Colorado	49.2%	0.46	96%	10
North Dakota	55.7%	0.45	94%	11
Utah	70.1%	0.44	92%	12
Tennessee	51.6%	0.43	90%	13
Arkansas	64.2%	0.40	83%	14

Source: NASI, Workers' Compensation: Benefits, Coverage, and Costs, 2006, Table 10, Table 9 & Calculated.

Note: Actually paid to workers. Doesn't include reserves.

### Paid Medical Benefits as % of Nat'l Avg, 2006



# Cost to Employers

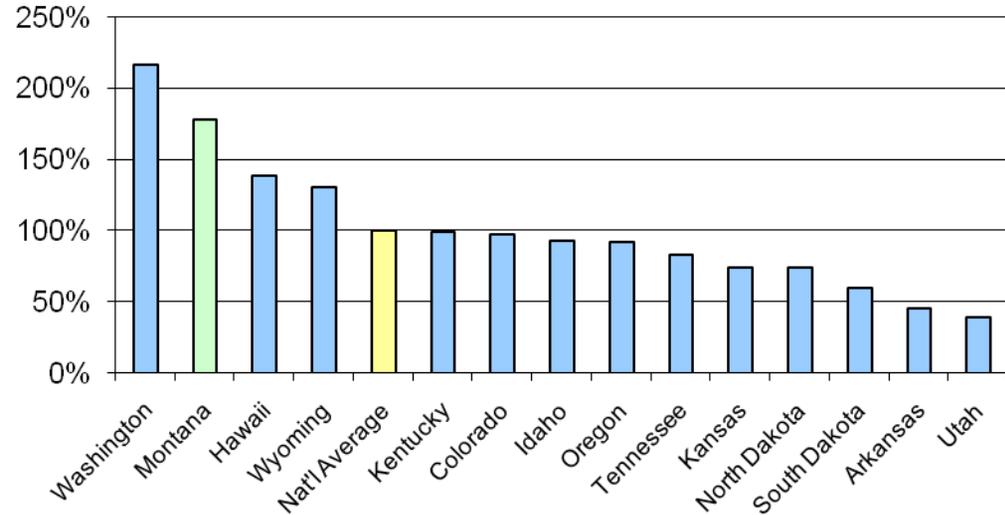
## WC Paid Benefits, 2006

	Percent Cash	Paid Cash Benefits Per \$100 of Payroll	Paid Cash Benefits as % of Nat'l Avg	Study Rank
Washington	63.9%	1.04	216%	1
Montana	42.4%	0.86	178%	2
Hawaii	59.3%	0.67	139%	3
Wyoming	50.5%	0.63	131%	4
Nat'l Average	50.2%	0.48	100%	
Kentucky	41.1%	0.48	100%	5
Colorado	50.8%	0.47	98%	6
Idaho	38.0%	0.45	93%	7
Oregon	46.0%	0.45	93%	8
Tennessee	48.4%	0.40	83%	9
Kansas	41.4%	0.36	75%	10
North Dakota	44.3%	0.36	75%	11
South Dakota	35.0%	0.29	60%	12
Arkansas	35.8%	0.22	46%	13
Utah	29.9%	0.19	39%	14

Source: NASI, Workers' Compensation: Benefits, Coverage, and Costs, 2006, Table 10, Table 9 & Calculated.

Note: Actually paid to workers. Doesn't include reserves.

### Paid Cash Benefits as % of Nat'l Avg, 2006



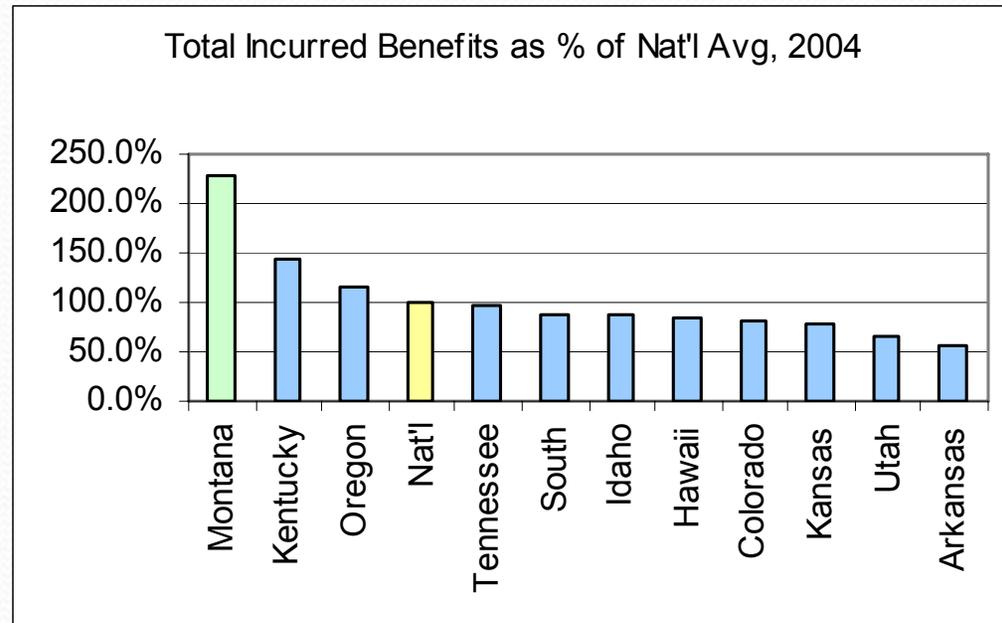
# Cost to Employers

Incurred Benefits per 100,000 Workers, 2004				
	Total Incurred Benefits Per 100,000 Workers(\$)	Total Incurred Benefits as % of Nat'l Avg	Study Rank	Nat'l Rank (of 47)
Montana	\$125,641,912	227.7%	1	2
Kentucky	\$78,890,164	143.0%	2	6
Oregon	\$62,968,625	114.1%	3	12
Nat'l Average	\$55,187,201	100.0%		
Tennessee	\$53,505,785	97.0%	4	24
South Dakota	\$48,017,640	87.0%	5	31
Idaho	\$47,605,092	86.3%	6	33
Hawaii	\$47,095,847	85.3%	7	34
Colorado	\$45,530,221	82.5%	8	36
Kansas	\$43,277,842	78.4%	9	38
Utah	\$35,604,459	64.5%	10	44
Arkansas	\$31,340,768	56.8%	11	45
North Dakota	*	*	*	*
Washington	*	*	*	*
Wyoming	*	*	*	*

Source: Workers' Compensation Policy Review, September/October 2008, Table 1, WCPR

Note: "Incurred" payments equals payments already made plus reserves for future payments.

\* Data Unavailable



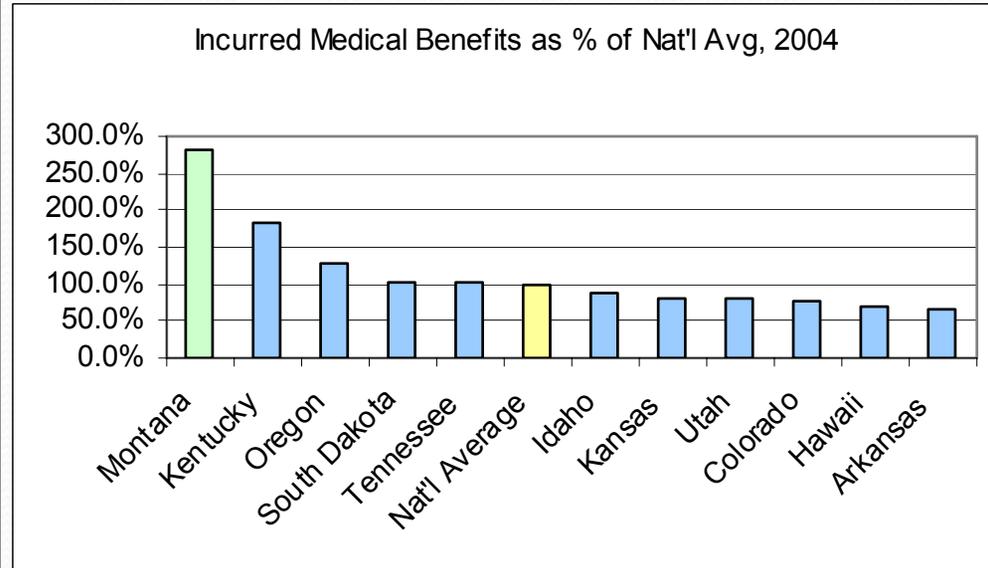
# Cost to Employers

Incurred Benefits per 100,000 Workers, 2004				
	Incurred Medical Benefits Per 100,000 Workers (\$)	Incurred Medical Benefits as % of Nat'l Avg	Study Rank	Nat'l Rank (of 47)
Montana	\$90,253,221	280.6%	1	2
Kentucky	\$58,391,379	181.5%	2	5
Oregon	\$41,354,589	128.6%	3	10
South Dakota	\$33,033,489	102.7%	4	15
Tennessee	\$32,534,093	101.1%	5	16
Nat'l Average	\$32,166,405	100.0%		
Idaho	\$28,626,180	89.0%	6	28
Kansas	\$26,091,929	81.1%	7	34
Utah	\$25,858,449	80.4%	8	35
Colorado	\$24,270,747	75.5%	9	38
Hawaii	\$22,603,122	70.3%	10	39
Arkansas	\$21,564,705	67.0%	11	40
North Dakota	*	*	*	*
Washington	*	*	*	*
Wyoming	*	*	*	*

Source: Workers' Compensation Policy Review, September/October 2008, Table 1, WCPR

Note: "Incurred" payments equals payments already made plus reserves for future payments.

\* Data Unavailable



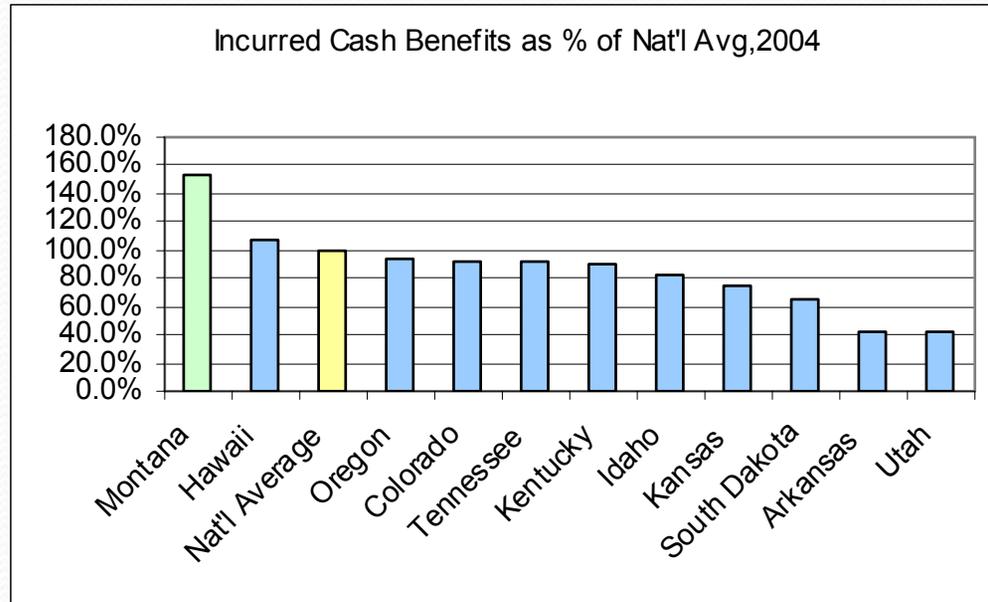
# Cost to Employers

Incurred Benefits per 100,000 Workers, 2004				
	Incurred Cash Benefits Per 100,000 Workers (\$)	Cash Benefits as % of Nat'l Avg	Study Rank	Nat'l Rank (of 47)
Montana	\$35,388,691	153.7%	1	3
Hawaii	\$24,492,725	106.4%	2	18
Nat'l Average	\$23,020,797	100.0%		
Oregon	\$21,614,036	93.9%	3	25
Colorado	\$21,259,474	92.3%	4	27
Tennessee	\$20,971,692	91.1%	5	28
Kentucky	\$20,498,785	89.0%	6	29
Idaho	\$18,978,912	82.4%	7	33
Kansas	\$17,185,913	74.7%	8	37
South Dakota	\$14,984,151	65.1%	9	39
Arkansas	\$9,776,063	42.5%	10	45
Utah	\$9,746,010	42.3%	11	46
North Dakota	*	*	*	*
Washington	*	*	*	*
Wyoming	*	*	*	*

Source: Workers' Compensation Policy Review, September/October 2008, Table 1, WCPR

Note: "Incurred" payments equals payments already made plus reserves for future payments.

\* Data Unavailable



# Cost to Employers

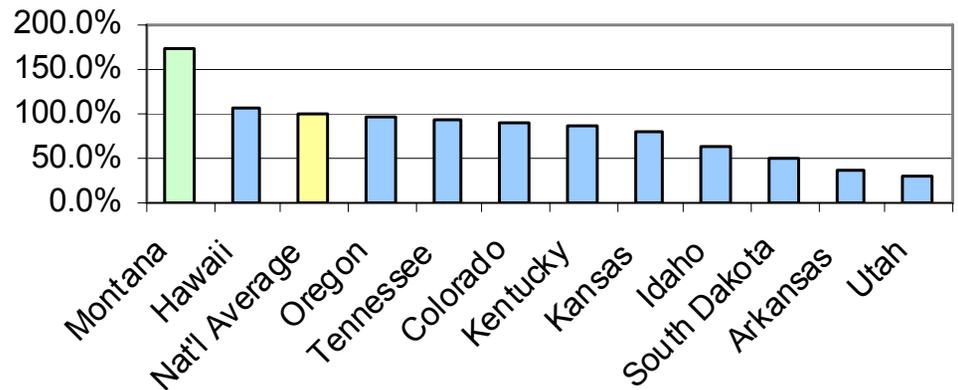
**Incurred PPD Cash Benefits per 100,000 Workers, 2004**

	Incurred PPD Cash Benefits Per 100,000 Workers (\$)	Incurred PPD Cash Benefits as % of Nat'l Avg	Study Rank	Nat'l Rank (of 47)
<b>Montana</b>	\$29,238,378	173.5%	1	4
<b>Hawaii</b>	\$17,968,414	106.6%	2	20
<b>Nat'l Average</b>	\$16,853,223	100.0%	*	*
<b>Oregon</b>	\$16,160,624	95.9%	3	25
<b>Tennessee</b>	\$15,619,027	92.7%	4	27
<b>Colorado</b>	\$15,396,376	91.4%	5	28
<b>Kentucky</b>	\$14,530,689	86.2%	6	31
<b>Kansas</b>	\$13,263,862	78.7%	7	34
<b>Idaho</b>	\$10,484,952	62.2%	8	37
<b>South Dakota</b>	\$8,434,890	50.0%	9	42
<b>Arkansas</b>	\$6,332,665	37.6%	10	45
<b>Utah</b>	\$5,088,686	30.2%	11	47
<b>North Dakota</b>	*	*	*	*
<b>Washington</b>	*	*	*	*
<b>Wyoming</b>	*	*	*	*

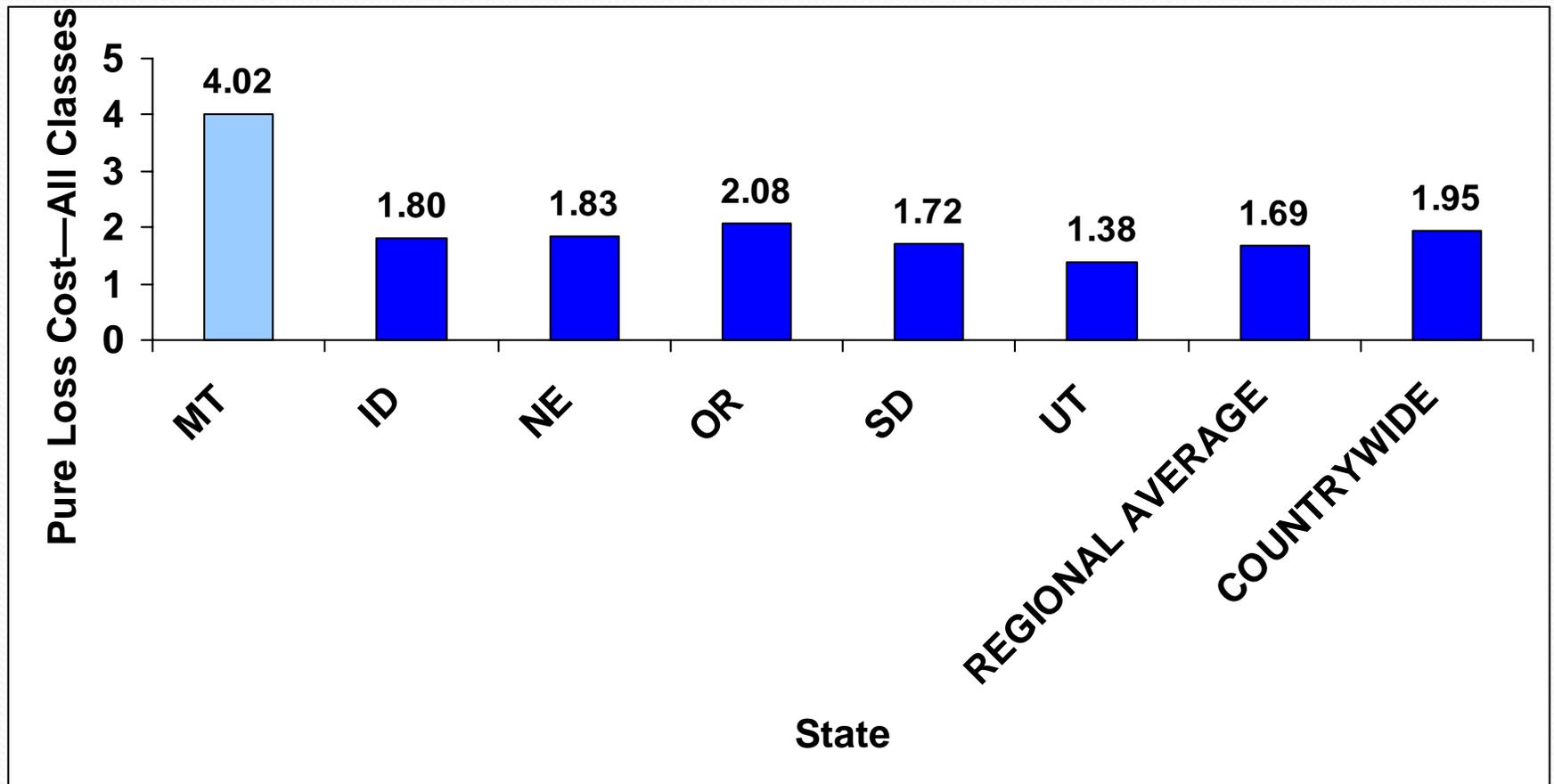
Source: Workers' Compensation Policy Review, July/August 2008, Table 2; Table 6, WCPR

Note: "Incurred" payments equals payments already made plus reserves for future payments.

