

# SUMMARY

## LABOR-MANAGEMENT ADVISORY COUNCIL ON WORKERS' COMPENSATION

Presentation to Economic Affairs Interim Committee  
July 8, 2009

- Department of Labor and Industry
  - Employment Relations Division
    - Jerry Keck, Administrator

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Background: Workers' Compensation  
Study Project - 2006

- Perception of high premium rates
- Perception of low benefits

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## 2008 Oregon Premium Ranking

2008 Ranking	2006 Ranking	State	Index Rate	% of Study Median
2	5	Montana	3.50	155%
8	4	Kentucky	2.96	131%
21	26	Tennessee	2.44	108%
34	32	Idaho	2.12	94%
36	15	Hawaii	2.08	92%
36	44	South Dakota	2.08	92%
37	29	Wyoming	2.06	91%
38	37	Washington	1.98	88%
39	42	Oregon	1.88	83%
42	43	Kansas	1.77	78%
43	29	Colorado	1.76	78%
46	38	Utah	1.63	72%
47	48	Arkansas	1.61	71%
51	51	North Dakota	1.08	48%

For the complete study visit: <http://dcbs.oregon.gov>

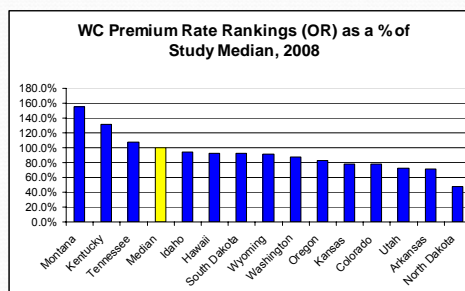
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## Employers' Costs of Workers' Compensation Insurance

Oregon Premium Rate Rankings, 2008				
	Index Rate	State % of Median	Study Rank	Nat'l Rank
Montana	\$3.50	155.0%	1	2
Kentucky	\$2.96	131.0%	2	8
Tennessee	\$2.44	108.0%	3	21
<b>Median</b>	<b>\$2.26</b>	<b>100.0%</b>		
Idaho	\$2.12	94.0%	4	34
Hawaii	\$2.08	92.0%	5	36
South Dakota	\$2.08	92.0%	5	36
Wyoming	\$2.06	91.0%	6	37
Washington	\$1.98	88.0%	7	38
Oregon	\$1.88	83.0%	8	39
Kansas	\$1.77	78.0%	9	42
Colorado	\$1.76	78.0%	9	43
Utah	\$1.63	72.0%	10	46
Arkansas	\$1.61	71.0%	11	47
North Dakota	\$1.08	48.0%	12	51

Source: OR Workers' Compensation Premium Rate Ranking 2008

Note: No consistency between the two premium rate comparisons.



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## Montana's Premium Rates

- Montana has ranked consistently high in these studies over the last few years
  - 2008 – 2nd
  - 2006 – 5<sup>th</sup>
  - 2004 – 8<sup>th</sup>
  - 2002 – 10<sup>th</sup>
- Why is Montana ranked this high and what factors are influencing this ranking?

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## Study States Included:

- Contiguous States
  - Idaho
  - North Dakota
  - South Dakota
  - Wyoming
- Regional States
  - Colorado
  - Utah
  - Oregon
  - Washington
- States with Similar Benefits
  - Arkansas
  - Hawaii
  - Kansas
  - Kentucky
  - Tennessee

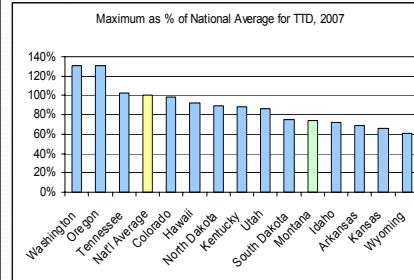
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## Statutory Workers' Compensation Weekly TTD Benefits

**Maximum Weekly Benefit for TTD, 1/1/2007**

	Maximum Benefit in Dollars	Maximum as % of National Average	Study Rank	Max Rank
Washington	\$961	131%	1	7
Oregon	\$960	131%	2	8
Tennessee	\$750	102%	3	17
<b>Nat'l Average</b>	<b>\$733</b>	<b>100%</b>		
Colorado	\$720	98%	4	24
Hawaii	\$678	93%	5	26
North Dakota	\$653	89%	6	28
Kentucky	\$646	88%	7	30
Utah	\$631	86%	8	32
South Dakota	\$550	75%	9	40
<b>Montana</b>	<b>\$545</b>	<b>74%</b>	<b>10</b>	<b>41</b>
Idaho	\$526	72%	11	42
Arkansas	\$504	69%	12	43
Kansas	\$483	66%	13	44
Wyoming	\$447	61%	14	47

Source: Inventory of Workers' Compensation Laws-BETA VERSION as of Jan 1,2007, Table 4; DataSum\_2007\_1.pdf from United States Department of Labor. & Calculated.

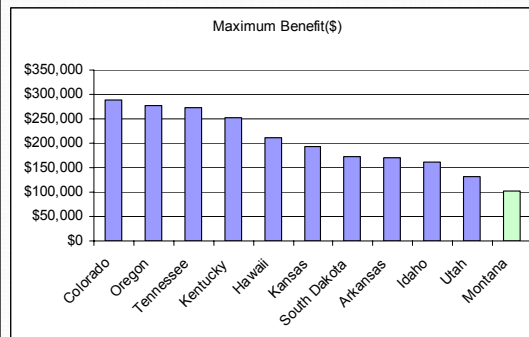


## Statutory Workers' Compensation Maximum PPD Benefits

**Maximum PPD Benefit for Nonscheduled Injuries as 1/1/2007**

	Maximum Benefit(\$)	Study Rank
Colorado	\$287,896	1
Oregon	\$276,517	2
Tennessee	\$272,800	3
Kentucky	\$252,122	4
Hawaii	\$211,536	5
Kansas	\$193,200	6
South Dakota	\$171,600	7
Arkansas	\$170,100	8
Idaho	\$160,600	9
Utah	\$131,352	10
<b>Montana</b>	<b>\$102,188</b>	<b>11</b>
North Dakota	No Max	
Washington	No Max	
Wyoming	No Max	

Source: Inventory of Workers' Compensation Laws-BETA VERSION as of Jan 1,2007, Table.



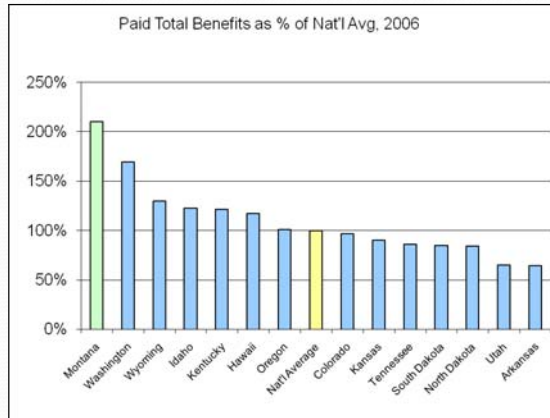
## Cost to Employer Paid Total Benefits

WC Paid Benefits, 2006

	Paid Total Benefits Per \$100 of Payroll	Paid Total Benefits as % of Nat'l Avg	Study Rank
Montana	2.02	210%	1
Washington	1.63	170%	2
Wyoming	1.25	130%	3
Idaho	1.18	123%	4
Kentucky	1.17	122%	5
Hawaii	1.13	118%	6
Oregon	0.97	101%	7
Nat'l Average	0.96	100%	
Colorado	0.93	97%	8
Kansas	0.87	91%	9
Tennessee	0.83	86%	10
South Dakota	0.82	85%	11
North Dakota	0.81	84%	12
Utah	0.63	66%	13
Arkansas	0.62	65%	14

Source: NASI, Workers' Compensation: Benefits, Coverage, and Costs, 2006, Table 10 & Calculated

Note: Actually paid to workers. Doesn't include reserves.



