
SJR 30 Studies

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Introduction:

Ann Clayton – Consultant to ERD

- 36 years in Workers' Compensation
 - Claims manager for Travelers, US Insurance Group and Alexis
 - Minnesota Assistant Commissioner for Workers' Compensation
 - Florida Director of Workers' Compensation
 - Deputy Director of the Workers Compensation Research Institute
 - Instructor for the "Certified Workers' Compensation Professional" Course at Michigan State University
 - Consultant to Montana, New York, North Dakota, Washington, the US Department of Labor, BDMP, e-Triage, UMASS Medical School, IAIABC and WCRI
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Presentation Outline:

- Issues to be researched and priorities
 - Research questions anticipated
 - Next steps
 - Briefing # 1
 - Overview of medical cost containment strategies in use by the states
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Issues To Be Researched By Priority

1. Workers' Compensation Medical Costs (And Quality)

- Cost Containment Strategies; Duration; Availability and Access

2. Montana's WC Benefit Structure

- Transitions from TTD to PPD and PTD
- PPD options
- Duration of lost time benefits

3. Payment of Attorney Fees in Medical Disputes

4. Course and Scope Issues

Issues To Be Researched By Priority

5. Frequency and Severity of Montana Injuries

- How Montana differs; best practices in prevention and return to work; review of WorkSafeMT to date

6. Occupational Disease Presumptions

7. Workers' Compensation Insurance Structural Issues

- Overview of the growth and development of State Funds
- Overview of WC Insurance Regulation

8. Fraud

Research Questions By Issue:

WC Medical Costs and Quality

- How much of the cost of medical in MT is due to prices and how much is due to utilization?
 - What is the impact of the most recent fee schedule changes? How does this now compare to rates paid by Group health and Medicare for the same services?
 - If utilization is a cost driver, is it across all providers? Is it for all services? Is there a particular problem that the treatment guidelines need to address?
 - How do price and utilization patterns differ from other states?
 - What is the % of benefit dollars for medical care in comparator states and how are those states ranked by the OR ranking?
 - What is the litigation rate for medical disputes (including U & T guideline disputes) in the comparative states?
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Research Questions By Issue:

WC Medical Costs and Quality

- Does medical treatment for similar injuries last longer in MT? If so, how does the treatment differ?
 - What is the public policy in other states about how long treatment for work related injuries lasts and under what conditions can they be reopened? What are the options that trigger closure and reopening? Is the process easy, timely and fair? How much litigation and delay in treatment results?
 - Does MT have enough physicians to provide needed services to workers?
 - Can MT injured workers get the treatment they need when they need it?
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Research Questions By Issue:

WC Benefit Structure

- Is there a “best practice” for determining and paying future wage loss benefits? What are the options for paying PPD? How does MT differ from comparator states?
 - Why does Montana have higher than average duration of lost time benefits? Are our PPD claims more frequent and costly? What can we learn from comparing the frequency, severity and demographics of our injuries to comparator states?
 - How does the transition from TTD to PPD and/or PPD differ from comparator states?
 - How does TTD termination differ from other states? Is it possible to look at indemnity costs by benefit paid rather than by claim type and what can we learn about the drivers of indemnity?
 - What is the impact of moving from the use of the 5th to the 6th AMA guide, can it be quantified and what are potential options?
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Research Questions By Issue:

Payment of Attorney Fees in Medical Disputes

- How do other states pay attorneys in cases where only medical treatment is in dispute?
 - What would the cost implication be if Montana adopted one or more of the options used by other states?
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Research Questions By Issue: Course and Scope

- Does Montana let fewer or more claims into the WC system than do comparator states?
 - How does the law differ on what is covered and what is not?
 - What are the options and what may be the impact of Montana adopting any of these options on workers and system costs?
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Research Questions By Issue:

Frequency of Work Related Injuries

- How do the frequency and lost day cases differ from comparator states?
 - Which industries and injury types are driving the greater than average frequency rates?
 - What are the most common causes of injuries within the high rate industries?
 - Are there any additional strategies used by comparator states that WorkSafeMT may be able to adopt?
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Research Questions By Issue:

Occupational Disease Presumptions Associated with Specific Occupations

- What are the current presumptions for firefighters?
 - What additional presumptions do they want?
 - What evidence is there that these conditions are more than likely due to on the job exposures?
 - What do other states currently do with these desired presumptions?
 - What is the litigation rate regarding these presumptions in MT and comparator states?
 - What would the impact to workers, employers and the public be if the legislature were to authorize these additional presumptions?
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Research Questions By Issue:

