

IAIABC 104th Convention
Inspired Solutions



The Oregon Premium Rate Ranking Study: Telling Your State's Story

**Bri Lake, MT Department of Labor,
Work Comp Research Analyst
10/04/18**

Panel reviews state's largest workers' comp insurer

Phil Drake, pdrake@greatfallstribune.com Published 4:01 p.m. MT Nov. 8, 2017



(Photo: File)

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HELENA — A legislative panel looking at the state's largest workers' compensation insurer heard claims Wednesday that it's a system that doesn't need to be fixed butted up against allegations the insurer gets an unfair advantage in Montana.

The Economic Affairs Interim Committee, working through Senate Joint Resolution 27, is looking at the Montana State Fund, which goes back to 1915 when the state Legislature created a system of workers' compensation insurance. It's an independent not-for-profit public corporation with \$1.6 billion in assets and \$923 million in liabilities.

It was the 19th consecutive year the company has issued a dividend. In 2016, it distributed \$35 million, and there have been \$216 million dividends issued since 1999.

Montana State Fund has reduced premium rates or held the rates steady since 2007. Since July of 2007, premium rates have been reduced 37 percent, officials said.

In 2016, Montana's workers' compensation rates were the 11th highest in the country as ranked by the Oregon Workers' Compensation Premium Rate Ranking.

Hubbard was part of several panels that spoke on the Montana State Fund. Others included large employers who use Montana State Fund, other insurers and comparing guaranteed markets and residual risk pools.

Spook Stang, representing the Montana Motor Carriers Association, said his group supports the three-tiered system that is now set up in Montana in which some employers are self-funded, others go through the Montana State Fund and others are privately insured.

FROM THE USA TODAY NETWORK



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Thanksgiving.com



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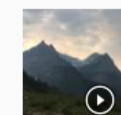


Aug. 27, 2018, 1:32 p.m.



Glacier National Park fires update: Aug. 26

Aug. 26, 2018, 4:45 p.m.



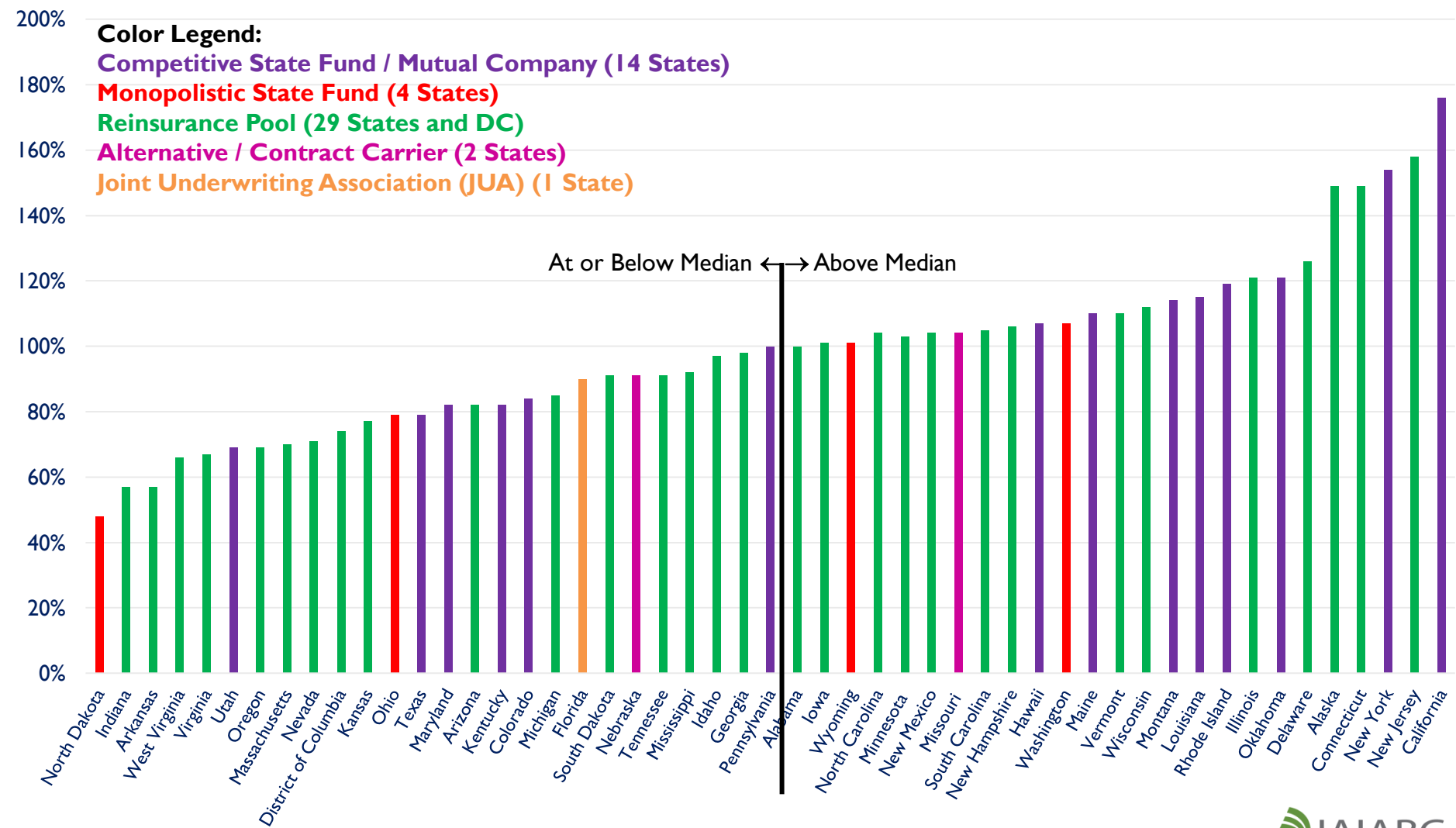
Snow, rain is coming: should slow fires

Aug. 26, 2018, 7:25 p.m.



Mercy helicopter crew rescues Great Falls woman

Percent of Study Median by State and by Structure of Workers' Compensation Insurance Market (OR Study 2016)



Goals

What are alternative ways to measure the work comp system? Why might premiums be relatively higher?

Provide Other Ways to Measure the MT Work Comp System

What background information about the study is needed before you make inferences?

Understanding the Oregon Ranking Study

Ranking v. Index Rate v. Percent of Study Median

Understanding MT's place within the study

Understanding the Oregon Ranking Study



Understanding the Oregon Ranking Study

What we highlighted:

- Index rate calculations
- State-to-State Comparison is difficult → the Oregon Study Controls for industry mix
- What's *not* controlled for → Benefit structure, discounts, experience mods, dividends
- Data limitations → Rate Changes Over Time

Helpful Read: Ten Things WC Professionals Should Know About the OR Study

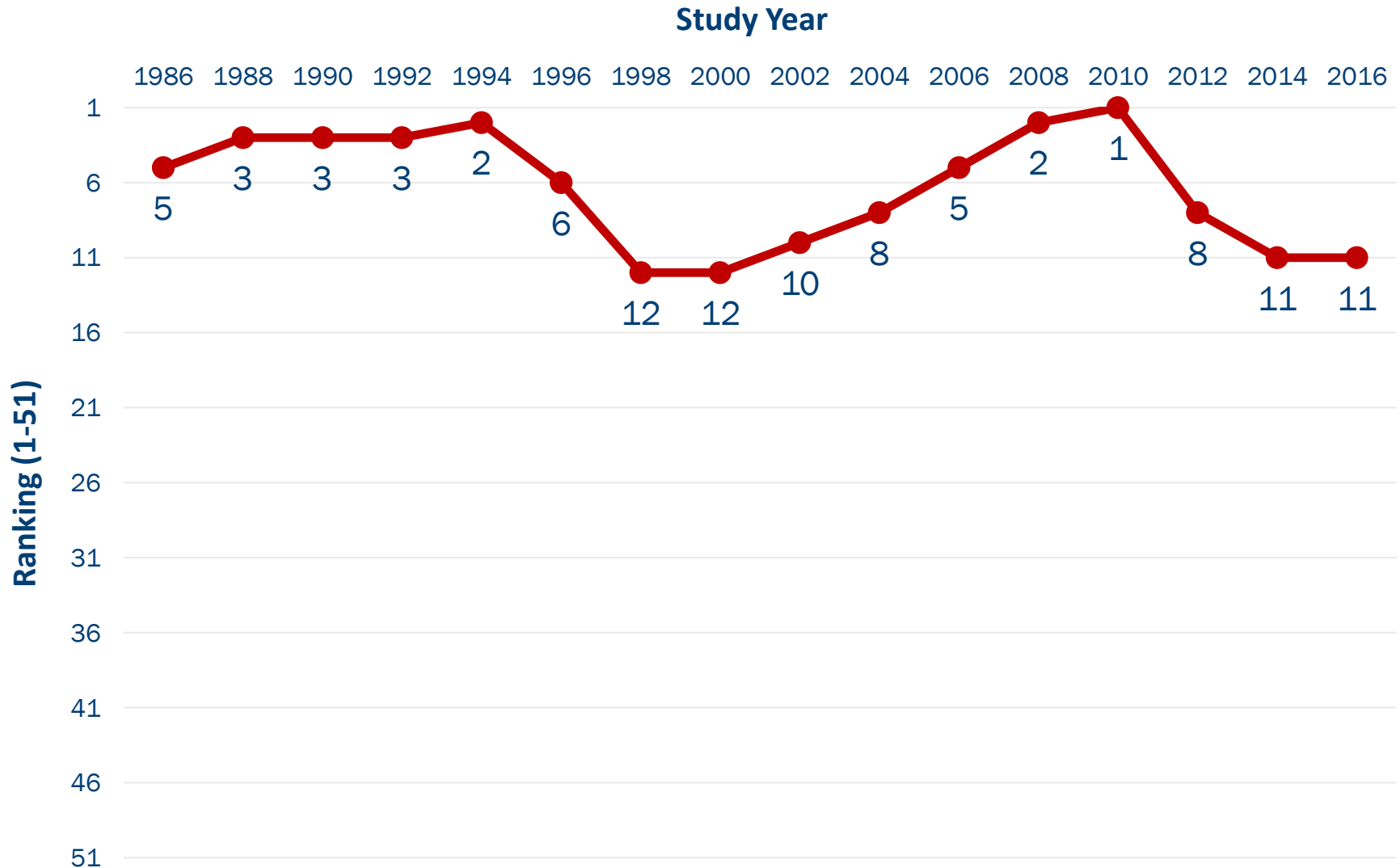
“Mike Manley On The Oregon Workers’ Compensation Premium Rate Ranking Study”, Workers’ Comp Insider, October 2016

