

WORKERS' COMPENSATION ASSESSMENT – FUNDING

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Employment Relations Division
MT Department of Labor & Industry
May 22, 2014

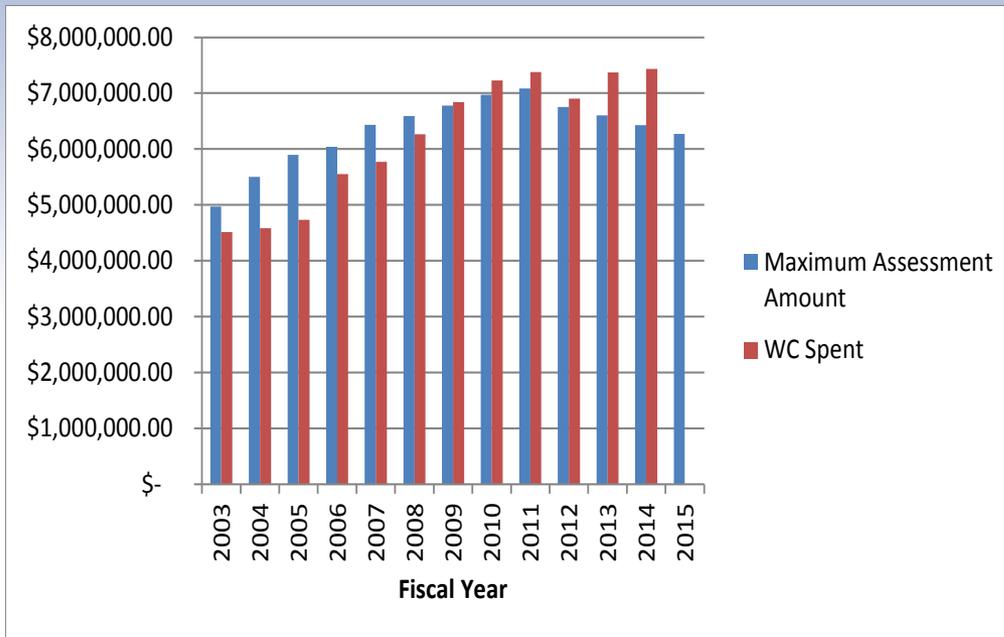


Montana Department of
LABOR & INDUSTRY
Employment Relations Division

Workers' Compensation Administration Assessment

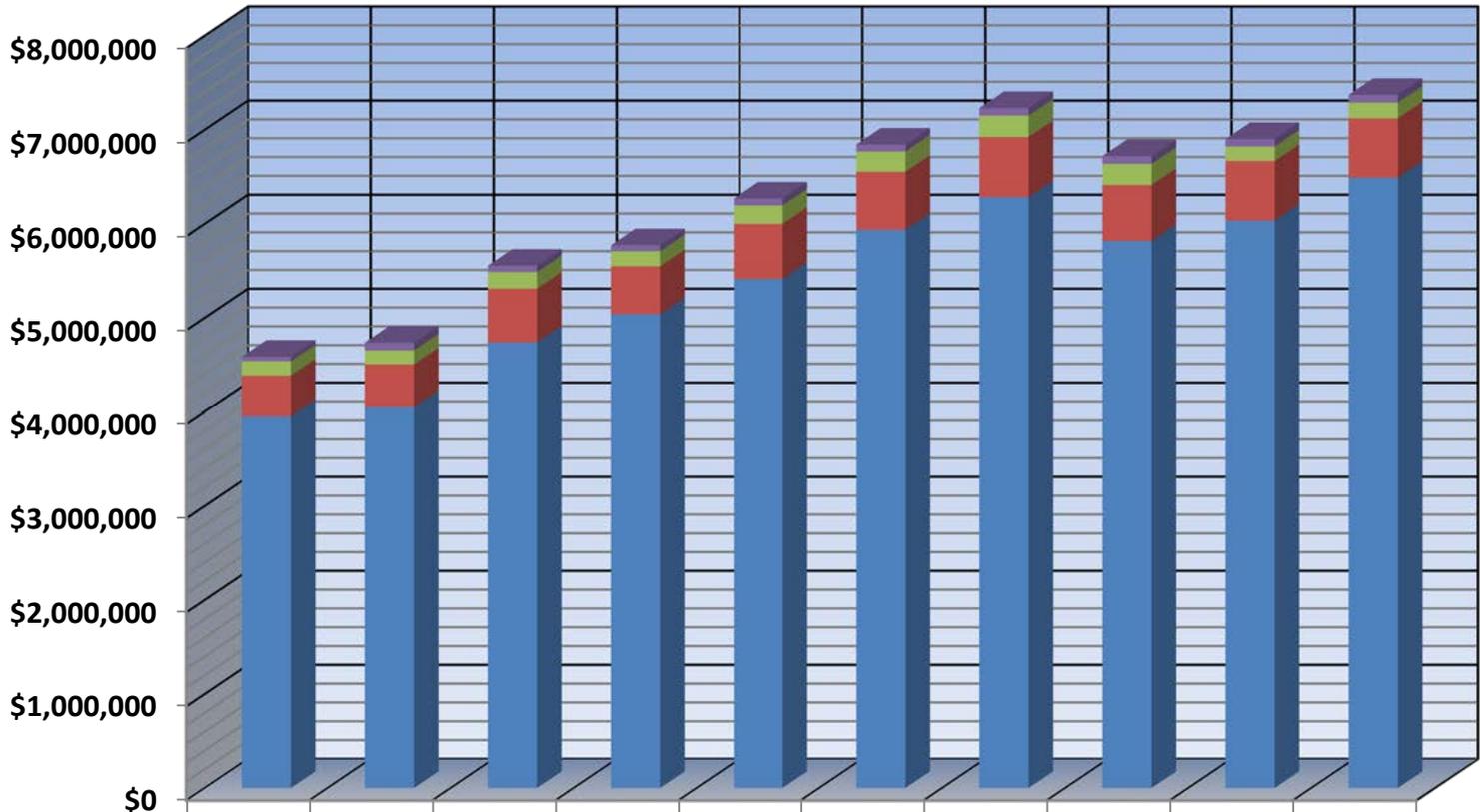
- 39-71-201, MCA, Administration Fund
- Placeholder for possible legislation
- Current limitations on assessment
 - Up to 3% of benefits paid
 - >\$200,000 medical not subject to cap
- No decision at this time to increase caps
- Exploring other options