Workers' Compensation Insurance

Structural Issues

- Overview of the history and reasons states have created state funds for workers' compensation
 - Overview of WC Insurance regulations
 - What are the public policy issues involved in the regulation of workers' compensation insurance?
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Research Questions By Issue: Fraud

- What is the legal definition of fraud and does Montana have more than comparator states?
 - What is the process used to deter and prosecute fraud in comparator states?
 - How many cases have actually been litigated and what were the results in MT and comparator states?
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Next Steps:

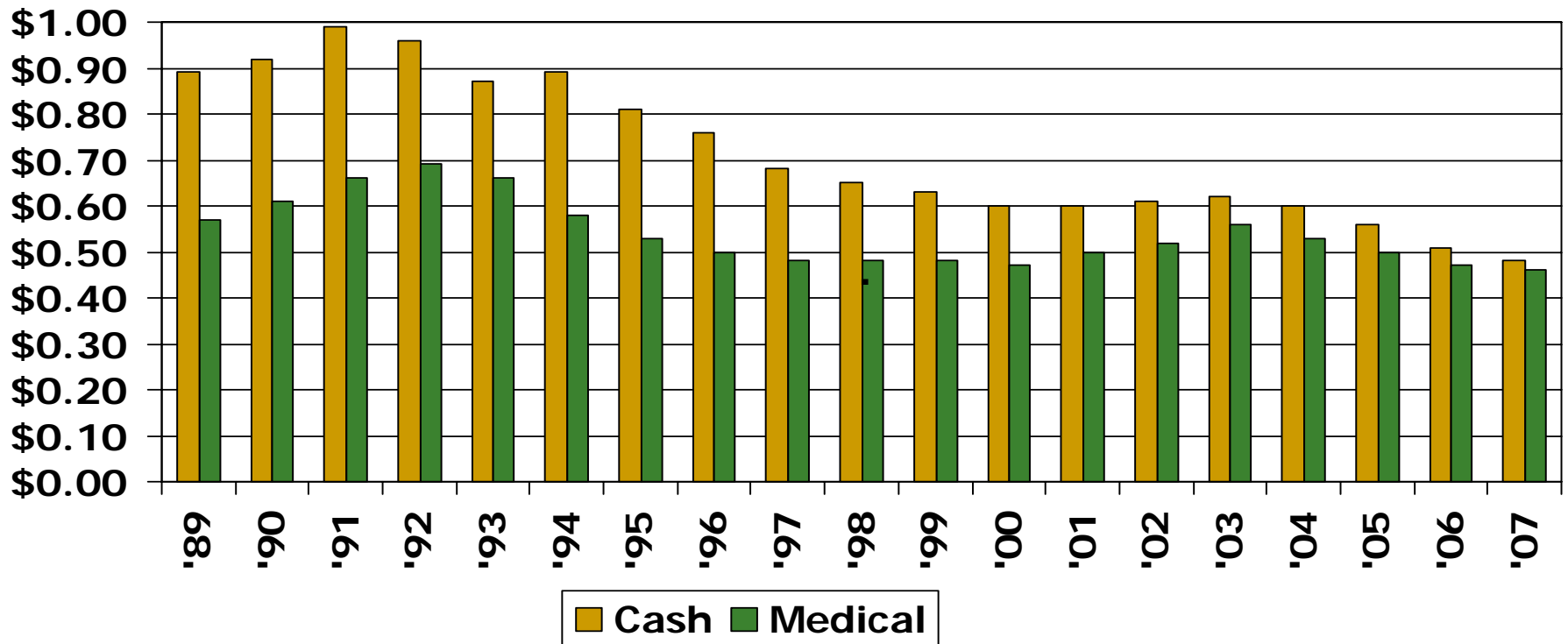
- Identify all data elements needed to answer research questions
 - Issue request for data from comparator states and/or other sources; decide where survey data is needed and who will complete
 - Finalize timelines for receipt of data, beginning of data review and quality checks, data follow up, analysis and writing of results and recommendations
 - Report on results along the way
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Overview of Medical Cost Containment Strategies in use by the States