<https://workerscompinsider.com/2016/10/mike-manley-on-the-oregon-workers-compensation-premium-rate-ranking-study/>

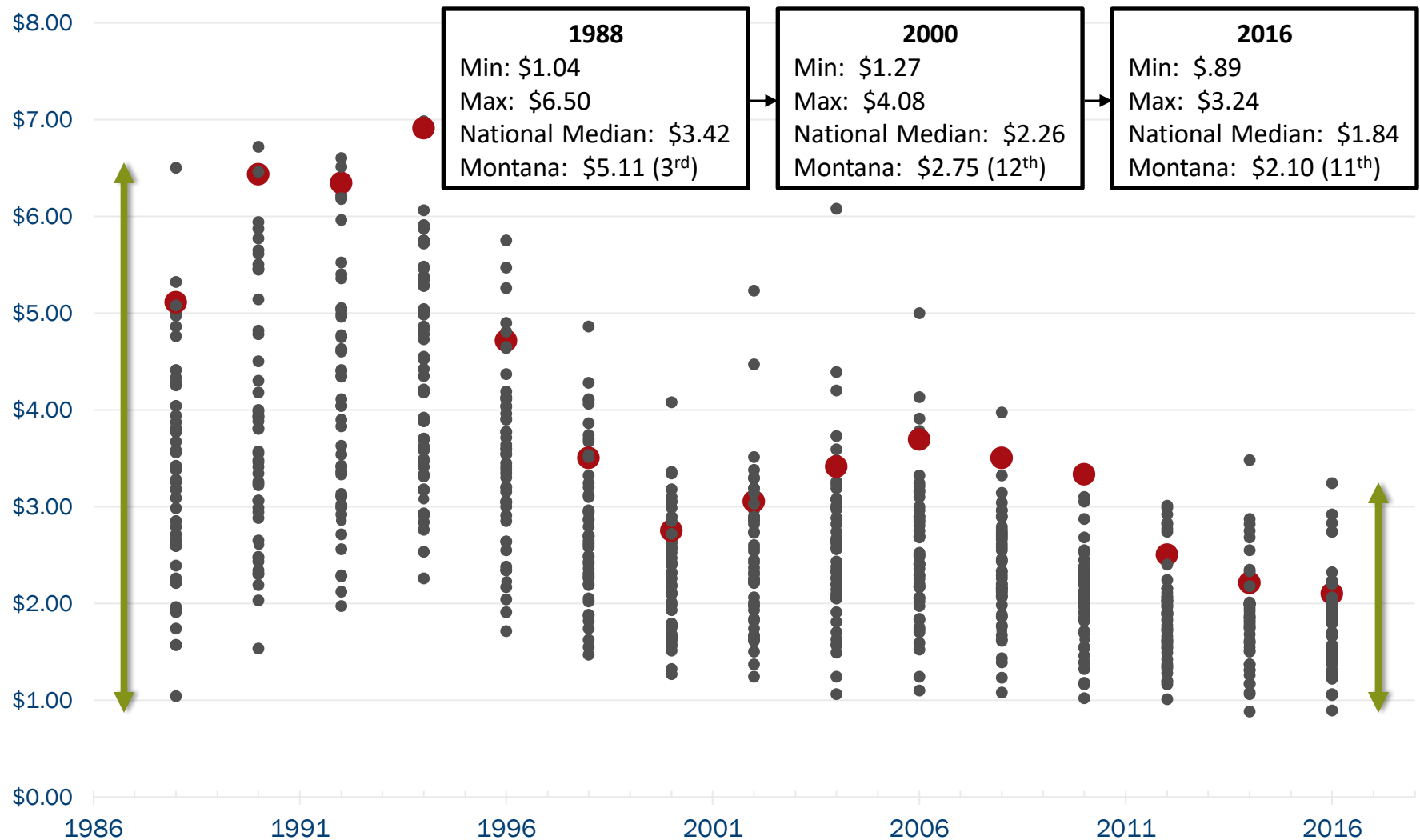
Understanding Where Your State Stands

2016 Ranking	2014 Ranking	State	Index Rate	Percent of study median	Effective Date	Percent of 2014 study median
1	1	California	3.24	176%	January 1, 2016	188%
2	3	New Jersey	2.92	158%	January 1, 2016	152%
3	4	New York	2.83	154%	October 1, 2015	148%
5	2	Connecticut	2.74	149%	January 1, 2016	155%
5	5	Alaska	2.74	149%	January 1, 2016	145%
6	9	Delaware	2.32	126%	December 1, 2015	125%
8	6	Oklahoma	2.23	121%	January 1, 2016	137%
8	7	Illinois	2.23	121%	January 1, 2015	127%
9	20	Rhode Island	2.20	119%	August 1, 2014	107%
10	10	Louisiana	2.11	115%	January 1, 2016	120%
11	11	Montana	2.10	114%	July 1, 2015	119%
12	23	Wisconsin	2.06	112%	October 1, 2015	104%
14	8	Vermont	2.02	110%	April 1, 2015	125%
14	13	Maine	2.02	110%	April 1, 2015	116%
15	17	Washington	1.97	107%	January 1, 2016	108%
17	27	Hawaii	1.96	107%	January 1, 2016	100%
17	12	New Hampshire	1.96	106%	January 1, 2016	118%
18	17	South Carolina	1.94	105%	September 1, 2015	108%
20	21	Missouri	1.92	104%	January 1, 2016	107%
20	20	New Mexico	1.92	104%	January 1, 2016	108%
22	20	Minnesota	1.91	104%	January 1, 2016	107%
22	27	North Carolina	1.91	103%	April 1, 2015	100%
23	31	Wyoming	1.87	101%	January 1, 2016	95%
24	24	Iowa	1.86	101%	January 1, 2016	101%
25	29	Alabama	1.85	100%	March 1, 2015	97%
26	17	Pennsylvania	1.84	100%	April 1, 2015	108%
27	32	Georgia	1.80	98%	March 1, 2015	95%
28	14	Idaho	1.79	97%	January 1, 2016	109%
29	38	Mississippi	1.70	92%	March 1, 2015	85%
30	22	Tennessee	1.68	91%	March 1, 2015	105%
32	30	Nebraska	1.67	91%	February 1, 2015	96%
32	25	South Dakota	1.67	91%	July 1, 2015	100%
33	28	Florida	1.66	90%	January 1, 2016	98%
34	34	Michigan	1.57	85%	January 1, 2015	91%
35	41	Colorado	1.56	84%	January 1, 2016	81%
36	40	Kentucky	1.52	82%	October 1, 2015	82%
38	37	Arizona	1.50	82%	January 1, 2016	86%
38	35	Maryland	1.50	82%	January 1, 2016	88%
40	36	Texas	1.45	79%	July 1, 2015	87%
40	33	Ohio	1.45	79%	July 1, 2015	94%
41	39	Kansas	1.41	77%	January 1, 2016	83%
42	45	District of Columbia	1.37	74%	November 1, 2015	70%
43	46	Nevada	1.31	71%	March 1, 2015	68%
44	48	Massachusetts	1.29	70%	April 1, 2014	63%
45	43	OREGON	1.28	69%	January 1, 2016	74%
46	45	Utah	1.27	69%	December 1, 2015	71%
47	48	Virginia	1.24	67%	April 1, 2015	63%
48	43	West Virginia	1.22	66%	November 1, 2015	74%
49	49	Arkansas	1.06	57%	July 1, 2015	58%
50	50	Indiana	1.05	57%	January 1, 2016	57%
51	51	North Dakota	0.89	48%	July 1, 2015	47%