Funding Problem – Administration Assessment



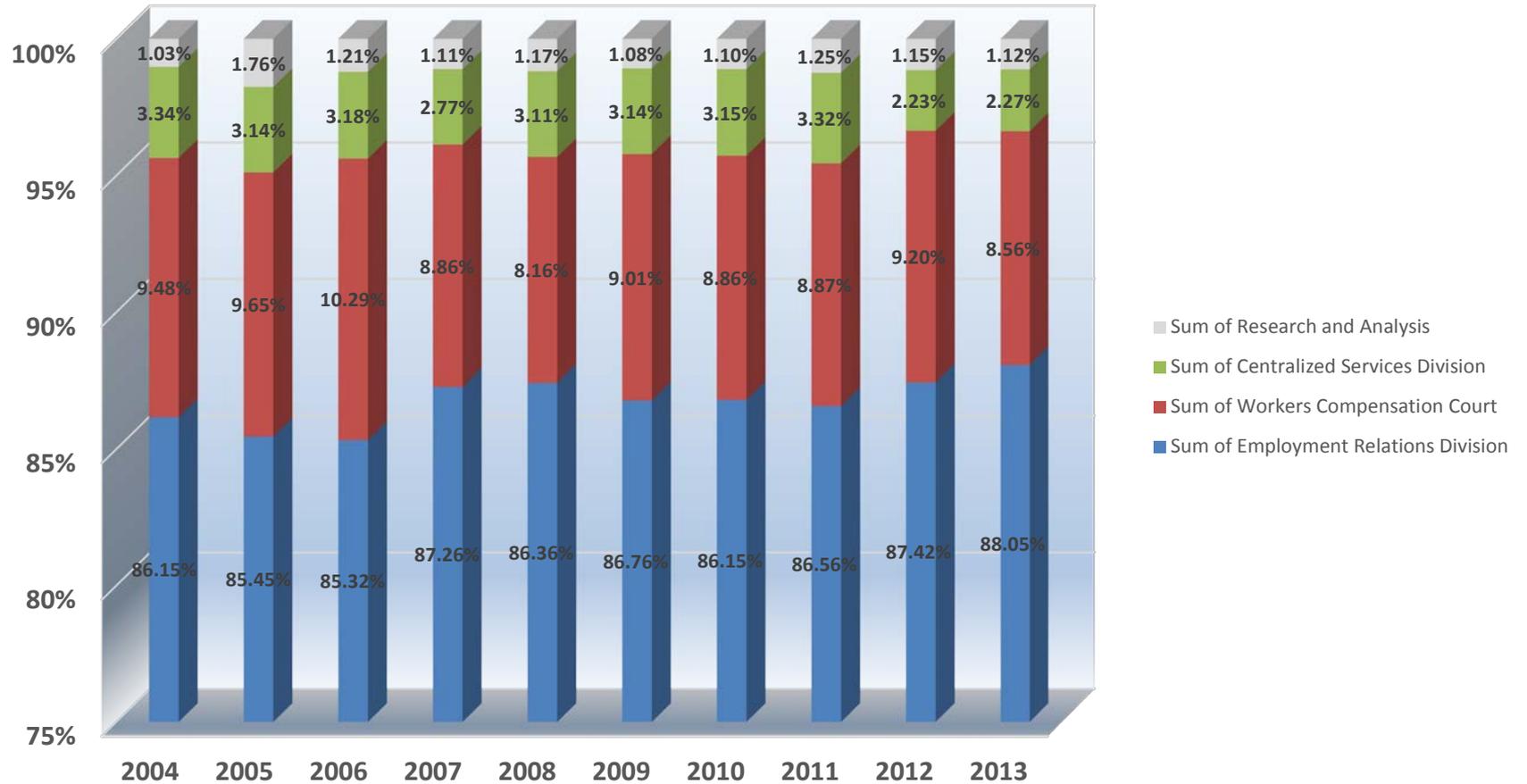
- The assessment is limited to 3% of indemnity and medical benefits paid by all work comp insurers in the preceding calendar year - >\$200k medical not subject to assessment
- Declining incident rates and decreases in benefits subject to the assessment have resulted in insufficient sustainable funding

ASSESSMENT DOLLARS EXPENDED BY DIVISION



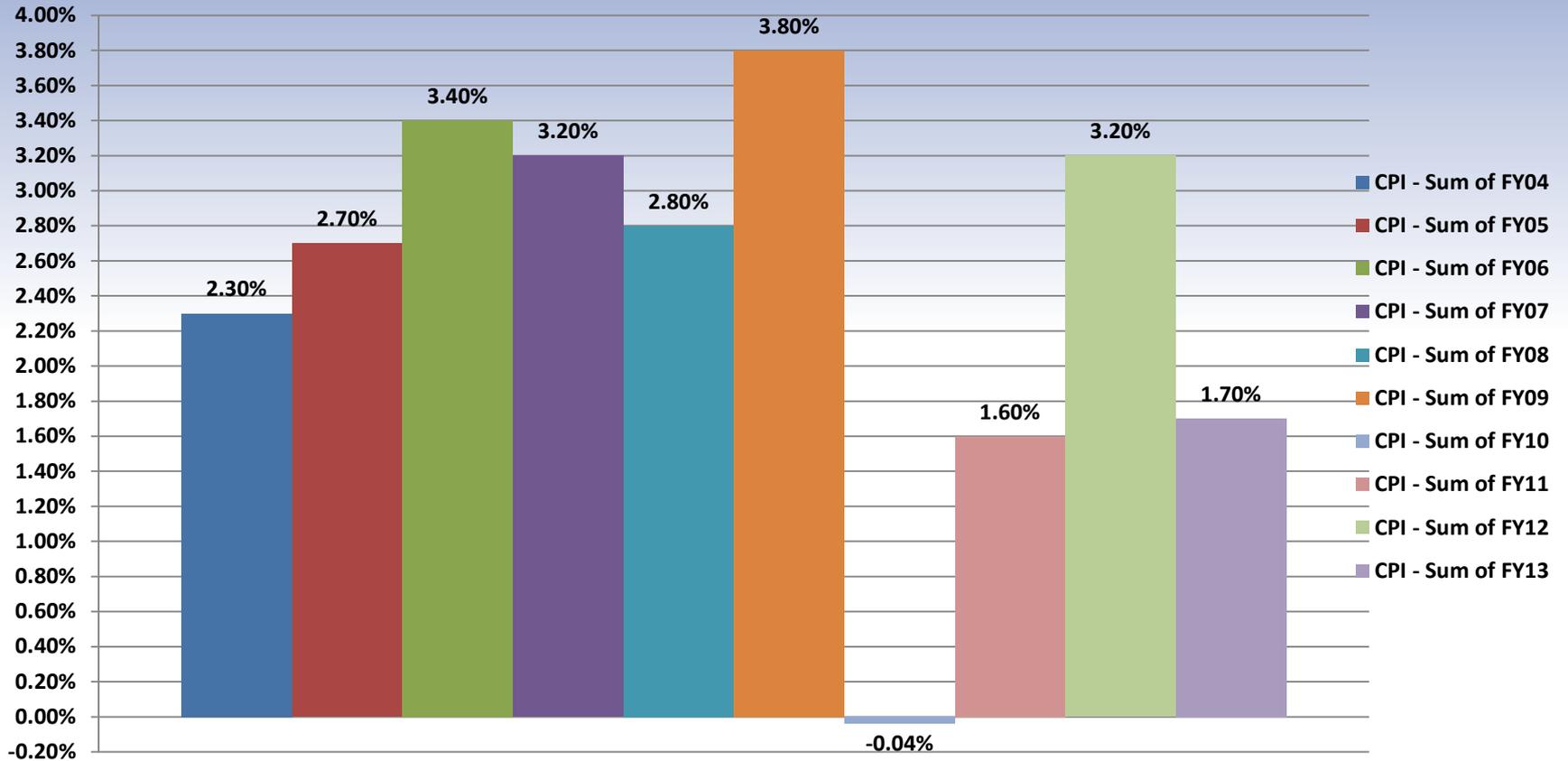
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Research and Analysis	\$47,153	\$83,539	\$67,205	\$64,081	\$73,453	\$74,048	\$79,608	\$83,682	\$79,129	\$82,466
Centralized Services Division	\$153,096	\$148,495	\$176,572	\$159,650	\$194,696	\$214,989	\$227,862	\$223,031	\$153,750	\$167,342
Workers Compensation Court	\$434,512	\$457,136	\$571,664	\$511,552	\$586,827	\$616,445	\$640,662	\$596,299	\$634,940	\$631,132
Employment Relations Division	\$3,949,70	\$4,046,27	\$4,737,88	\$5,036,12	\$5,412,20	\$5,935,74	\$6,281,04	\$5,816,51	\$6,032,60	\$6,488,80

