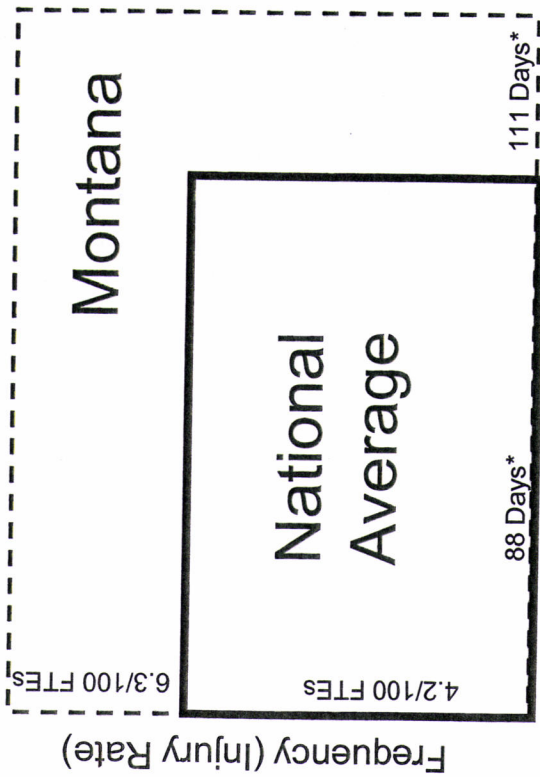


LABOR-MANAGEMENT ADVISORY COUNCIL ON WORKERS' COMPENSATION
UPDATE TO THE ECONOMIC AFFAIRS INTERIM COMMITTEE
AUGUST 19, 2010

- I. A little history: Why are we here - Why this is important
 - A. Perceptions by employers of high premium rates
Perception by workers of low benefits
 - B. Oregon Premium Ranking Study – Montana's rank
2006 – 5th
2008 – 2nd
 - C. Identified Cost Drivers from WCRI Administrative Inventory
 - 1. Frequency of Claims – Injury Rate
 - 2. Duration Times – Length of time off work from injury
 - 3. Skyrocketing Medical Costs - \$.72 of every benefit \$1.00
 - 4. High number of Open Cases
- II. LMAC has been studying these issues; proposing solutions for past 3 years
 - A. Frequency of Claims – Statewide Safety Initiative – WorkSafeMT
 - B. Duration – New approach to SAW/RTW in Comprehensive Package (Sec. 1-13)
 - C. Medical Costs
 - 1. Montana Utilization and Treatment Guidelines – Section 28
 - 2. Adopt medical fee schedules at 150% of Medicare – Under Section 28
 - D. Number of Open Cases – New statutory provisions in Comprehensive Package
 - 1. Claim Closure – Section 14
 - 2. Settlement of Future Medicals – Section 36
- III. You will hear criticisms from some system stakeholders
 - A. Trial Lawyers do not like the new method for calculating PPD
 - B. Vocational Rehabilitation Providers have concerns about new SAW/RTW process
 - C. Medical Providers do not like U & T guidelines and reduction in fee schedules
 - D. Insurers and employer reps have concerns about attorney fees in medical denials
- IV. Important to remember
 - A. We are here because of concerns about high premiums and low benefits
 - B. Primary stakeholders, employers and labor, crafted this comprehensive package
 - C. Criticism is from system providers who may lose some income under proposal
 - D. No way to reduce cost and premiums unless some stakeholders lose income
 - E. Medical costs 72% of costs; have to reduce payment level to lower premiums
 - F. Comprehensive package finely tuned compromise for labor and management
 - G. We urge your support for the Comprehensive Package to go forward

Why high WC premiums?

- We injure more people
- They are off work longer
- We have higher medical costs
- Must collect higher premium per \$100 payroll to cover significantly more people
- Montana has a lower wage base that premium is applied to



Duration (Days Away From Work)

*Using 2008 NCCI State Advisory Forum Report