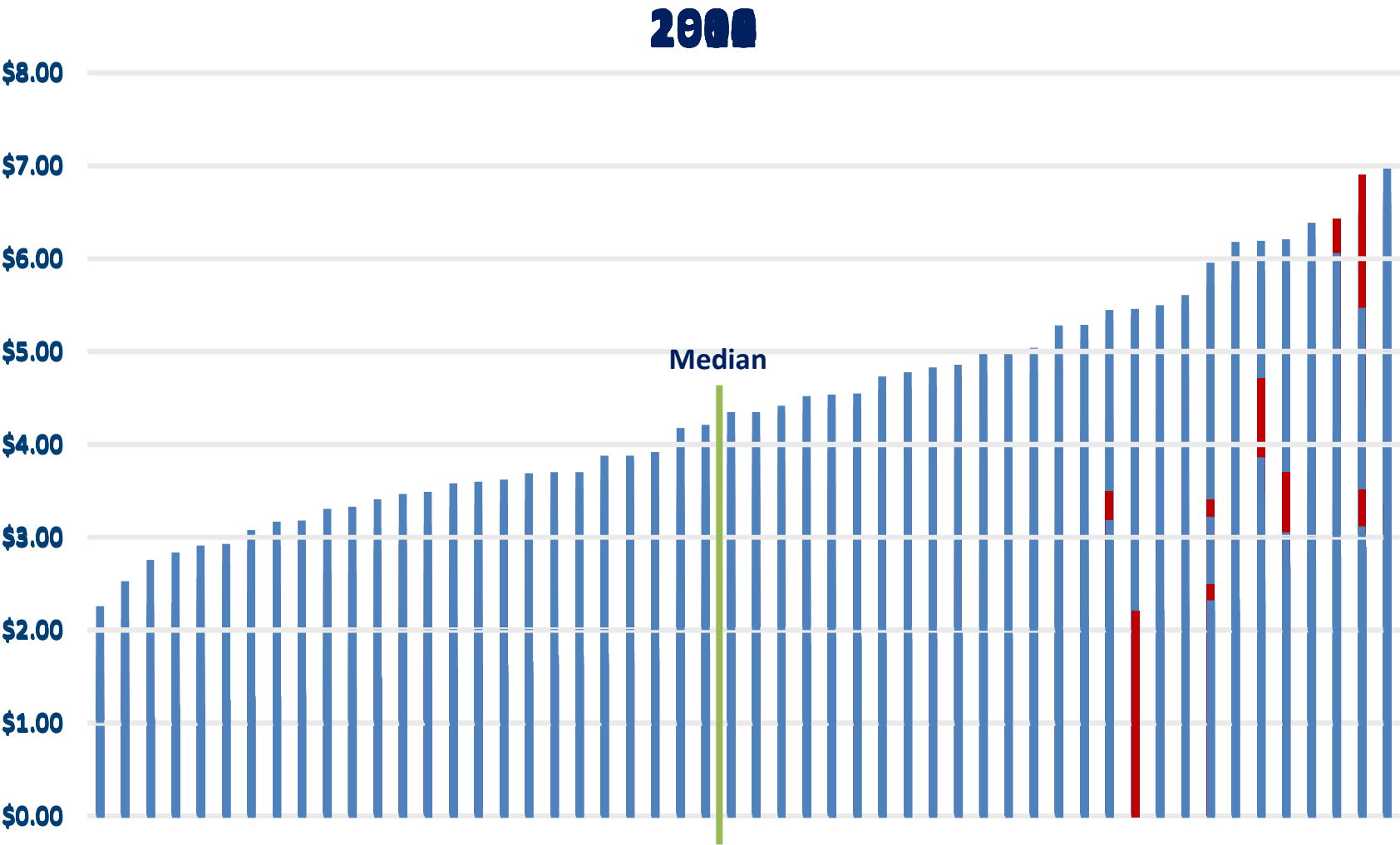
Montana's Historical Ranking



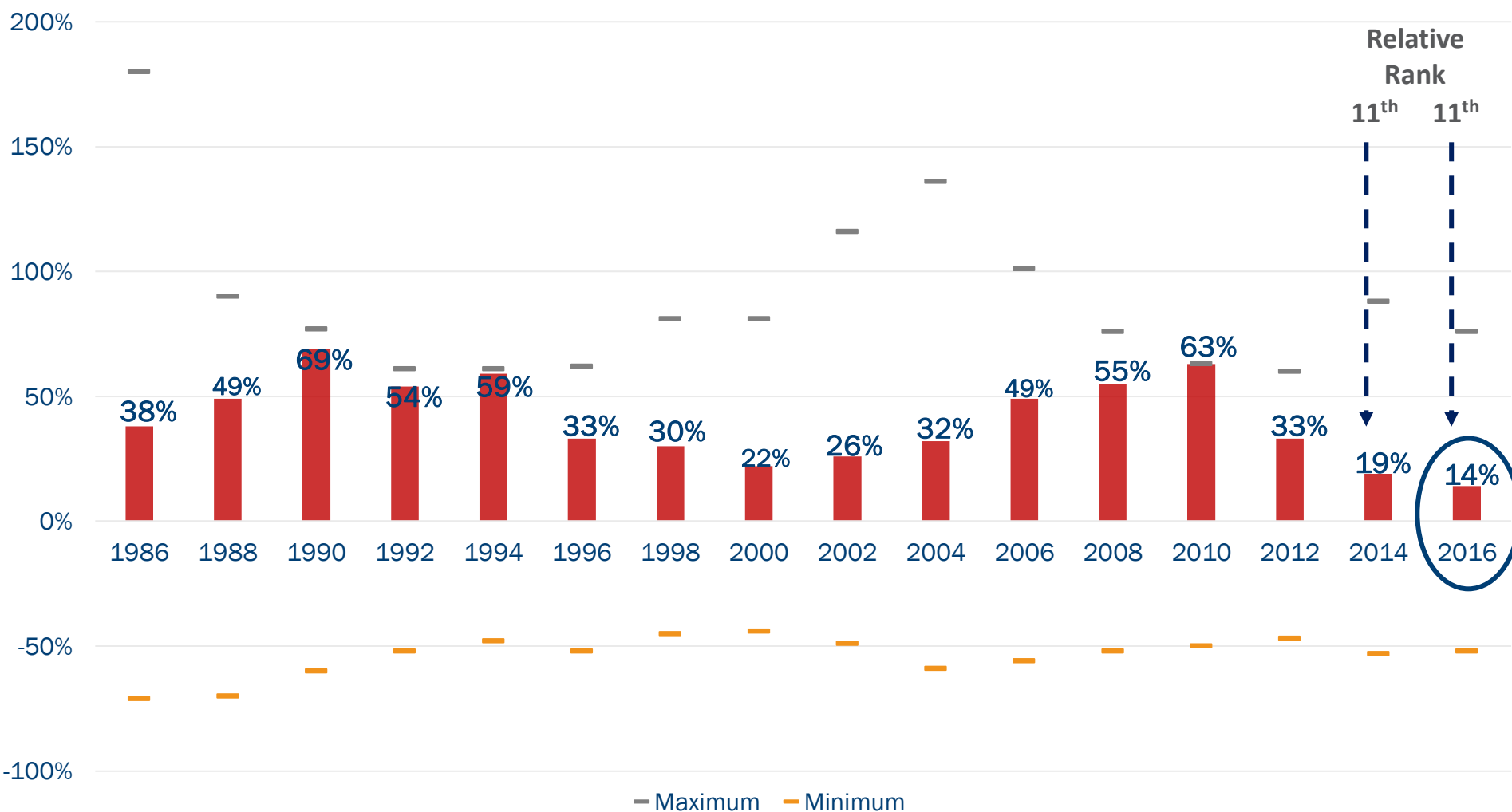
Employer Premium Index Rates Per \$100 Payroll by State (1988-2016)



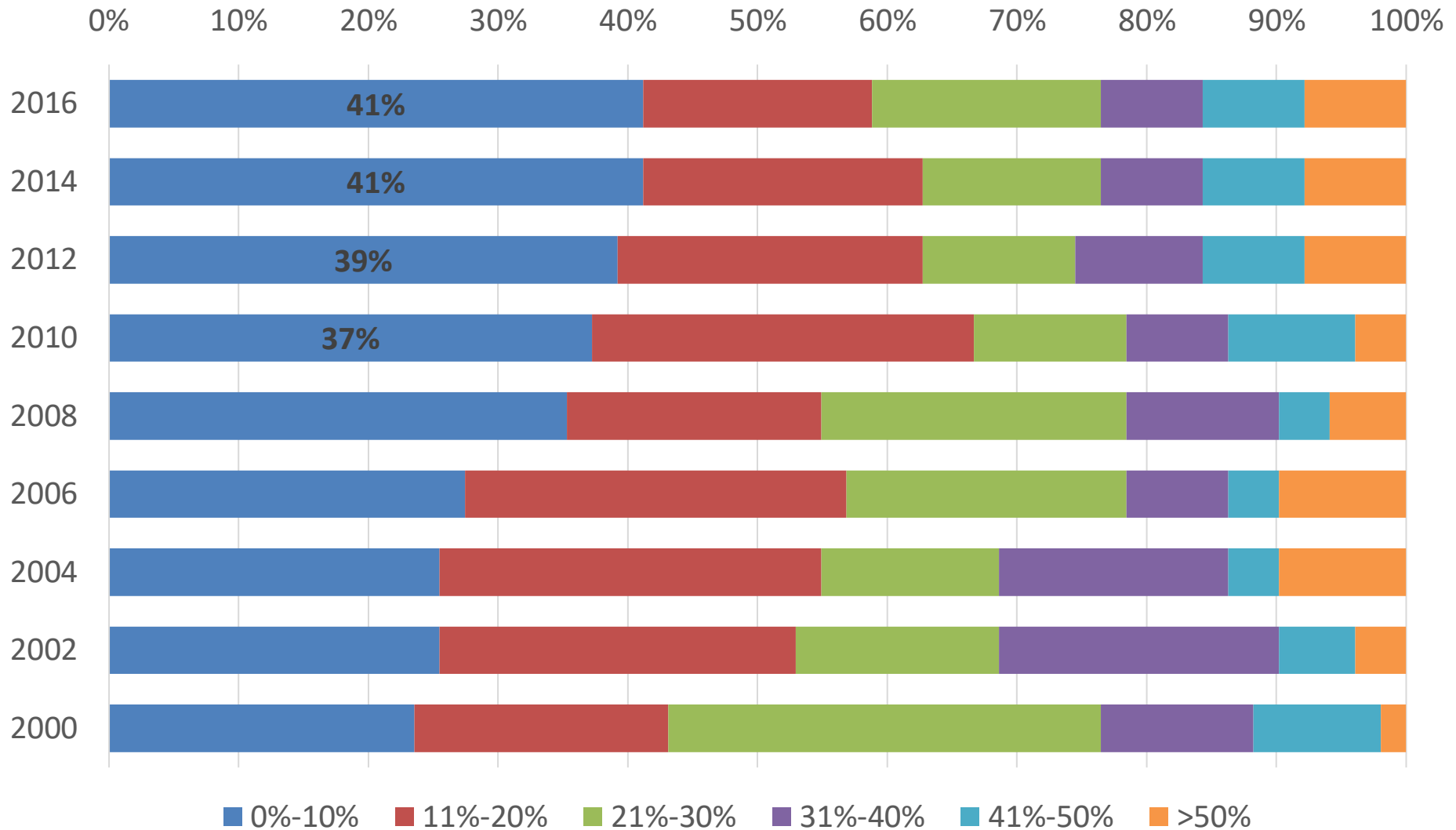
Employer Premium Index Rates by Year – Time Lapse