ASSESSMENT PERCENTAGE EXPENDED BY DIVISION - ACTUAL

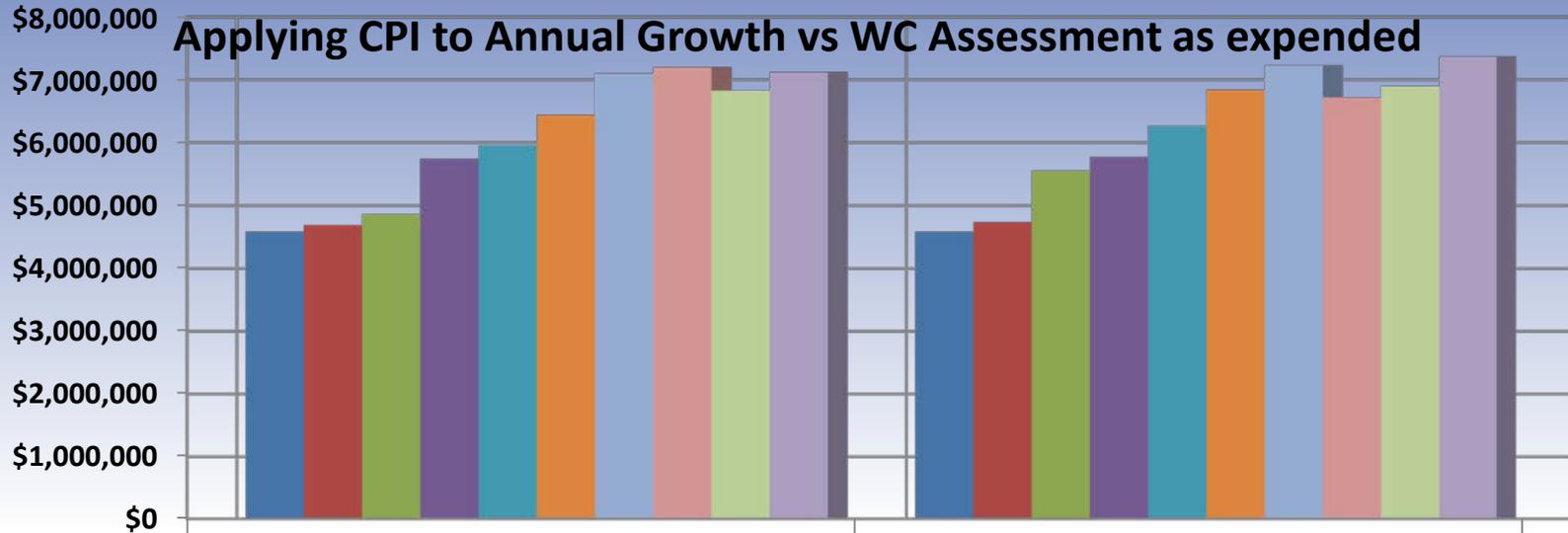


CONSUMER PRICE INDEX FY 2004-2013

CPI Fiscal Year 04-13

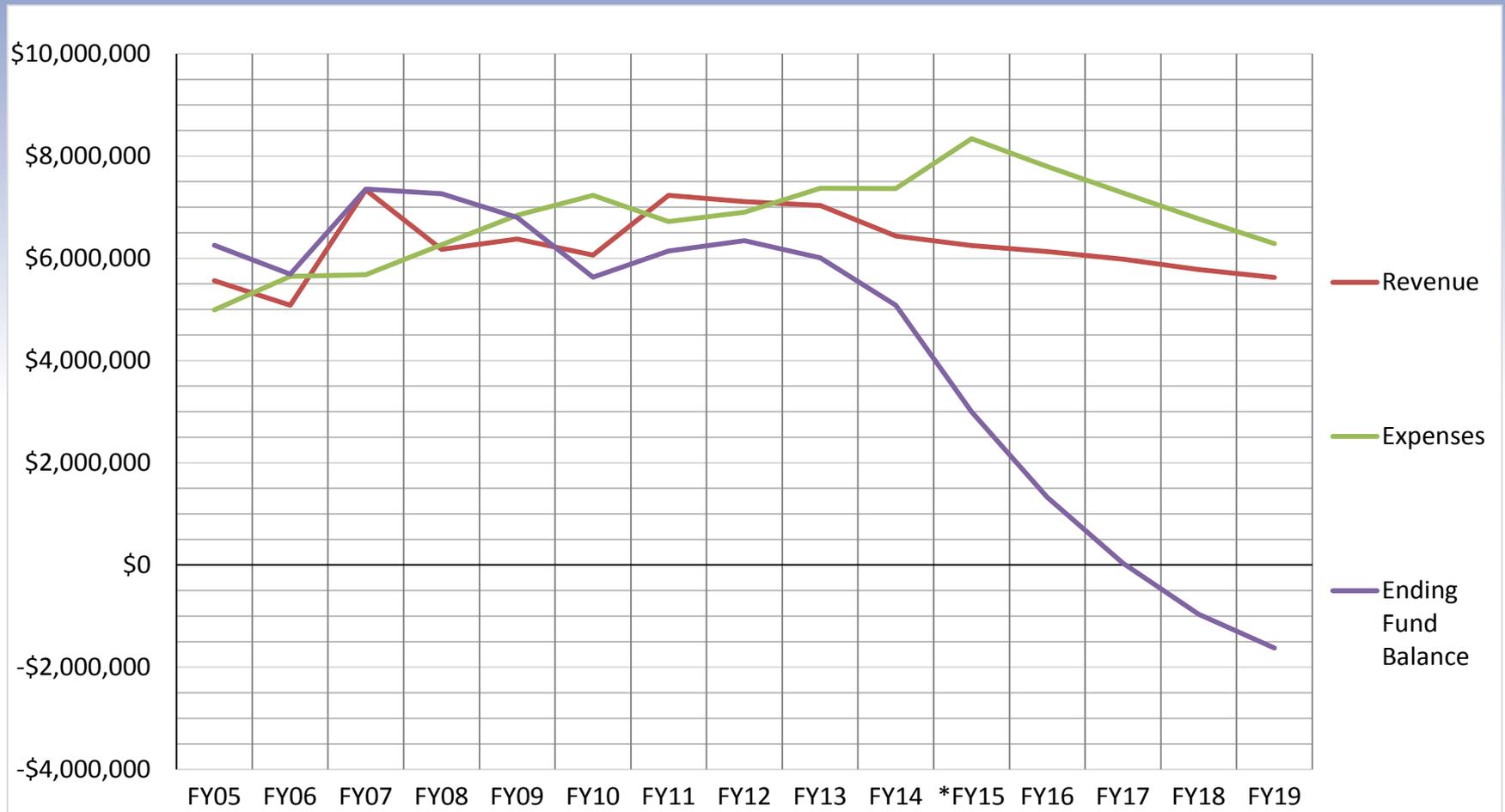


COMPARING CPI to ASSESSMENT as EXPENDED

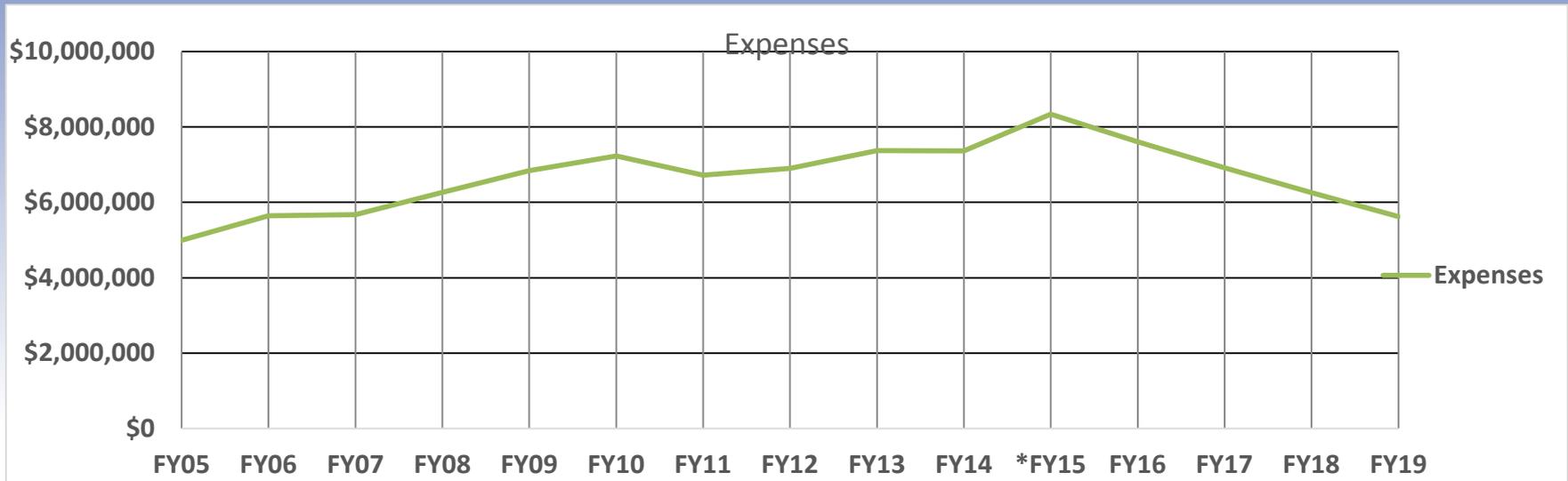


	Annual Growth with CPI	WC Assessment Expended - as published in the annual reports
■ Product of FY04	\$4,584,468	\$4,584,468
■ Product of FY05	\$4,689,911	\$4,735,449
■ Product of FY06	\$4,863,306	\$5,553,324
■ Product of FY07	\$5,742,137	\$5,771,412
