

<b>Estimated Cost Impact of Workers' Compensation Changes</b>						
2007 to date						
(LMAC created 12/2006)						In Millions
NCCI Loss Cost Filing 7/1/07				-1.30%		-\$6.1
NCCI Loss Cost Filing 2/1/08				-2.90%		-\$13.5
NCCI Loss Cost Filing 7/1/08				-1.80%		-\$8.2
NCCI Loss Cost Filing 7/1/09				-2.20%		-\$10.0
NCCI Loss Cost Filing 7/1/10				-6.40%		-\$27.8
<b>System-wide Cost Estimate 2010</b>						<b>\$407 Million</b>
Recommended Changes	Benefit	Percent Benefit Impact	Percent Indemnity Impact	Percent Impact on Rates	Employer Costs in Millions	Running Total
Simplify determination of temporary disability duration determination	TTD	-4.0%	-1.7%	-0.5%	-\$1.9	\$405.1
Simplify Vocational Rehabilitation Benefit Delivery	VR	-40.0%	-3.6%	-1.0%	-\$4.1	\$400.9
Adoption of Utilization and Treatment Guidelines.	Medical	-36.0%		-20.8%	-\$84.5	\$316.4
Modification of Fee Schedules to <b>150%</b> of Medicare	% Medical	% Affected	Current Multiple			
a. Non-Facility	57.6%	90.0%	181.0%	-5.1%	-\$20.8	\$295.6
b. Hospital Inpatient	15.7%	80.9%	216.6%	-2.3%	-\$9.2	\$286.4
d. Ambulatory Surgery Centers	7.2%	78.8%	195.6%	-0.9%	-\$3.6	\$282.8
e. Outpatient Hospital	9.4%	80.9%	212.1%	-1.1%	-\$4.6	\$278.2
Allow Settlement of Future Medical Benefits.	Medical	-10.0%		-5.8%	-\$23.5	\$254.7
Clarify Course and Scope.	Ind/Med			0.0%	\$0.0	\$254.7
Clarify Statutory Claim Closure.	Ind/Med			0.0%	\$0.0	\$254.7
					<b>Total After Savings</b>	<b>\$254.7</b>
					<b>Total Savings</b>	<b>\$152.3</b>

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	Benefit	Percent Benefit Impact	Percent Indemnity Impact	Percent Impact on Rates	Employer Costs in Millions	Running Total
<b>Recommended Changes</b>						
Increase PPI and PPD maximum benefit to 75% SAWW--Effective 7/1/2011	PPD	14.6%	5.2%	1.4%	\$5.9	\$260.6
Increase PPI and PPD maximum benefit to 100% SAWW, Increase maximum payment period to 400 weeks-- Effective 7/1/2013	PPD	35.1%	12.4%	3.5%	\$14.1	
Implement an "Early Return to Work"	ERTW			0.1%	\$0.4	\$261.0
Pay 4 Days Retroactive TTD After 21 days of Disability.	TTD	2.9%	1.2%	0.4%	\$1.5	\$262.5
Modify Attorney Fee Payment (medical treatment disputes)	Medical	0.1%		0.0%	\$0.1	\$262.6

	Primary ERD Estimate	ERD at 80% of savings	ERD at 50% of savings
<b>Total cost</b>	<b>\$254.7</b>	<b>\$284.0</b>	<b>\$327.8</b>
<b>Benefit increase 7/1/2011 - 6/30/2013</b>	<b>\$7.9</b>	<b>\$7.9</b>	<b>\$7.9</b>
<b>Benefit increase 7/1/2013 +</b>	<b>\$16.2</b>	<b>\$16.2</b>	<b>\$16.2</b>
<b>Annual Savings 7/1/2011 - 6/30/2013</b>	<b>-\$152.3</b>	<b>-\$123.0</b>	<b>-\$79.2</b>
<b>Annual Savings 7/1/2013 +</b>	<b>-\$144.0</b>	<b>-\$114.7</b>	<b>-\$70.9</b>
<b>Ratio savings : benefits</b>			
7/1/2011 - 6/30/2013	19.3 to 1	15.6 to 1	10.0 to 1
7/1/2013 +	8.9 to 1	7.1 to 1	4.4 to 1