Montana Percent Above National Median by Year (1986-2016)



Distribution of States by Percent Above/Below Study Median



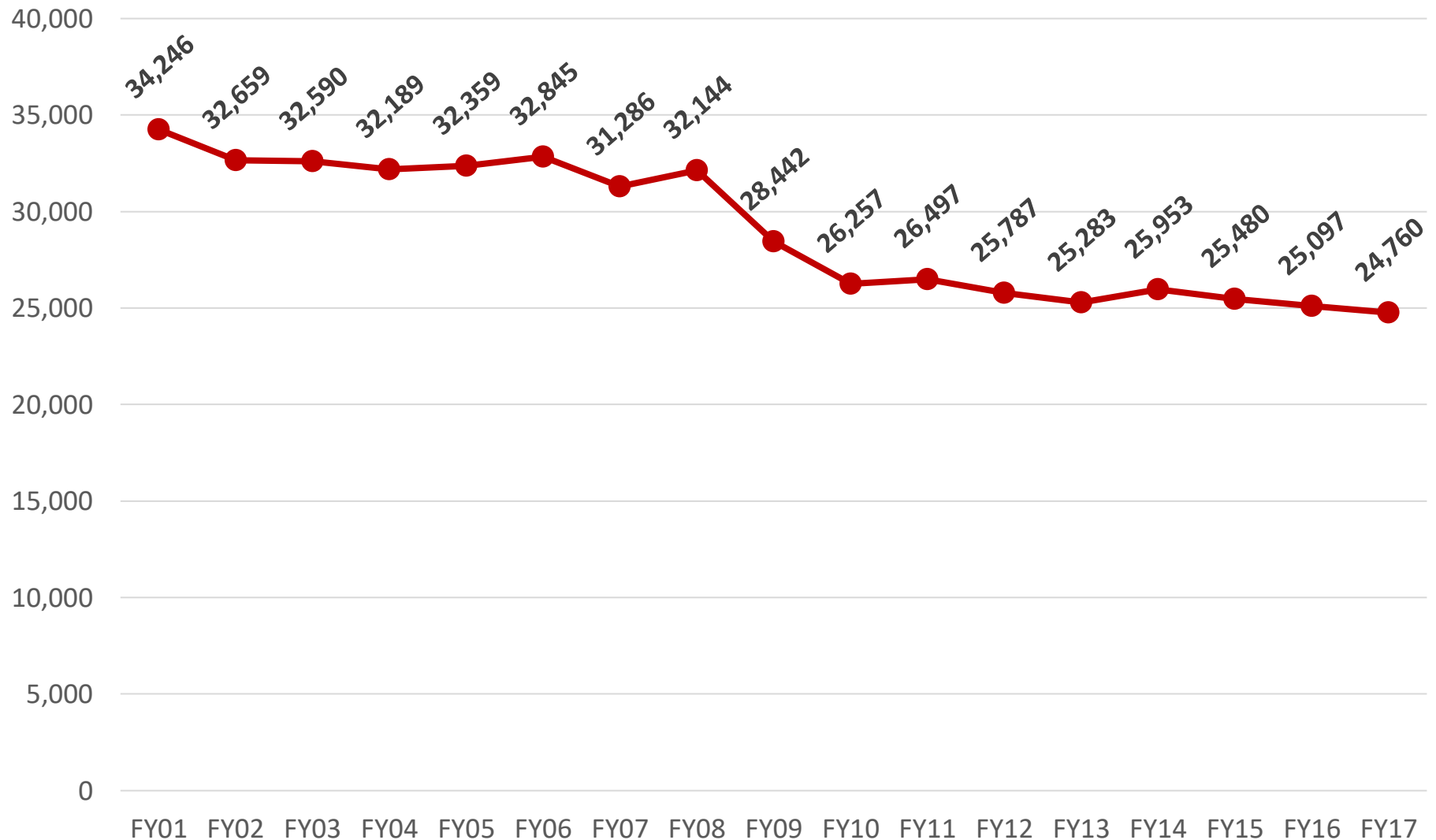
Providing Other Ways to Measure Your State's Work Comp System



What we highlighted:

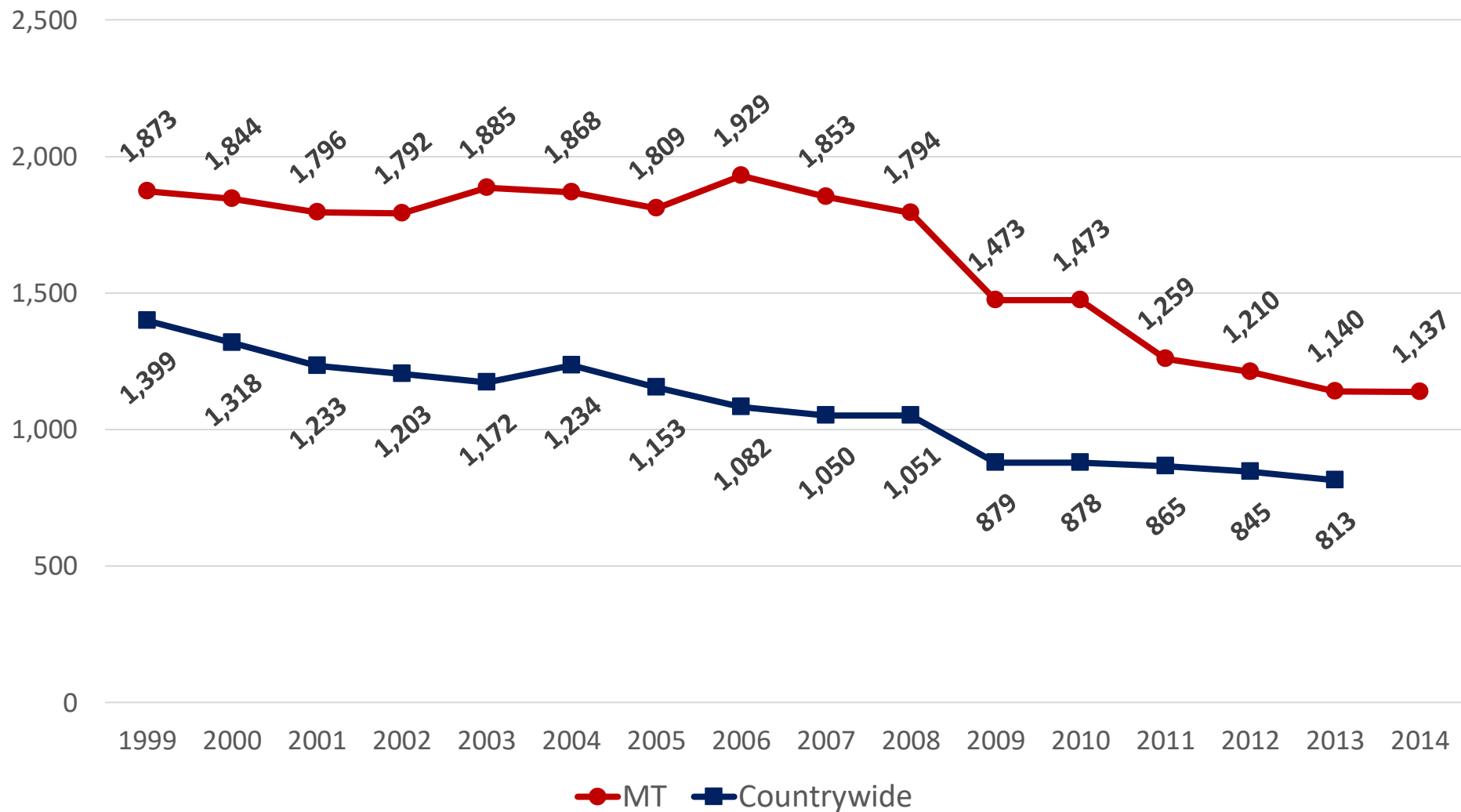
- **Other measurements of the state's WC system and other available data sources**
- **Reasons premiums may be relatively higher**
- **Areas that are showing improvements**
- **Areas that still need work**