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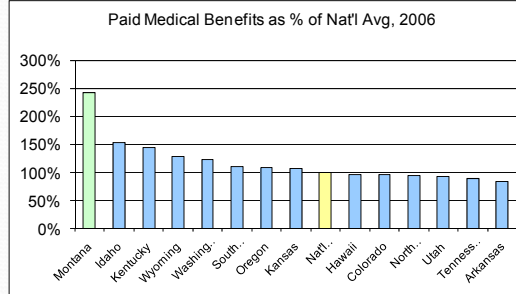
## Cost to Employers Paid Medical Benefits

WC Paid Benefits, 2006

	Percent Medical	Paid Medical Benefits Per \$100 of Payroll	Paid Medical Benefits as % of Nat'l Avg	Study Rank
Montana	57.6%	1.16	243%	1
Idaho	62.0%	0.73	153%	2
Kentucky	58.9%	0.69	144%	3
Wyoming	49.5%	0.62	129%	4
Washington	36.1%	0.59	123%	5
South Dakota	65.0%	0.53	111%	6
Oregon	54.0%	0.52	109%	7
Kansas	58.6%	0.51	107%	8
Nat'l Average	49.8%	0.48	100%	
Hawaii	40.7%	0.46	96%	9
Colorado	49.2%	0.46	96%	10
North Dakota	55.7%	0.45	94%	11
Utah	70.1%	0.44	92%	12
Tennessee	51.6%	0.43	90%	13
Arkansas	64.2%	0.40	83%	14

Source: NASI, Workers' Compensation: Benefits, Coverage, and Costs, 2006, Table 10, Table 9 & Calculated.

Note: Actually paid to workers. Doesn't include reserves.



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## Cost to Employers Paid Cash Benefits

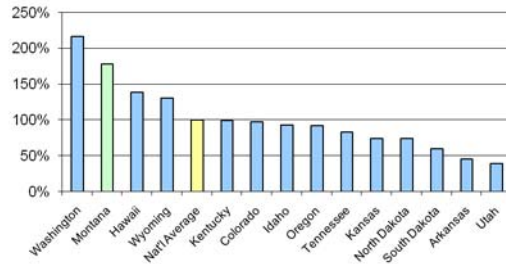
WC Paid Benefits, 2006

	Percent Cash	Paid Cash Benefits Per \$100 of Payroll	Paid Cash Benefits as % of Nat'l Avg	Study Rank
Washington	63.9%	1.04	216%	1
Montana	42.4%	0.86	178%	2
Hawaii	59.3%	0.67	139%	3
Wyoming	50.5%	0.63	131%	4
Nat'l Average	50.2%	0.48	100%	
Kentucky	41.1%	0.48	100%	5
Colorado	50.8%	0.47	98%	6
Idaho	38.0%	0.45	93%	7
Oregon	46.0%	0.45	93%	8
Tennessee	48.4%	0.40	83%	9
Kansas	41.4%	0.36	75%	10
North Dakota	44.3%	0.36	75%	11
South Dakota	35.0%	0.29	60%	12
Arkansas	35.8%	0.22	46%	13
Utah	29.9%	0.19	39%	14

Source: NASI, Workers' Compensation: Benefits, Coverage, and Costs, 2006, Table 10, Table 9 & Calculated.

Note: Actually paid to workers. Doesn't include reserves.

Paid Cash Benefits as % of Nat'l Avg, 2006



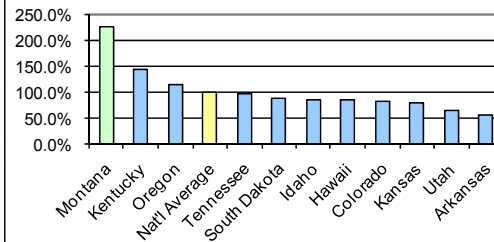
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## Cost to Employers Total Incurred Benefits

Incurred Benefits per 100,000 Workers, 2004

	Total Incurred Benefits Per 100,000 Workers(\$)	Total Incurred Benefits as % of Nat'l Avg	Study Rank	Nat'l Rank (of 47)
Montana	\$125,641,912	227.7%	1	2
Kentucky	\$78,890,164	143.0%	2	6
Oregon	\$62,968,625	114.1%	3	12
Nat'l Average	\$55,187,201	100.0%		
Tennessee	\$53,505,785	97.0%	4	24
South Dakota	\$48,017,640	87.0%	5	31
Idaho	\$47,605,092	86.3%	6	33
Hawaii	\$47,095,847	85.3%	7	34
Colorado	\$45,530,221	82.5%	8	36
Kansas	\$43,277,842	78.4%	9	38
Utah	\$35,604,459	64.5%	10	44
Arkansas	\$31,340,768	56.8%	11	45
North Dakota	*	*	*	*
Washington	*	*	*	*
Wyoming	*	*	*	*

Total Incurred Benefits as % of Nat'l Avg, 2004



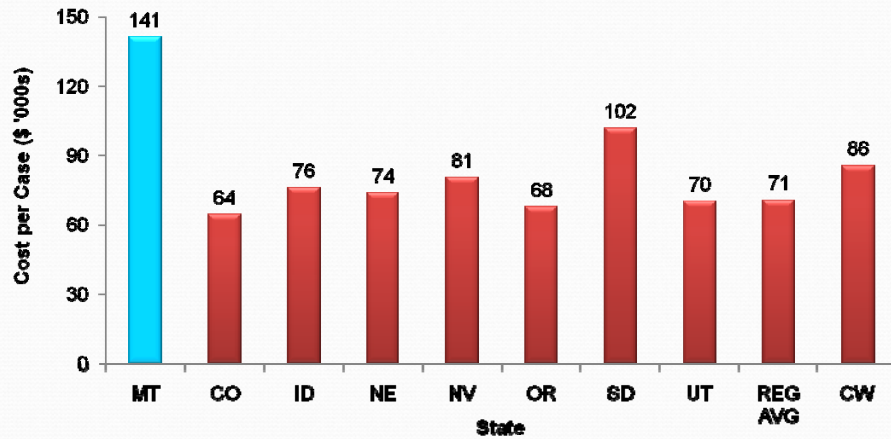
Source: Workers' Compensation Policy Review, September/October 2008, Table 1, WCPR

Note: "Incurred" payments equals payments already made plus reserves for future payments.

\* Data Unavailable

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## Montana's Permanent Partial Total Average Cost per Case...

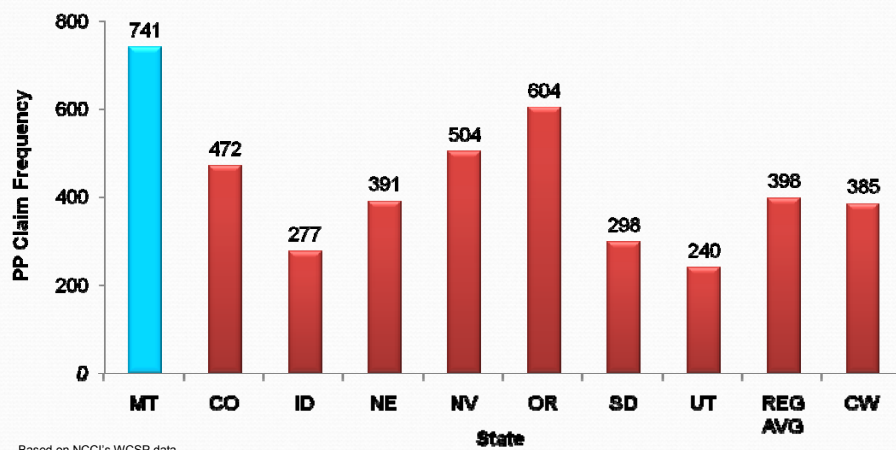


Based on NCCI's WCSP data.

