

Estimated Cost Impact of Workers' Compensation Changes

2007 to date

(LMAC created 12/2006)

In Millions

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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
Used for Cost Estimates Below: 2010 Total Costs		\$407 Million

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)					Adj. % ER impact	Adj % ER cost	
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
						Total After Savings	\$275.9
						Total Savings	\$131.1

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	Benefit	Percent Benefit Impact	Percent Indemnity Impact	Percent Medical Impact	Percent Impact on Rates	Employer Costs in Millions	Running Total
Recommended Changes							
Current statute @375 weeks	PPD	0.0%	0.0%		0.0%	\$0.0	\$275.9
At 400 Weeks	PPD	6.7%	2.4%		0.7%	\$2.7	
At 425 Weeks	PPD	13.3%	4.7%		1.3%	\$5.4	
At 450 Weeks	PPD	20.0%	7.1%		2.0%	\$8.1	
PPI at 50% SAWW, PPD at 75% of SAWW @ 375 weeks	PPD	8.5%	3.0%		0.8%	\$3.4	
At 400 Weeks	PPD	15.7%	5.6%		1.6%	\$6.3	
At 425 Weeks	PPD	22.9%	8.1%		2.3%	\$9.2	
At 450 Weeks	PPD	30.2%	10.7%		3.0%	\$12.2	
PPI at 75% SAWW, PPD at 75% of SAWW @ 375 weeks	PPD	21.2%	7.5%		2.1%	\$8.5	
At 400 Weeks	PPD	29.3%	10.4%		2.9%	\$11.8	
At 425 Weeks	PPD	37.4%	13.2%		3.7%	\$15.1	
At 450 Weeks	PPD	45.5%	16.1%		4.5%	\$18.3	
PPI at 100% SAWW, PPD at 100% of SAWW @ 375 weeks	PPD	34.4%	12.2%		3.4%	\$13.9	
At 400 Weeks	PPD	43.4%	15.4%		4.3%	\$17.5	
At 425 Weeks	PPD	52.3%	18.5%		5.2%	\$21.1	
At 450 Weeks	PPD	61.3%	21.7%		6.1%	\$24.7	
Implement an "Early Return to Work" being developed by the WorksafeMT SAW/RTW committee	ERTW				0.1%	\$0.4	\$276.3
Pay 4days retroactive TTD after 21 days of disability	TTD	2.9%	1.2%		0.4%	\$1.5	\$277.8
Attorney Fees	Medical	0.1%			0.1%	\$0.3	\$278.1
Projected Employer Costs (Millions)							\$278.1
Projected Total Benefit Increases							\$2.2

Ratio of Decreases : Increases 59.30

Primary
 ERD Estimate ERD at 80% of savings ERD at 50% of savings

Projected Employer Costs (Millions)	Total cost		\$278.1	\$304.3	\$343.6
Projected Total Benefit Increases	Benefit increase 7/1/2011 - 6/30/2013		\$2.2	\$2.2	\$2.2
	Annual Savings 7/1/2011 - 6/30/2013		-\$128.9	-\$102.7	-\$63.4
	Ratio savings : benefits	Ratio of Decreases : Increases			
	7/1/2011 - 6/30/2013		-58.6	-46.7	-28.8