Frequency of FROIs Filed by Fiscal Year



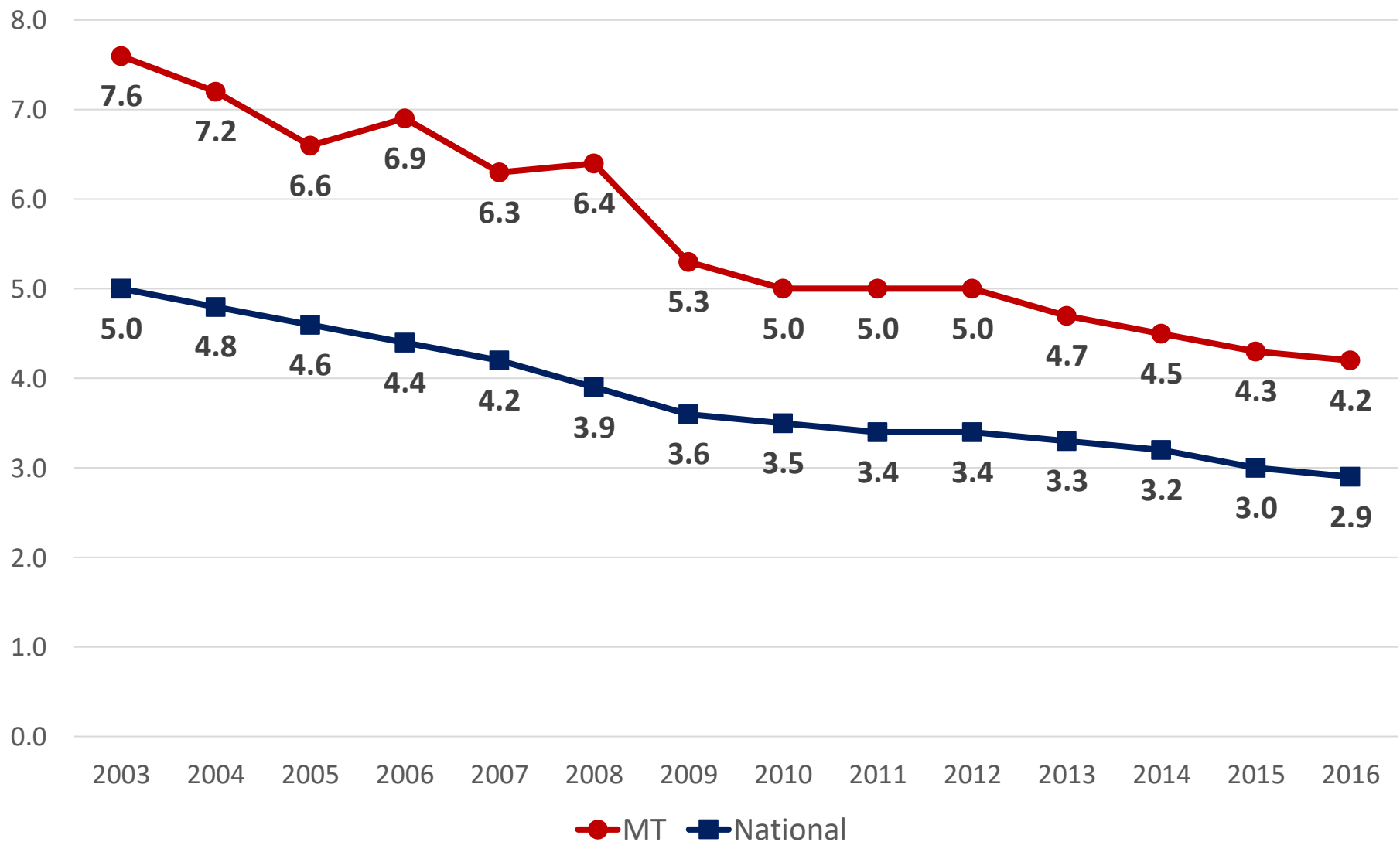
Source: MT DLI ERD

Average Lost-Time Claim Frequency per 100,000 Workers



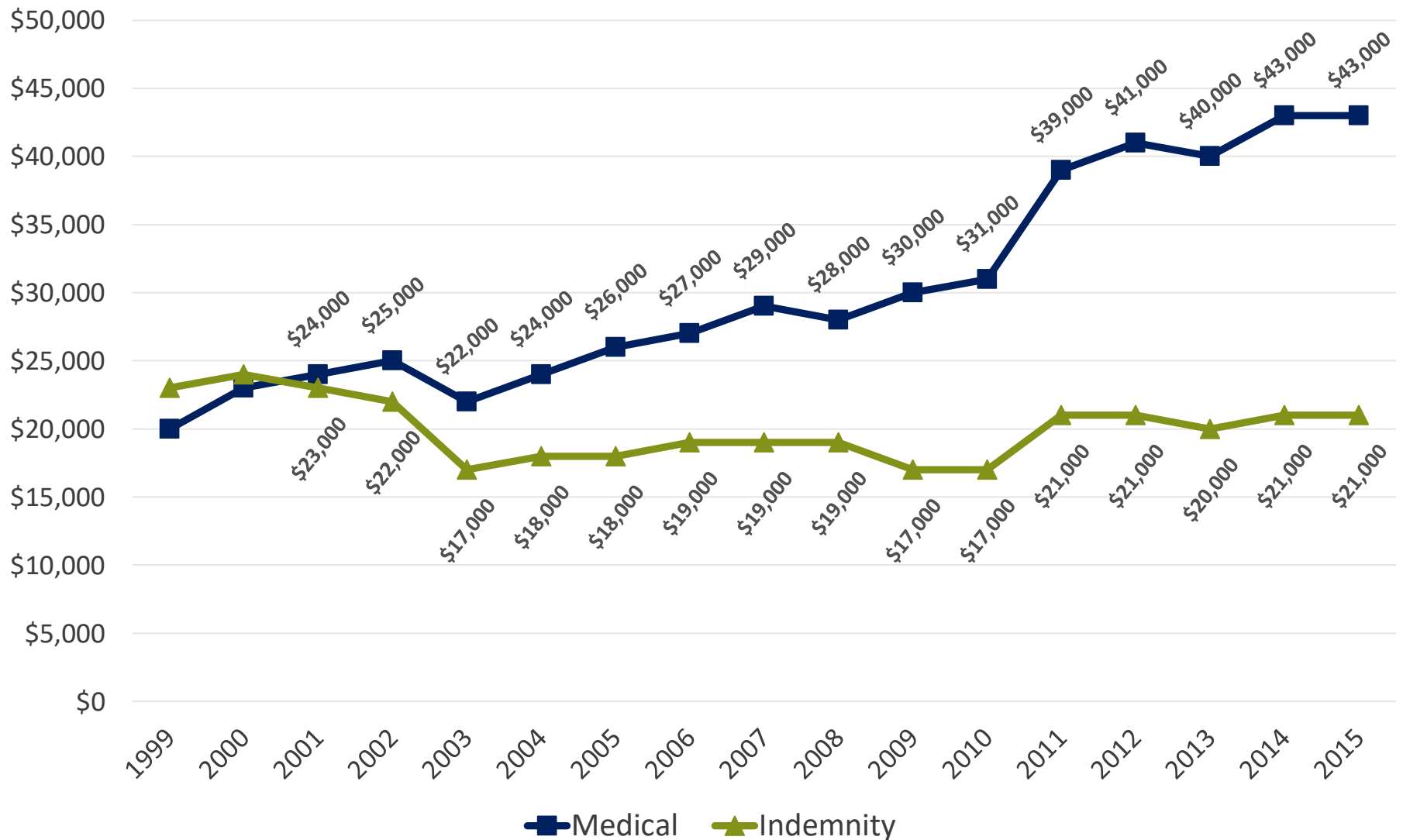
Source: NCCI

Nonfatal Occupational Injury and Illness Incidence Rates per 100 FTEs (Private Industry)