■ Product of FY08	\$5,956,097	\$6,267,175
■ Product of FY09	\$6,442,656	\$6,841,225
■ Product of FY10	\$7,101,192	\$7,229,176
■ Product of FY11	\$7,200,260	\$6,719,523
■ Product of FY12	\$6,827,035	\$6,900,426
■ Product of FY13	\$7,121,240	\$7,369,742

Work Comp Assessment Fund Balance Actual & Projected



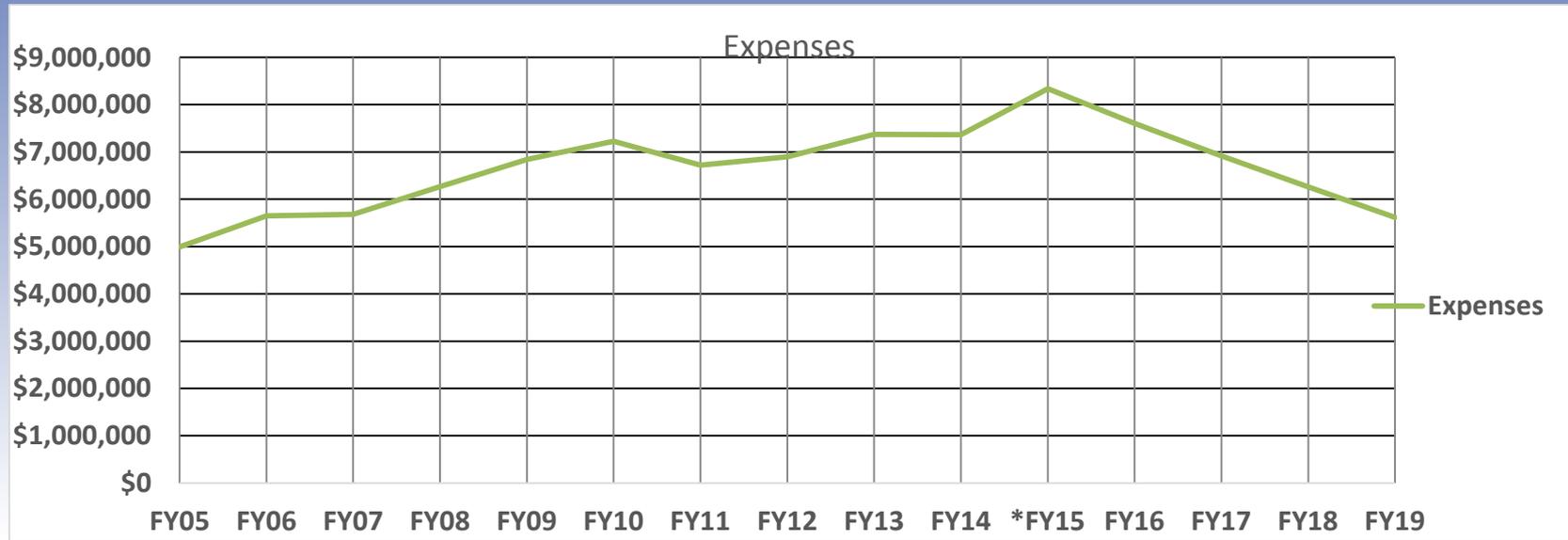
2005 Legislative Changes Impacting Increases in Expenditures



HB161 - required insurers to electronically report issuance of policies and cancellations to ERD – IT development & maintenance costs