**Incurred PPD Cash Benefits as % of Nat'l Avg, 2004**

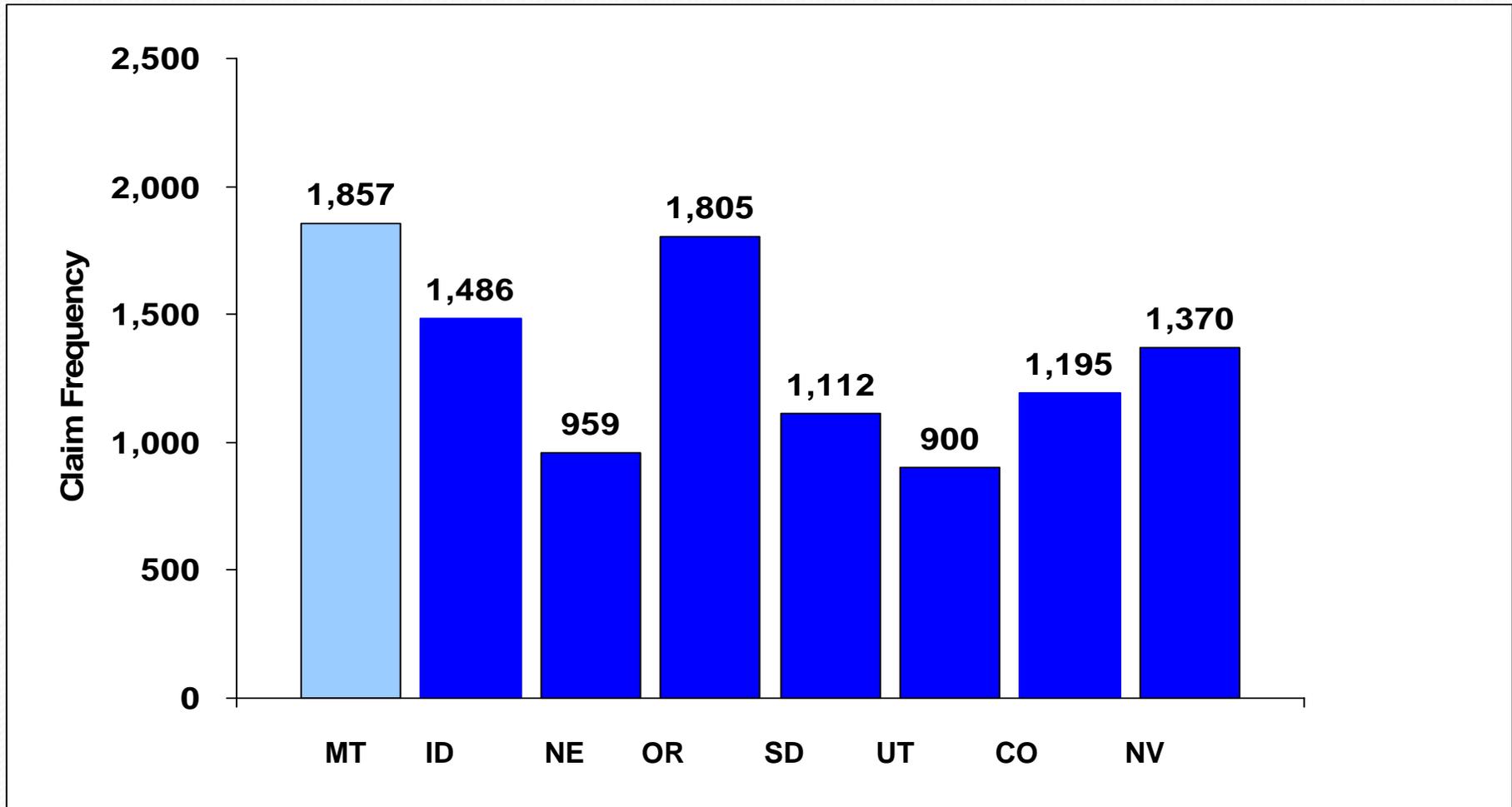


# Current Average Voluntary Pure Loss Costs Using Montana's Payroll Distribution



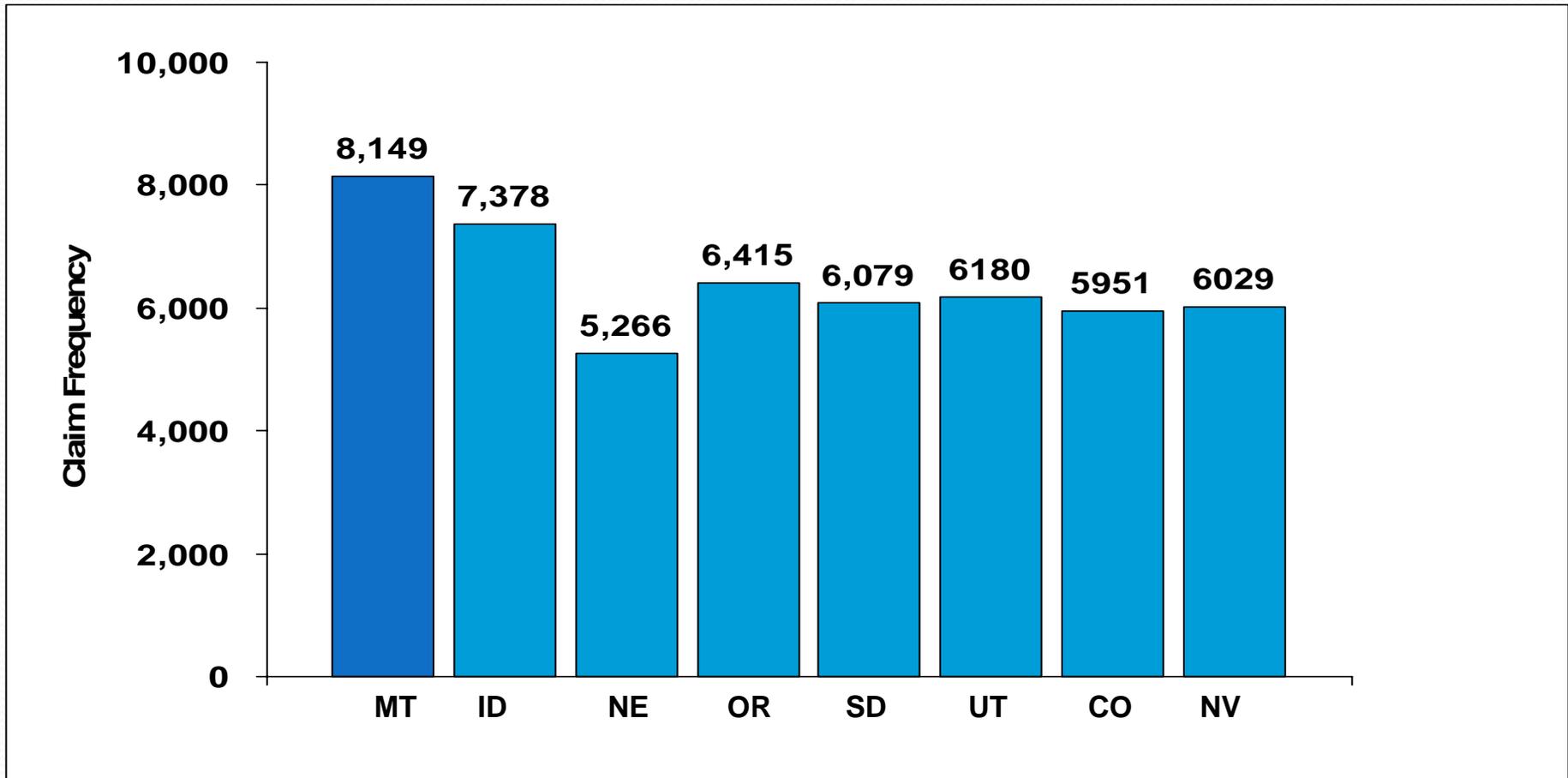
# Montana's Average Lost-Time Claim Frequency