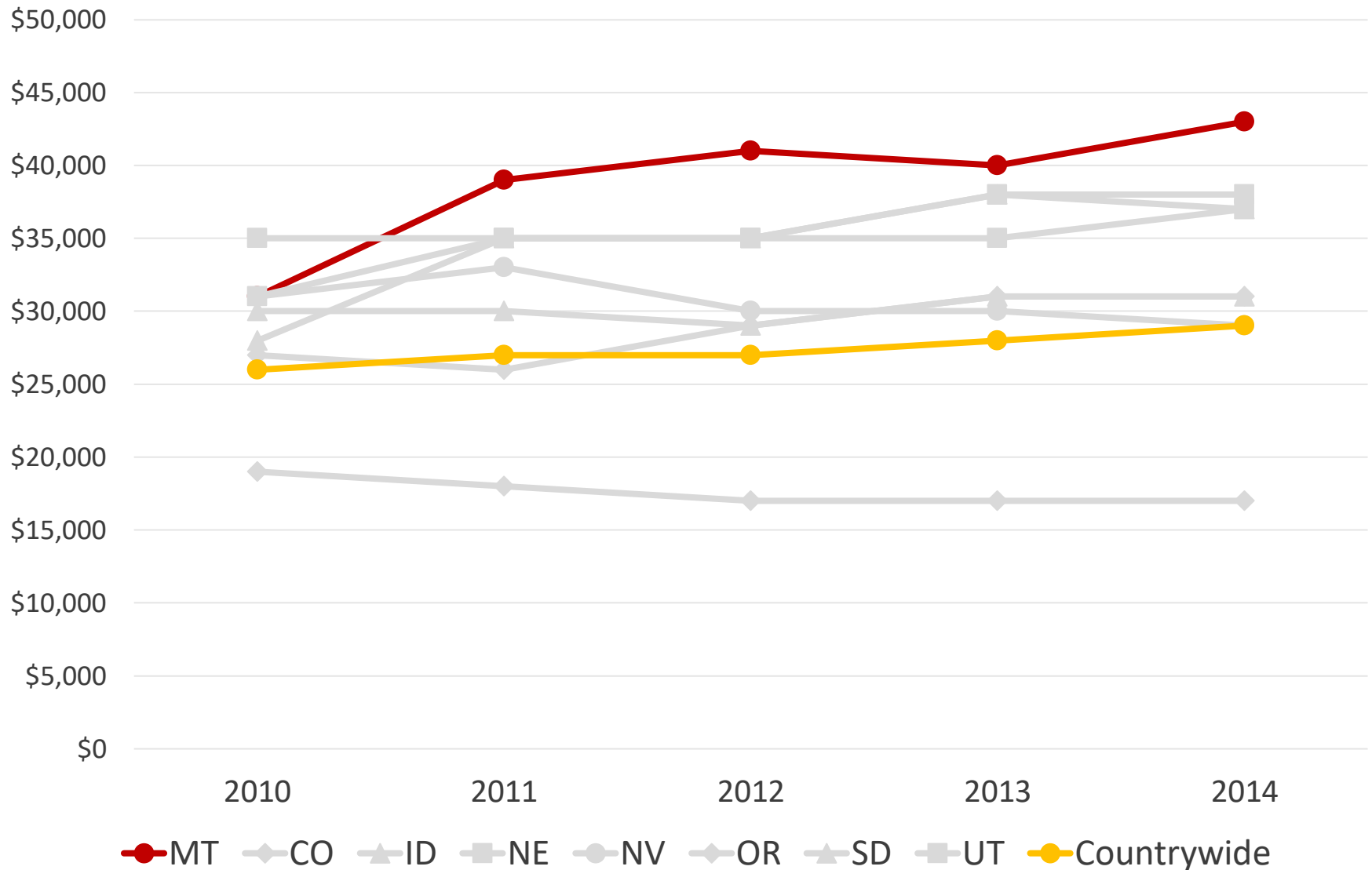
Source: Bureau of Labor Statistics (SOII)