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## ...Times Montana's Average Frequency of Permanent Partial Claims...

Permanent Partial Frequency per 100,000 Workers

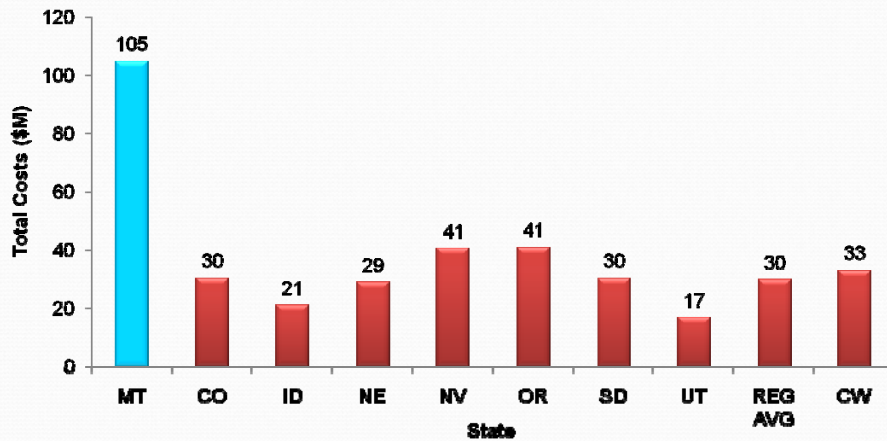


Based on NCCI's WCSP data.

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## ... Gives Montana's Permanent Partial Total Costs

Permanent Partial Costs per 100,000 Workers



Based on NCCI's WCSP data.

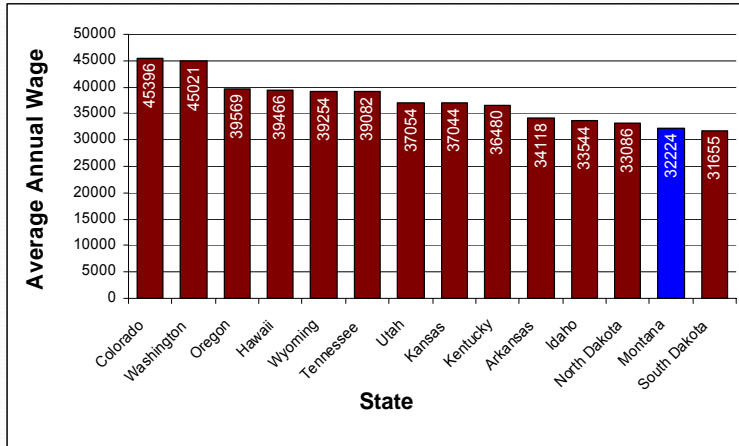
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## Other Factors

- Average Annual Wage
- Multiple Job Holders
- Median Age
- Average Hours Worked
- Average Unemployment Rate
- High School Education
- College Education
- Health Care Coverage
- Private Employment by Size of Employer
- Private Business by Size of Employer
- Industries by Total Payroll

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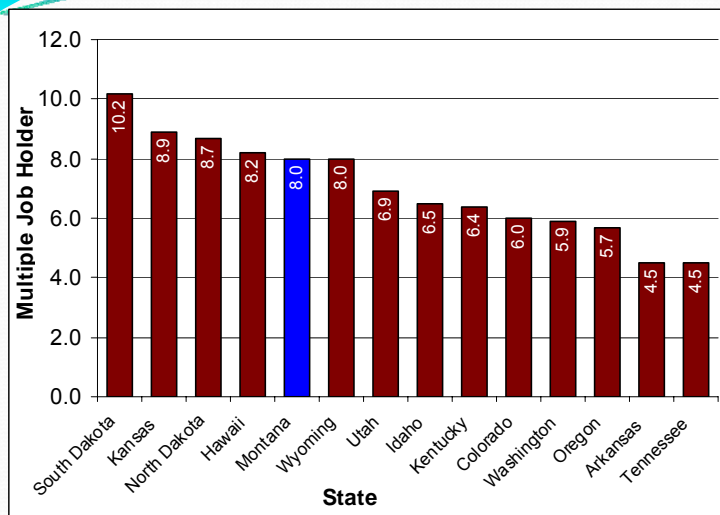


Colorado had the highest Average Annual Wage in 2007, while Montana had the second lowest.

Source: Bureau of Labor Statistics

### Average Annual Wage - 2007

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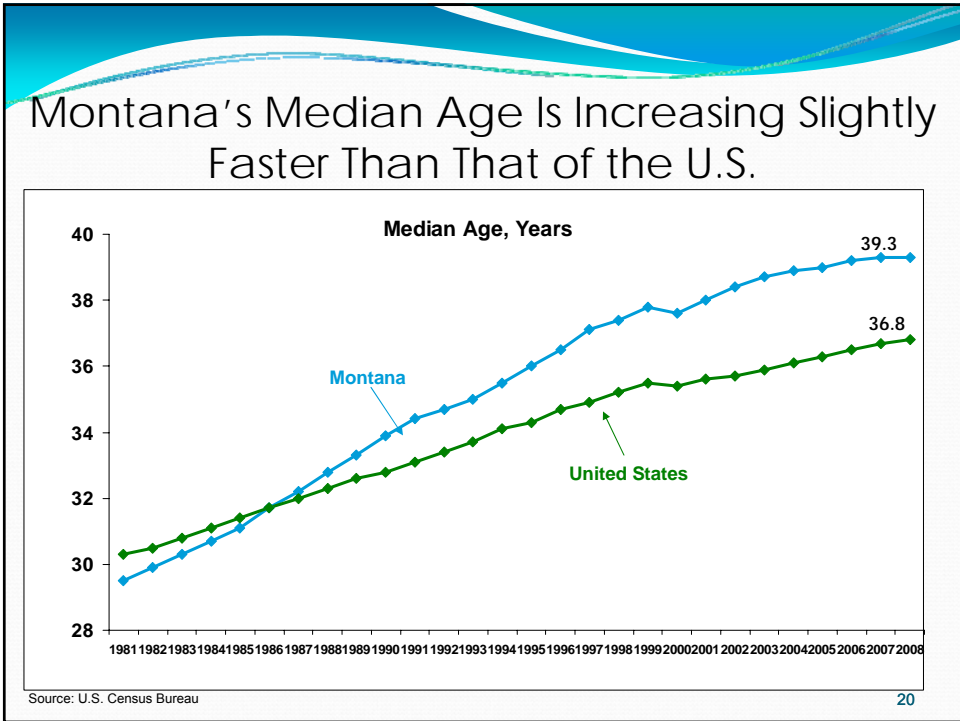
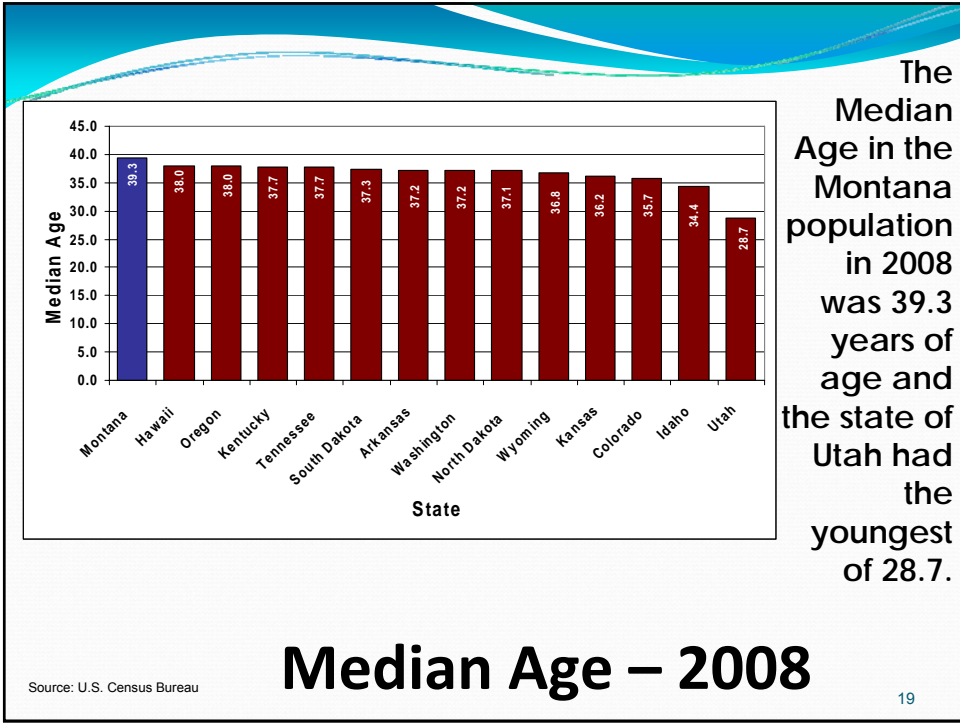