Frequency per 100,000 Workers—Lost-Time Claims

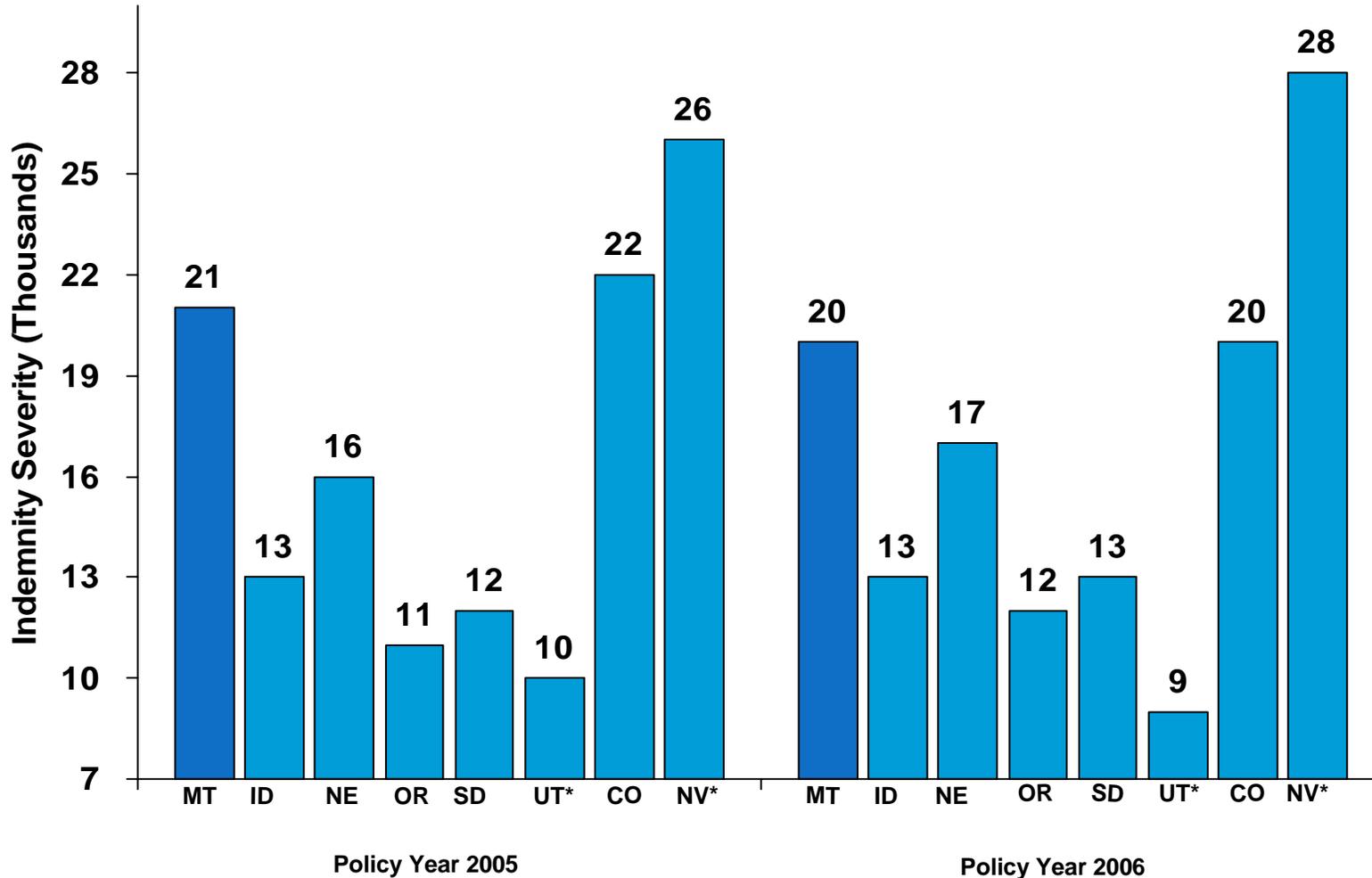


# Montana's Average Claim Frequency

Frequency per 100,000 Workers—All Claims

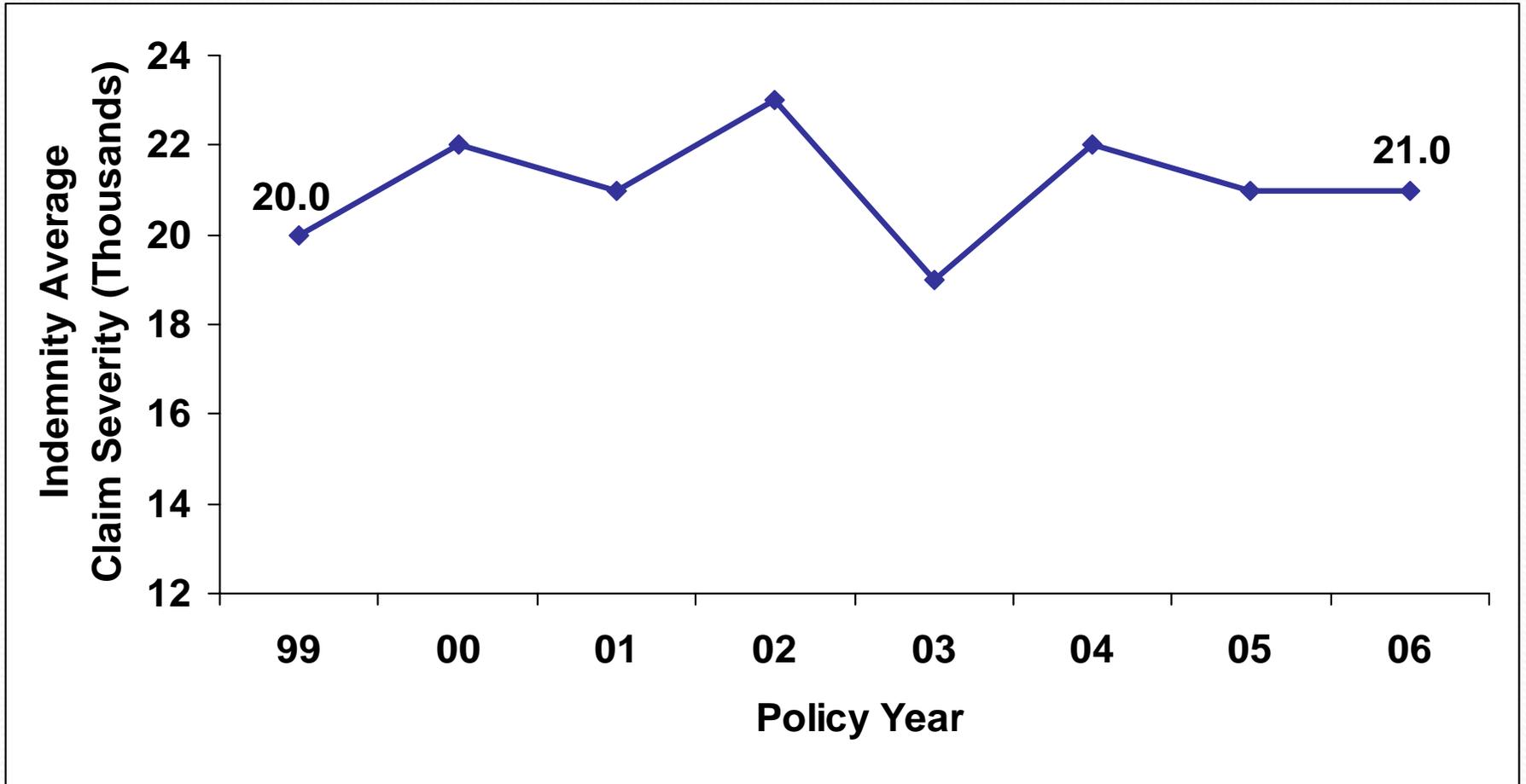


# Montana's Indemnity Average Claim Severity

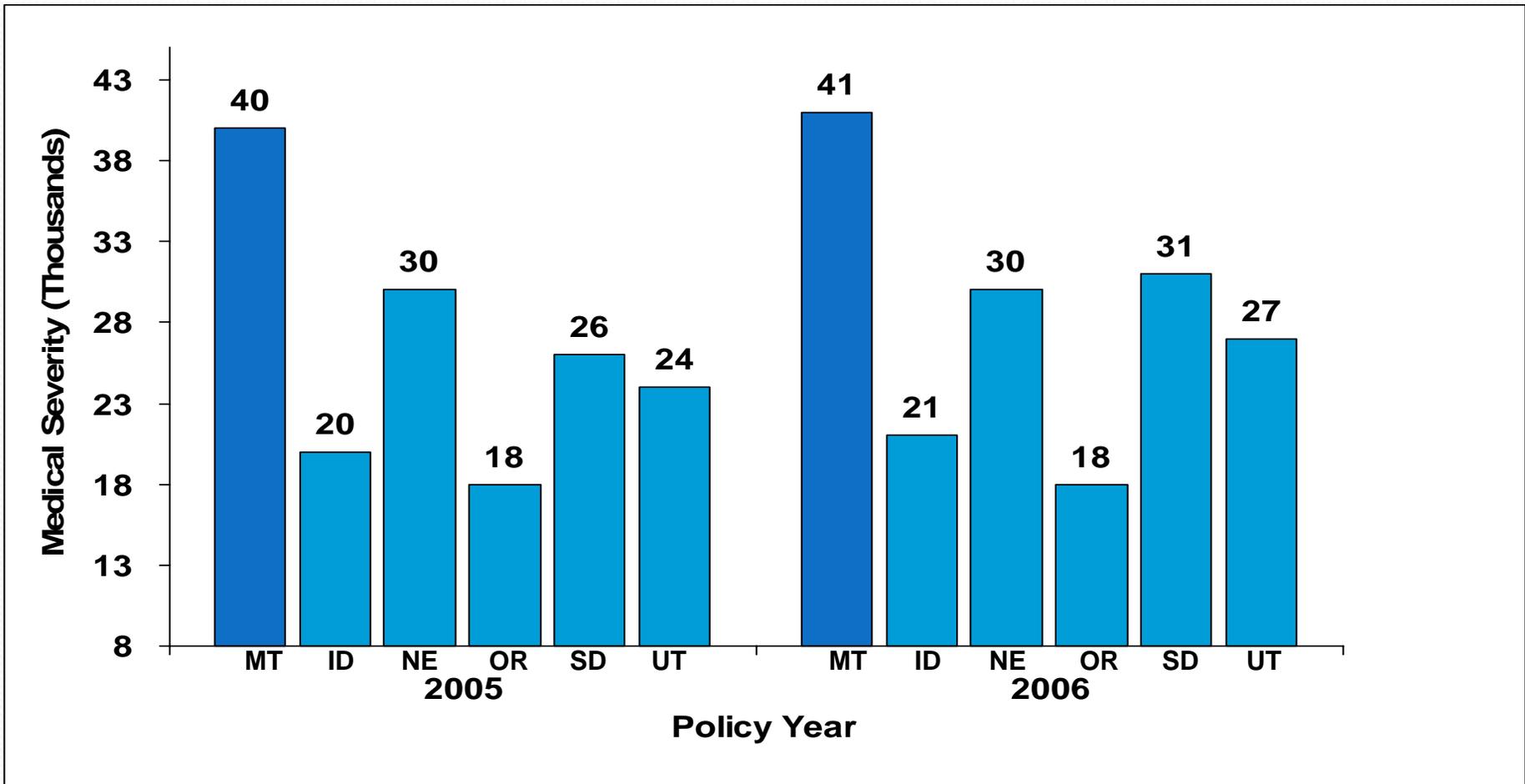


2008 & 2009 NCCI State Advisory Forum  
 NV & UT are based on accident year data

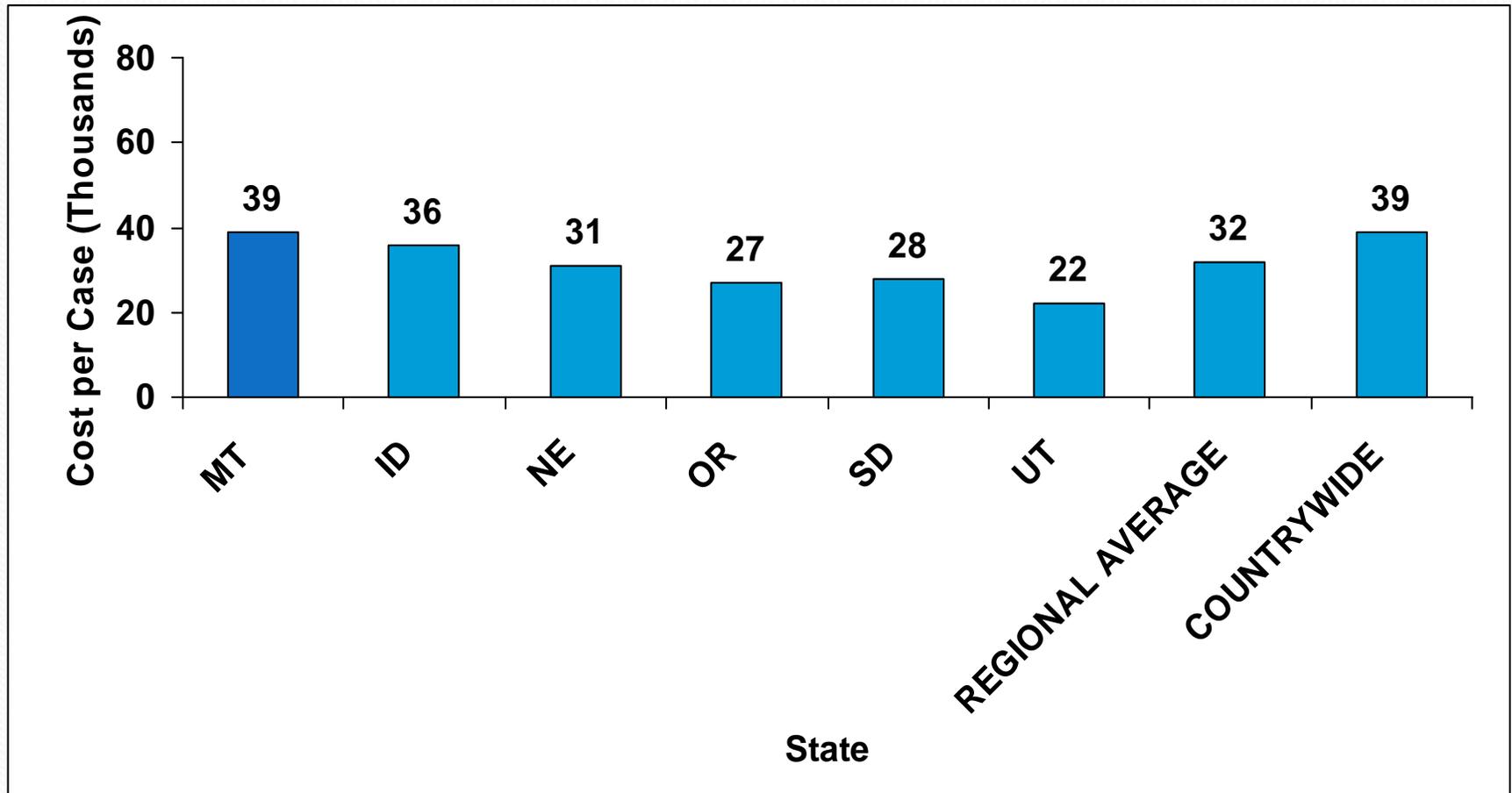
# Montana's Average Indemnity Severity



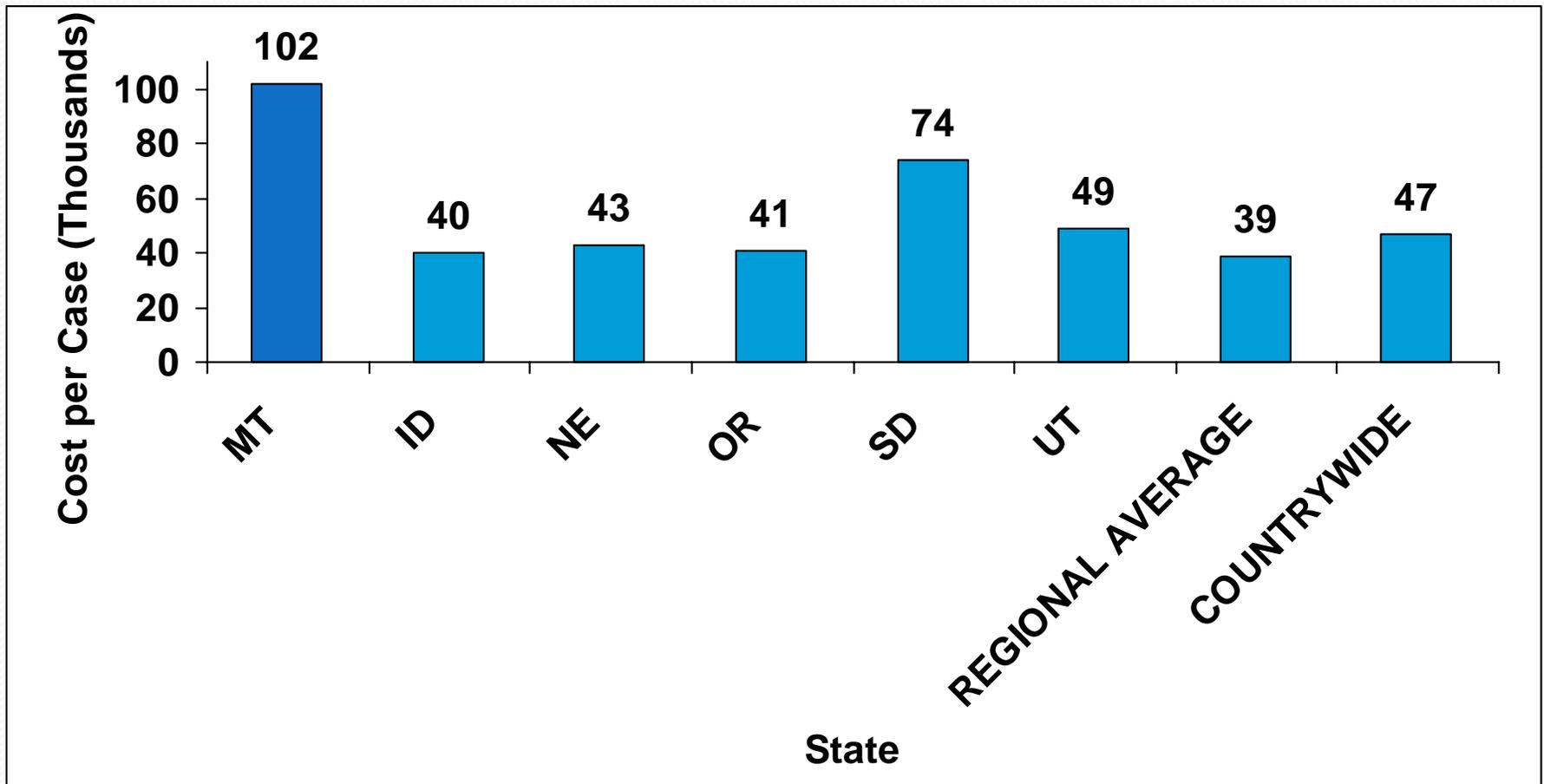
# Montana's Medical Average Claim Severity Compared With Neighboring States



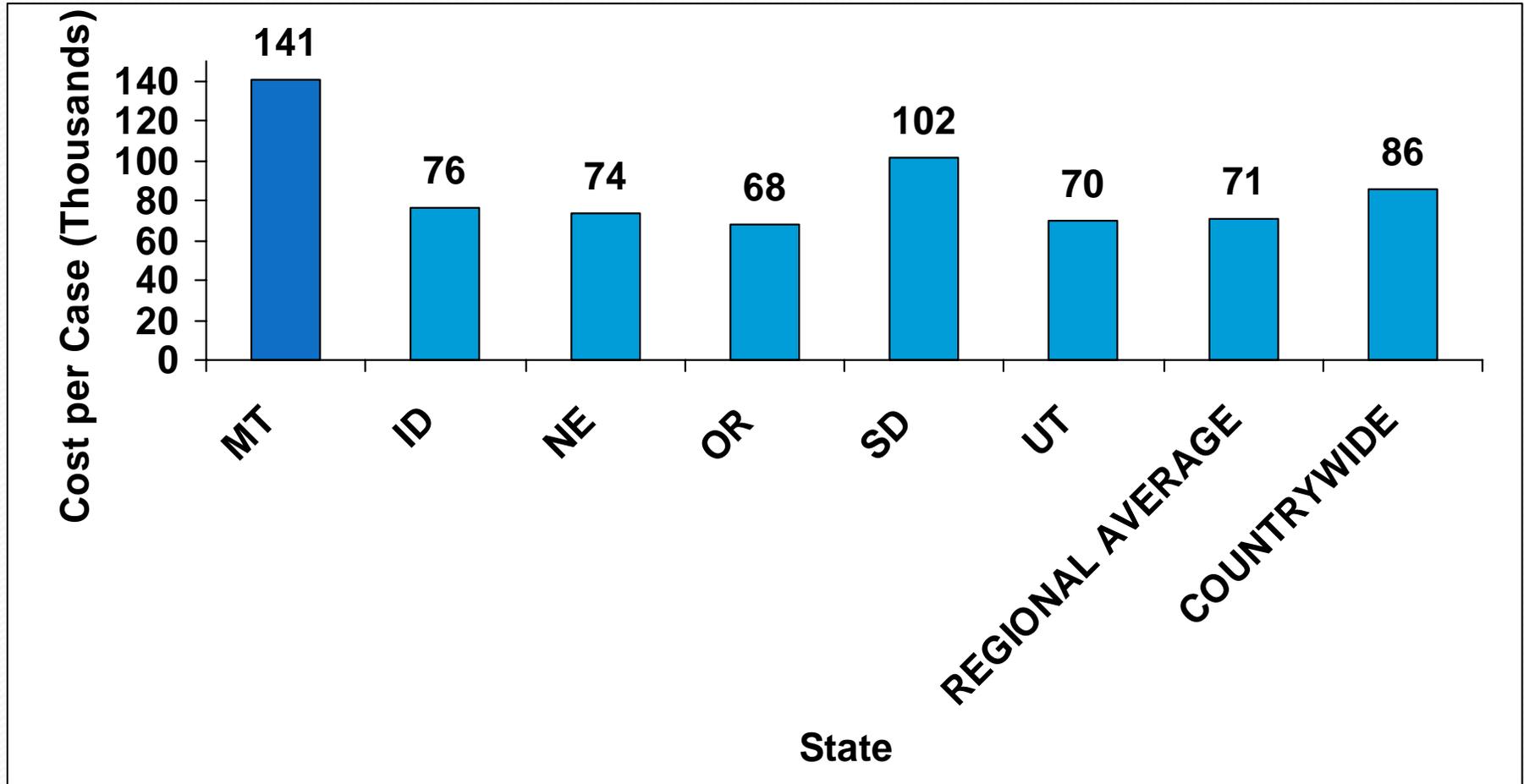
# Montana's Indemnity Permanent Partial Average Cost per Case



# Montana's Permanent Partial Medical Average Cost per Case

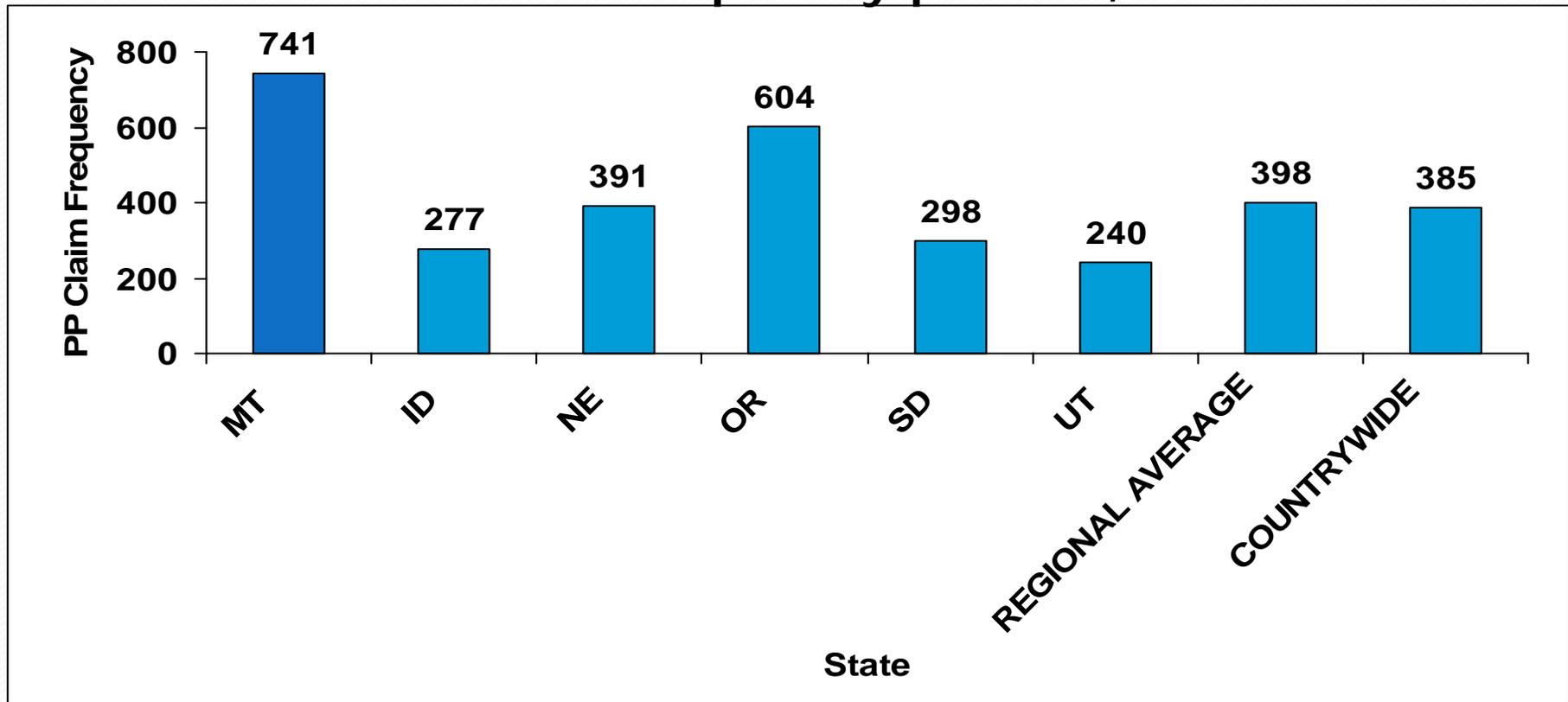


# Montana's Permanent Partial Average Total per Case ...



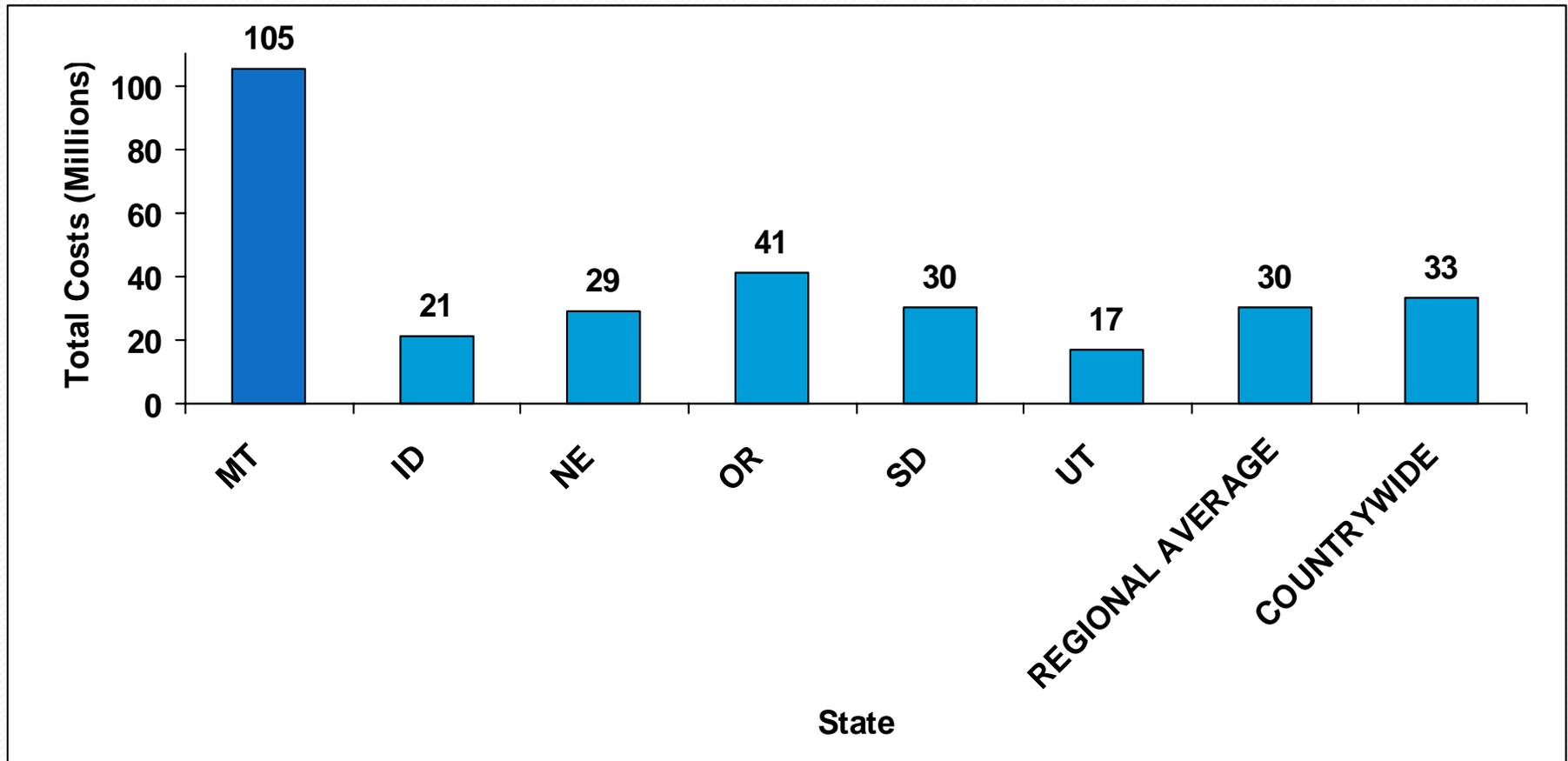
# ...Times Montana's Average Frequency of Permanent Partial Claims...

Permanent Partial Frequency per 100,000 Workers

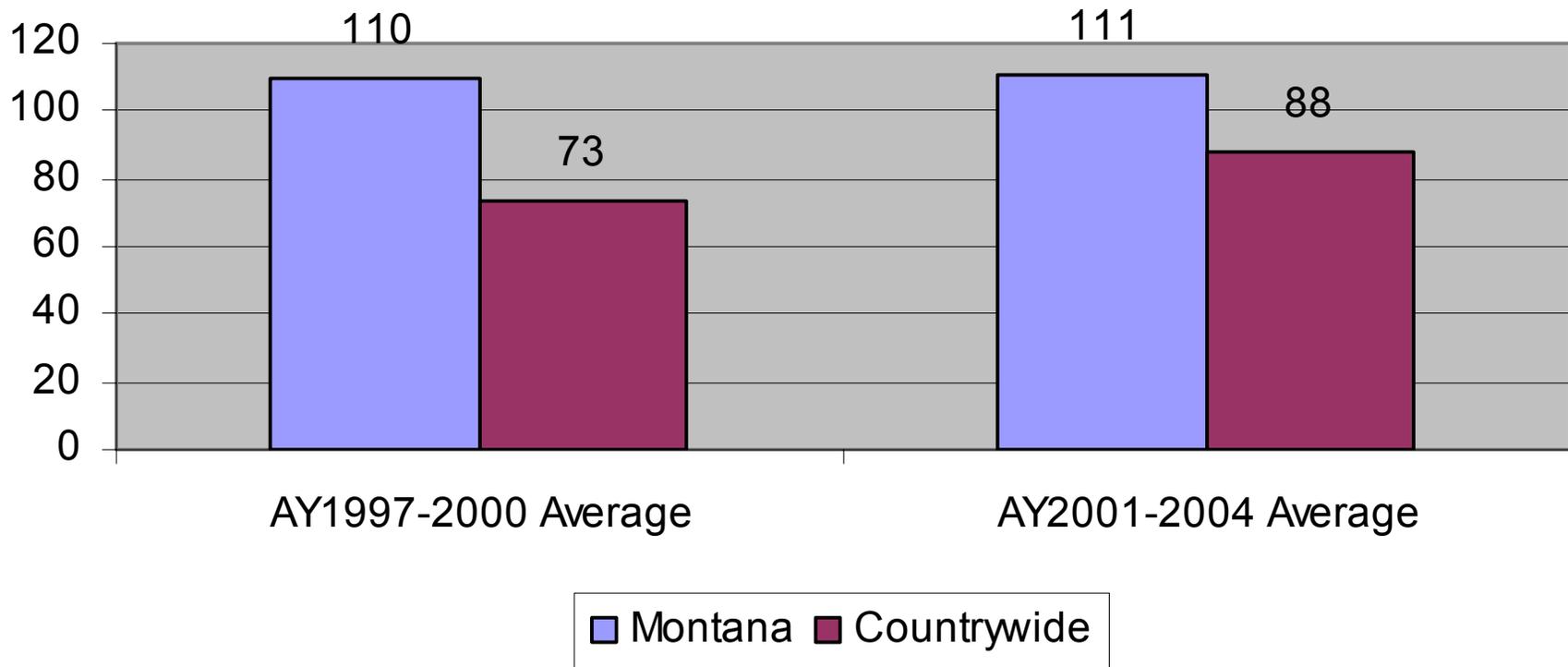


# ...Gives Montana's Permanent Partial Total Costs

Permanent Partial Costs per 100,000 Workers



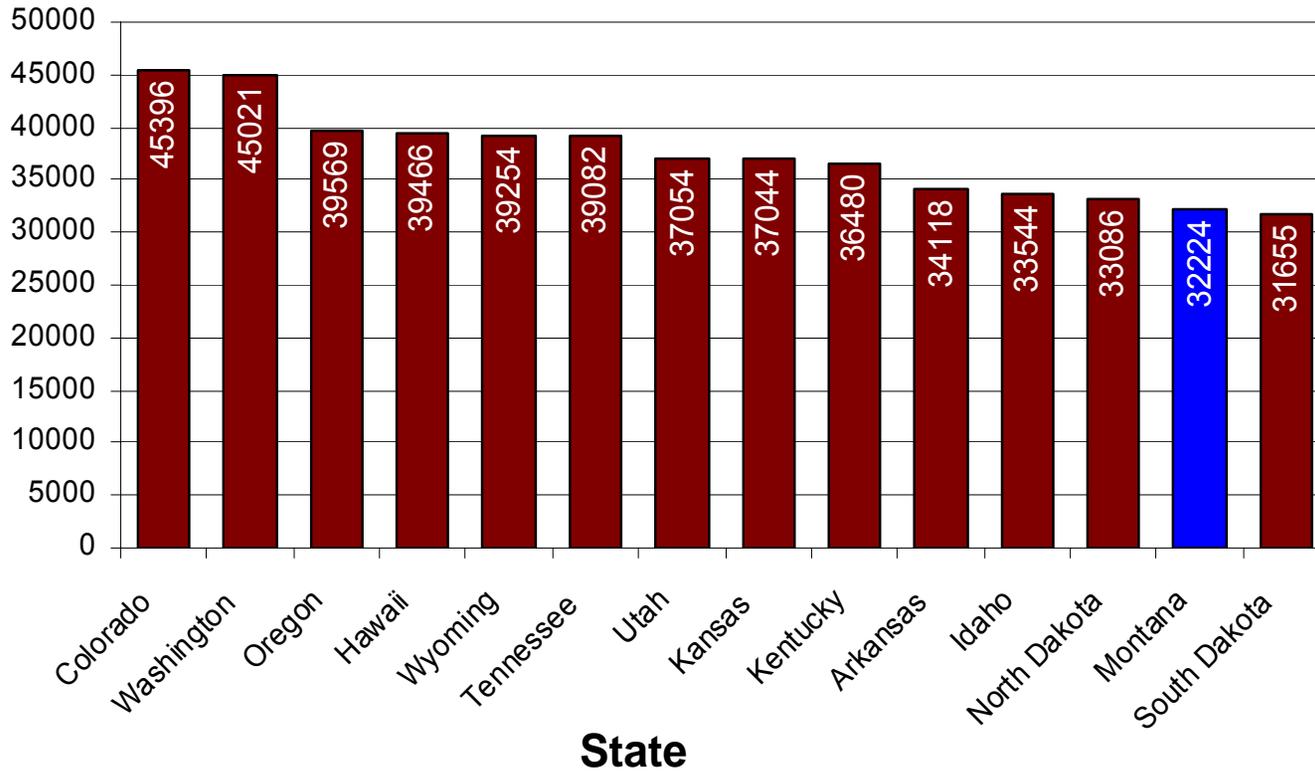
# Number of Days to Return to Work



# Other Factors

- Average Annual Wage
- Multiple Job Holders
- Median Age
- Average Hours Worked
- Average Unemployment Rate
- High School Education
- College Education
- Health Care Coverage
- Private Employment by Size of Employer
- Private Business by Size of Employer
- Industries by Total Payroll