MT Average Cost per Lost-Time Claim by Policy Year



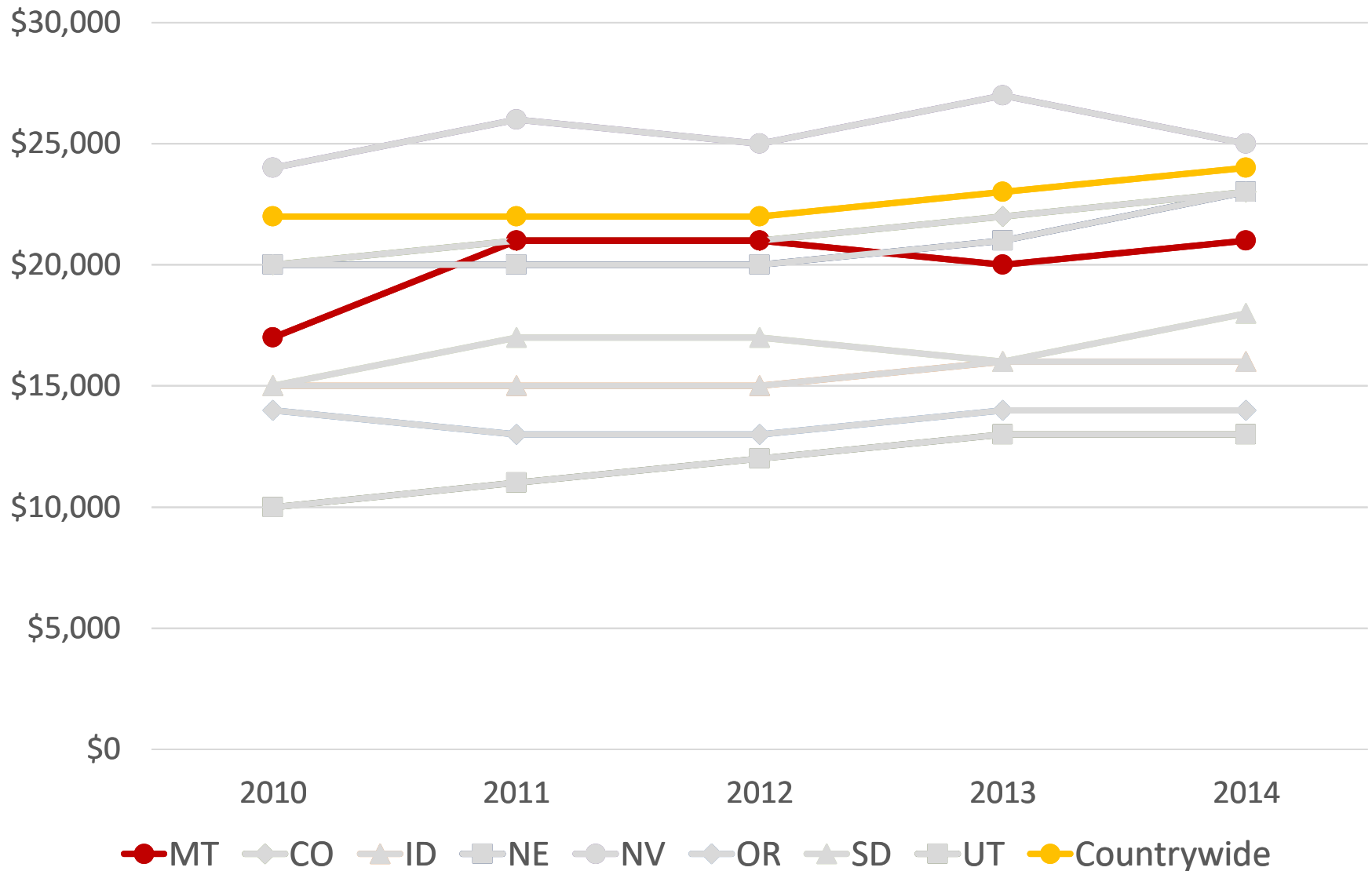
Source: NCCI

Average Medical Cost Per Lost-Time Claim by State and Policy Year



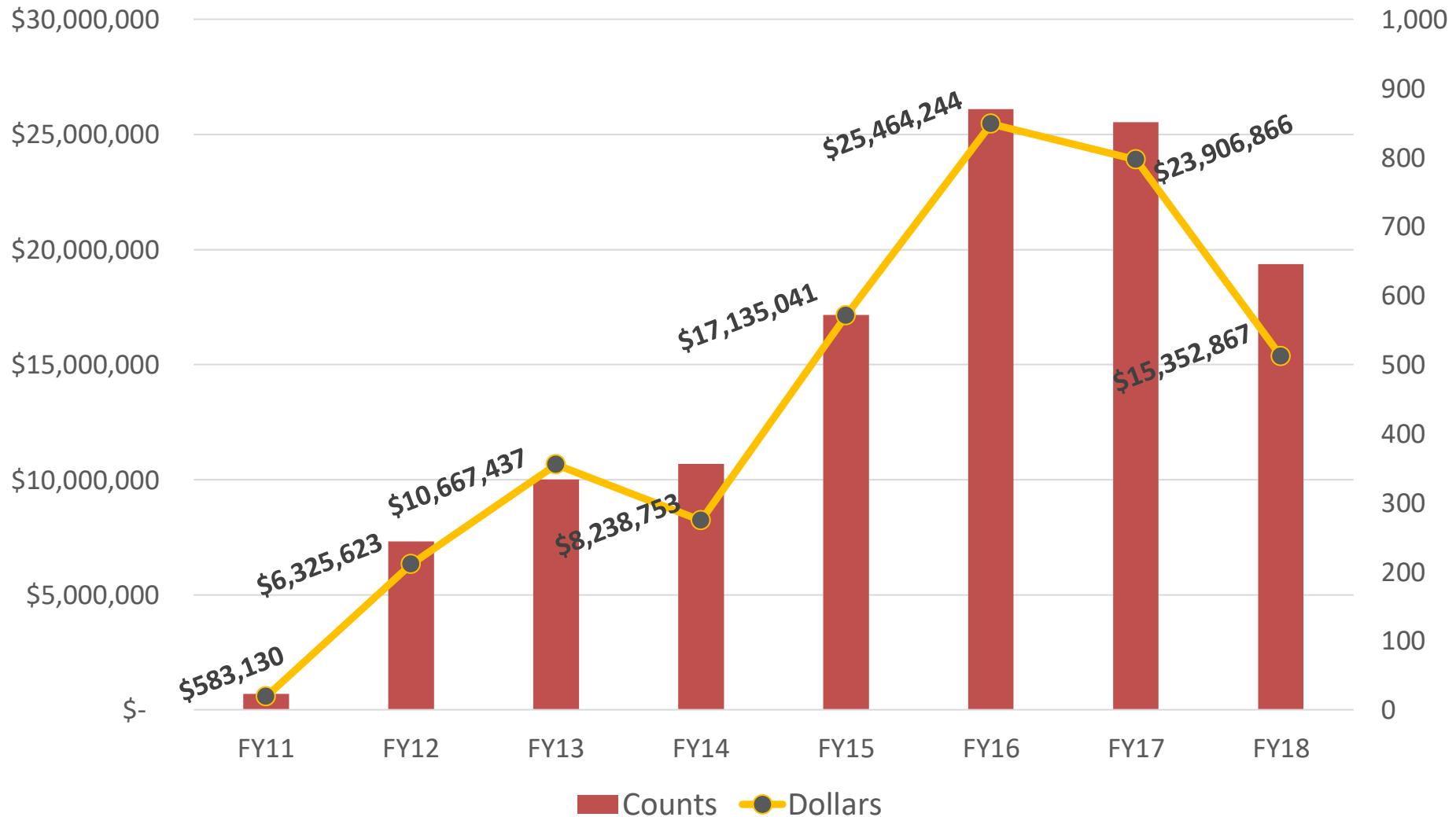
Source: NCCI

Average Indemnity Cost Per Lost-Time Claim by State and Policy Year



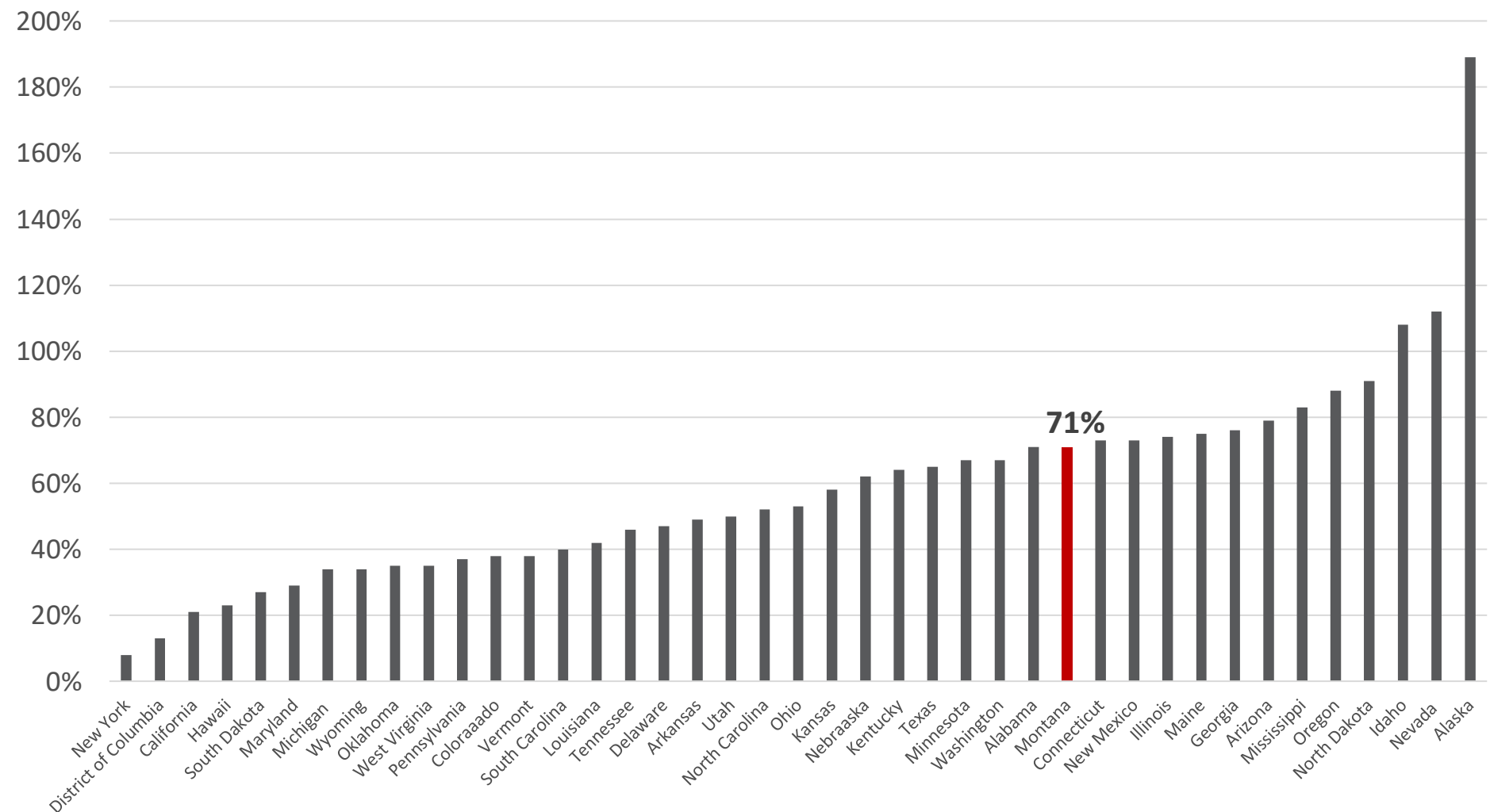
Source: NCCI

Total Medical Settlement Dollars and Counts for Settlements for Best Interest by Fiscal Year of Decision



Source: MT DLI ERD

Workers' Compensation Percent of Premium Over Medicare



Source: Workers' Compensation Research Institute (March 2016)

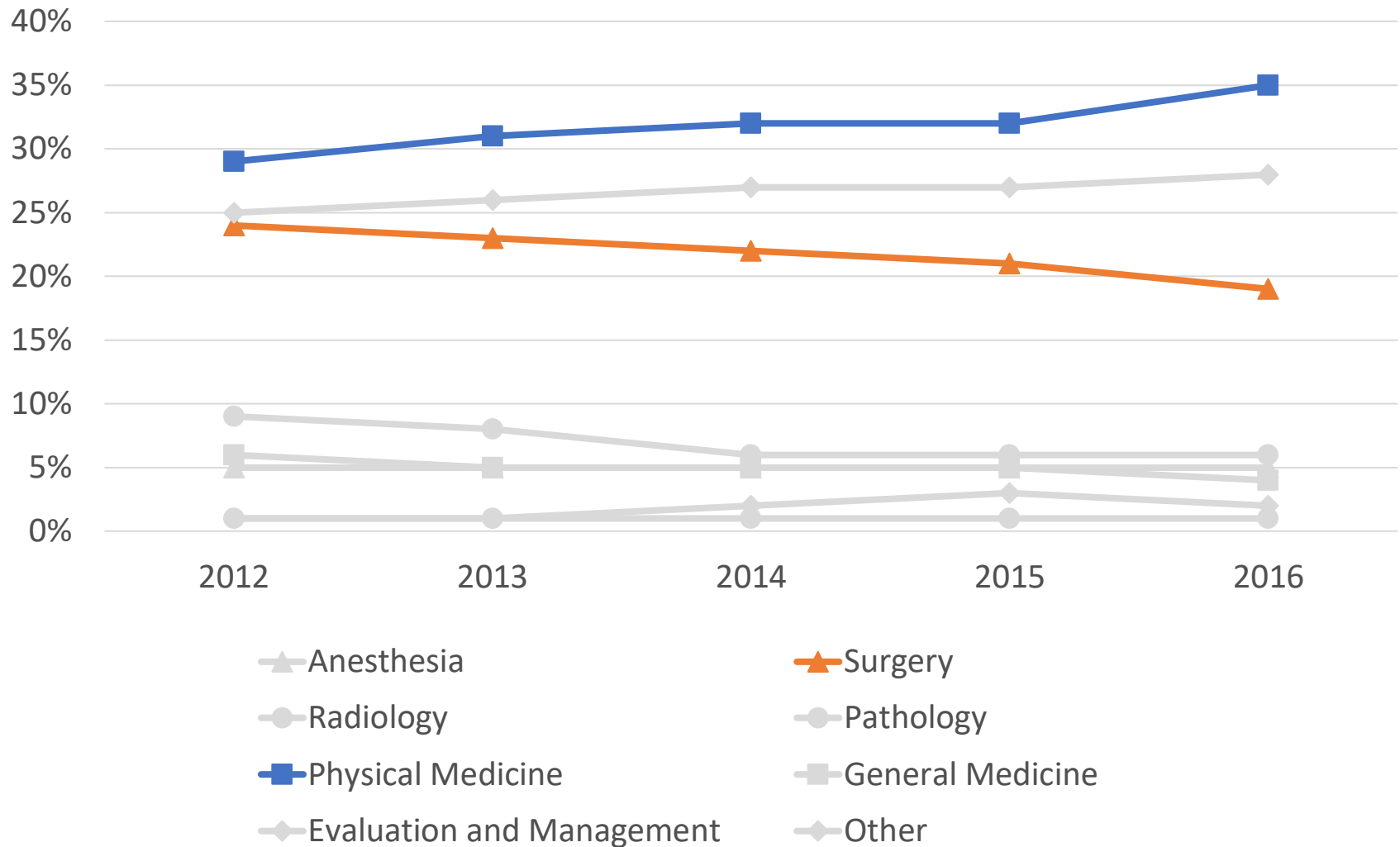
Small Business in Montana

Compared to other states, MT has the 2nd highest percentage of small employers (less than 20 employees), only one tenth of a point less than Wyoming.