ERD Website has a coverage verification tool at
<https://www.ewccv.com/cvs/>

2007 Legislative Changes Impacting Increases in Expenditures



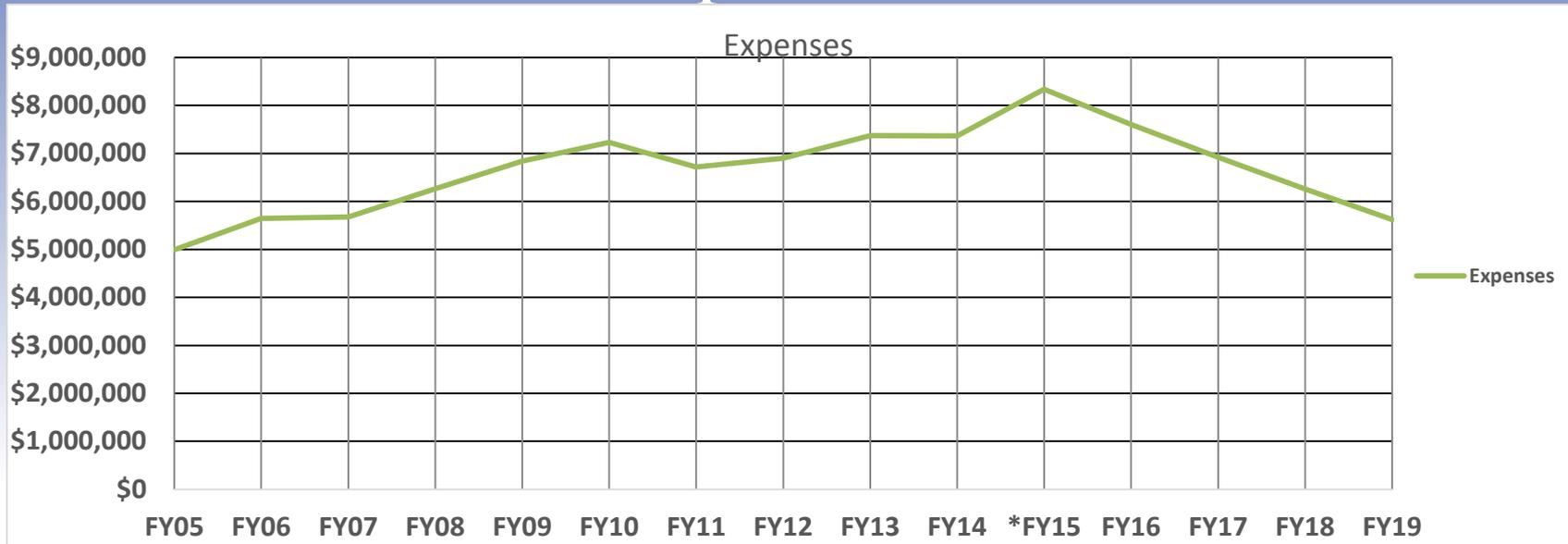
HB65 – ERD notification to insurers of SIF certified workers – IT costs

HB72 – Conduct background checks on PEOs

SB108 – Fee Schedule Changes; may establish U&T Guidelines; RX fee schedule; fines for late policy filings; Plan 2 security deposits – IT costs to develop and maintain

Fee Schedule on line at <http://erd.dli.mt.gov/workers-comp-claims-assistance/medical-regulations.html>

2009 Legislative Changes Impacting Increases in Expenditures

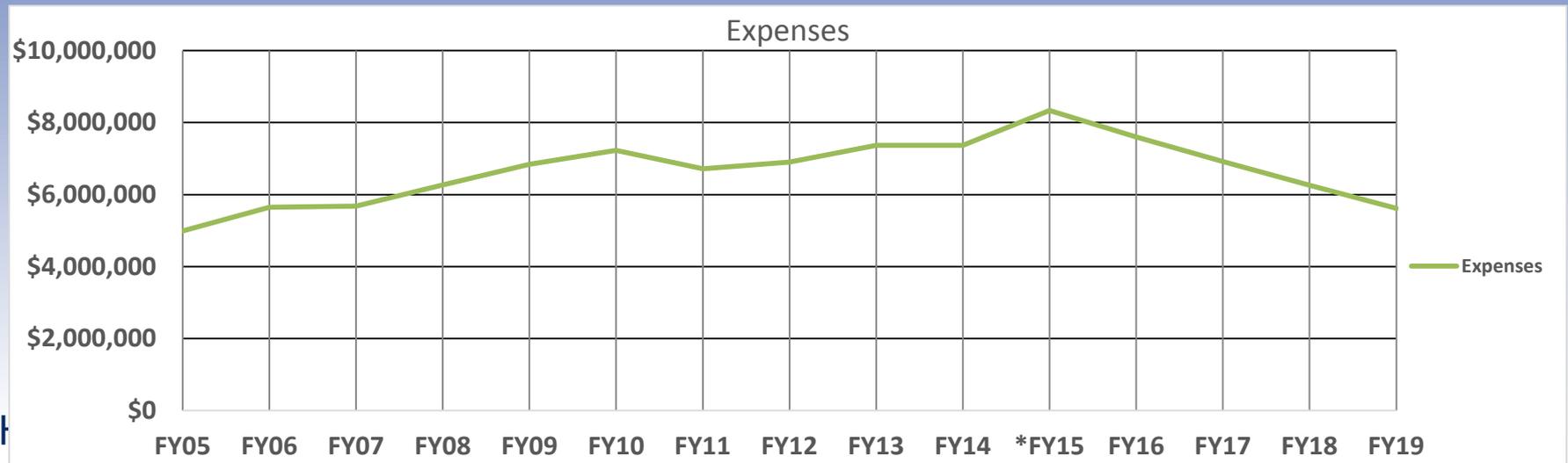


HB119 – required coverage for religious organizations; added disputes to mediation; penalties and interest for medical payments >30 days; deleted 60 day time frame for employer notification to SIF;

HB138 – Provides for safety awareness to private employers

HB2 – Authorized \$1 million for WorkSafeMT – added 3 FTE and authorized operating costs from work comp assessment