# Average Annual Wage

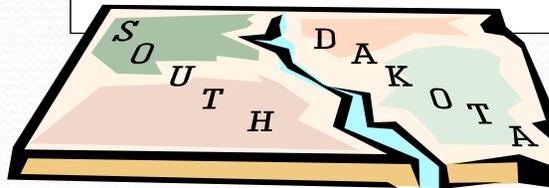
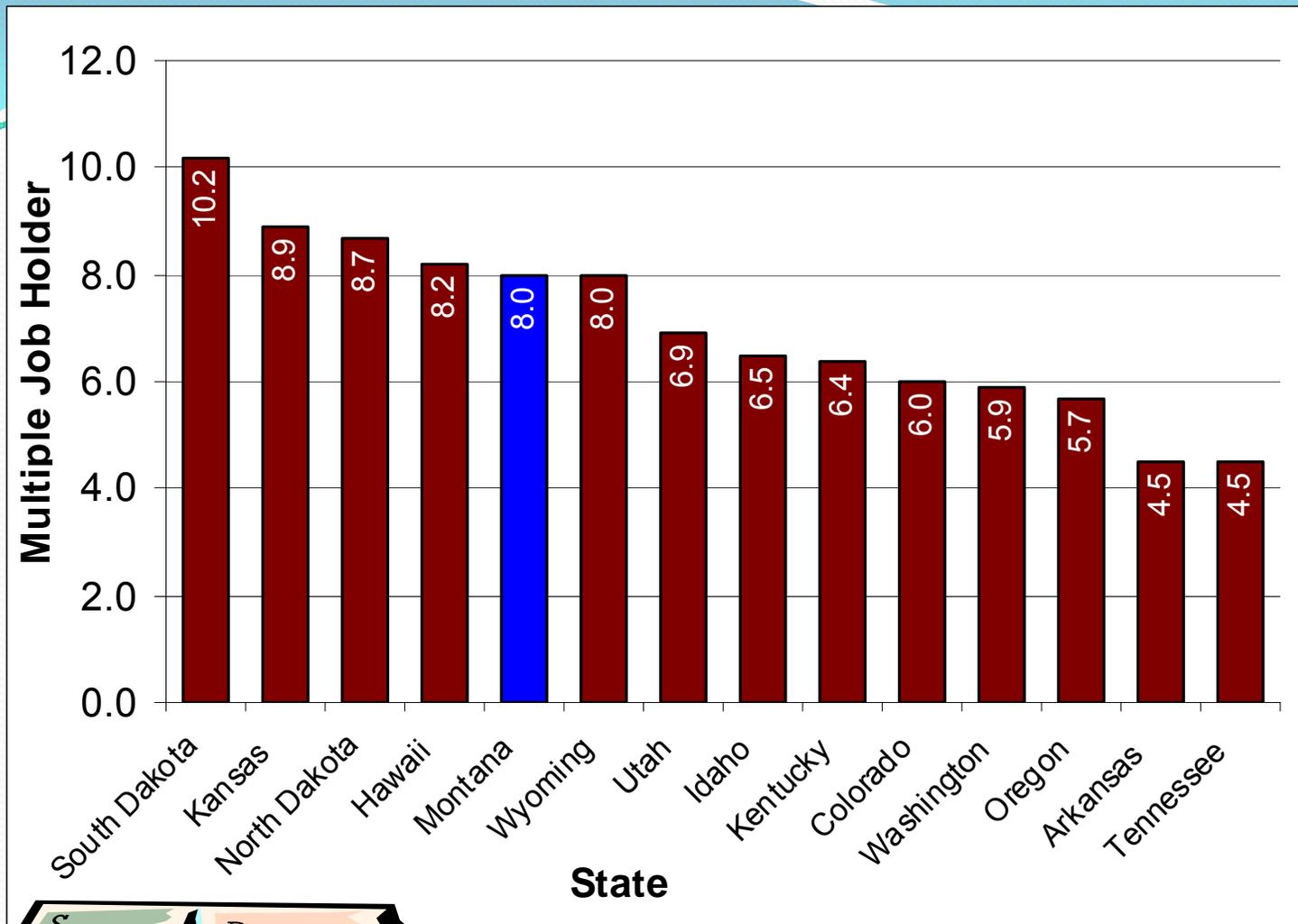


Colorado had the highest Average Annual Wage in 2007, while Montana had the second lowest.

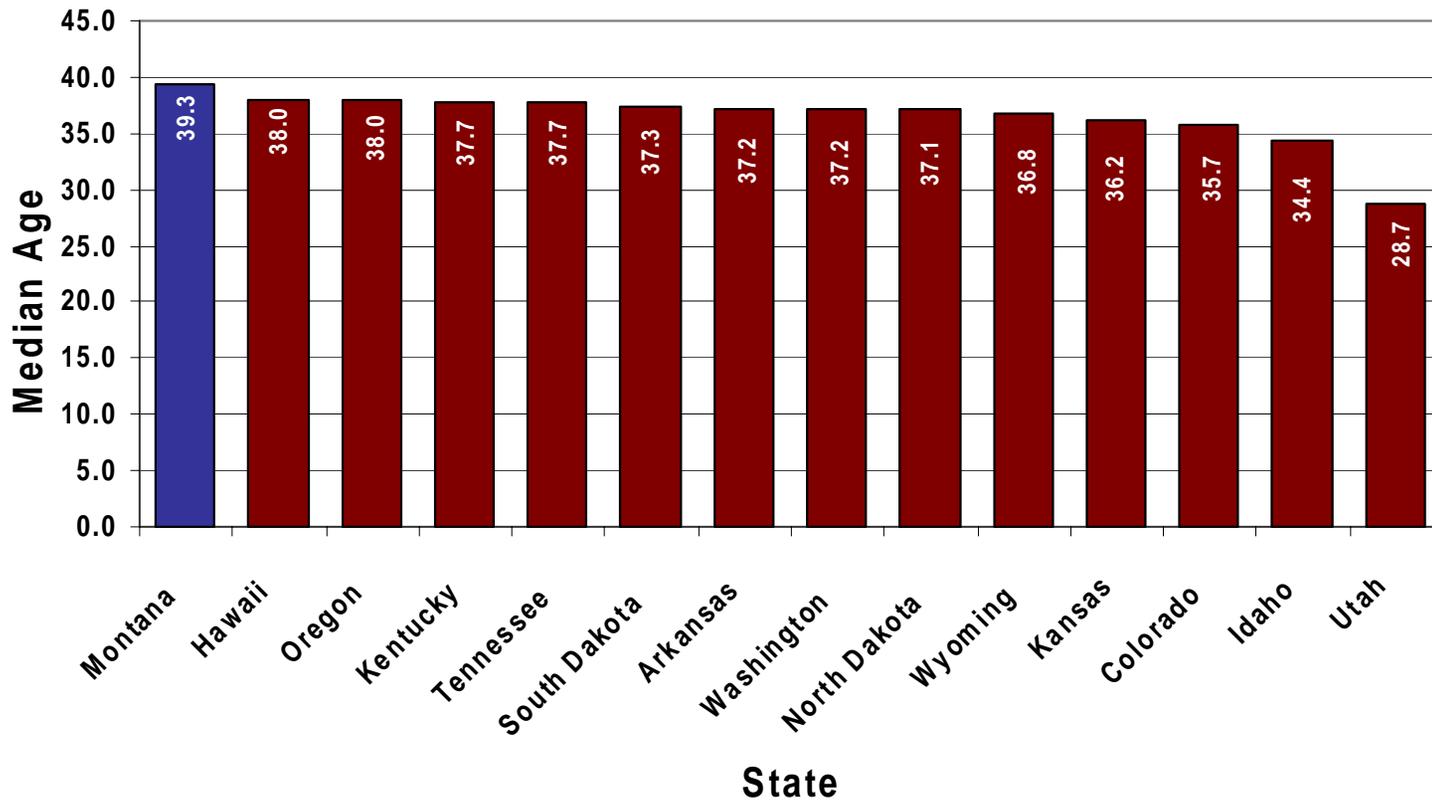


# Average Annual Wage - 2007

In 2007,  
10.2% of  
the  
workforce  
in South  
Dakota  
held  
more  
than one  
job.



# Multiple Job Holders - 2007



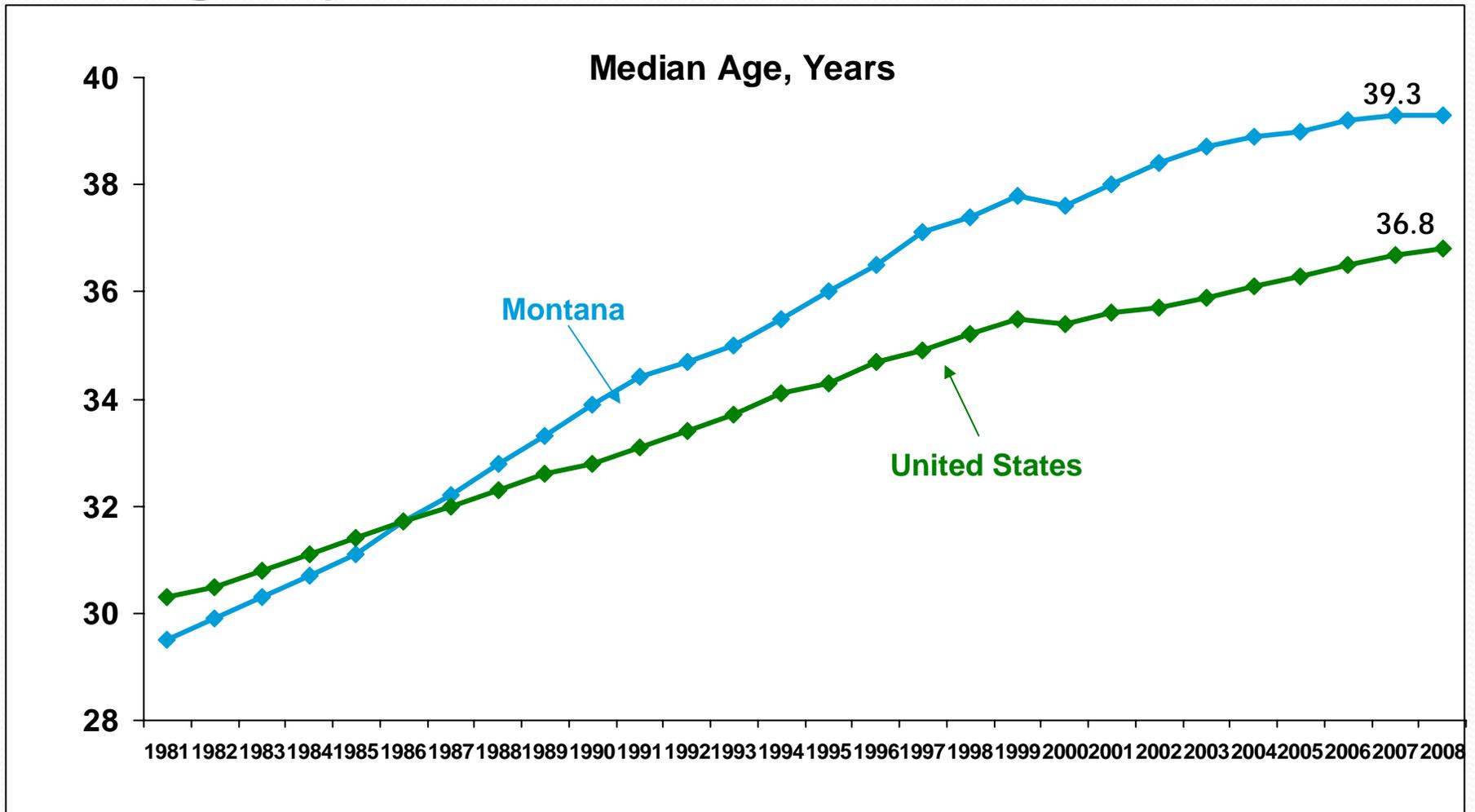
The Median Age in the Montana population in 2008 was 39.3 years of age and the state of Utah had the youngest of 28.7.



# Median Age – 2008

Source: U.S. Census Bureau

# Montana's Median Age Is Increasing Slightly Faster Than That of the U.S.



# Private Employment by Size of Employer by State – March 2008

	<u>less than 5</u>	<u>5 to 9</u>	<u>10 to 19</u>	<u>20 to 49</u>	<u>50 to 99</u>	<u>100 to 249</u>	<u>250 to 499</u>	<u>500 to 999</u>	<u>1000 or more</u>
Montana	11.1%	13.4%	17.4%	21.8%	14.0%	11.1%	4.4%	3.0%	3.8%
Arkansas	7.3%	9.5%	12.3%	17.9%	12.4%	14.3%	9.3%	7.3%	9.8%
Colorado	8.0%	9.4%	12.7%	19.3%	13.6%	16.4%	7.6%	5.4%	7.5%
Hawaii	6.5%	9.2%	12.1%	17.9%	14.8%	16.0%	8.8%	7.8%	6.8%
Idaho	9.0%	11.1%	14.9%	19.8%	13.4%	12.8%	7.1%	5.3%	6.5%
Kansas	6.6%	8.4%	11.3%	17.4%	13.1%	16.8%	9.7%	6.1%	10.7%
Kentucky	5.9%	8.4%	11.6%	18.1%	13.4%	17.8%	10.5%	6.3%	8.0%
North Dakota	7.5%	10.0%	14.7%	19.3%	14.5%	15.7%	9.0%	3.5%	5.8%
Oregon	7.9%	10.4%	14.3%	19.8%	13.8%	14.6%	8.0%	4.9%	6.4%
South Dakota	8.1%	10.9%	14.7%	19.0%	12.8%	14.6%	8.0%	4.4%	7.5%
Tennessee	5.6%	7.4%	10.4%	16.3%	12.9%	17.3%	10.8%	6.6%	12.8%
Utah	7.0%	9.1%	12.9%	18.9%	14.0%	15.0%	9.5%	5.5%	8.1%
Washington	8.6%	9.0%	11.9%	17.9%	13.5%	16.3%	7.8%	5.2%	9.8%
Wyoming	10.4%	13.2%	16.5%	22.0%	13.3%	11.8%	6.7%	3.7%	2.5%
<b>Rank (1-14)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>13</b>

# Private Business by Size of Employer by State – March 2008

	<u>less than 5</u>	<u>5 to 9</u>	<u>10 to 19</u>	<u>20 to 49</u>	<u>50 to 99</u>	<u>100 to 249</u>	<u>250 to 499</u>	<u>500 to 999</u>	<u>1000 or more</u>
Montana	62.27%	17.60%	11.18%	6.36%	1.75%	0.66%	0.11%	0.04%	0.02%
Arkansas	60.52%	17.39%	11.02%	7.22%	2.17%	1.17%	0.33%	0.13%	0.06%
Colorado	62.88%	15.72%	10.46%	7.14%	2.20%	1.23%	0.24%	0.09%	0.05%
Hawaii	55.24%	19.13%	12.43%	8.13%	3.00%	1.50%	0.35%	0.16%	0.05%
Idaho	62.90%	16.49%	10.95%	6.56%	1.93%	0.86%	0.20%	0.08%	0.03%
Kansas	58.20%	17.54%	11.52%	7.97%	2.63%	1.55%	0.39%	0.13%	0.06%
Kentucky	59.19%	16.74%	11.33%	8.03%	2.58%	1.56%	0.40%	0.12%	0.05%
North Dakota	56.82%	18.03%	13.05%	7.87%	2.54%	1.26%	0.33%	0.06%	0.04%
Oregon	58.58%	17.92%	12.11%	7.56%	2.31%	1.11%	0.27%	0.08%	0.04%
South Dakota	57.70%	18.73%	12.52%	7.36%	2.18%	1.12%	0.26%	0.08%	0.04%
Tennessee	54.27%	18.39%	12.63%	8.94%	3.08%	1.92%	0.51%	0.16%	0.10%
Utah	59.51%	16.77%	11.76%	7.74%	2.50%	1.24%	0.34%	0.10%	0.05%
Washington	64.00%	15.37%	10.03%	6.74%	2.22%	1.25%	0.26%	0.09%	0.04%
Wyoming	60.39%	18.53%	11.36%	6.92%	1.81%	0.74%	0.18%	0.06%	0.02%
Rank (1-14)	4	7	10	14	14	14	14	14	13

# WC Study Group: Primary cost drivers in our work comp system:

- 1) Frequency of Claims – Injury Rate
  - Injury prevention – Safety
- 2) Skyrocketing Medical Costs
  - Medical cost containment
    - Fee schedules
    - Utilization and treatment guidelines
- 3) Duration – Length of time off work from injury
  - Return-to-Work/Stay-at-Work
- 4) High Percentage of Open Claims
  - Claims closure and settlement mechanisms

# Labor-Management Advisory Council on Worker's Compensation

- Agency Order
- Created by Commissioner of Labor
- Chaired by Lt. Gov. Bohlinger
- Provide advice and counsel

# Labor-Management Advisory Council on Workers' Compensation

- Review data and information from Study
- WCRI Administrative Inventory
  - Montana Briefing – January 10, 2007
  - Published Report – March, 2007
- INGENIX Medical Fee Schedule Study
  - Montana Briefing – January 10, 2007
  - Final Report – March, 2007
- Seek additional data and information
- Make Recommendations to 2009 Legislature
- Reappointed for a new 2-year term

# Cost Driver: Injury Rate

- Montana's injury rate is ~ 50% higher than the national average\*
  - Montana: 6.3 injuries/100 FTEs (▼ 0.6 from 2006)
  - Nation: 4.2 injuries/100 FTEs (▼ 0.2 from 2006)

\* Total recordable cases, 2007 BLS data.