In 2007, 10.2% of the workforce in South Dakota held more than one job.

Source: Bureau of Labor Statistics

### Multiple Job Holders - 2007

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## Private Employment by Size of Employer by State – March 2008

	<u>less than 5</u>	<u>5 to 9</u>	<u>10 to 19</u>	<u>20 to 49</u>	<u>50 to 99</u>	<u>100 to 249</u>	<u>250 to 499</u>	<u>500 to 999</u>	<u>1000 or more</u>
Montana	11.1%	13.4%	17.4%	21.8%	14.0%	11.1%	4.4%	3.0%	3.8%
Arkansas	7.3%	9.5%	12.3%	17.9%	12.4%	14.3%	9.3%	7.3%	9.8%
Colorado	8.0%	9.4%	12.7%	19.3%	13.6%	16.4%	7.6%	5.4%	7.5%
Hawaii	6.5%	9.2%	12.1%	17.9%	14.8%	16.0%	8.8%	7.8%	6.8%
Idaho	9.0%	11.1%	14.9%	19.8%	13.4%	12.8%	7.1%	5.3%	6.5%
Kansas	6.6%	8.4%	11.3%	17.4%	13.1%	16.8%	9.7%	6.1%	10.7%
Kentucky	5.9%	8.4%	11.6%	18.1%	13.4%	17.8%	10.5%	6.3%	8.0%
North Dakota	7.5%	10.0%	14.7%	19.3%	14.5%	15.7%	9.0%	3.5%	5.8%
Oregon	7.9%	10.4%	14.3%	19.8%	13.8%	14.6%	8.0%	4.9%	6.4%
South Dakota	8.1%	10.9%	14.7%	19.0%	12.8%	14.6%	8.0%	4.4%	7.5%
Tennessee	5.6%	7.4%	10.4%	16.3%	12.9%	17.3%	10.8%	6.6%	12.8%
Utah	7.0%	9.1%	12.9%	18.9%	14.0%	15.0%	9.5%	5.5%	8.1%
Washington	8.6%	9.0%	11.9%	17.9%	13.5%	16.3%	7.8%	5.2%	9.8%
Wyoming	10.4%	13.2%	16.5%	22.0%	13.3%	11.8%	6.7%	3.7%	2.5%
<b>Rank (1-14)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>13</b>

Source: Bureau of Labor Statistics

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## Private Business by Size of Employer by State – March 2008

	<u>less than 5</u>	<u>5 to 9</u>	<u>10 to 19</u>	<u>20 to 49</u>	<u>50 to 99</u>	<u>100 to 249</u>	<u>250 to 499</u>	<u>500 to 999</u>	<u>1000 or more</u>
Montana	62.27%	17.60%	11.18%	6.36%	1.75%	0.66%	0.11%	0.04%	0.02%
Arkansas	60.52%	17.39%	11.02%	7.22%	2.17%	1.17%	0.33%	0.13%	0.06%
Colorado	62.88%	15.72%	10.46%	7.14%	2.20%	1.23%	0.24%	0.09%	0.05%
Hawaii	55.24%	19.13%	12.43%	8.13%	3.00%	1.50%	0.35%	0.16%	0.05%
Idaho	62.90%	16.49%	10.95%	6.56%	1.93%	0.86%	0.20%	0.08%	0.03%
Kansas	58.20%	17.54%	11.52%	7.97%	2.63%	1.55%	0.39%	0.13%	0.06%
Kentucky	59.19%	16.74%	11.33%	8.03%	2.58%	1.56%	0.40%	0.12%	0.05%
North Dakota	56.82%	18.03%	13.05%	7.87%	2.54%	1.26%	0.33%	0.06%	0.04%
Oregon	58.58%	17.92%	12.11%	7.56%	2.31%	1.11%	0.27%	0.08%	0.04%
South Dakota	57.70%	18.73%	12.52%	7.36%	2.18%	1.12%	0.26%	0.08%	0.04%
Tennessee	54.27%	18.39%	12.63%	8.94%	3.08%	1.92%	0.51%	0.16%	0.10%
Utah	59.51%	16.77%	11.76%	7.74%	2.50%	1.24%	0.34%	0.10%	0.05%
Washington	64.00%	15.37%	10.03%	6.74%	2.22%	1.25%	0.26%	0.09%	0.04%
Wyoming	60.39%	18.53%	11.36%	6.92%	1.81%	0.74%	0.18%	0.06%	0.02%
<b>Rank (1-14)</b>	<b>4</b>	<b>7</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>13</b>

Source: Bureau of Labor Statistics

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## Labor-Management Advisory Council on Worker's Compensation

- Appointed by Agency Order in December 2006
- Created by Commissioner of Labor
- Chaired by Lt. Gov. Bohlinger
- Review Cost Drivers
- Provide Recommendations for Improving System
- Suggest Legislative Changes

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## Labor-Management Advisory Council on Workers' Compensation

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## LMAC: Primary cost drivers in our work comp system:

- 1) Frequency of Claims – Injury Rate
  - Injury prevention – Safety
- 2) Duration – Length of time off work from injury
  - Return-to-Work/Stay-at-Work
- 3) Skyrocketing Medical Costs
  - Medical cost containment
    - Fee schedules
    - Utilization and treatment guidelines
- 4) High Percentage of Open Claims
  - Claims closure and settlement mechanisms

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## Cost Driver: Injury Rate

- Montana's injury rate is ~ 50% higher than the national average\*
  - Montana: 6.3 injuries/100 FTEs (▼ 0.6 from 2006)
  - Nation: 4.2 injuries/100 FTEs (▼ 0.2 from 2006)

\* Total recordable cases, 2007 BLS data.