2011 Legislative Changes Impacting Increases in Expenditures

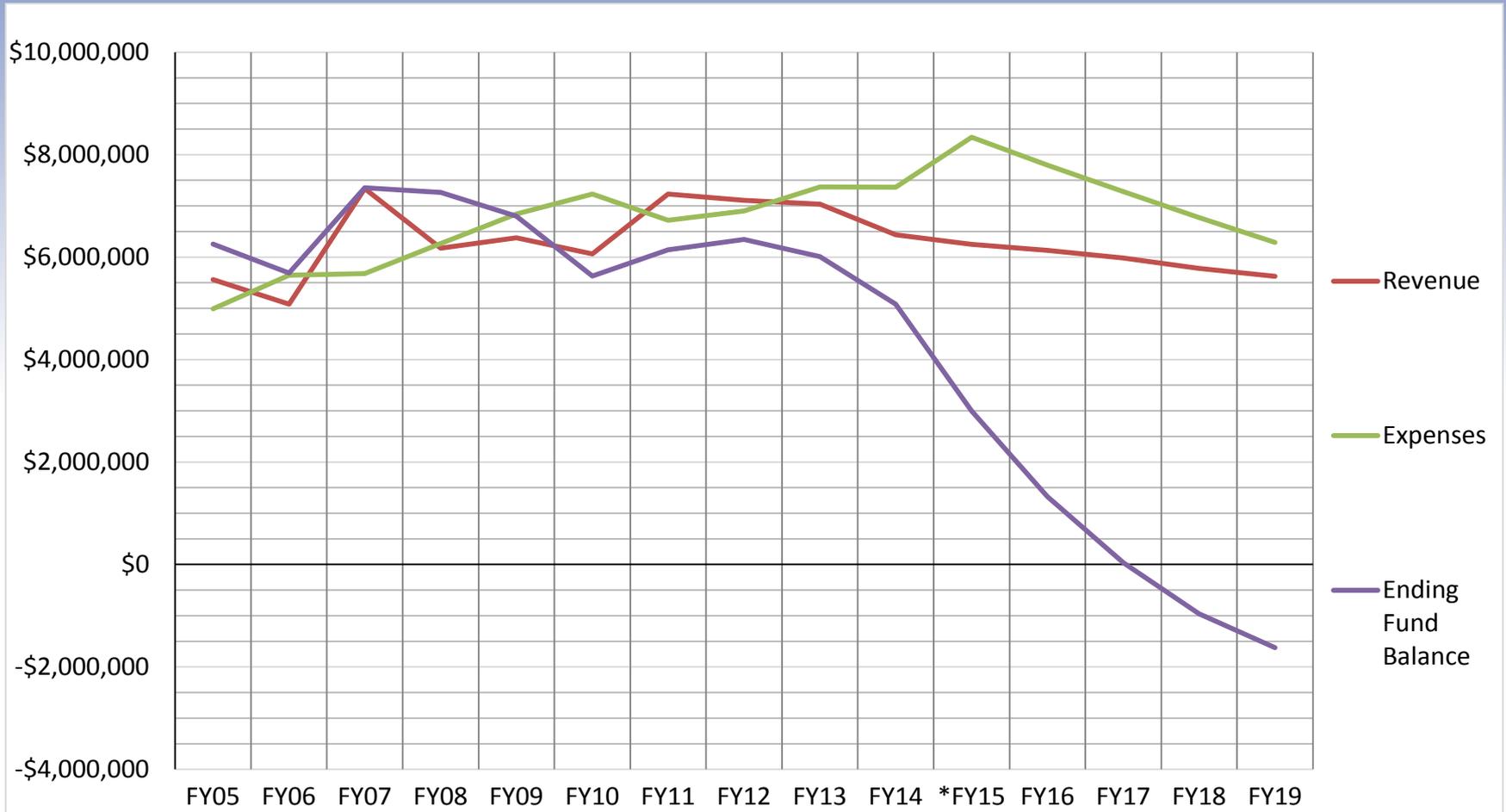


HB334 – U&T Guideline required with annual review including MT medical providers; creation of medical status form; hire full time medical director; implement IMR process; reopening process for closed claims-3 physicians; SAW/RTW assistance process – Fiscal Note estimates increased costs per year of \$221,000

U & T Guidelines on website at <http://erd.dli.mt.gov/utilization-a-treatment-guidelines-project.html>

HB359 – allows settlements of future medical benefits on accepted claims

Work Comp Assessment Fund Balance Actual & Projected



Estimated Assessment vs. Estimated Expenditures

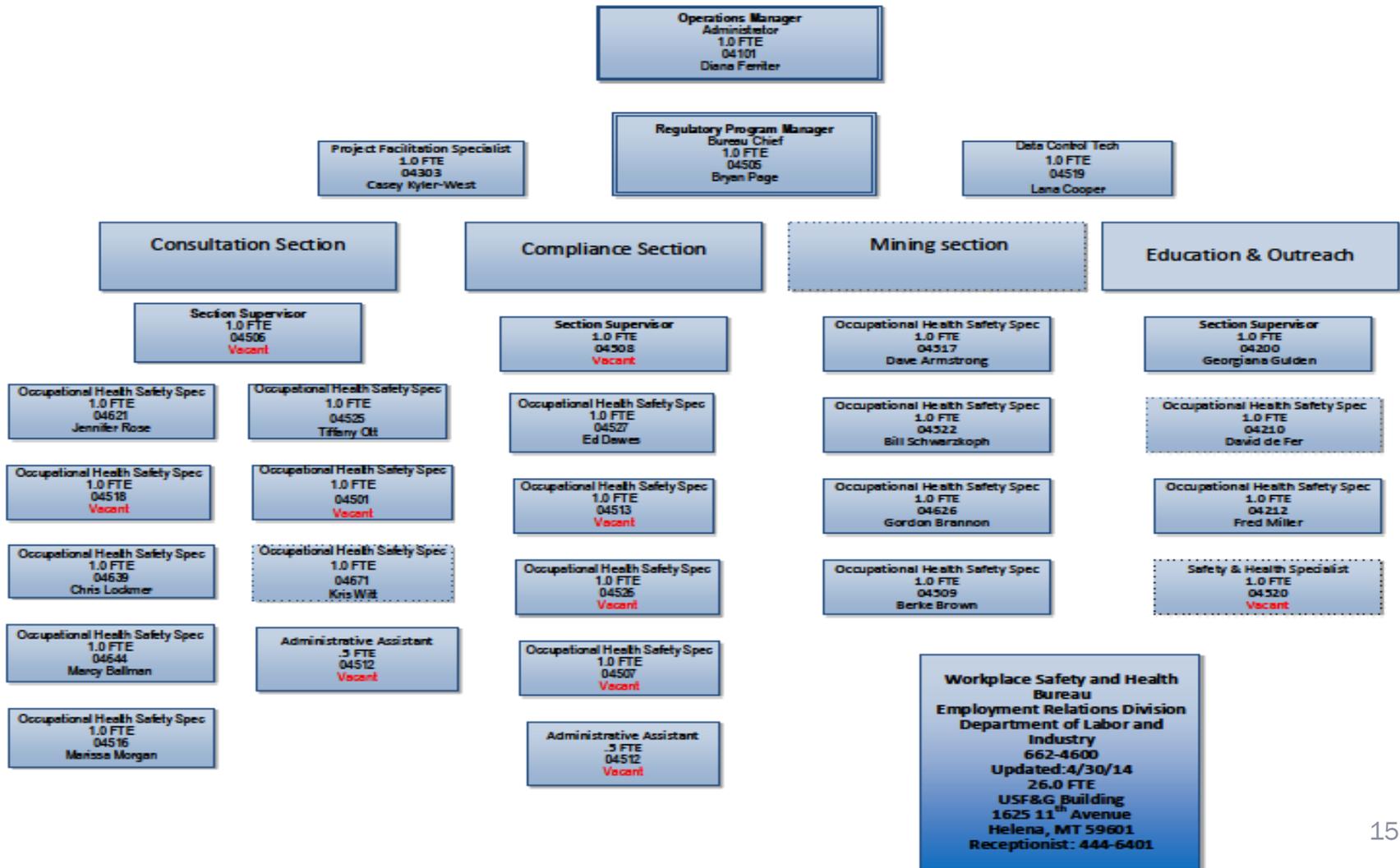
FY 2014 Projected Revenues and Expenditures

WORK COMP ASSESSMENT	\$6,434,995
<u>Estimated FY14 Expenditures</u>	
Statutory Program/Admin Expenses	\$5,274,136
Legal, WC Court, Hearings, WC Database, Claims Mediation, Medical Regs Self-Insurance, Carrier Compliance Mine Inspections Computer applications and Websites Financial Management and Accounting	
Discretionary Program/Admin. Expenses	<u>\$2,091,557</u>
Public Facility Inspections OSHA On-Site Grant Match MT Safety Culture Act SafetyFests, Outreach and Training	
TOTAL EXPENDITURES	\$7,365,693
SHORTFALL	\$930,698