# Cost Driver: Injury Rate

Incidence rates of nonfatal occupational injuries and illnesses by industry and case types, 2006, Bureau of Labor Statistics

Industry	Cases with days away		% Higher in
	Montana	US	Montana
Private industry	2.0	1.3	53.8
Natural resources and mining	2.2	1.7	21.4
Mining	3.1	1.4	57.1
Construction	3.1	2.2	40.9
Manufacturing	3.2	1.4	128.6
Trade, transportation and utilities	2.3	1.6	43.8
Information	1.0	0.7	42.9
Financial activities	0.5	0.5	0
Finance and insurance	0.5	0.2	150.0
Professional and business services	1.9	0.7	171.4
Health care and social assistance	2.2	1.5	46.7
Leisure and hospitality	1.4	1.1	27.3

# Cost Driver: Injury Rate

Incidence rates of nonfatal occupational injuries and illnesses by Industry and case types, 2007, Bureau of Labor Statistics

Industry	Cases with days away		% Higher in
	Montana	US	Montana
Private industry	1.8	1.2	50
Natural resources and mining	2.1	1.6	31.3
Mining	1.8	1.4	28.6
Construction	2.9	1.9	52.6
Manufacturing	2.8	1.3	115.4
Trade, transportation and utilities	2.0	1.6	25
Information	1.7	0.7	142.9
Financial activities	0.4	0.5	-20
Finance and insurance	0.3	0.3	0
Professional and business services	0.9	0.6	50
Health care and social assistance	2.2	1.4	57.1
Leisure and hospitality	1.6	1.1	45.5

# Cost Driver: Injury Rate

- Our loss history results from the common:
  - Slips/trips/falls
  - Soft tissue injury and strains from lifting, pushing, pulling
- The traditional belief that we have high-hazard industries so we must simply accept risk and injury must be eliminated

# Cost Driver: Injury Rate

- Solutions:



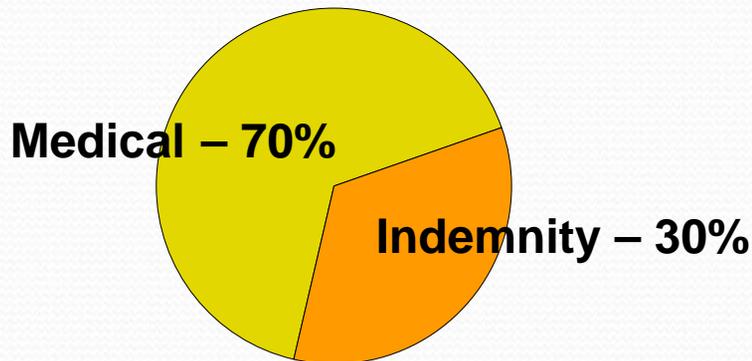
- Potential Cost Savings (NCCI):

- Reduce Frequency Rate to National Average
    - 37.5% or **\$145 million**

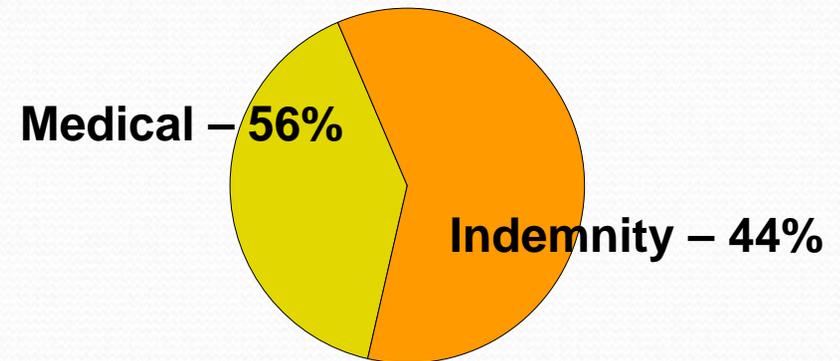
# Cost Driver: Skyrocketing Medical Costs

- Medical costs as a percentage of benefit dollars

2008\*



1998\*



\*Based on NCCI State Advisory Forum Report, 5/27/2009

- Disparity of Reimbursement Levels: Primary Care close to Medicare levels  
Major surgery almost 4 times Medicare

# Cost Driver: Skyrocketing Medical Costs

- Solutions:
  - New Fee Schedules
  - Medical Utilization & Treatment Guidelines

# WC CONVERSION FACTOR

	2005	2006
Physical Medical (Chiropractic, Occupational Therapy & Physical Therapy)	\$5.10	\$5.26
Acupuncture	\$5.42	\$5.59
Medicine	\$5.42	\$5.59
Dental	\$10.50	\$10.83
Pathology	\$19.49	\$20.10
Radiology	\$22.46	\$23.17
Anesthesia	\$41.84	\$43.16
Surgery	\$116.41	\$120.10



Pursuant to Section 39-71-704 (4), MCA, the department adopted the following conversion factors, effective January 01, 2006, for use with the unit values listed in the Relative Values for Physicians or incorporated in the Medical Service Rules for workers' compensation services.

Conversion Factors were increased by 3.28% in conjunction with the increase of the state's annual average weekly wage.

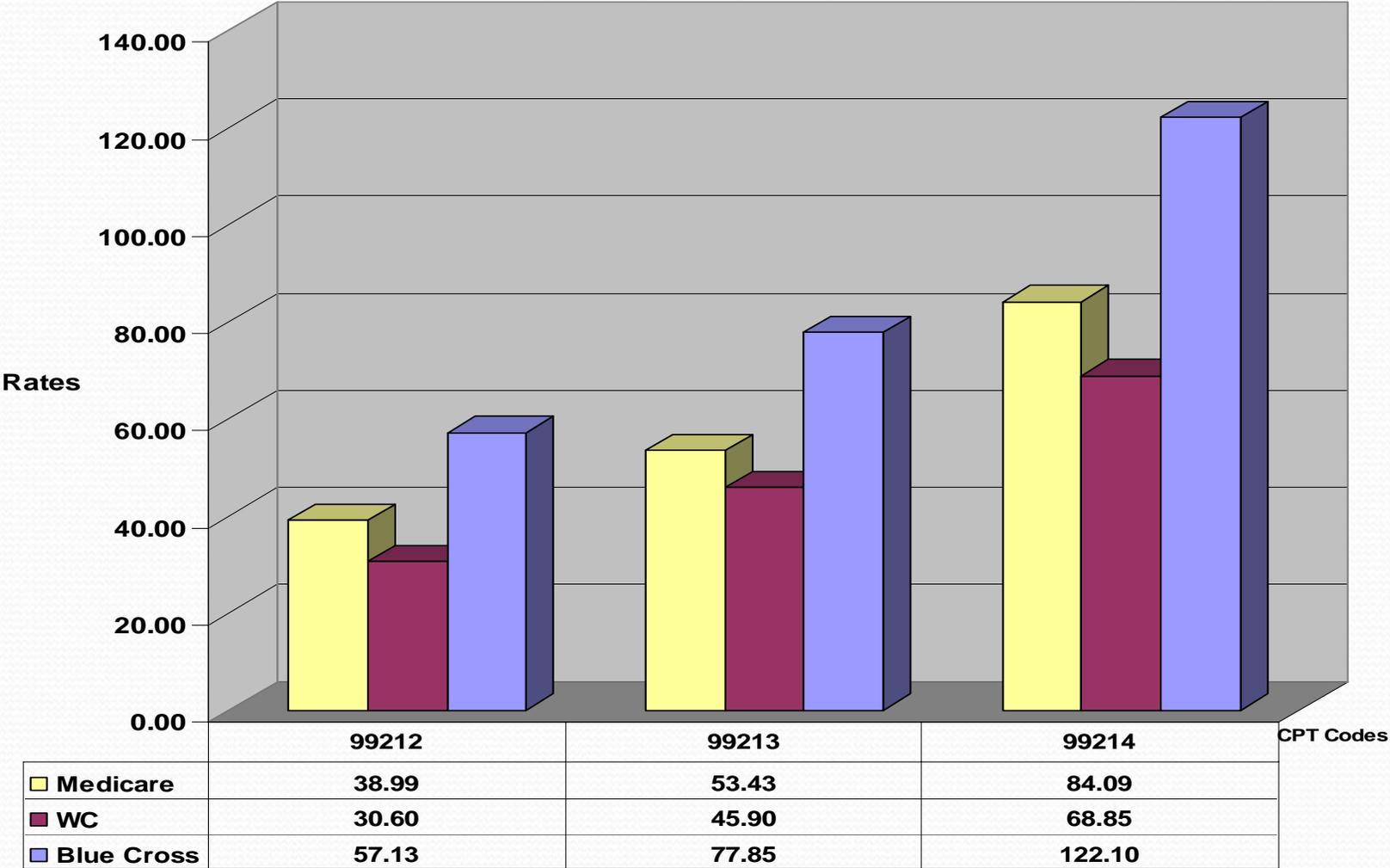
# Montana WC Medical Fee Schedule Reimbursements Compared to Study States

Based on Illinois WC Fee Schedule Rates Compared to Medicare Rates

State	Overall	Major Surgery	Surgical Treatment	Radiology	General Medicine	Physical Medicine	Evaluation & Management	Relative Rank by State	Maximum Spread
Idaho	184	464	165	285	285	57	102	2	407
Oregon	106	163	155	86	100	90	85	4	78
Tennessee	85	214	211	75	58	30	65	9	184
<b>Montana</b>	<b>62</b>	<b>188</b>	<b>28</b>	<b>137</b>	<b>12</b>	<b>27</b>	<b>-3</b>	<b>16</b>	<b>191</b>
South Dakota	61	173	15	101	29	38	-1	18	175
Arkansas	60	109	110	119	30	36	28	20	91
Wyoming	57	144	8	113	43	32	9	21	136
Kansas	54	93	95	86	47	33	30	22	65
North Dakota	46	102	-12	83	14	38	13	25	114
Colorado	40	103	-14	58	57	18	29	29	116
Washington	38	38	38	38	38	38	38	30	0
Kentucky	37	121	67	31	-4	15	11	33	125
Utah	36	61	58	50	20	29	21	34	41
Hawaii	10	10	10	10	10	10	10	40	0

Selected data from Stacey Eccleston, Illinois Fee Schedule Analysis 7/06, pp.9-11, in which Montana is ranked 16<sup>th</sup> 'Overall' among 42 states.

# Medicine



Office Visit (10 min)

Office Visit (15 min)

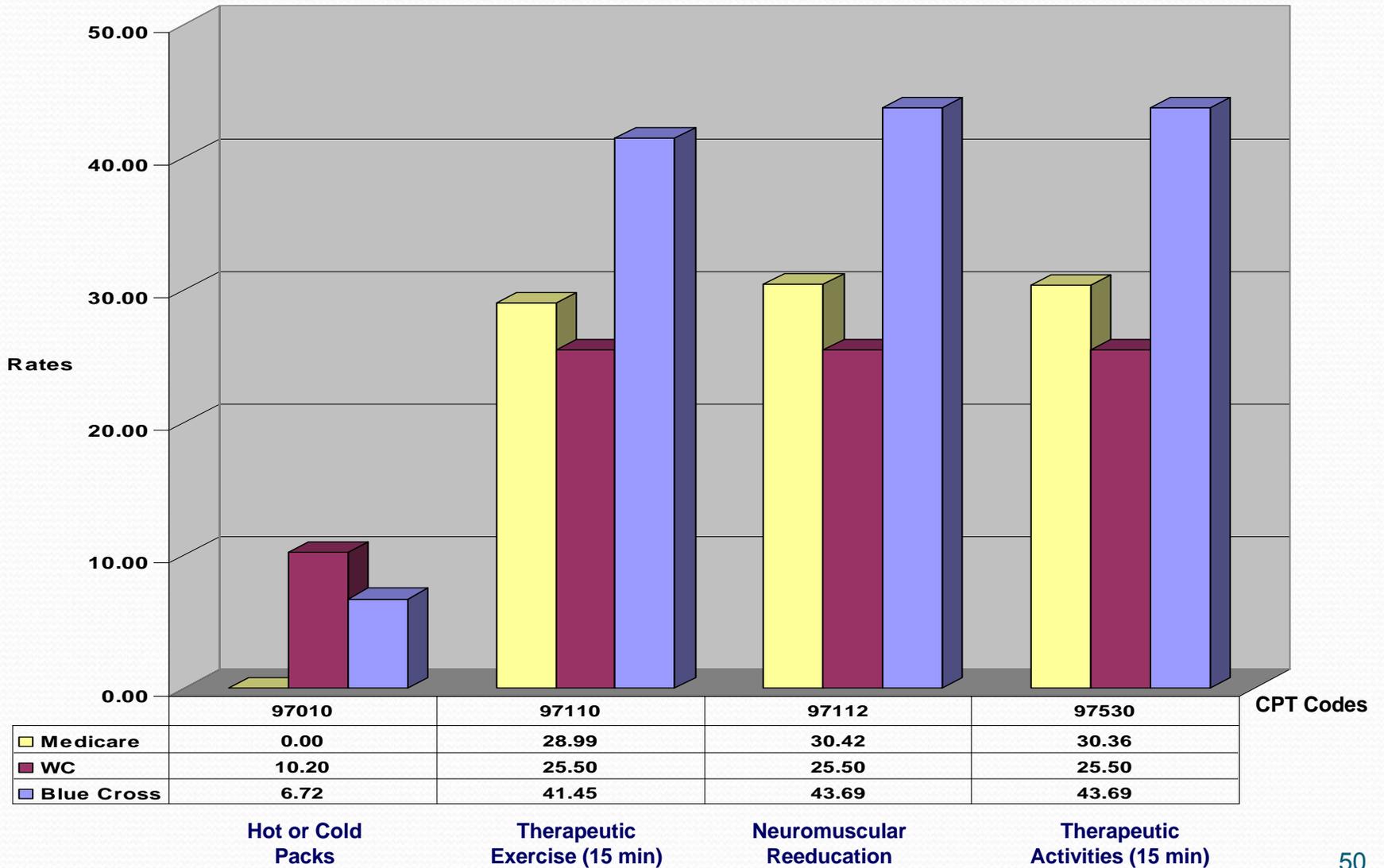
Office Visit (25 min)

