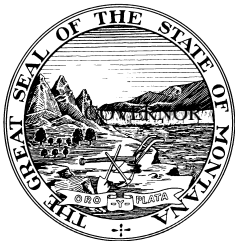


STATE OF MONTANA
DEPARTMENT OF ADMINISTRATION



BRIAN SCHWEITZER,

PHONE: (406) 444-7462/1-800-287-8266
FAX: (406) 444-0080
www.benefits.mt.gov

100 N PARK AVE SUITE 320
PO BOX 200130
HELENA, MONTANA 59620-0130

REVIEW OF HB 126 IMPLEMENTATION OF STATE OF MONTANA'S WORK COMP
PLANS

Presentation to the Economic Affairs Interim Committee
January 21, 2010

Background

- In May 2006 the Department of Administration launched an initiative to manage the costs of workers' compensation for state government employees
- The workers' compensation system for state employees was largely centered around individual policies for state agencies, written and managed by Montana State Fund
- No comprehensive focus on safety, return-to-work/stay-at-work, or financial management of workers' compensation costs across all state agencies was in effect

Implementation of HB 126 and Workers' Compensation Management Program

- Key provisions of the bill:
 - (a) The Department of Administration shall manage workers' compensation insurance coverage for all state agencies;
 - (b) The judicial and legislative branches may choose not to have the Department of Administration manage its workers' compensation policy;
 - (c) The state fund shall provide the department with all information regarding the state agencies' coverage;
 - (d) Upon mutual agreement between the department and state fund, state fund may issue one or more policies to state agencies;
 - (e) Rulemaking authority was provided.
- Status of implementation of HB 126:
 - (a) & (b) The department currently has agreements with all state agencies (including the judicial and legislative branches) to manage workers' compensation coverage.
 - (c) The department has requested data and information from state fund. We are in the process of identifying the data elements and method of transfer (electronic) of financial and underwriting data. Up to this point, data has primarily been provided in a paper format or non-data file format. State Fund has stated that they may withhold certain data due to privacy concerns, however those have not been specified by the Fund.

- (d) State agencies are currently covered under 37 individual policies. The department has worked with the Fund to re-configure certain policies to reduce risk to the agency and reduce overall premiums and related costs.
- (e) The department has implemented the State of Montana Workers' Compensation Return-to-Work/Stay-at-Work Policy. Agency heads in all departments have had the policy presented to them. The policy and manual have been issued to agencies and the department is currently training state employees and managers on the policy. The department has not implemented administrative rules to date.

Impact of Workers' Compensation Management Program and HB 126

- To date the workers' compensation management efforts have saved over \$20.0M for state government. These savings are comprised of reductions in premiums, retention returns, return-to-work and safety returns, and increased investment earnings due to better cash management. The general fund benefits from these increased investment earnings as well direct deposits from retention returns and other savings from the program.
- The state has implemented a comprehensive Return-to-Work/Stay-at-Work program. Employees are now able to return to their jobs or find employment in lieu of losing work time (and wages) as well as facilitate more rapid healing from injuries. The state benefits by not having to back fill those workers who are able to work in some capacity.
- HB 126 has clarified that the Department of Administration manages workers' compensation insurance coverage functions for state agencies (and permits the legislative and judicial branches the option of participating as well).
- HB 126 has directed Montana State Fund to provide all data to the Department of Administration regarding coverage.