

## Estimated Cost Impact of Workers' Compensation Changes

2007 to date

(LMAC created 12/2006)

In Millions

NCCI Loss Cost Filing 7/1/07	-1.30%	-\$6.1
NCCI Loss Cost Filing 2/1/08	-2.90%	-\$13.5
NCCI Loss Cost Filing 7/1/08	-1.80%	-\$8.2
NCCI Loss Cost Filing 7/1/09	-2.20%	-\$10.0
NCCI Loss Cost Filing 7/1/10	-6.40%	-\$27.8
<b>Used for Cost Estimates Below: 2010 Total Costs</b>		<b>\$407 Million</b>

Recommended Changes	Benefit	Percent Benefit Impact	Percent Indemnity Impact	Percent Medical Impact	Percent Impact on Rates	Employer Costs in Millions	Running Total
Adoption of Utilization and Treatment Guidelines.	Medical	-36.0%		-36.0%	-21.6%	-\$87.9	\$319.1
(Fee Schedule Savings adjusted to reflect impact of Frontier State provisions)					<b>Adj. % ER impact</b>	<b>Adj % ER cost</b>	
Modification of Fee Schedules to 150% of Medicare	% Medical	% Affected	Current Multiple to Medicare	Impact on Medical			
a. Non-Facility	57.6%	90.0%	177.2%	-4.4%	-2.6%	-\$10.6	\$308.6
b. Hospital Inpatient (relative to CMS posted base rate)	15.7%	80.9%	171.2%	-1.6%	-0.9%	-\$3.7	\$304.8
c. Outpatient Surgery - Total of ASC and Hospital Outpatient	16.6%	80.1%	180.4%	-2.2%	-1.3%		
i. Ambulatory Surgery Centers	7.2%	78.8%	167.4%	-0.6%	-0.3%	-\$1.4	\$303.4
ii. Outpatient Hospital	9.4%	80.9%	190.3%	-1.6%	-0.9%	-\$3.8	\$299.6
Clarifying Course and Scope.	Ind/Med				0.0%	\$0.0	\$299.6
Statutory Claim Closure.	Ind/Med				0.0%	\$0.0	\$299.6
Settlement of Future Medical Benefits.	Medical	-10.0%		-10.0%	-5.8%	-\$23.7	\$275.9
						<b>Total After Savings</b>	<b>\$275.9</b>
						<b>Total Savings</b>	<b>\$131.1</b>