# Physical Medicine

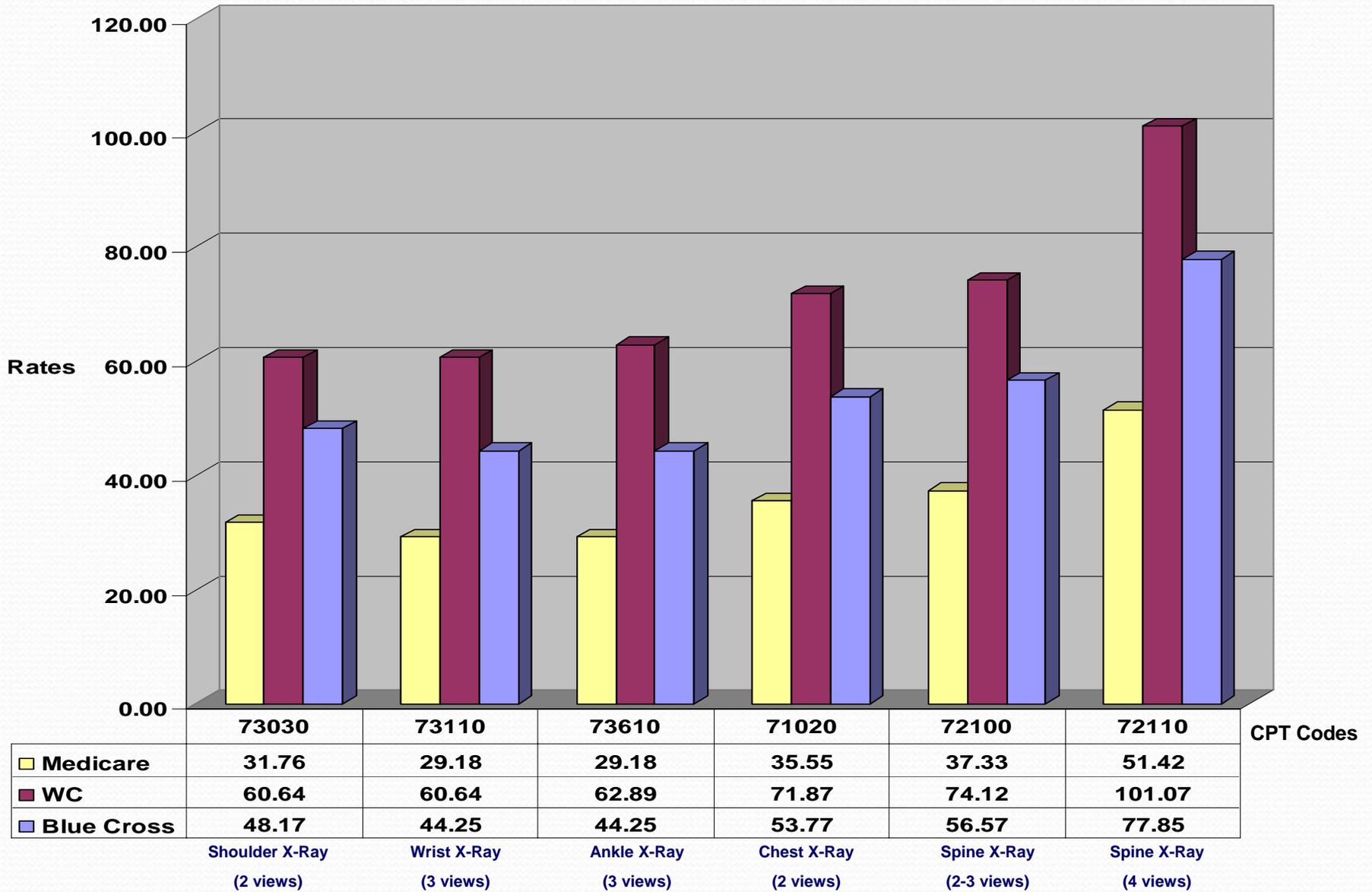
Chiropractic

Occupational Therapy

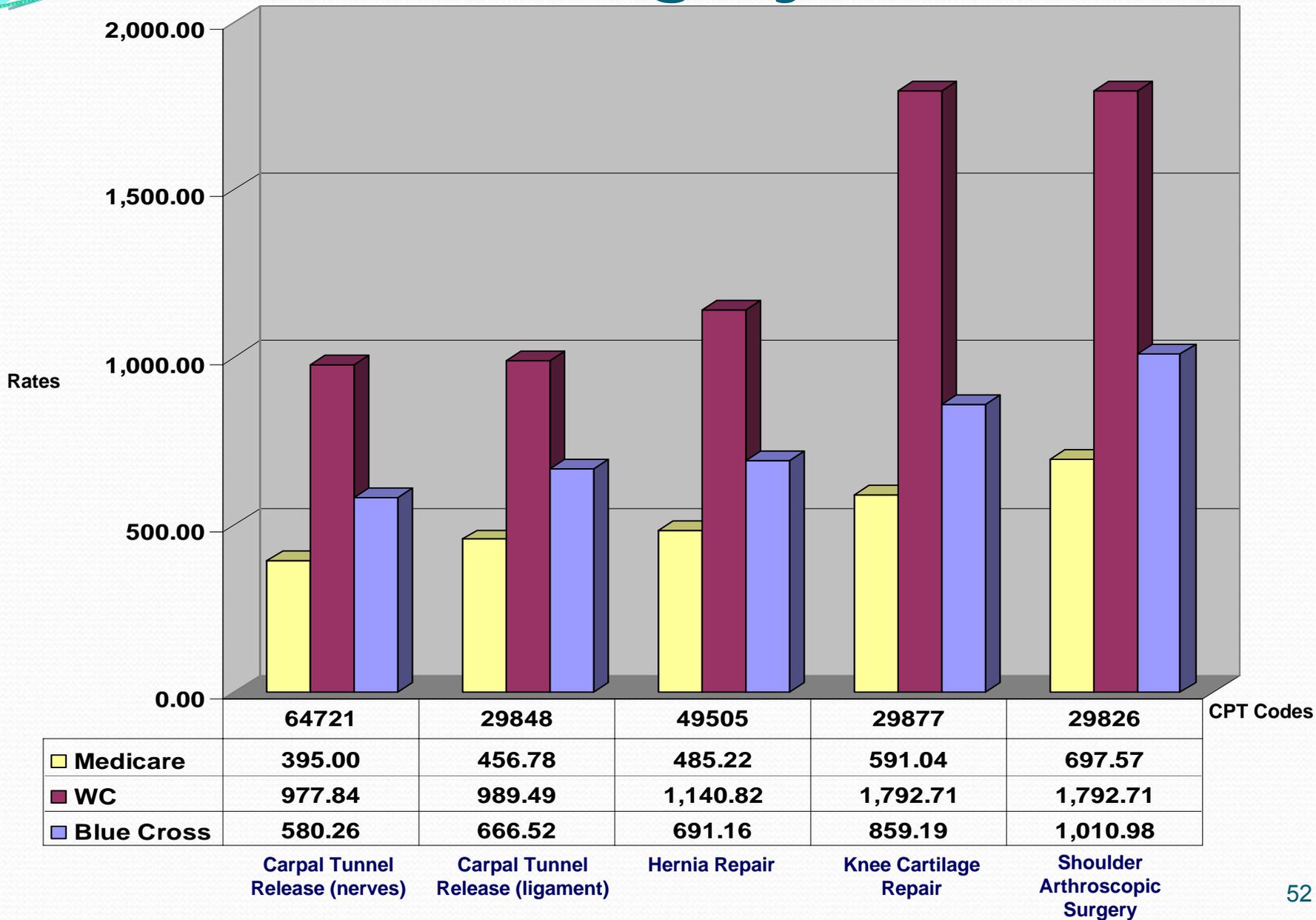
Physical Therapy



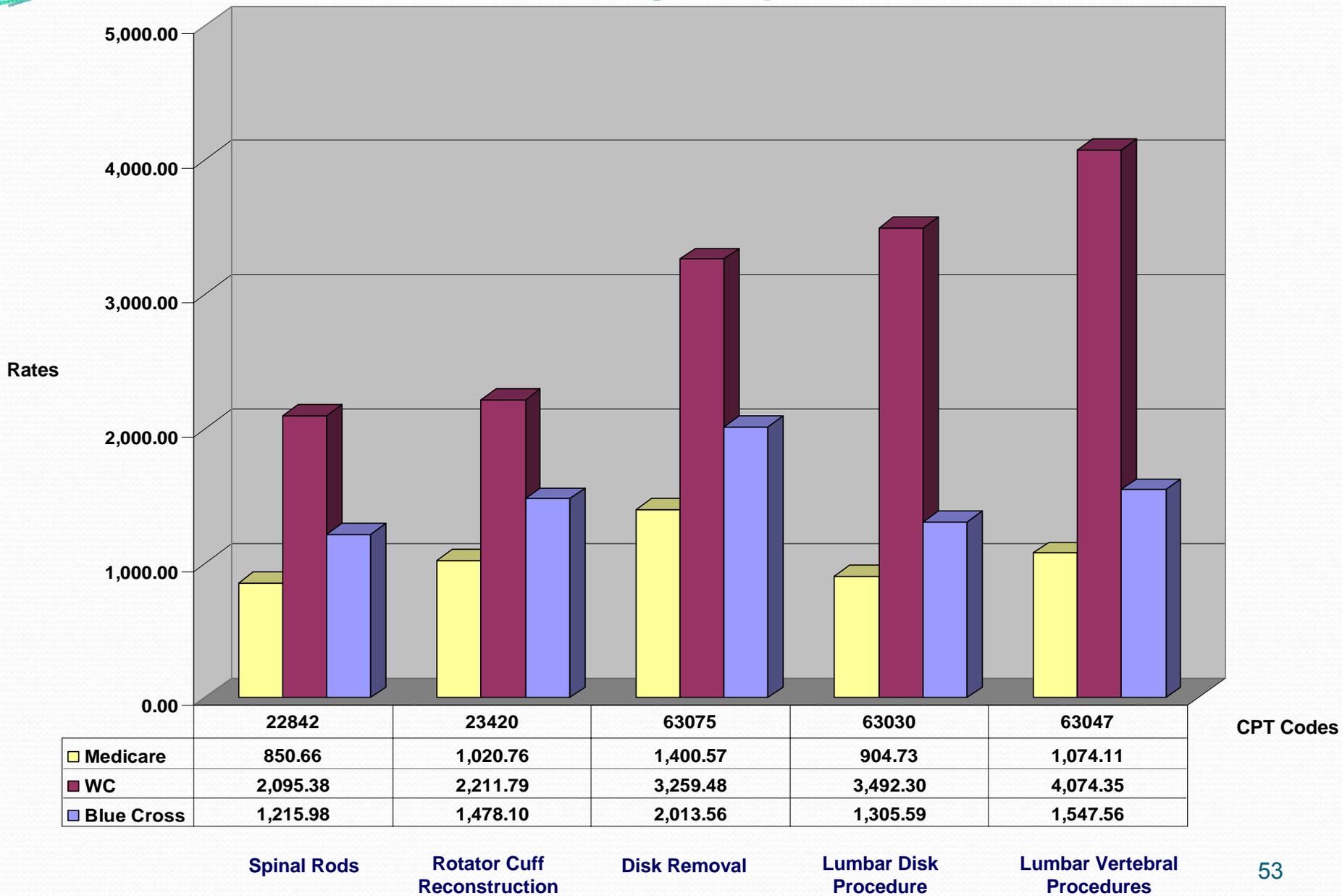
# Radiology



# Surgery



# Surgery



# WC CONVERSION FACTOR

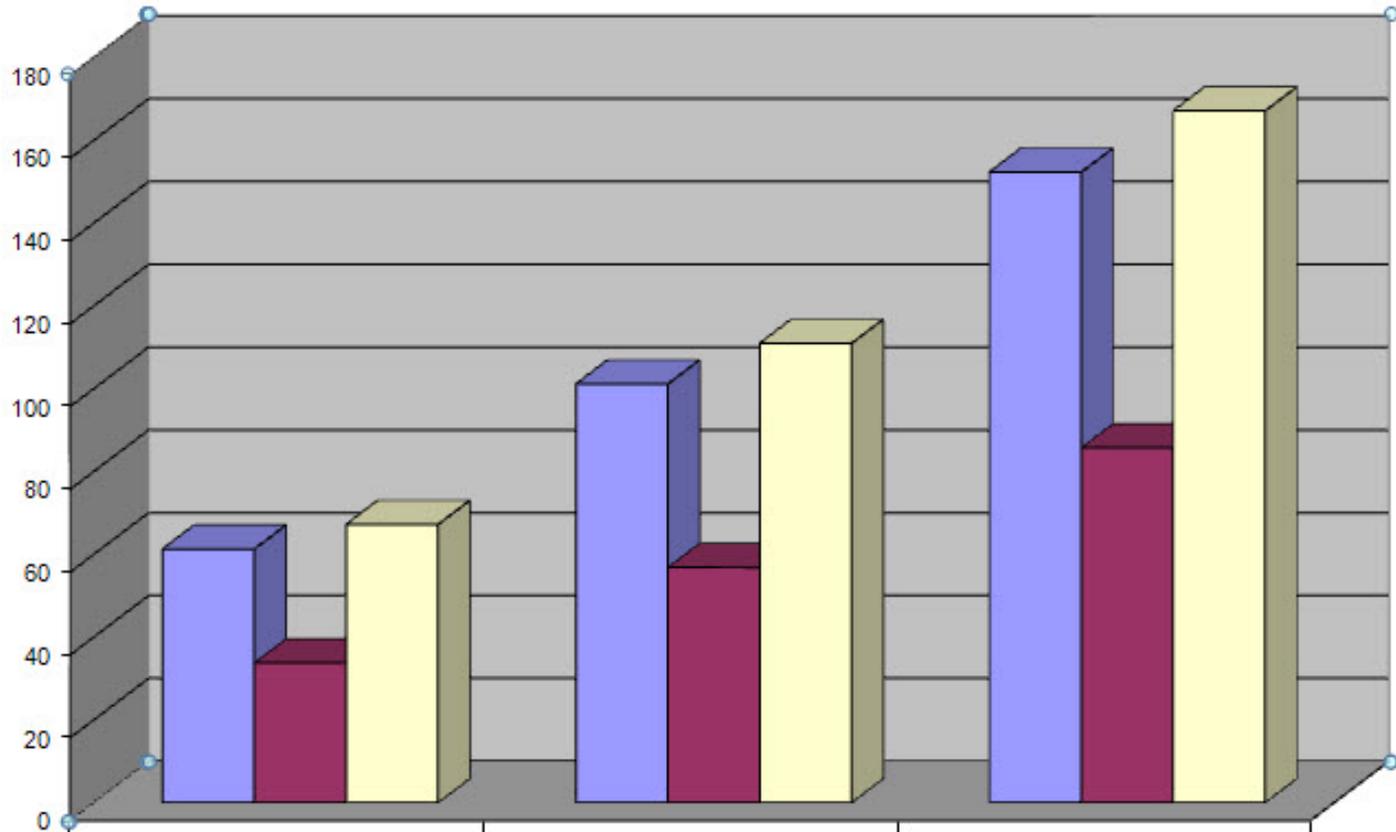
	2008	2009
Physical Medical (Chiropractic, Occupational Therapy & Physical Therapy)	\$63.45	\$65.28
Acupuncture	\$63.45	\$65.28
Medicine	\$63.45	\$65.28
Dental	\$63.45	\$65.28
Pathology	\$63.45	\$65.28
Radiology	\$63.45	\$65.28
Anesthesia	\$57.20	\$61.98
Surgery	\$63.45	\$65.28



Pursuant to Section 39-71-704 (2), MCA, the department adopted the conversion factors listed here, effective January 01, 2008, and 2009 for use with the unit values listed in the Resource-Based Relative Value Scale and incorporated in the Medical Service Rules for workers' compensation services.

# Medicine

Office Visits (Evaluation & Management, 10, 15, & 25 minute office visits)



	99212	99213	99214
BCBSMT 2009	61.29	101.15	152.32
2009 MT Medicare	33.76	56.82	85.73
2009 MT WC	67.24	110.98	167.12

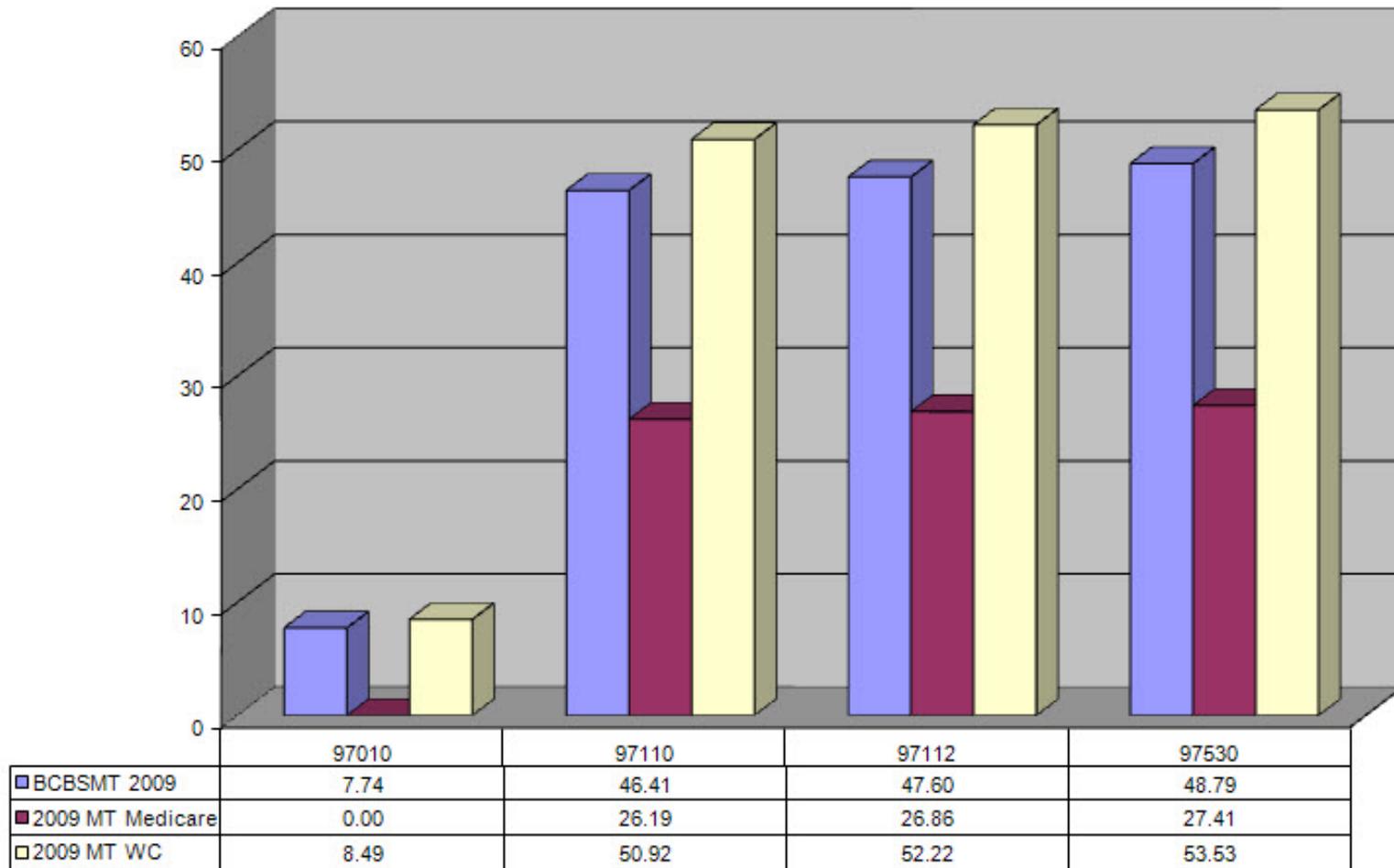
Office Visit (10 min)

Office Visit (15 min)

Office Visit (25 min)

# Physical Medicine

Physical Medicine (Chiropractic, Occupational Therapy, & Physical Therapy)



Hot or Cold  
Packs

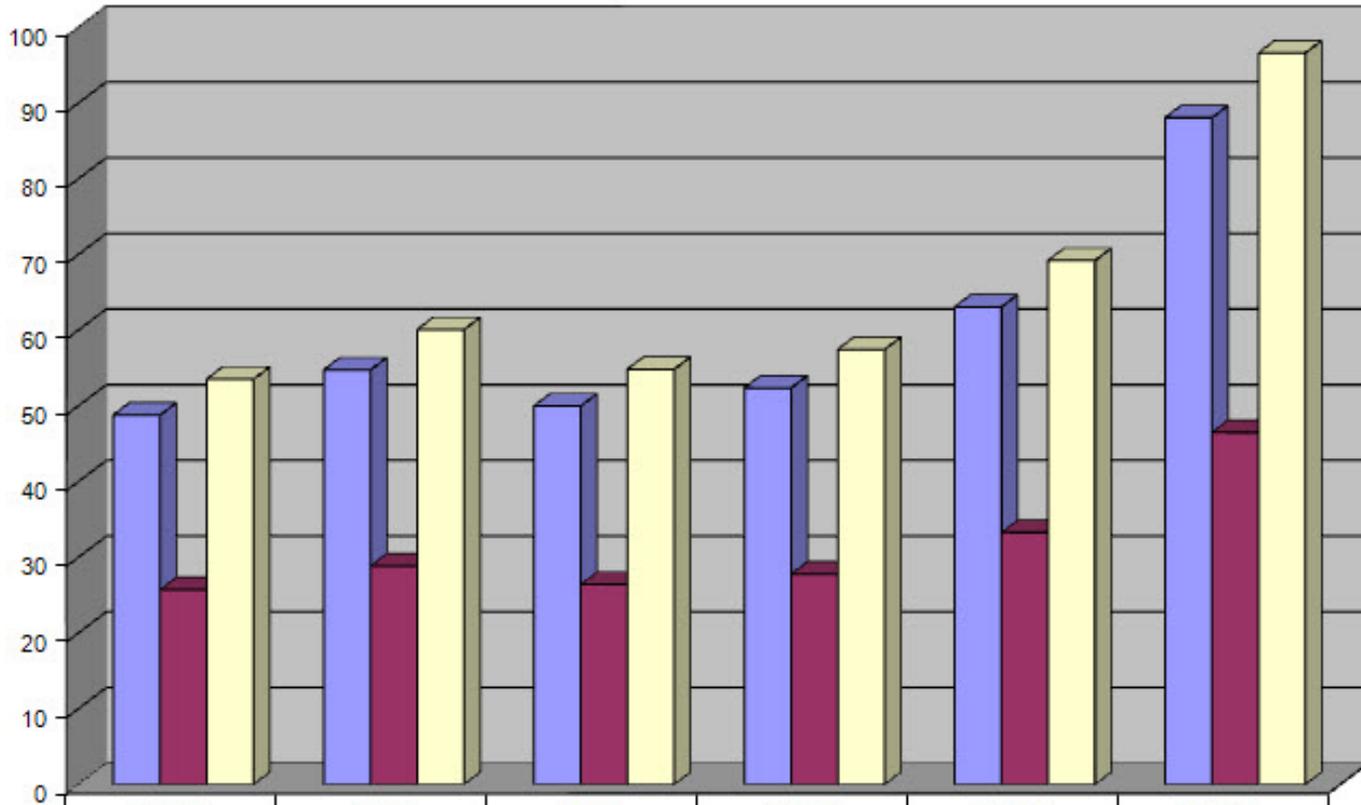
Therapeutic  
Exercise (15 min)

Neuromuscular  
Reeducation

Therapeutic  
Activities (15 min)

# Radiology

**Radiology (x-rays--2 Shoulder, Wrist, Ankle, Chest, 2 Spine)**



	73030	73110	73610	71020	72100	72110
■ BCBSMT 2009	48.79	54.74	49.98	52.36	63.07	88.06
■ 2009 MT Medicare	25.73	28.85	26.41	27.78	33.28	46.48
■ 2009 MT WC	53.53	60.06	54.84	57.45	69.20	96.61

Shoulder X-Ray  
(2 views)

Wrist X-Ray  
(3 views)

Ankle X-Ray  
(3 views)

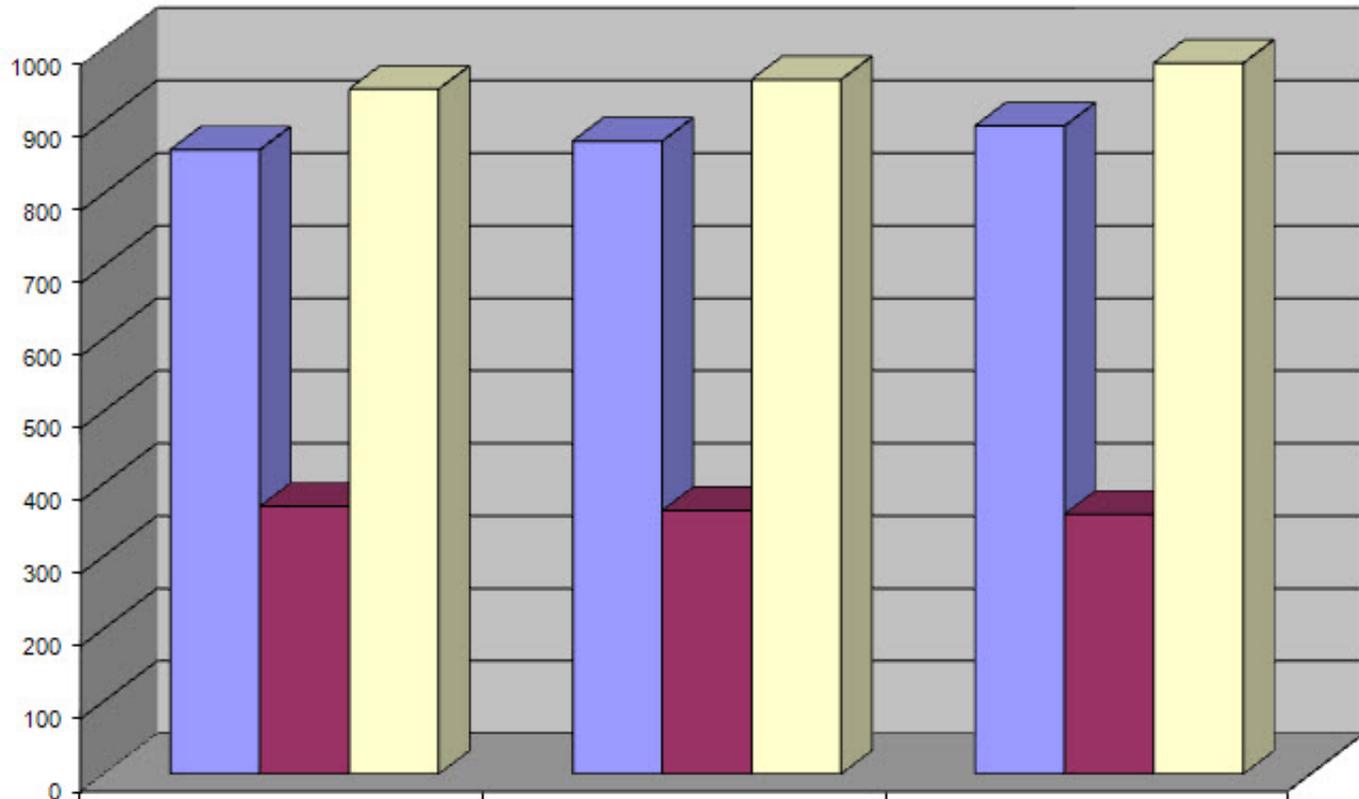
Chest X-Ray  
(2 views)

Spine X-Ray  
(2-3 views)

Spine X-Ray  
(4 views)