Studies Used In This Presentation

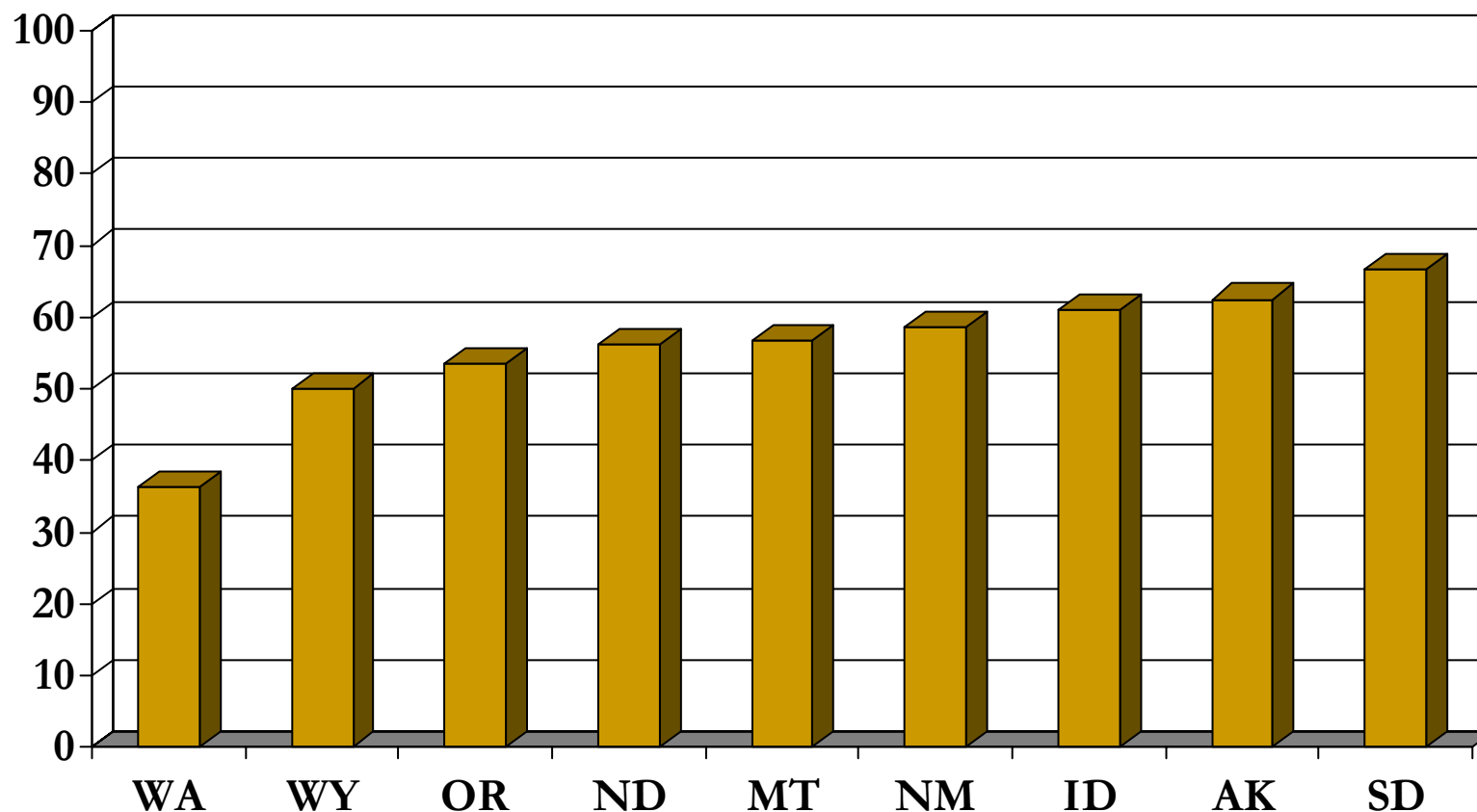
- *Workers' Compensation Benefits, Coverage and Costs – 2007* (National Academy of Social Ins. 2009)
 - *CompScope Medical Benchmarks, 9th Edition* (WCRI-2009)
 - *WC Medical Cost Containment National Inventory* (WCRI-Awaiting general publication)
 - *Access and Worker Outcomes, 5th Edition* (WCRI–2008)
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National Trend In WC Cash And Medical Benefits Per \$100 Of Covered Wages