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## Cost Driver: Injury Rate

Incidence rates of nonfatal occupational injuries and illnesses by Industry and case types, 2007, Bureau of Labor Statistics

Industry	Cases with days away		% Higher in
	Montana	US	Montana
Private industry	1.8	1.2	50
Natural resources and mining	2.1	1.6	31.3
Mining	1.8	1.4	28.6
Construction	2.9	1.9	52.6
Manufacturing	2.8	1.3	115.4
Trade, transportation and utilities	2.0	1.6	25
Information	1.7	0.7	142.9
Financial activities	0.4	0.5	-20
Finance and insurance	0.3	0.3	0
Professional and business services	0.9	0.6	50
Health care and social assistance	2.2	1.4	57.1
Leisure and hospitality	1.6	1.1	45.5

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## Cost Driver: Injury Rate

- Our loss history results from the common:
  - Slips/trips/falls
  - Soft tissue injury and strains from lifting, pushing, pulling
- The traditional belief that we have high-hazard industries so we must simply accept risk and injury must be eliminated

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## Cost Driver: Injury Rate Solutions

- Solutions:



- Potential Cost Savings (NCCI):

- Reduce Frequency Rate to National Average
    - 37.5% or **\$145 million**

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## WorkSafeMT Foundation Board of Directors

**Carl J. Kochman, Chair** (1/2010)  
Communications, PR Team Leader  
Montana State Fund

**Mark A. Cole** (1/2011)  
Part Owner/Management  
Dick Irvin, Inc.

**Terry Bilbrey, RN** (1/2011)  
Certified Case Manager  
Liberty Northwest Insurance

**Kenneth Carpenter, MD** (1/2010)  
Medical Advisor  
Montana Health Systems

**Marilyn J. Ryan, Vice-Chair** (1/2011)  
Field Consultant, MEA-MFT, Retired  
AFL-CIO Executive Committee

**Ken Crippen** (1/2010)  
President/CEO  
American Trucking & Transportation  
Insurance Co.

**Thomas B. Danenhower** (1/2012)  
Risk Management Specialist  
Montana Municipal Interlocal  
Authority

**Lance Zanto** (1/2011)  
Bureau Chief  
Department of Administration

**John T. Forkan, Jr.** (1/2011)  
Business Manager  
Plumbers and Pipefitters Local  
Union #41

**Annette Hoffman** (1/2012)  
Regional Director of Workers'  
Compensation  
St. Vincent Healthcare

**Marvin R. Jordan** (1/2012)  
Executive Director  
Montana Contractor Compensation  
Fund

**Jerry Keck** (1/2010)  
Division Administrator  
Dept. Labor & Industry, ERD

**Leah Tietz** (1/2012)  
Director, MUS Workers'  
Compensation  
Office of Commissioner of Higher  
Education

**Curtis Petty** (1/2010)  
Supervisory Mine Inspector  
U.S. Department of Labor

**Al Smith** (1/2010)  
Executive Director  
Montana Trial Lawyers

**Monica Switzer** (1/2010)  
Montana Farm Bureau Federation

**Daniel Lee** (1/2012)  
AFL-CIO

**Brad Spencer** (1/2012)  
Vice President and COO  
PPL Montana

**David Smith** (1/2011)  
President/CEO  
Bozeman Area Chamber of Commerce

**Ross Yeager (ex-officio)**  
Area Director  
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**John Gottbreht** (1/2011)  
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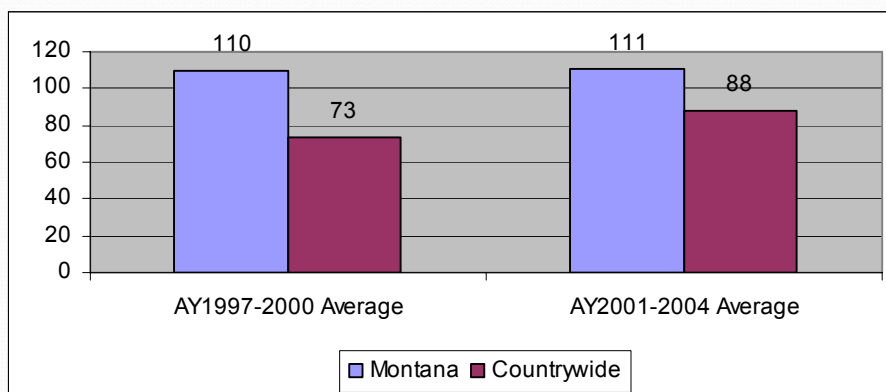
30

## Cost Driver: Duration

- Duration is the number of days off work following an injury
- Montana is significantly higher than the national average:
  - AY 1997 – 2000 Average
    - MT average 110 days vs. national average of 73 days
    - MT 51% higher than national average
  - AY 2001 – 2004 Average
    - MT average 111 days vs. national average of 88 days
    - MT 26% higher than national average

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## Cost Driver: Duration Number of Days to Return to Work



\* 2008 NCCI State Advisory Forum

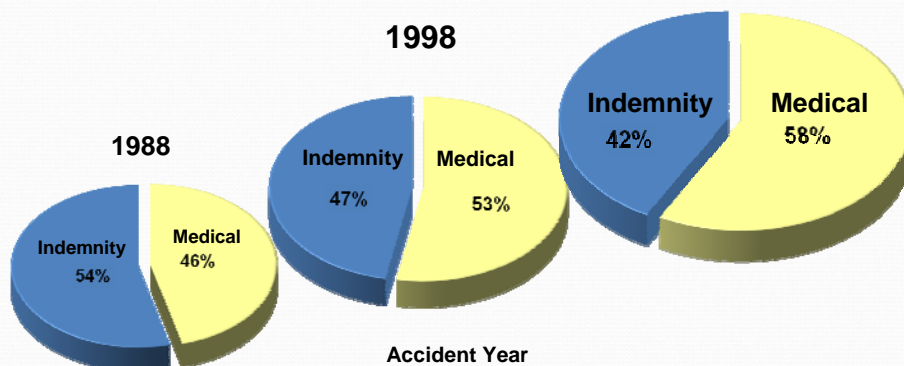
32

## Cost Driver: Duration Solutions

- Solutions:
  - 60 Summits: Montana
    - ACOEM Guideline: Preventing Needless Work Disability by Helping People Stay Employed
    -  WorkSafeMT
- Potential Cost Savings (NCCI):
  - Reduce Duration of Days to Return to Work to National Average
    - 3.3% or **\$12.5 million**

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## Cost Driver: Skyrocketing Medical Costs National Benefit Payments 2008p



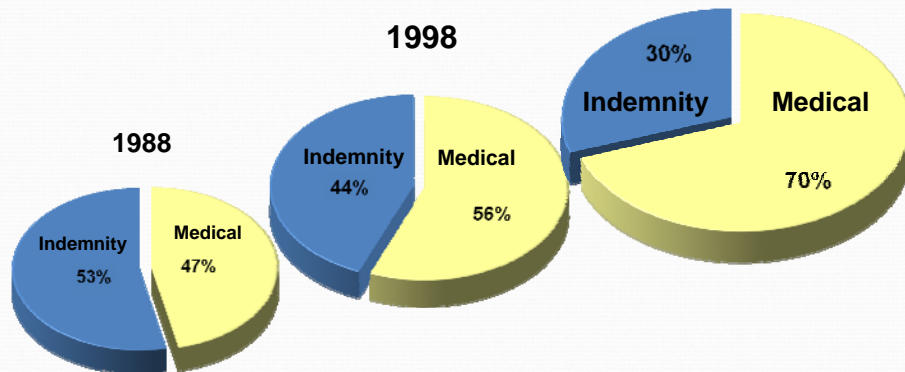
2008p: Preliminary based on data valued as of 12/31/2008  
1988, 1998: Based on data through 12/31/2007, developed to ultimate  
Based on the states where NCCI provides ratemaking services, including state funds  
Excludes high deductible policies

34



## Cost Driver: Skyrocketing Medical Costs Montana Benefit Payments

2008p



Based on data valued as of 12/31/2007, developed to ultimate  
Excludes the effects of deductible policies

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## Cost Driver: Medical Costs Solutions

- Solutions:
  - New Fee Schedules
    - Pharmacy Fee Schedule
    - Non-Facility Fee Schedule (Physicians & Other Providers)
    - Facility Fee Schedule (Hospital & ASCs)
  - Medical Utilization & Treatment Guidelines

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## WC CONVERSION FACTOR

	2005	2006
Physical Medical (Chiropractic, Occupational Therapy & Physical Therapy)	\$5.10	\$5.26
Acupuncture	\$5.42	\$5.59
Medicine	\$5.42	\$5.59
Dental	\$10.50	\$10.83
Pathology	\$19.49	\$20.10
Radiology	\$22.46	\$23.17
Anesthesia	\$41.84	\$43.16
Surgery	\$116.41	\$120.10



Pursuant to Section 39-71-704 (4), MCA, the department adopted the following conversion factors, effective January 01, 2006, for use with the unit values listed in the Relative Values for Physicians or incorporated in the Medical Service Rules for workers' compensation services.