# Radiology

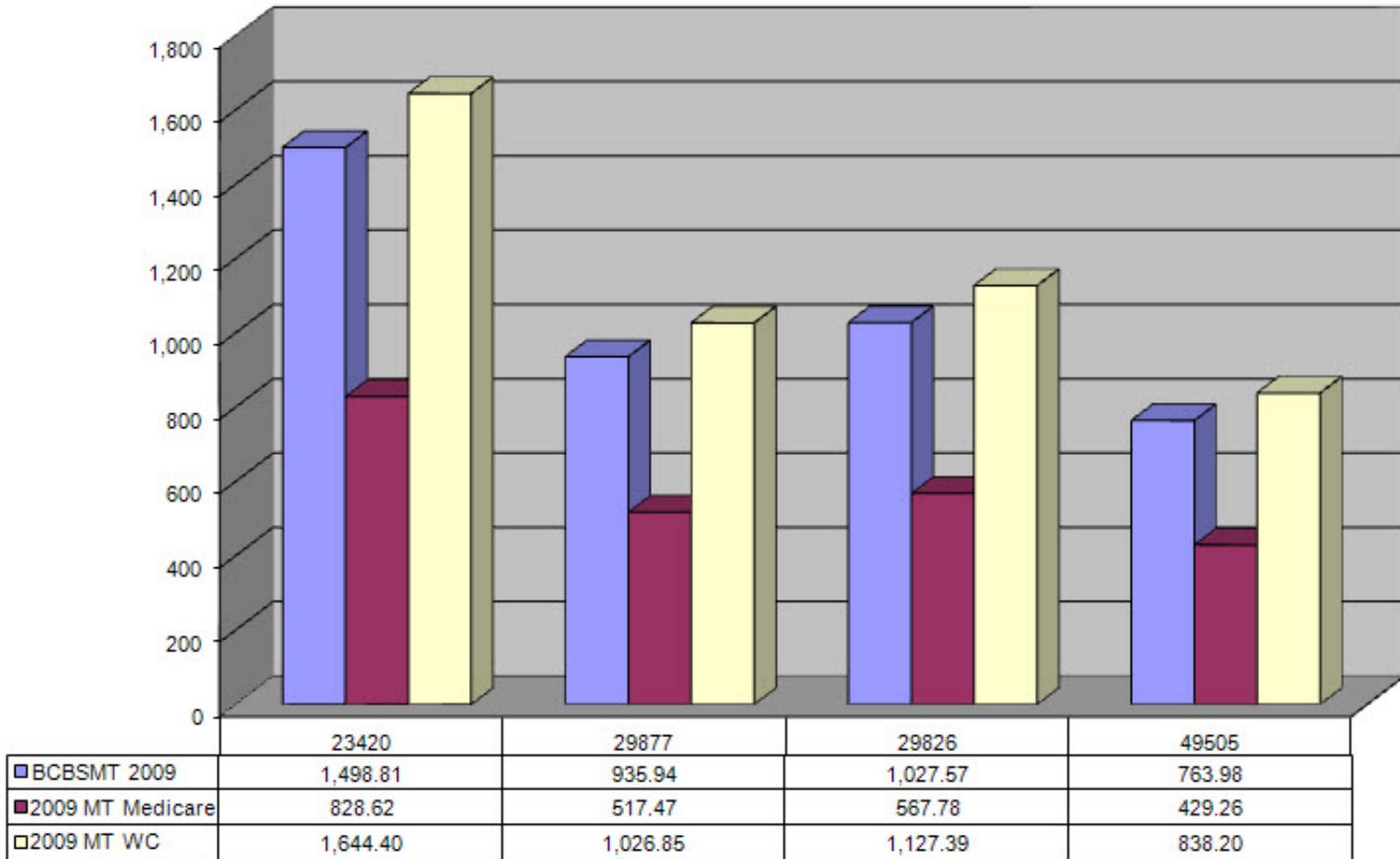
Radiology (MRI: upper & lower spine, any lower joint)



	72141	72148	73721
BCBSMT 2009	860.37	872.27	893.10
2009 MT Medicare	368.97	363.29	358.09
2009 MT WC	943.95	957.00	979.85

# Surgery

Surgery (Shoulder cuff, Arthros. knee, Arthros. shoulder, Repair hernia)



**Carpal Tunnel  
Release (nerves)**

**Carpal Tunnel  
Release (ligament)**

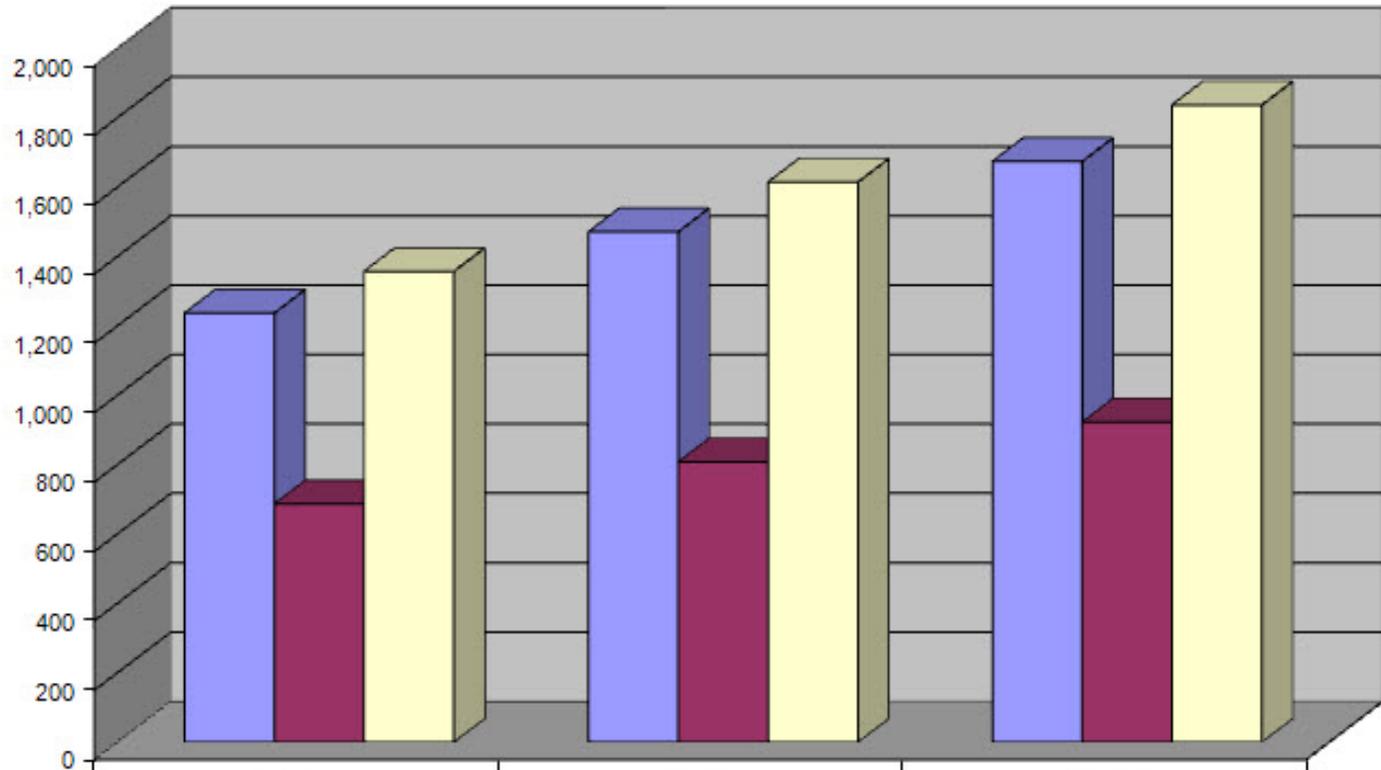
**Hernia Repair**

**Knee Cartilage  
Repair**

**Shoulder  
Arthroscopic  
Surgery**

# Surgery

**Surgery** (Spinal: Post Segment [3 to 6], Laminot w decomp [1 interspace lumb], Laminect 1 vert seg.)



	22842	63030	63047
BCBSMT 2009	1,237.01	1,471.44	1,674.33
2009 MT Medicare	687.15	808.47	923.29
2009 MT WC	1,357.17	1,614.37	1,836.98

**Spinal Rods**

**Rotator Cuff Reconstruction**

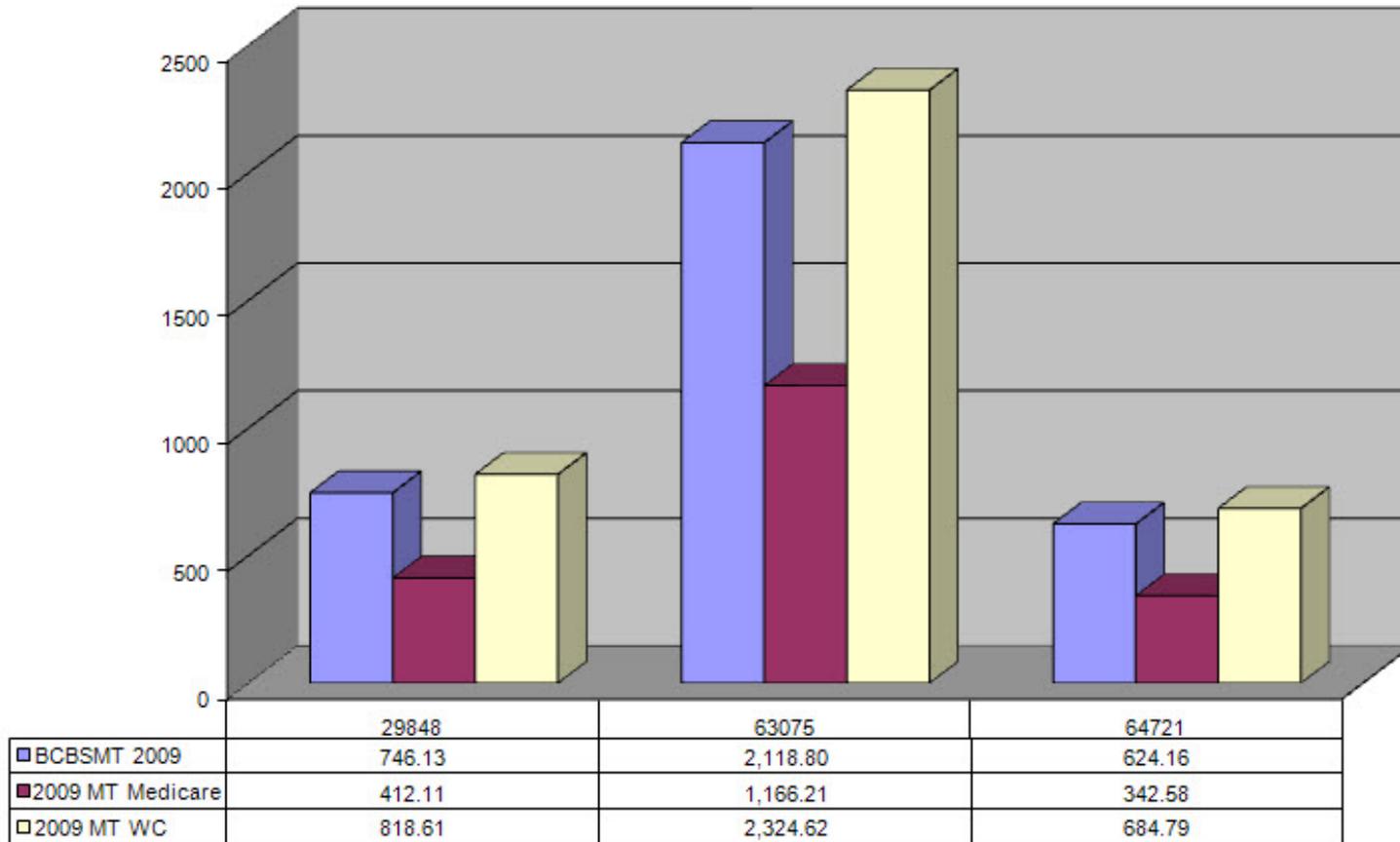
**Disk Removal**

**Lumbar Disk Procedure**

**Lumbar Vertebral Procedures**

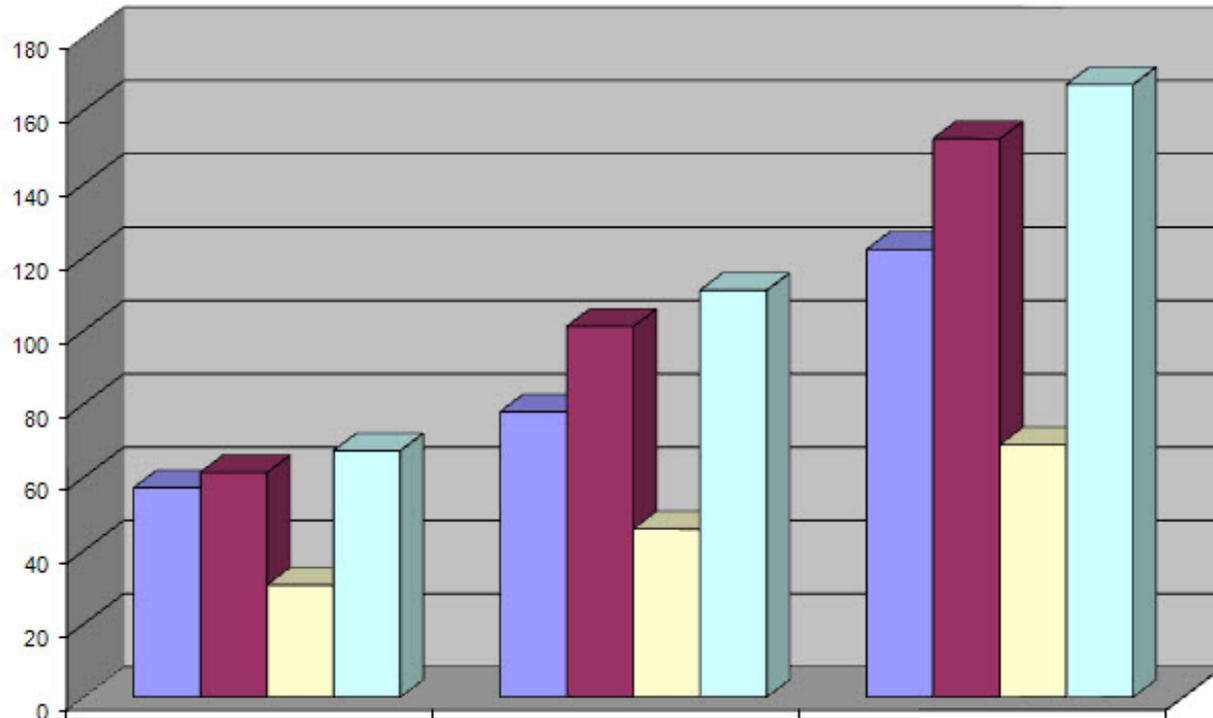
# Surgery

Surgery (Endo wrist releasing trans carpal, Dissect cervical singal interspace, Neuroplasty for median carpal tunnel)



# Medical

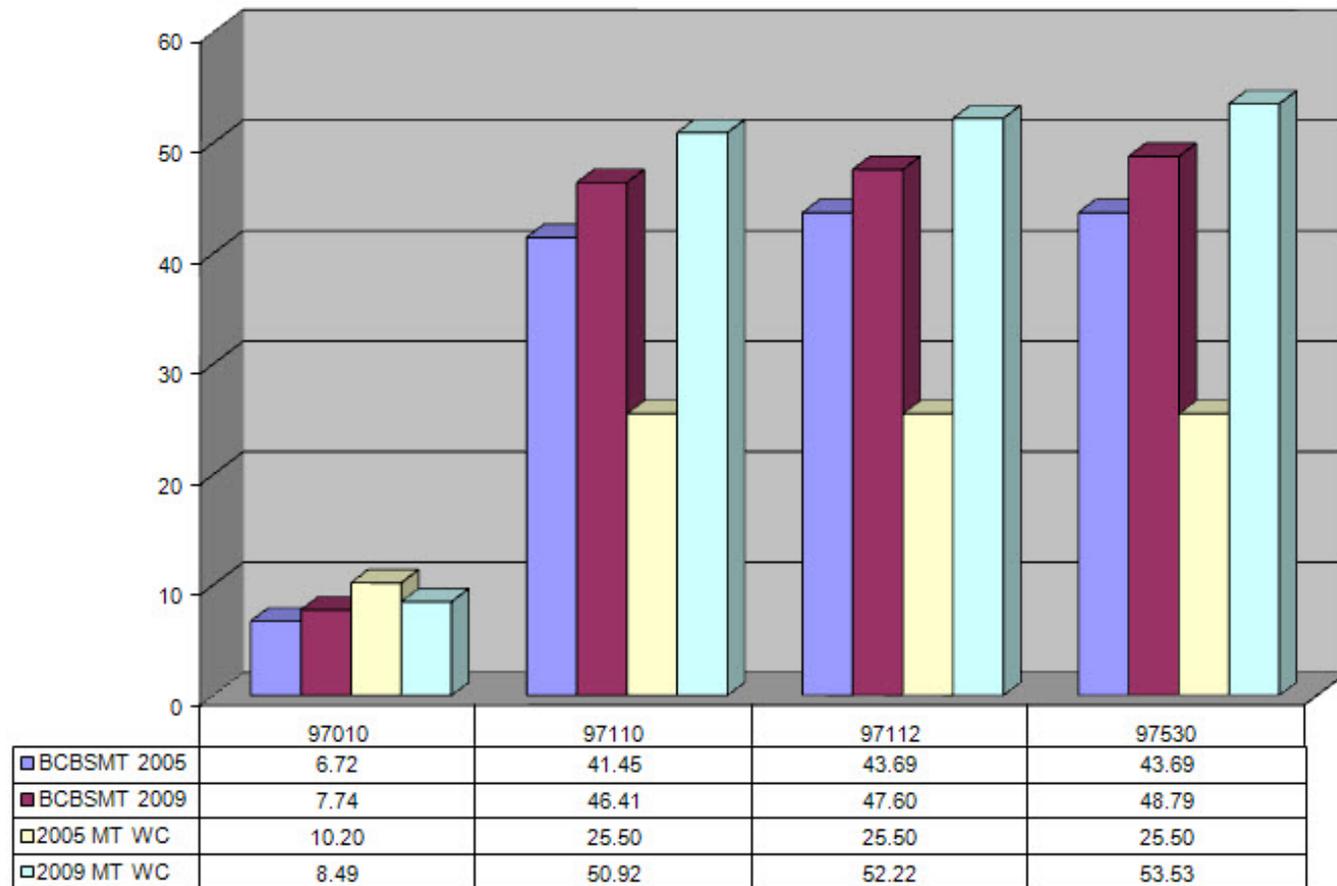
**Office Visits** (Evaluation & Management, 10, 15, & 25 minutes)



	99212	99213	99214
■ BCBSMT 2005	57.13	77.85	122.10
■ BCBSMT 2009	61.29	101.15	152.32
□ 2005 MT WC	30.60	45.90	68.85
□ 2009 MT WC	67.24	110.98	167.12

