

Minutes

Labor-Management Advisory Council

May 4, 2010
Colonial Hotel

Advisory Council members present: Bob Worthington, Jason Miller, Connie Welsh, Bill Dahlgren, Annette Hoffman, Don Judge, Danny Lee, Doug Buman, Riley Johnson, Jacquie Helt, Jerry Keck

Project team members present: Diana Ferriter, Keith Messmer, Anne Wolfinger, Judy Bovington, Georgiana Kochman

Others present: Thom Danenhower, MMIA; Marv Jordan, MCCF; Teresa Graham, Anni Druce, Barb Gullickson, Karen Wiles, Connie Ferriter, Ryan Morton, Kristine Shields, ERD; Bonnie Lyytinen-Hale, HRC; Larry Burton, VRI; Mickey Marion, Genex; Trudy Winslow, MHS; Larry Jones, Liberty Northwest; Peter Strauss, Nancy Butler, Kevin Braun, MSF; Lance Zanto, DOA; Pat Murdo, Legislative Services; Stacy Tempel-St. John, Fair Claim

I. Welcoming & Introductions

Jason Miller presided as chair of the Council since Lieutenant Governor John Bohlinger was unable to attend. Jason greeted those present and had all in attendance introduce themselves.

II. Approval of Agenda and Minutes

The agenda and minutes were approved as written.

III. Benefits Package /IV. Public Comment

Jerry Keck reviewed the progress on the Benefits Package to this point. He stated that the goal remained to reach agreement on a comprehensive benefits package that will strengthen the benefit system and eliminate friction points in benefit delivery.

Diana Ferriter reviewed the proposal by walking the Council through the steps of how benefits are delivered now and how they would be delivered under the proposal. She also presented a sample benefit calculation under the new proposal.

Bonnie Lyytinen-Hale, rehabilitation provider, commented that the use of the impairment percentage in the formula for determining permanent partial disability benefits has no correlation with the amount of the wage loss that the injured worker will suffer.

Stacey Templeton-St. John, Fair Claim, stated that the Sixth Edition of the AMA Guide to Permanent Impairment says in the introduction that the guide is not intended to be used as determining compensation for the disability. She recommended tying the amount of the wages being earned at the time of injury to a percentage scale as being more appropriate.

Larry Jones, Liberty Northwest, said that the current public policy language may need to be re-written if the Council moves forward with this proposal as it says wage loss benefits should bear a reasonable relationship to actual wages lost.

Jerry reviewed the estimated cost impact sheet for savings if the fee schedule amount was set at 130% of Medicare. He stated that many states pay at Medicare or at 110% to 120% of Medicare and report no access issues.

Don Judge voiced concern that based on the public comment the proposals may make things more litigious than the current system. Don asked that the fee schedules be costed in 5% increments from 130 to 150% of Medicare.

The Council discussed the possibility of establishing triggers tying benefit increases to some level of cost reductions. Mark Cadwallader expressed concern about the difficulty of having a trigger based on savings where how you measure the savings is not well controlled. Riley Johnson suggested that the legislature could set a delayed implementation date for benefit increases.

Jerry stated that if the Council endorsed fee schedule reductions and the Economic Affairs Interim Committee agreed, the Department would have an easier time adopting the reductions by rule. These reductions would result in immediate savings to the system.

Stacey Templeton-St. John said that she was hearing the reason for the changes that are being proposed is to eliminate meeting the Coles requirements, but she said 9 times out of 10 the job analysis and impairment are done at the same time. She does not see a huge lag time.

Peter Strauss, Montana State Fund, commented that the Utilization and Treatment Guidelines savings are based on what happened in California, but California also changed their treating physician law at the same time so he thinks the savings estimates could be overstated.

Jason Miller asked the Department to model a threshold of savings to benefit increases for the next meeting.

Nancy Butler, Montana State Fund, stated that the State Fund does see delays in getting the impairment ratings. In one half of the claims they see a 6-week delay. She suggested that the insurer be able to take a credit for the impairment rating. She is concerned that small employers who are unable to take a worker back to work will see increased benefit payments and that the savings in vocational rehabilitation may not materialize because of the small employers needing more services.

Riley Johnson suggested dropping the return-to-work recommendation for small employers because there is no job there. He said we should concentrate our efforts on large employers.

Jerry said he was interested in what the Council wanted the Department to work on of the section 1 pieces, and also input on the medical fee schedule rates and the compensation adjustment for a change from the fifth to the sixth edition of the AMA impairment guide.

Don Judge responded that the Council should go with a simplified version of benefit changes. He is not prepared to see a move to the sixth edition but would like to go back to the fifth.

Connie Welsh, Annette Hoffman, Bob Worthington, Doug Buman, Riley Johnson and Jason Miller all said they are ready to move forward with the benefits package recommendations at the next meeting.

V. Next Steps

Anne Wolfinger reported that the benefits discussion needs to continue on the afternoon of May 18th with the full LMAC Council. The Department will develop fee schedule options in 5% increments and a threshold to savings. The NCCI estimates should also be ready for the Council to review at the next meeting.

VI. Next Meeting

May 18th and 19th, 9:00 to 5:00 at the Best Western Great Northern Hotel.