Conversion Factors were increased by 3.28% in conjunction with the increase of the state's annual average weekly wage.

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## Montana WC Medical Fee Schedule Reimbursements Compared to Study States

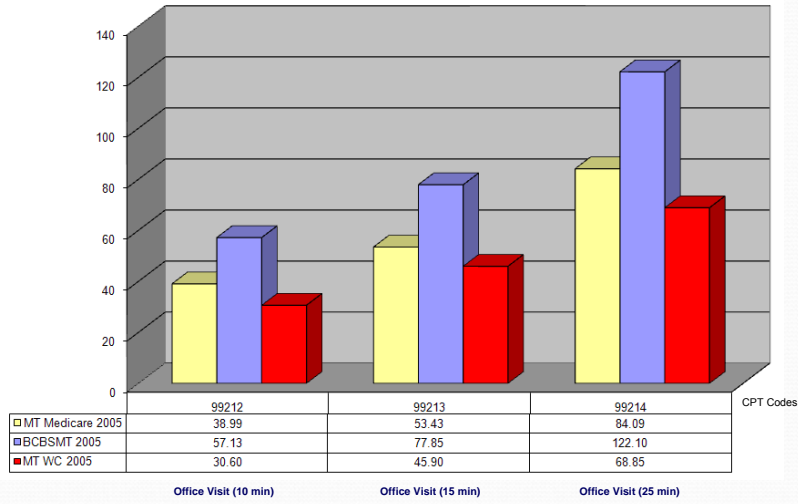
Workers' Compensation Payments over Medicare by Service Group effective July 2006

State	Overall	Surgery	Radiology	General Medicine	Physical Medicine	Evaluation & Management	Relative Rank by State	Maximum Spread
Idaho	108	249	159	98	25	85	4	224
Oregon	102	161	86	103	80	85	6	81
Tennessee	77	168	100	60	30	61	13	138
<b>Montana</b>	<b>67</b>	<b>153</b>	<b>151</b>	<b>31</b>	<b>25</b>	<b>0</b>	<b>15</b>	<b>153</b>
Arkansas	57	111	121	32	26	29	19	95
Wyoming	55	108	120	43	26	10	21	110
South Dakota	54	114	101	28	30	-2	22	116
Kansas	51	94	88	50	25	30	23	69
Kentucky	48	106	34	23	30	28	24	83
North Dakota	45	72	87	29	30	14	26	73
Colorado	45	74	59	56	25	32	27	49
Washington	43	43	43	43	43	43	29	0
Utah	33	60	50	22	20	21	35	40
Hawaii	10	10	10	10	10	10	41	0

Selected data from WCRI Compscope Medical Benchmarks for Illinois, 9<sup>th</sup> Ed., Table 1, pp. 142- 143. Montana is ranked 15<sup>th</sup> among 42 states.

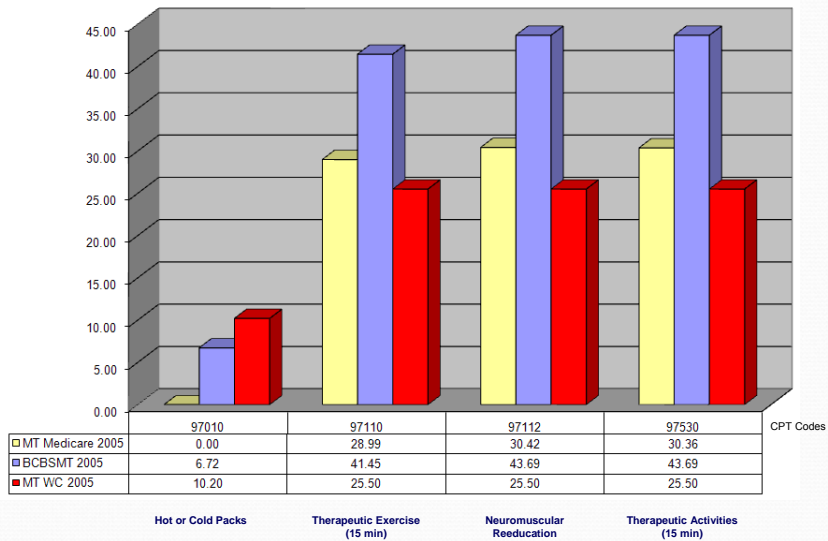
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## Medicine



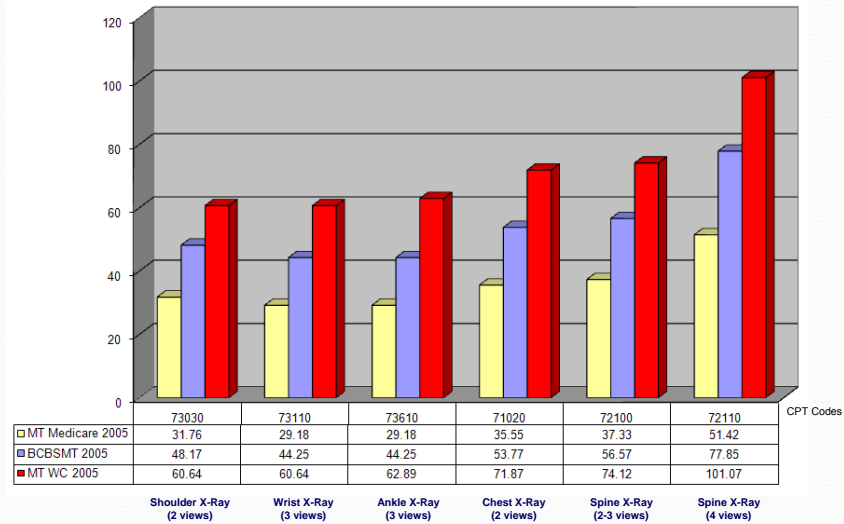
39

## Physical Medicine



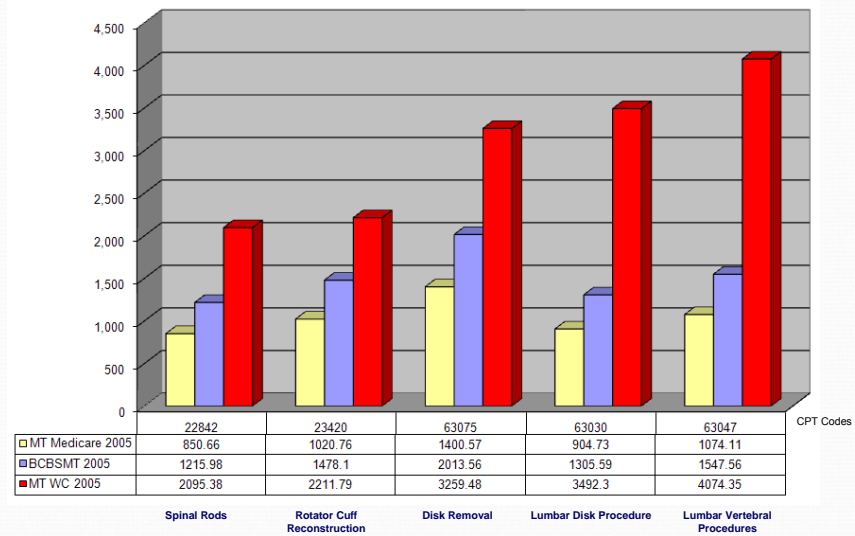
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## Radiology