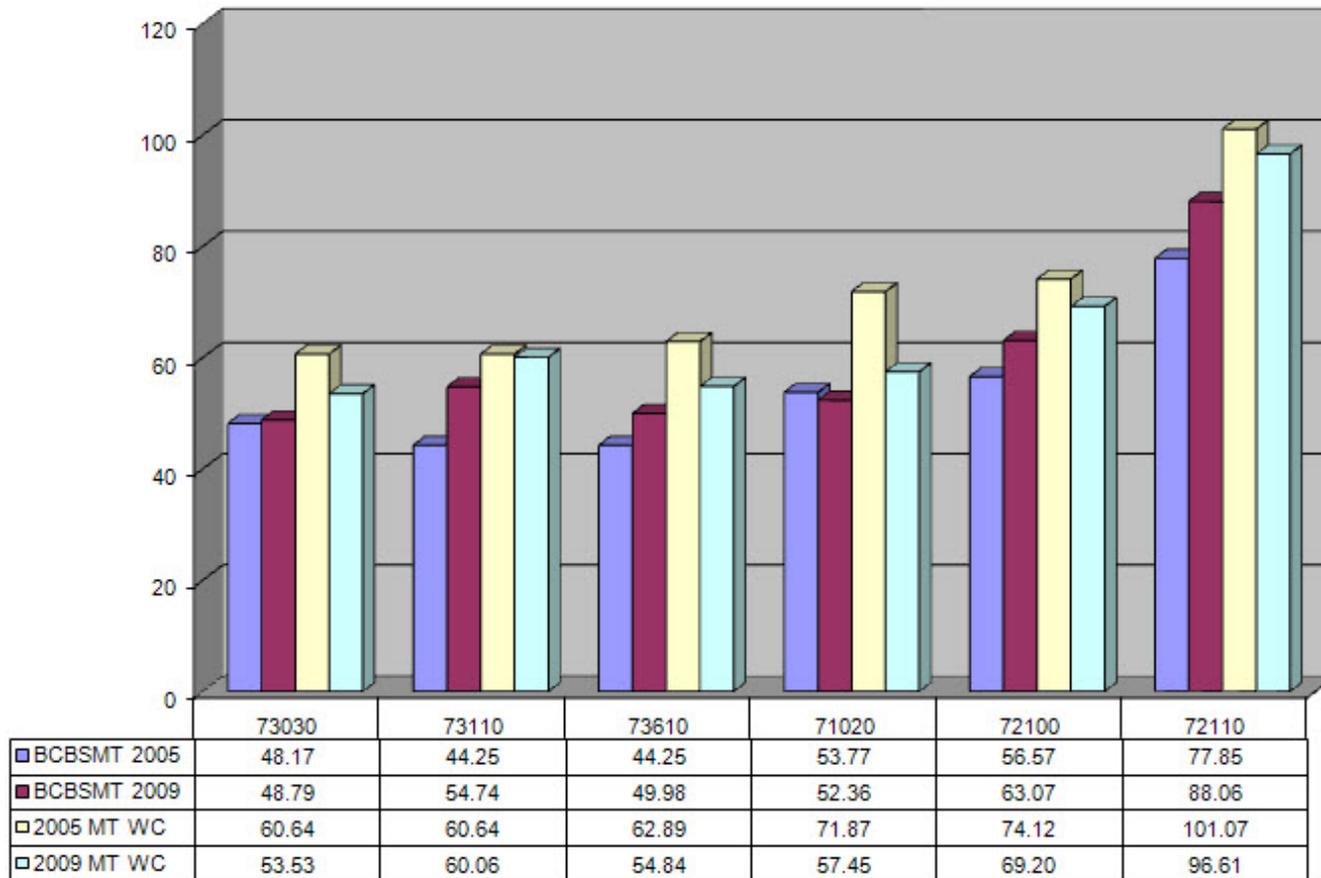
# Medicine

## Physical Medicine (Chiropractic, Occupational Therapy, & Physical Therapy)



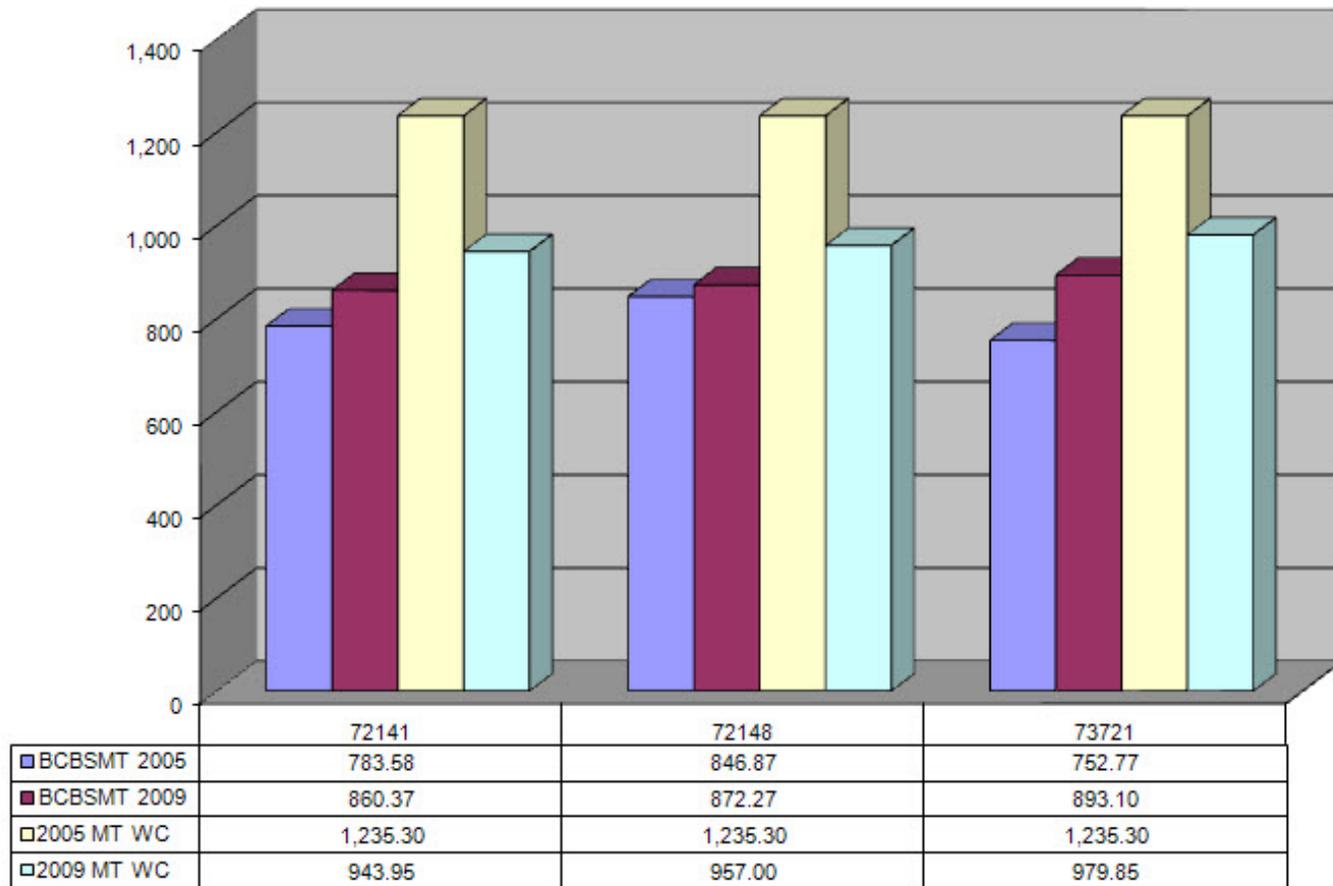
# Radiology

**Radiology (Shoulder, Wrist, Ankle, Chest, 2 Spine)**



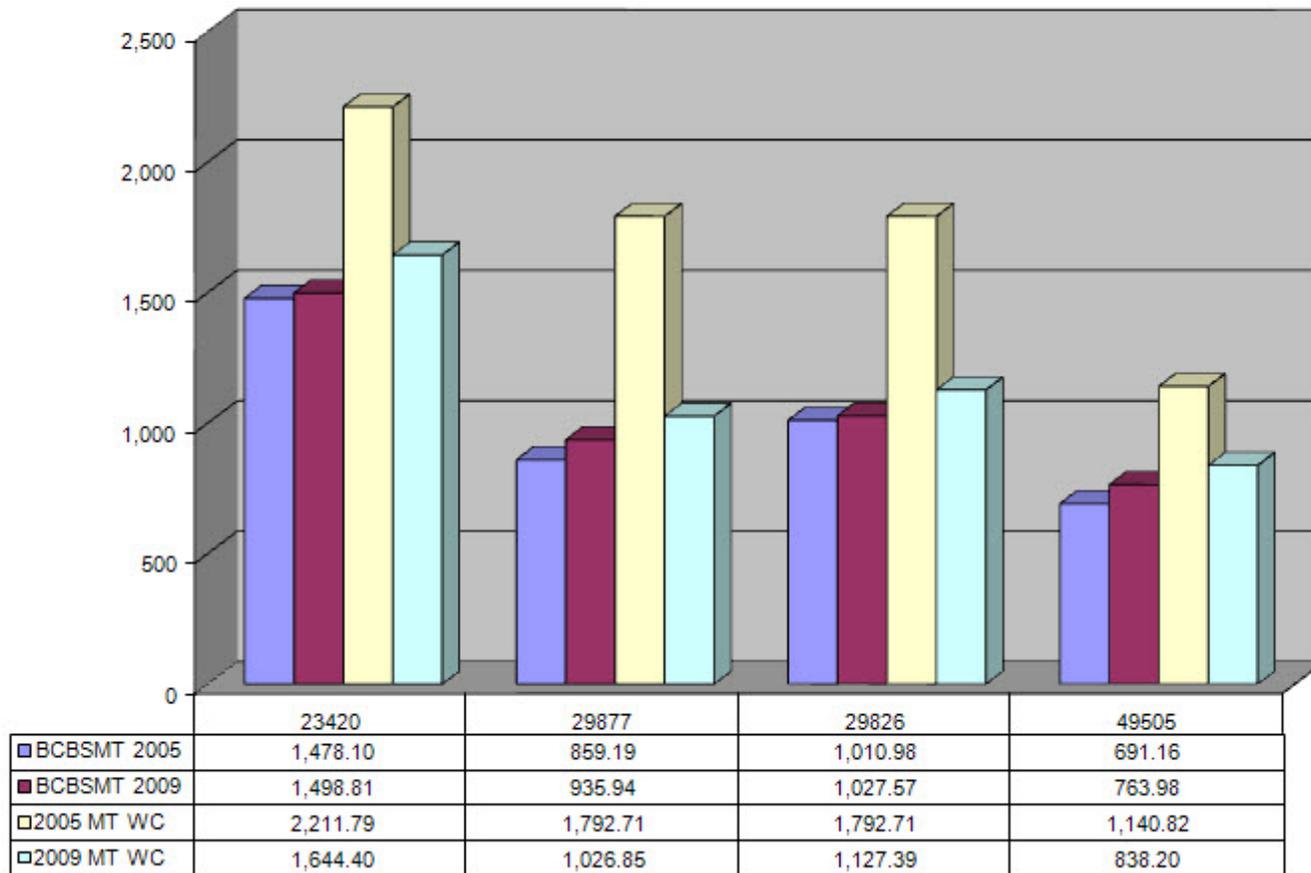
# Radiology

**Radiology (MRI:upper & lower spine, any lower point)**



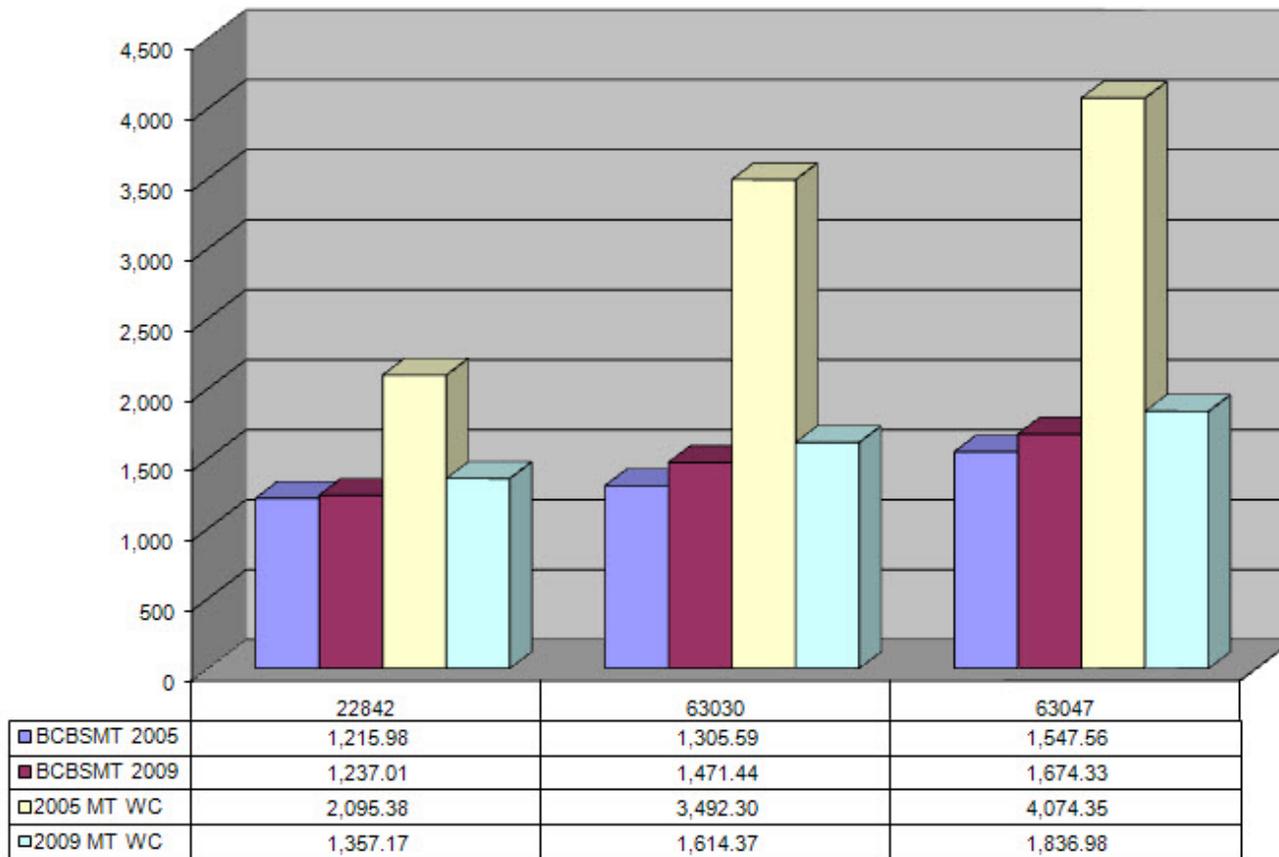
# Surgery

**Surgery (Shoulder, Knee, Shoulder, Hernia)**



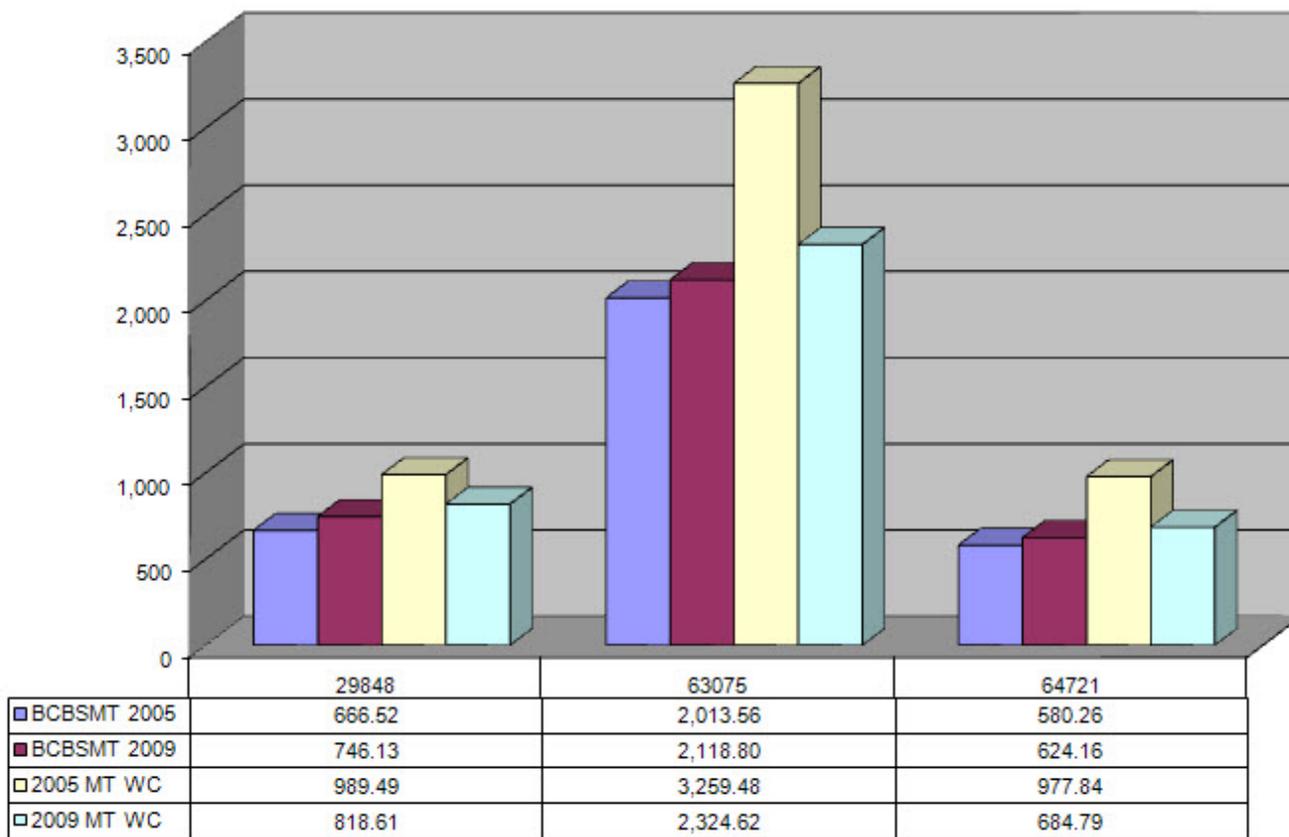
# Surgery

**Surgery** (Post segment[3-6], Laminot w Decomp, Laminect 1 vert seg)



# Surgery

**Surgery** (Endo wrist releasing trans carpal, Dissect ant cervical single interspace, Neuroplasty median carpal tunnel)



# Cost Driver: Duration

- Duration is the number of days off work following an injury
- Montana is significantly higher than the national average:
  - 2006 NCCI report 135 (MT) vs. 79 (national)
    - 70% higher than national average
  - 2007 NCCI report 136 (MT) vs. 85 (national)
    - 63% higher than national average
  - 2008 NCCI report 111 (MT) vs. 88 (national)
    - 26% higher than national average

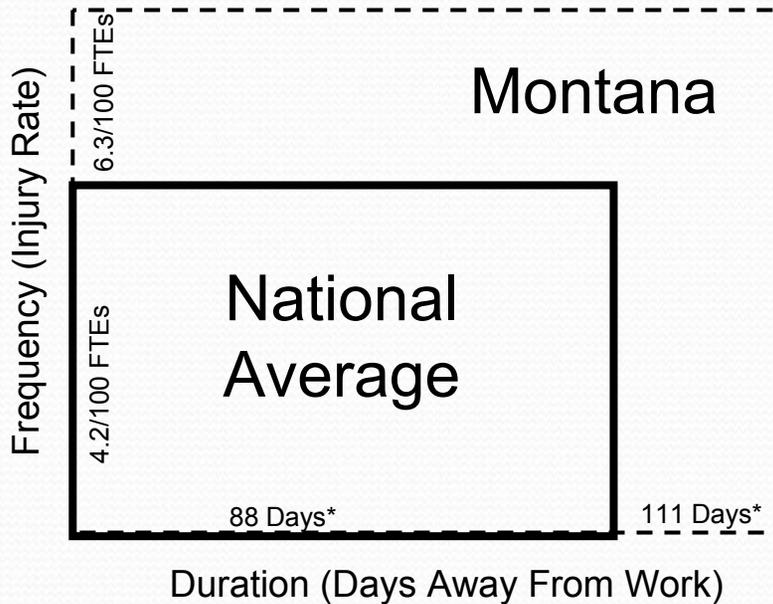
# Cost Driver: Duration

- Solutions:
  - 60 Summits: Montana
    - ACOEM Guideline: Preventing Needless Work Disability by Helping People Stay Employed
- Potential Cost Savings (NCCI):
  - Reduce Duration of Days to Return to Work to National Average
    - 3.3% or **\$12.5 million**

# Cost Driver: Claims Closure

- Montana has fewer settlements than most jurisdictions: 10% (MT) indemnity claims vs. 38% (10 state median)
- Montana has lower percentage of settlements that close future medical costs (3% of indemnity claims)
- Montana has a statutory provision that closes medical benefits if they have not been used for 60 months
- Majority of jurisdictions have statutory provisions that close the claim if indemnity benefits have not been used in a specific time frame
- Montana has more “open” cases – effects reserves of insurance companies

# Why High Work Comp Premiums?



\*Using 2008 NCCI State Advisory Forum Report

- Injure more people
- Off work longer
- Higher medical costs
- Must collect higher premium per \$100 payroll to cover significantly more people
- Lower wage base that premium is applied to

# Positive Impact of Focus on Cost Drivers:

- 7/1/07: -1.3% Loss Cost Filing (Experience and Trends)
- 2/1/08: -2.9% Loss Cost Filing (New Medical Provider Fee Schedule)
- 7/1/08: -1.8% Loss Cost Filing (Experience and Trends)
- 7/1/09: -2.2% Loss Cost Filing (Experience and Trends)
- 2007 – 2009: Total Savings of 8%



# WorkSafeMT Mission

- WorkSafeMT is a coordinated effort of employers, employees, providers, and other stakeholders to develop a universal expectation of workplace health and safety in Montana.
- Through proactive training, education, utilization of available resources, and shared accountability, WorkSafeMT seeks to eliminate occupational injury, illness, and death statewide.



## WorkSafeMT Mission

- For injured workers, WorkSafeMT promotes a transitional employment system that supports and values the physical and mental health and financial well-being of the employee and the needs of the employer.



# WorkSafeMT Vision

- **WorkSafeMT envisions a future without injury, illness, and death in Montana's workplaces.**
- Potential and current employees will utilize safe work practices and prevent both their own injuries and those of co-workers.
- Employers and employees will make health and safety a primary focus.



# WorkSafeMT Vision

- Employers will be informed about and equipped with the tools and resources to prevent workplace injury, and will be motivated to improve the safety records in their businesses.
- Those workers who do sustain workplace injuries will experience a comprehensive effort aimed at transitioning injured workers back to work as efficiently and safely as possible.



# WorkSafeMT Vision

- Employers and providers will interact early with injured workers using internationally recognized best practices.
- Actions by employers, employees, and providers will prevent the negative physical, psychological, vocational, and financial consequences of workplace injury from becoming a liability for all stakeholders.



# WorkSafeMT Vision

- Montana's workplaces will be among the safest in the nation.
- Montana will rank among the most competitive states for attracting and retaining businesses and employees.



- Provide Safety Program Resources
  - For employers
    - How to implement the Montana Safety Culture Act
    - How to develop & implement health & safety management systems
    - How to develop & implement people-based safety programs
    - How to evaluate the effectiveness of your programs
  - For employees
    - Increase opportunities for safety training
  - Web tools for all
    - Safety training
    - Program and policy templates
    - Incident investigation and lessons learned
    - Video testimonials – arguments for safety
    - etc.



- Provide SAW/RTW Program Resources
  - For employers
    - How to develop & implement SAW/RTW programs
    - How to evaluate the effectiveness of your programs
  - For employees
    - Increase SAW/RTW advocates/resources
  - For providers
    - Provide education on 'why' and 'how' to play a role in preventing disability
  - Web tools for all
    - Program and policy templates
    - Simplify and standardize information exchange
    - Video testimonials – arguments for SAW/RTW
    - etc.



WorkSafeMT

- Questions?