Source: NASI – 2009

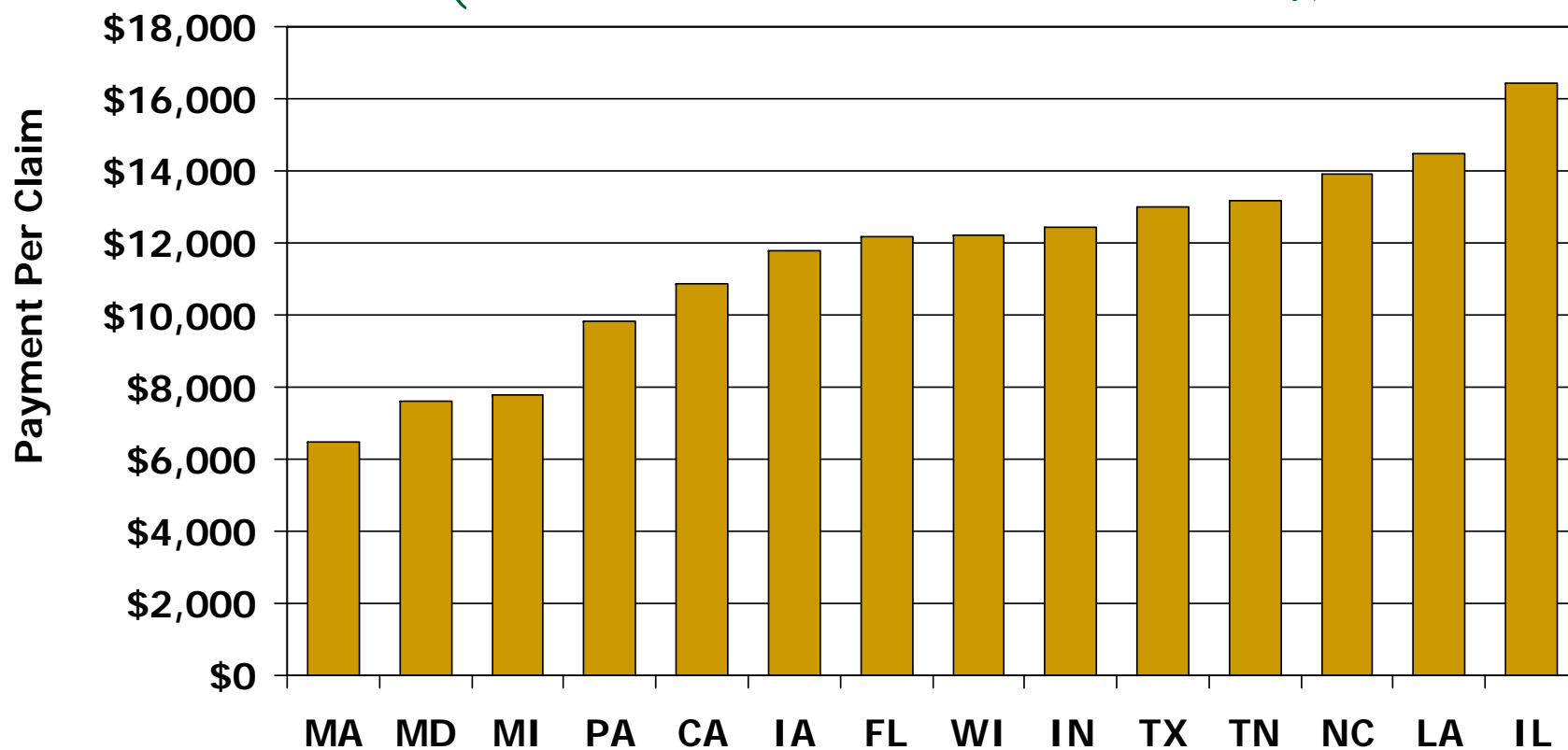
Comparison of Proposed Comparator States on Percentage of Medical in WC Cases



