

Centralize Workers' Compensation Cost Containment		Agency/Program #: 6101-21-I1
		Division: Health Care & Benefits
		Program: Workers' Comp. Centralization
Agency Name:	Department of Administration	
Agency Contact:		Enter Phone #
LFC Contact:	Rep. Sesso and Rep. Taylor	
LFD Liaison:	Lois Steinbeck	444-5391
OBPP Liaison:	Mark Bruno	444-4588

Program or Project Description:

Workers' Compensation Management Program - This program was a new initiative from the 2009 Biennium Governor's Budget. The purpose of the program is to reduce workers' compensation costs and injuries in state government.

Appropriation, Expenditure and Source					
Fund Name:	2008		2009		Approp & Expenditure numbers are as of October 31, 2007
	Approp.	Expended	Approp.	Expended	
General Fund					
State Special					
Federal Funds					
Total:	\$0	\$0	\$0	\$0	

Goal(s):

1. Reduce the incidence of occupational injury and illness among state employees (note 1);
 2. Reduce the incidence of workers' compensation wage-loss claims for state government (note 1);
- NOTE -- GOALS ARE CONTINUED BELOW.

Performance Measures :

1. Reduce the incidence of occupational injury and illness among state employees (note 1);
 2. Reduce the incidence of workers' compensation wage-loss claims for state government (note 1);
 3. Reduce workers' compensation premiums for state agencies;
 4. Enhance productivity within agencies by reducing the amount of time workers are separated from their jobs due to occupational injury or illness (note 1);
 5. Improve the safety of the physical work environment in compliance with the Montana Safety Culture Act;
 6. Provide a central data and financial management repository for workers' compensation information within state government;
 7. Function as the central point for negotiation and management of workers' compensation coverage through the insurance carrier, Montana State Fund; and
 8. Reduce the number of work-time loss injury claims among employees by 50 percent during the 2009 biennium.
- Implement a workers' compensation management program for State government (note 1 – these goals will show not accomplishments until after the 2009 biennium)

AT THE OCTOBER LFC MEETING, THE DEPARTMENT NOTED THAT IT WOULD BE DEVELOPING PERFORMANCE MEASURES

2009 Biennium Significant Milestones:	Completion Dates	
	Target	Actual
1		
2		
3		
4		
5		

Performance Report:**LFD Narrative:****EXECUTIVE CHANGES:**

1. Changes to Goals/Initiatives Yes - All goals were eliminated.
2. Changes to Performance Measures Yes – Performance measures were developed.

LFD ASSESSMENT:

1. Goal is measurable within the biennium Partially – The goals reviewed at the October LFC meeting were drawn verbatim from the goals that were submitted with the new proposal in the Governor's executive budget with the addition of one goal added by the General Government Joint Appropriations Subcommittee. It was not clear during subcommittee deliberations that some of the goals would be difficult to measure due to the lag time in receipt of information from the State Fund.

Progress toward goal - Warning – The department accomplished many tasks related to program start up, such as hiring staff, signing agreements with state agencies, initiating rate negotiations with the State Fund, and developing an early return to work program. However, the goals represented to and acted upon by the legislature have been stricken and substituted with tasks that are more relevant to milestones than the goals.

APPROPRIATION ISSUES

1. Appropriation/Expenditures Provided No – The executive did not provide appropriation or expenditure data. The LFC could use the appropriated amounts of \$387,690 general fund in FY 2008 and \$379,679 general fund in FY 2009 and request that the department provide expenditures at the next LFC review.

OPTIONS REGARDING GOAL/INITIATIVE AND PERFORMANCE MEASURES

1. Issues – The department faces a challenge in compiling data that it can use to evaluate the original goals of the workers' compensation program within this biennium. However, program managers frequently must develop data and projection methods that allow them to estimate program expenditures in advance of the final costs being available. The LFC could ask the department to elaborate on what data it will use to determine whether the program should be continued beyond 1 or 2 biennia. The program has identified some immediate savings that may be unrelated to achieving future savings. The LFC may wish to request the amount and type of immediate cost savings identified by the program.

The appropriation subcommittee added a goal for this initiative that was taken from the department website, which is: "Reduce the number of work-time loss injury claims among employees by 50 percent during the 2009 biennium". This goal was listed on the department website as of December 7, 2007. The LFC may wish to continue to track this goal and



Version	Date	Author
BW - 1	12/07/07	Steinbeck

Change Description
LFD narrative added





GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Goals/Objectives

Agency Contact: Connie Welsh | **Phone Number:** 444-2553 |
Agency Name: Department of Administration |
Division: Health Care and Benefits Division |
Program (identify and briefly describe): Workers' Compensation Management Program - This program was a new initiative from the 2009 Biennium Governor's Budget. The purpose of the program is to reduce workers' compensation costs and injuries in state government. |

List a single goal and brief description:

Goal – Implement a workers' compensation management program for State government. |

Describe the performance measures related to this goal:

Measures –

- a. Implement workers' compensation Authorization to Act agreements permitting the Department of Administration to act on behalf of state agency policyholders.
- b. Fully staff Workers' Compensation Bureau.
- c. Conduct review of efficiencies and cost savings from workers' compensation administration for state government.
- d. Implement an Early-Return-to-Work (ERTW) program. Implement a safety program including physical work environment mitigations.
- e. Establish a basic data and financial information repository related to workers' compensation in state government. |

List significant milestones and target dates to be completed in the 2009 Biennium:

Milestones –

- o Sign agreements with Montana State Fund authorizing the Department of Administration to act on behalf of policyholders by late October 2007.
- o Hire 3.0 FTE authorized by the Legislature for the workers' compensation management program, by October 2007.
- o List efficiencies and cost savings from workers' compensation program by December 2008.
- o Implement an ERTW program for state agencies by December 2008.
- o Implement a safety program for employees (including improving areas of the physical work environment) by December 2008.
- o Establish a central data and financial management information repository for state government by June 2008. |

Describe the current status of the measurements related to the goal:

- a. Authorization to Act agreements have been signed by state agencies, the Department of Administration and Montana State Fund. This task is completed. (Note: Montana State Fund as a state agency policyholder will not be signing the agreement.)

- b. The Department of Administration completed hiring the Workers' Compensation Bureau Chief, the Safety Officer and the Early-Return-to-Work (ERTW) Officer as of September 2007.
- c. The rate negotiations for the 2008 policy year have been completed. Approximately 21% of the review of efficiencies and cost savings is completed as of November 2007.
- d. The ERTW program for injured workers has been developed and the Department of Administration is implementing the program. Steps have been taken with agencies to begin ERTW activities; a training phase for agency personnel will begin in January 2008. Safety program development and physical work environment reviews and mitigations in agencies are in progress. Approximately 21% of this review work has been completed as of November 2007.
- e. Management of the workers' compensation environment in state government requires pertinent data and financial information to be accessible for responsible program and agency staff. The Department of Administration is accumulating and consolidating data to permit efficient management and accurate decision-making by stakeholders. Approximately 35% of the data required for basic management has been collected from MSF. Additional computer programming and data site design is in progress.