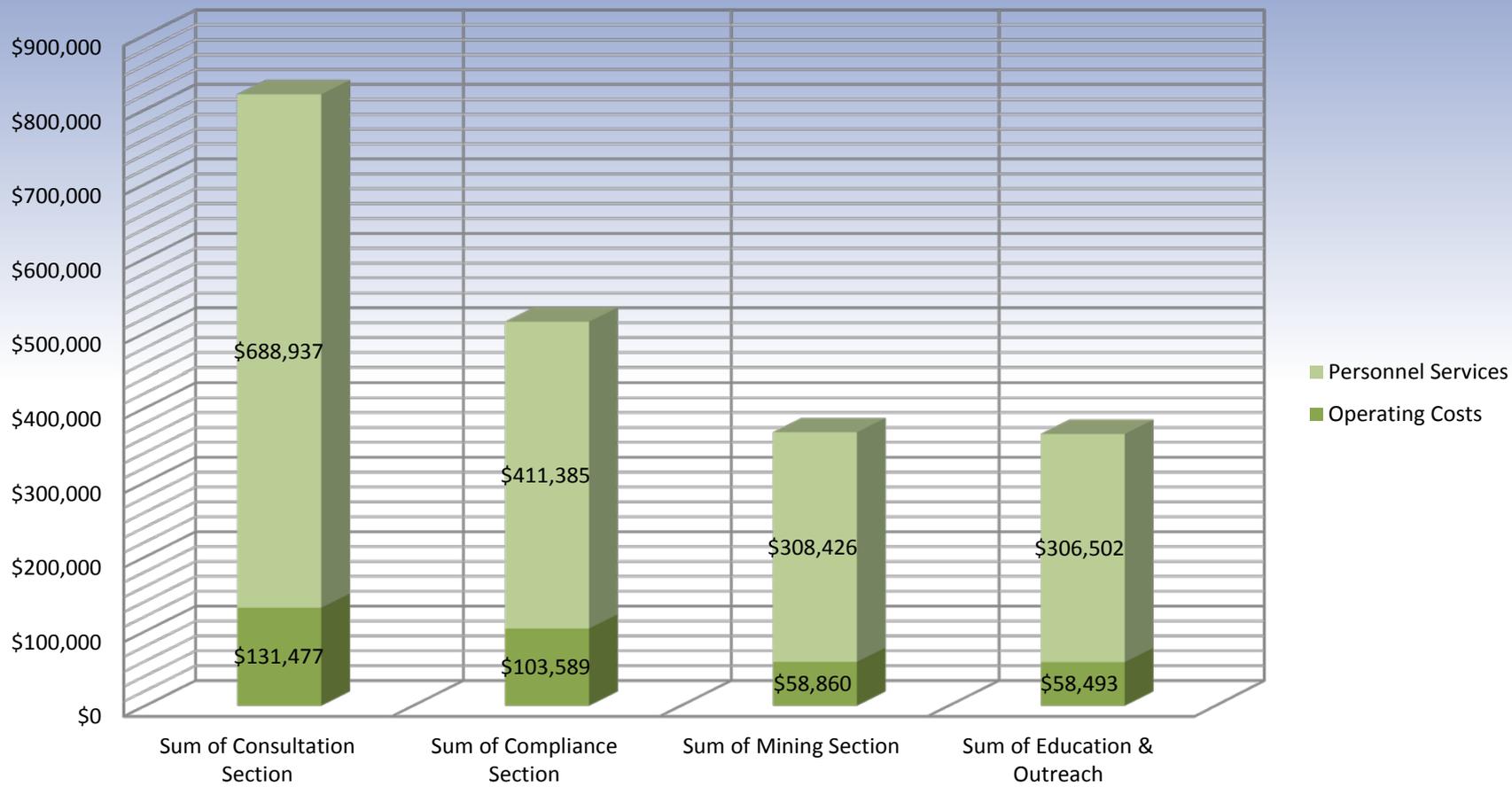
FY 2015 Projected Revenues and Expenditures

WORK COMP ASSESSMENT	\$6,251,326
<u>Estimated FY15 Expenditures</u>	
Statutory Program/Admin Expenses	\$5,970,483
Legal, WC Court, Hearings, WC Database, Claims Mediation, Medical Regs Self-Insurance, Carrier Compliance Mine Inspections Computer applications and Websites Financial Management and Accounting	
Discretionary Program/Admin. Expenses	<u>\$2,368,180</u>
Public Facility Inspections OSHA On-Site Grant Match MT Safety Culture Act SafetyFests, Outreach and Training	
TOTAL EXPENDITURES	\$8,338,663
SHORTFALL	\$2,087,337