41

## Surgery



42

## WC CONVERSION FACTOR

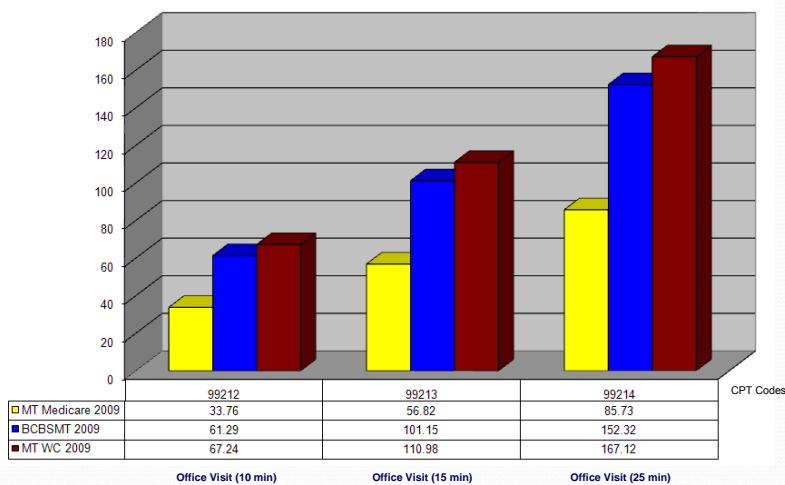
	2008	2009
Physical Medical (Chiropractic, Occupational Therapy & Physical Therapy)	\$63.45	\$65.28
Acupuncture	\$63.45	\$65.28
Medicine	\$63.45	\$65.28
Dental	\$63.45	\$65.28
Pathology	\$63.45	\$65.28
Radiology	\$63.45	\$65.28
Anesthesia	\$57.20	\$61.98
Surgery	\$63.45	\$65.28



Pursuant to Section 39-71-704 (2), MCA, the department adopted the conversion factors listed here, effective January 01, 2008, and 2009 for use with the unit values listed in the Resource-Based Relative Value Scale and incorporated in the Medical Service Rules for workers' compensation services.

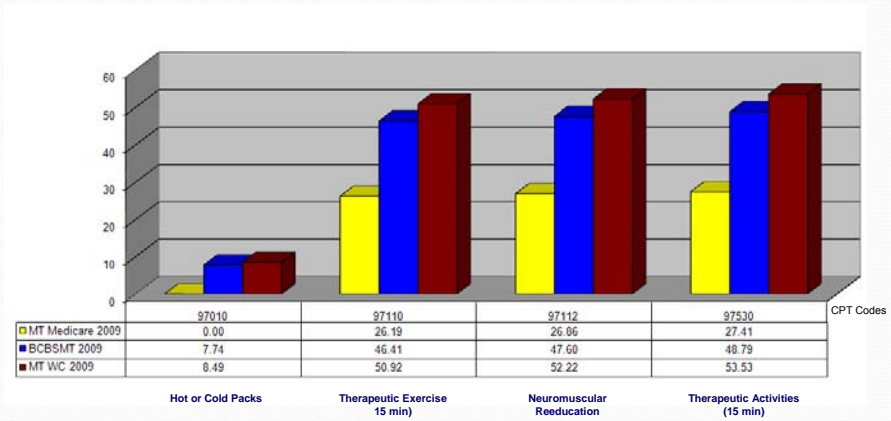
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## Medicine