Source: NASI 2009: *Benefits, Coverage and Costs, 2007*

Medical Payments Per Claim in CompScope States

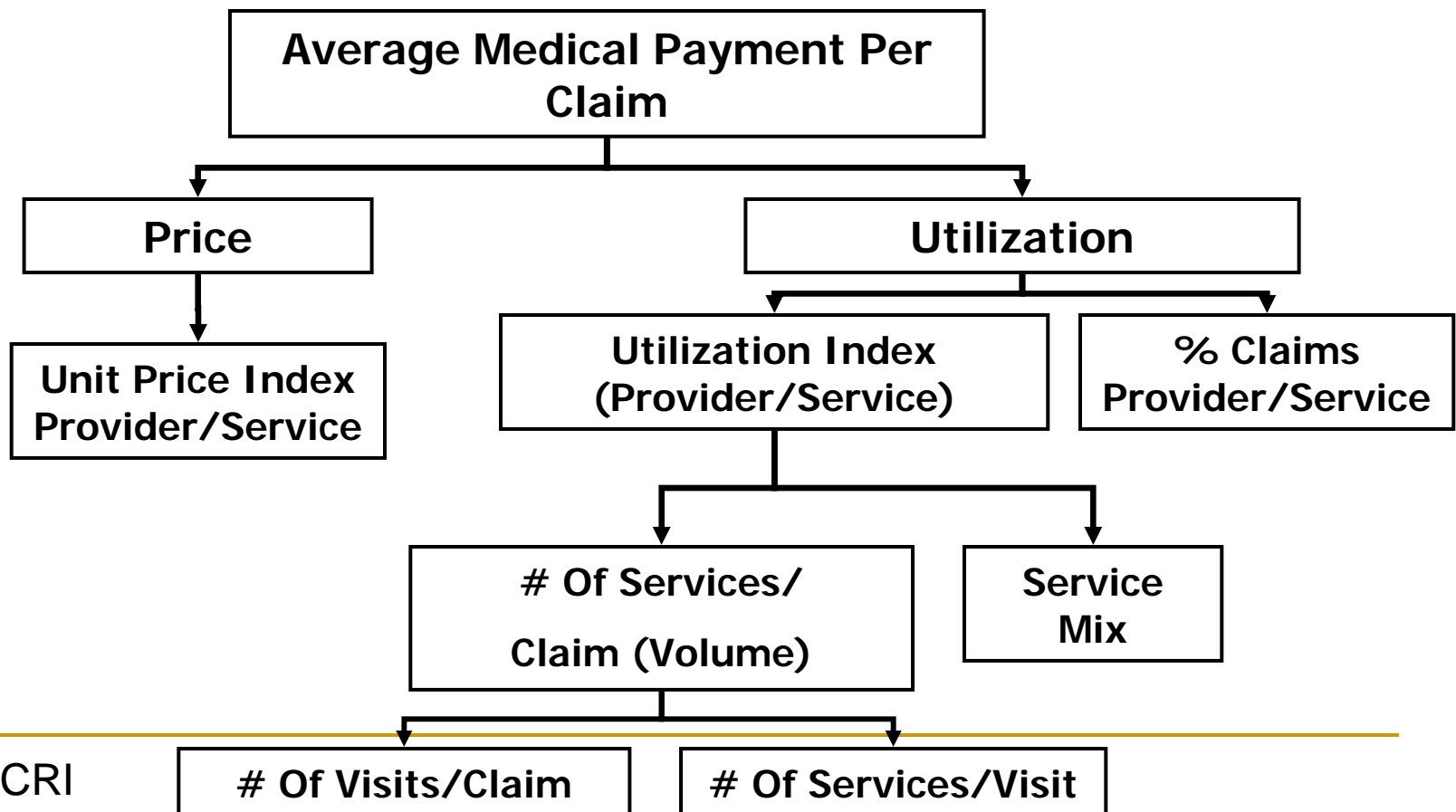
(2004 Claims At 36 Months' Maturity)



Source: WCRI

2004/07 Claims With More Than 7 Days Of Lost
Time, Adjusted For Injury/Industry Mix

Regulatory Cost Containment Strategies: Price And Utilization



Source: WCRI

State Strategies to Contain Medical Prices

- Fee schedules (all but 7 states)
 - Permissive use of managed care
 - Permissive use of negotiations below or above fee schedule levels
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State Strategies To Limit Over-Utilization

- Permissive use of managed care plans
 - Limited provider choice and change
 - Limitations on the amount of treatment certain providers can provide without additional payer authorization
 - Limitations on or co-insurance for ER services or palliative care
 - Pre-authorizations for non-emergency care
 - Use of treatment guidelines and protocols
 - Limitations on use of narcotics
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State Medical Cost Containment Strategies:



Touchy Regulatory Balance:

Containing Costs
without

Negatively Affecting
Access or Quality

Measuring Access To Medical Care

- No current efficient measure for all states
 - Anecdotal
 - Very political
 - Massachusetts has found a market solution to the challenge (unlikely to work elsewhere)
 - Some states keep records of physicians who treat injured workers to ensure availability
 - Survey of workers is current most cost effective solution to learning about access, satisfaction with and outcomes of care for workers
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What About The Outcomes Of Care?

- Disability duration
 - Physical health and recovery
 - Speed and sustenance of return to work
 - Satisfaction with care
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WCRI - Key Value Proposition For Workers' Compensation Systems

- Costs to employers should be directly related to the outcomes received by injured workers
 - States with higher costs should deliver better outcomes to workers
 - Increases in employers' costs should produce improved outcomes for workers
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Thank you

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