



# Montana

Labor-Management Advisory Council Meeting

**NCCI HB 334 Preliminary Review**  
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Montana HB 334  
Effective 7/1/2011

## Quantified Provisions and Impacts

| Provision (Statute Section §39-71-__)  | Percentage Impact |
|--|-------------------|
| Permanent Partial Awards (703)   | -1.7%             |
| ◦ Termination of Medical Benefits at 60 months (704)<br>◦ Reopening Provisions | -12.1%            |
| Medical Fee Schedule (704)   | -2.3%             |
| Retroactive Period (736)   | +0.5%             |
| Choice of Healthcare Provider (1101)   | -8.5%             |
| <b>Overall Impact on Montana WC System Costs</b>                               | <b>-22.4%</b>     |

## Quantified Provisions and Impacts

- Permanent Partial Disability (PPD) impairment awards
  - Eliminated for claimants with no wage loss and Class 1 permanent impairment
  - Increased maximum PPD duration from 375 weeks to 400 weeks
  
- Termination of medical benefits at 60 months after injury
  - Some exceptions are allowed; also allows some claims to be reopened
  
- Changed medical fee schedule to 2010 version
  
- Introduced a retroactive period of 21 days
  
- Choice of Healthcare Provider
  - Injured worker may designate initial treating physician.
  - Upon acceptance of liability, employer may then designate the treating physician
  - Creates tiered system of reimbursement

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**Preliminary Post-Reform Observations**  
**PPD**

- Elimination of awards for class 1 with no wage loss has dramatically reduced the number of PPD awards.
  - PPD claims as percent of total lost-time claims dropped from over 40% to approximately 20%
  - TTD claims as percent of total lost-time claims increased, consistent with expectations
  - Some types of claims that were PPD pre-reform may be medical-only claims post-reform
  - Too early to evaluate overall impact on costs as many PPD claims will continue to develop over time



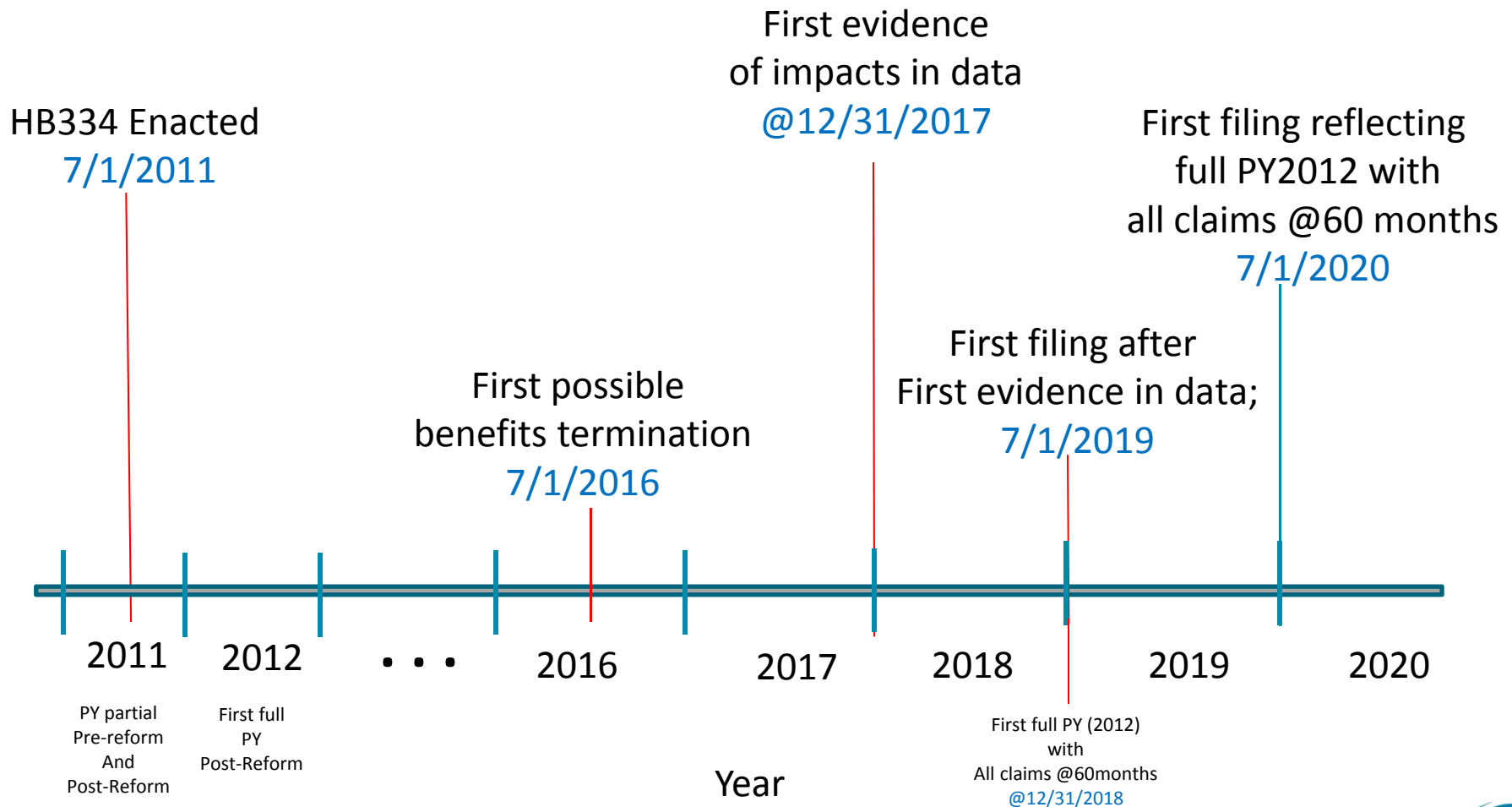
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**Preliminary Post-Reform Observations**  
**PPD**

- Increase in PPD maximum duration from 375 weeks to 400 weeks
  - Too early to evaluate overall impact on PPD costs
  - Very few observations available at this time
  - PPD claims will continue to develop over time
  - Interaction with other provisions complicates the estimation of isolated impacts from this provision

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**Preliminary Post-Reform Observations  
Provisions for Medical Benefits**

- Termination of Medical Benefits after 60 months
  
- Medical Fee schedule
  - Previous fee schedule was in place for 6 months before reverting back to previous schedule
  - No post-reform cost impact to be provided since impact **effective 1/1/2011** was simply reversed
  
- Choice of Physician
  - Detailed data not available which identifies carrier designation/status of physician

# Montana HB 334 Termination of Medical Benefits after 60 Months Timeline



## Montana HB 334

# Preliminary Post-Reform Observations 21-day Retroactive Period

- NCCI attempted to estimate the post reform impact with DLI data
- Measuring post-reform impacts with precision is difficult due to the interaction with other system changes and data fluctuations, and timing of this analysis
- This provision was estimated to have a relatively small impact on costs in Montana; quantified impacts seem reasonable





## Montana HB 334 Other Provisions and Comments

- NCCI did not quantify several provisions in the bill, and have no further analysis for:
  - Definition of Course and Scope of Employment
  - Utilization and Treatment Guidelines
  - Use of 6<sup>th</sup> Edition of AMA Guides
  - Settlements
  - Stay-At-Work-Return-To-Work



## Montana HB 334 Other Provisions and Comments

### ■ Other thoughts:

- Many of the provisions in the bill interact with each other
- Difficult to clearly attribute a change in data to HB 334
- Any impact on system costs will be realized in experience in Montana loss cost filings