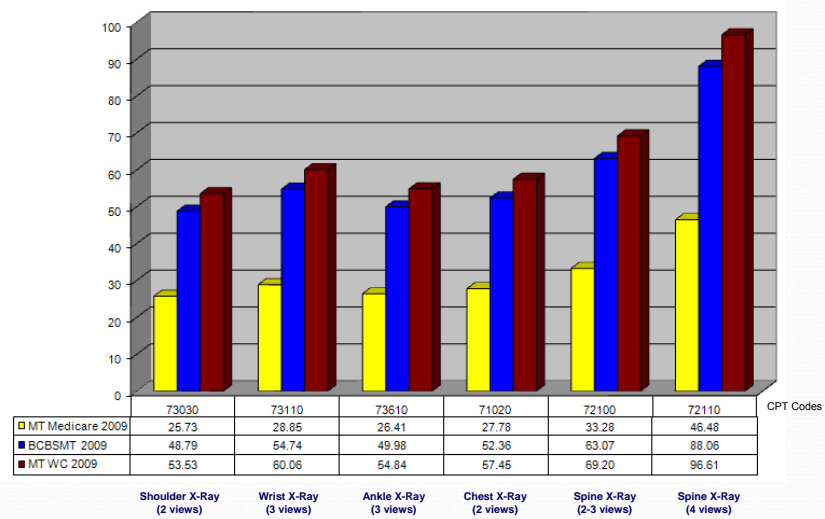
44

## Physical Medicine



45

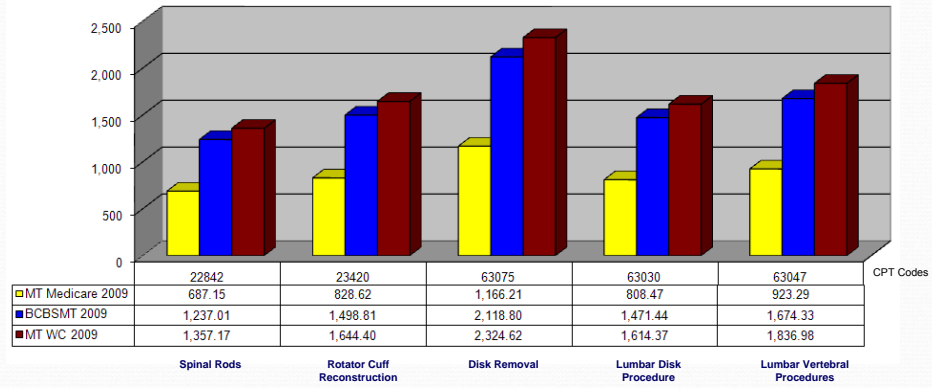
## Radiology



46

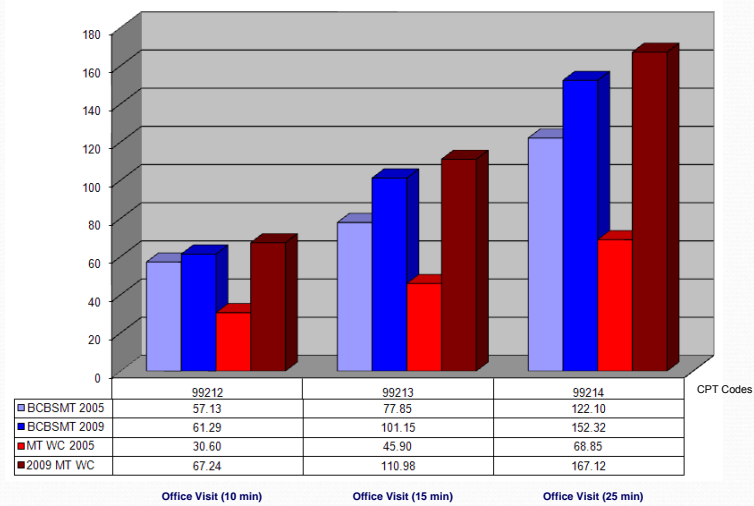


## Surgery



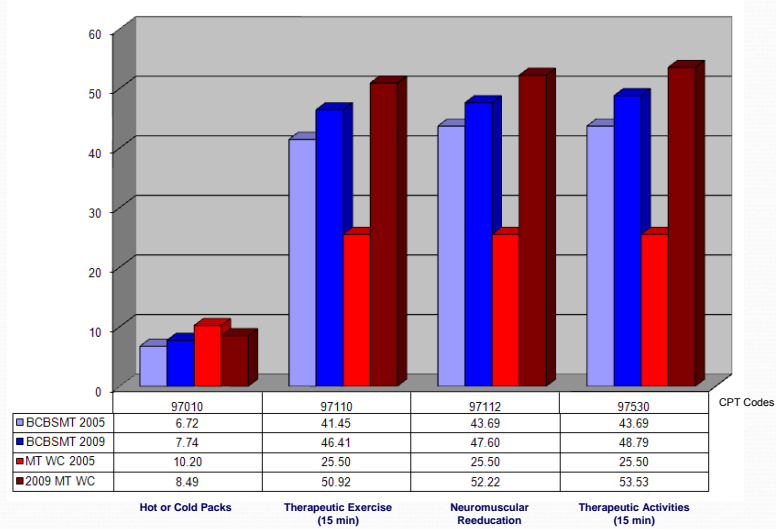
47

## Medicine



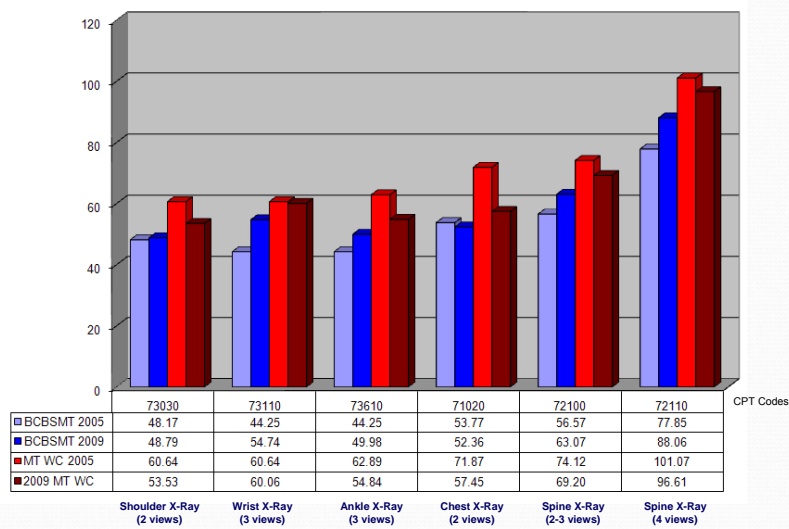
48

## Physical Medicine



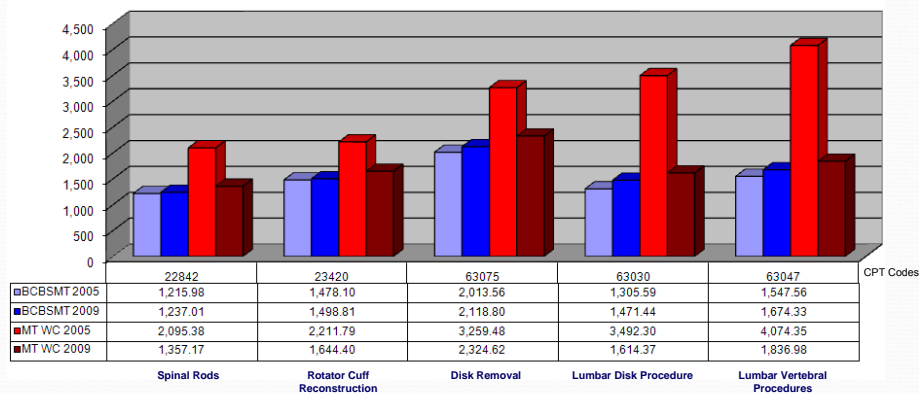
49

## Radiology



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## Surgery



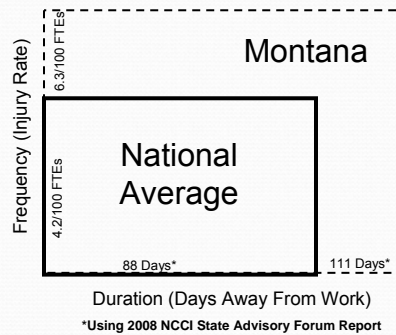
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## Cost Driver: Claims Closure

- Montana has fewer settlements than most jurisdictions: 10% (MT) indemnity claims vs. 38% (10 state median)
- Montana has lower percentage of settlements that close future medical costs (3% of indemnity claims)
- Montana has a statutory provision that closes medical benefits if they have not been used for 60 months
- Majority of jurisdictions have statutory provisions that close the claim if indemnity benefits have not been used in a specific time frame
- Montana has more “open” cases – effects reserves of insurance companies

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## Why High Work Comp Premiums?



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

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## Positive Impact of Focus on Cost Drivers:

- 7/1/07: -1.3% Loss Cost Filing (Experience and Trends)
- 2/1/08: -2.9% Loss Cost Filing (New Medical Provider Fee Schedule)
- 7/1/08: -1.8% Loss Cost Filing (Experience and Trends)
- 7/1/09: -2.2% Loss Cost Filing (Experience and Trends)
- 2007 – 2009: Total Savings of 8%

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- Public Benefit Non-Profit Corporation
- Public-Private Partnership
- Purpose to address:
  - High frequency rate of injuries
  - Long durations of time away from work



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Montana State Fund

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Area Director  
OSHA

**John Gottbreht** (1/2011)  
BSAFEUS, LLC





## WorkSafeMT Mission

- WorkSafeMT is a coordinated effort of employers, employees, providers, and other stakeholders to develop a universal expectation of workplace health and safety in Montana.
- Through proactive training, education, utilization of available resources, and shared accountability, WorkSafeMT seeks to eliminate occupational injury, illness, and death statewide.
- For injured workers, WorkSafeMT promotes a transitional employment system that supports and values the physical and mental health and financial well-being of the employee and the needs of the employer.

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## WorkSafeMT

- **Provide Safety Program Resources**
  - For employers
    - How to implement the Montana Safety Culture Act
    - How to develop & implement health & safety management systems
    - How to develop & implement people-based safety programs
    - How to evaluate the effectiveness of your programs
  - For employees
    - Increase opportunities for safety training
  - Web tools for all
    - Safety training
    - Program and policy templates
    - Incident investigation and lessons learned
    - Video testimonials – arguments for safety
    - etc.

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- Provide SAW/RTW Program Resources
  - For employers
    - How to develop & implement SAW/RTW programs
    - How to evaluate the effectiveness of your programs
  - For employees
    - Increase SAW/RTW advocates/resources
  - For providers
    - Provide education on 'why' and 'how' to play a role in preventing disability
  - Web tools for all
    - Program and policy templates
    - Simplify and standardize information exchange
    - Video testimonials – arguments for SAW/RTW
    - etc.

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• Questions?

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