Small employer challenges when employees are injured:

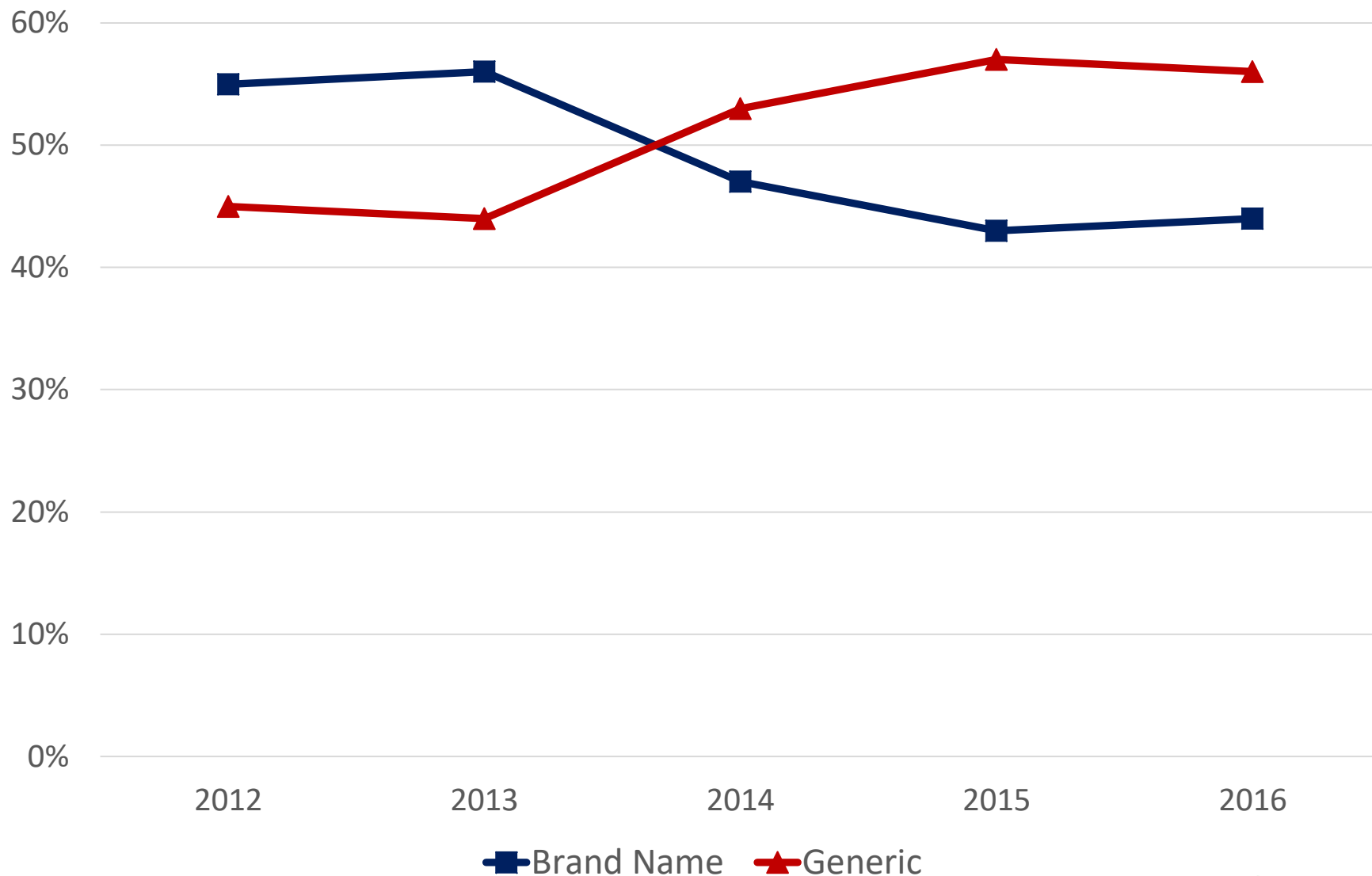
- less opportunity for return to work in a modified job position
- lack of resources to accommodate or redesign work space
- little retention for a permanently injured worker who can't return to their pre-injury position
- less opportunity for safety education and safety programs

MT Distribution of Physician Payments by AMA Service Category



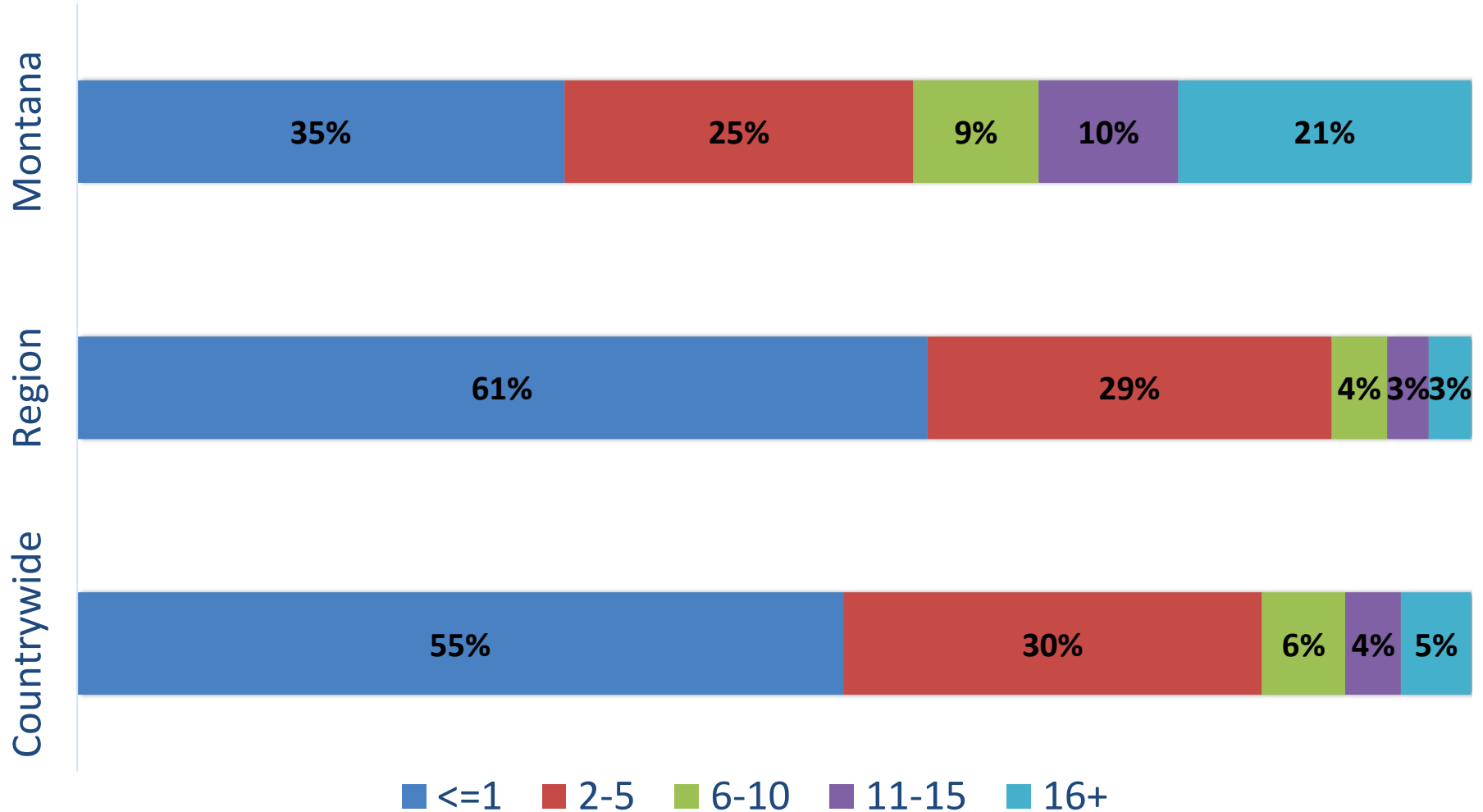
Source: NCCI

Distribution of Drug Payments: Brand vs. Generic



Source: NCCI

Opioid Claim Distribution by Claim Maturity (Service Year 2016)



■ ≤1 ■ 2-5 ■ 6-10 ■ 11-15 ■ 16+

Opportunities for further improvement....

- Safety and Education
 - SafetyFestMT
 - Free OSHA 10 Training to high schools, colleges, and youth groups
 - Push to revitalize the Montana Safety and Culture Act
 - Montana Occupational Health & Safety Surveillance (MOHSS) Program
- Conversations about moving from a Federal OSHA Plan to a State OSHA Plan
- Expand education and resources for small employers
- Stay-at-Work/Return-to-Work
- Drug Formulary effective 2019
- Injured Worker Survey results 2019

Contact Info.

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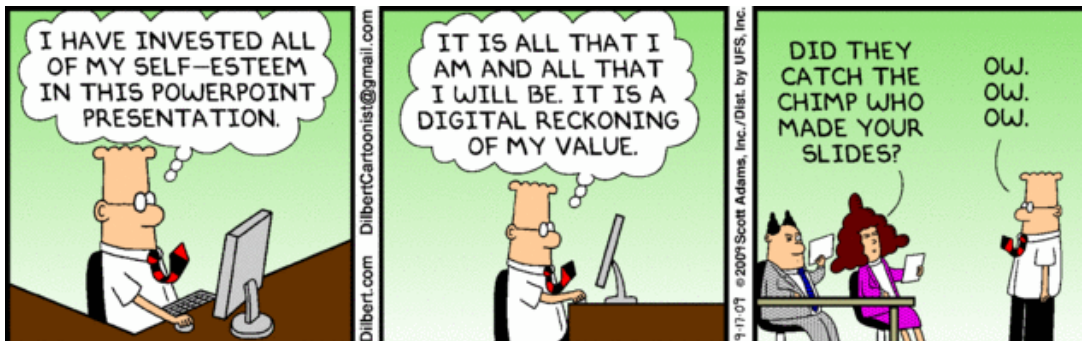
Links

About Oregon's Workers' Compensation Rate Ranking Study:

http://www.cbs.state.or.us/external/dir/wc_cost/about_the_study.html

Oregon's 2016 Workers' Compensation Rate Ranking Study (PowerPoint):

<http://www.oregon.gov/DCBS/mlac/Documents/2016/11-14-16/ranking-2016-MLAC-overview.pdf>



THANK YOU!