Safety and Health Bureau Organization Chart



Safety Consultation, Compliance, Mining, and Education FY 14 Costs

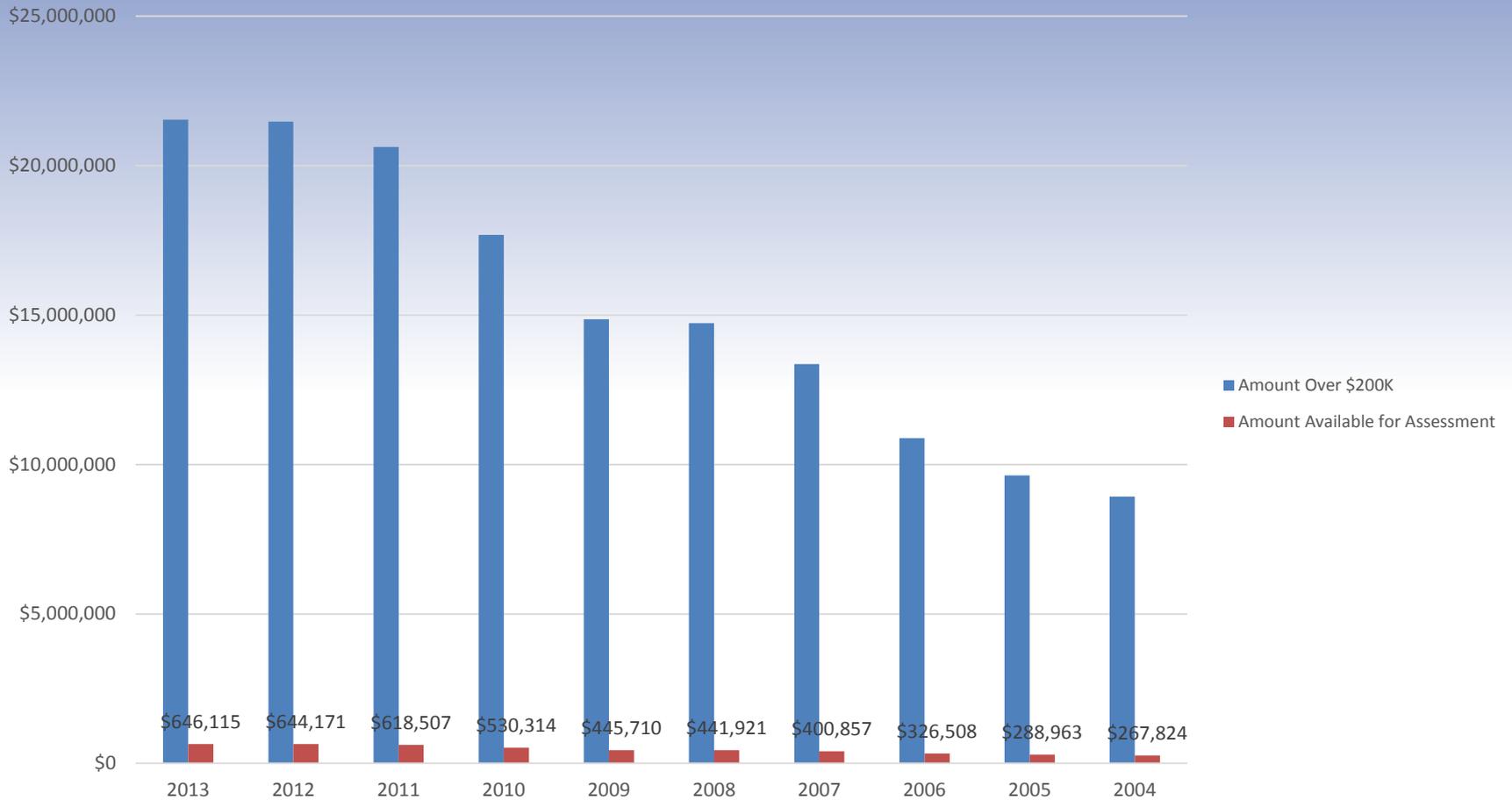


Medical Over \$200K by Plan Type By QER Reporting

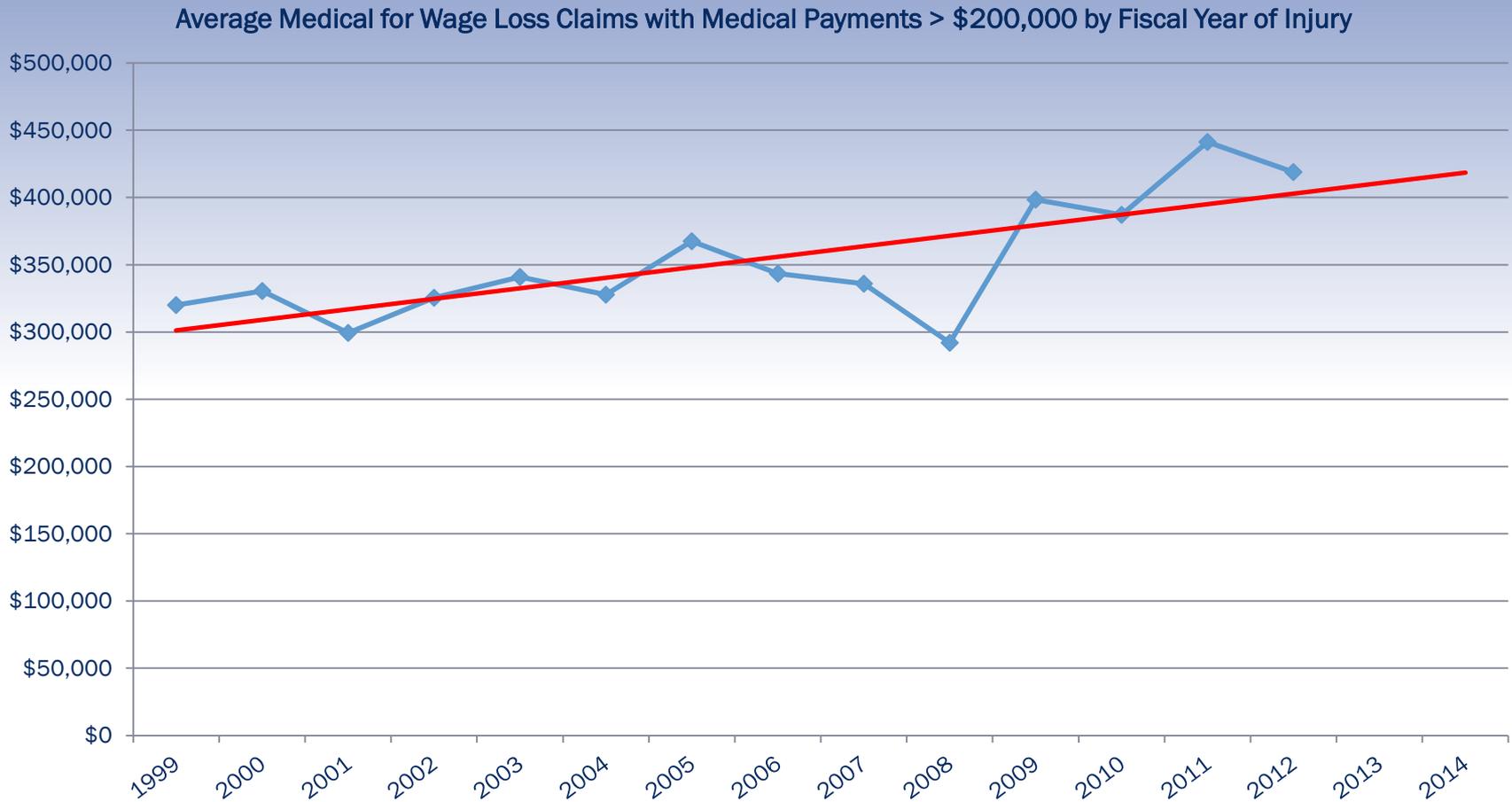
Medical Over \$200k by Plan Type



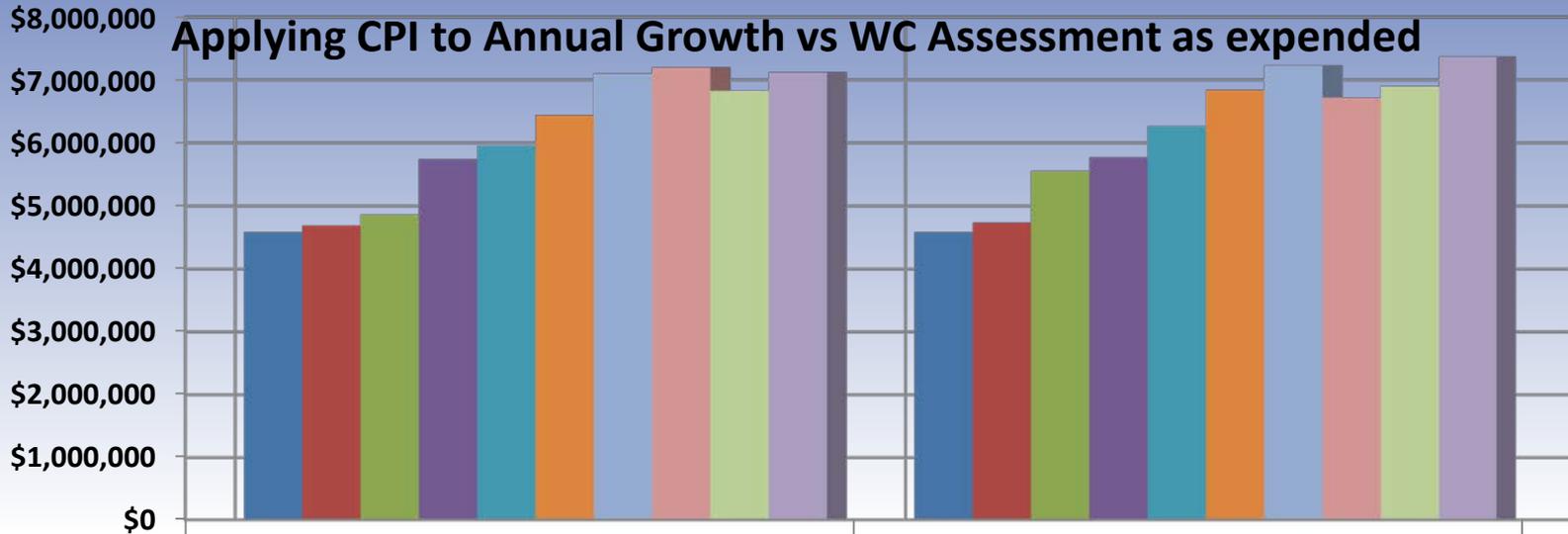
Medical Over \$200K vs Potential Assessment Amount



Average Medical for Wage Loss Claims with Medical Payments > \$200,000 by Fiscal Year of Injury Excluding Outliers



Questions?



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