

LMAC ORIENTATION AND HISTORY



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A Little History

- 2006 University of MT Economic Summit – MT not competitive with neighboring states due to high workers' comp costs - Cited OR Premium Rankings
- Governor Schweitzer asked Lt. Governor Bohlinger to lead study
- Department of Labor & Industry staffed the Workers' Compensation Study

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Montana's High Premiums

- Oregon Premium Rankings of Montana

2006 – 5th

2008 – 2nd

2010 – 1st

Clearly high premiums

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Purpose of Study

- Compare Montana's WC system to other states in the region;
- Determine primary cost drivers;
- Obtain stakeholder input; and
- Provide policy makers with sound information

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Study Group Results

- Primary cost drivers in workers' compensation:
 - 1) Frequency of Claims – Injury Rate
 - Injury Prevention – Safety **NUMBER ONE COST DRIVER**
 - **NCCI estimated could save \$145 million if decreased to nat. ave.**
 - 2) Skyrocketing Medical Costs
 - Medical cost containment
 - Fee schedules
 - Utilization and treatment guidelines
 - 3) Duration – Length of time off work from injury
 - Stay-at-Work/Early-Return-to-Work
 - **NCCI estimated could save \$12.5 million if decreased to nat. ave.**
 - 4) High Percentage of Open Claims
 - Claims Closure and settlement mechanisms

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SUBSEQUENT EVENTS

- Department Agency Order Creating Labor Management Advisory Council (LMAC)
 - Identify problems with system
 - Gather information
 - 60 Meetings – Numerous reports generated
 - Contracted with National experts
 - Recommend solutions to Commissioner
 - Facilitate education
 - Promote mutual cooperation among stakeholders
 - Improve workers' comp system
- WorksafemT Formed
- Recommendations for Legislation
 - Address all cost drivers
 - Address high premiums
 - Maintain level of or increase benefits

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1) Frequency of Claims 2) Duration

- WorkSafeMT initiated by LMAC
 - Statewide Social Marketing Campaign
 - SafetyFestMT
- 60 Summits MT initiated by LMAC
- WorkSafeMT
 - Stay at Work/Return to Work Best Practices

KEY ELEMENTS OF LMAC RECOMMENDATIONS FOR WORKERS' COMPENSATION REFORM

- Statutory closure of claims after 3 years with limited reopening provision
- Course and scope language on breaks and recreational activities
- Set a 21-day time frame for insurer to accept or deny a claim
- Limited payment of attorney fees in medical only disputes
- Set medical fee schedule 165% of Medicare
- Require adoption of utilization and treatment guidelines for treatment of injured workers
- Codify the use of the 5th Edition of the AMA Guides to Impairment Ratings
- Provide retroactive payments for waiting period after 21 days of disability
- Implement early Stay at Work/Return to Work program
- Provide for Return to Work Assistance upon request of claimant
- Allow settlement of future medical benefits
- Continue support for WorkSafeMT Foundation to reduce frequency and duration
- Provide long term private and public funding to support WorkSafeMT efforts
- Maintain current benefit structure for TTD, TPD, PPD, PTD and Vocational Rehab Benefits

SUBSEQUENT EVENTS CONTINUED

- Economic Affairs Interim Committee (EAIC) – Studying workers' comp costs – reviewed work of LMAC
- HB87 – LMAC/EAIC - Sponsored by Rep. Chuck Hunter
 - Died in Standing Committee
- SB243 – Sponsored by Senator Zinke
 - Combination of HB87, HB334, and New Provisions
 - Died in Standing Committee

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SUBSEQUENT EVENTS CONTINUED

- HB334 – Sponsored by Rep. Scott Reichner
- HB334 – Majority support of the Legislature
- Governor threatened to veto the bill as proposed
- Compromises reached between Executive Branch and Legislature
- Amended HB334
- Signed by Governor on 4/12/2011

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Components of HB334 – Legislative Work Comp Reform

Course & Scope of Employment

Limited the employer's liability for injuries while on break performing personal services and at social or recreational events paid by employer

Requires use of 6th Edition of the AMA Guides to Evaluation of Permanent Impairment

Permanent Partial Disability Awards:

Impairment => Class 2 and no wage loss, or
Impairment > 0% and a wage loss

Increased PPD weeks from 375 to 400

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Components of HB334 – Legislative Work Comp Reform

- Department must hire a Medical Director
- Terminates medical benefits 5 years from date of injury – except on Permanent Total Disability (PTD)
- May reopen within 5 years of termination
 - Request to Department
 - Review by Medical Director + two other physicians
- Medical Fee Schedules frozen at 12/2010 rates until 7/1/2013
- Department must adopt U & T Guidelines
 - Implement Independent Medical Review Process

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Components of HB334 – Legislative Work Comp Reform

- Provides retroactive payment of waiting period (4 days) – if disability exceeds 21 days
- Allows mutual agreement to settle future medical benefits on accepted claims
- Provides for Stay at Work/Return to Work Assistance
 - Upon request from employer, worker, or medical provider
 - Insurer required to provide assistance
 - If Insurer doesn't provide assistance, Department will
 - Provides for an assessment to fund Department's assistance
- Allows injured worker to choose initial Treating Physician
 - After acceptance of liability, insurer may redirect care

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NCCI PRICING OF HB344

Description	Indemnity	Medical	Total
Permanent Partial Disability Awards	-5.2%	-	-1.7%
Terminating and Reopening Medical Benefits	-	-18.1%	-12.1%
Medical Fee Schedule Freeze	-	-3.4%	-2.3%
Introduction of Retroactive Period	1.6%	-	0.5%
Choice of Treating Physician	-7.8%	-8.8%	-8.5%
Overall Cost Impact	-11.2%	-27.8%	-22.4%
			\$-92.2 M
Source: National Council on Compensation Insurance, Inc.			

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Montana's Filing Activity Voluntary Loss Cost Changes

• 2007	-1.3
• 2008	-4.6
• 2009	-2.2
• 2010	-6.4
• 2011	-5.6 and -22.4 (HB334)
• 2012	0.0
• 2013	-5.4

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Oregon Premium Rankings of Montana

2006 – 5th2008 – 2nd2010 – 1st2012 – 8th

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THE END QUESTIONS?

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