

Montana Workers Comp Reform

A Medical Tail Gamble

2013 Ratemaking and Product Management Seminar
 WC-2: Workers Compensation — Selected State Issues
 Tuesday, March 12, 2013 3:45 p.m.–5:00 p.m.
 Dan Gengler, Montana State Fund

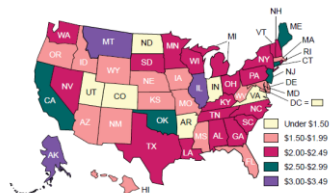




2010 Oregon Workers' Compensation Premium Rate Ranking Summary

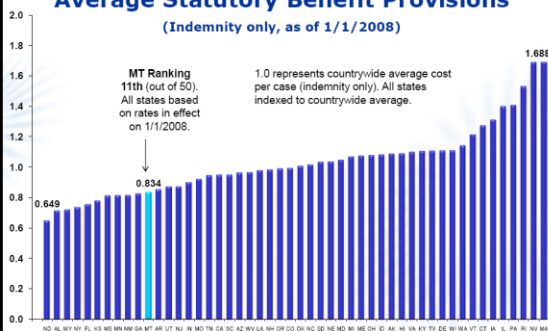
Department of Consumer and Business Services October 2010

Figure 1. 2010 Workers' compensation premium index rates



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Average Statutory Benefit Provisions (Indemnity only, as of 1/1/2008)

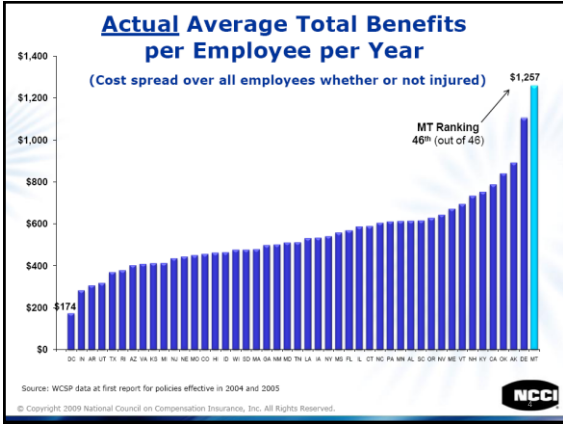


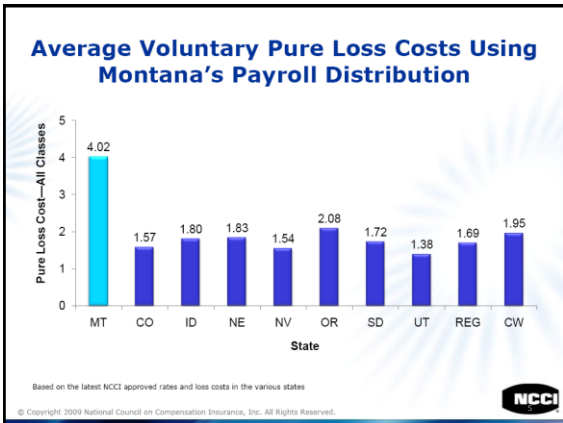
MT Ranking 11th (out of 50). All states based on rates in effect on 1/1/2008.

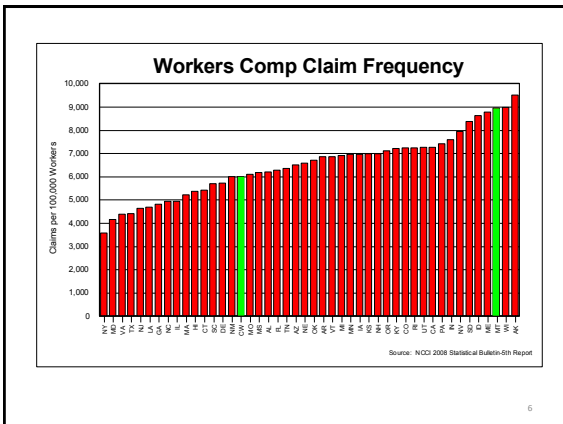
1.0 represents countrywide average cost per case (indemnity only). All states indexed to countrywide average.

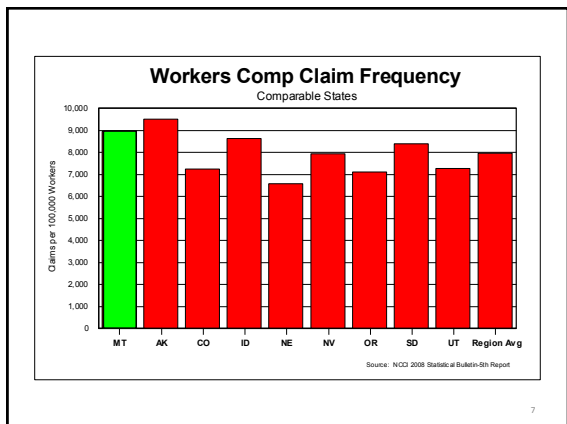
Sources: Workers Compensation State Rankings, Manufacturing Industry Costs, and Statutory Benefit Provisions, 2008 Ed., Prepared by Actuarial & Technical Solutions, Inc.
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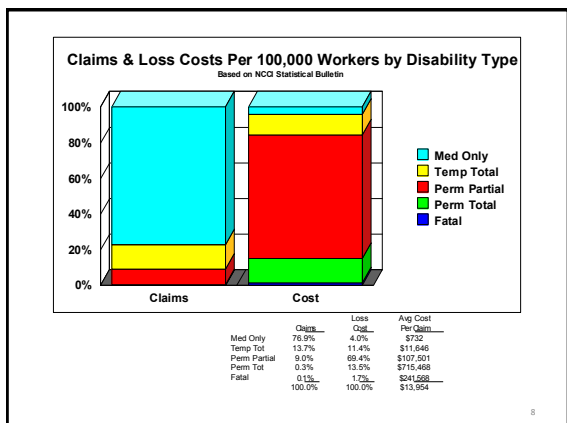


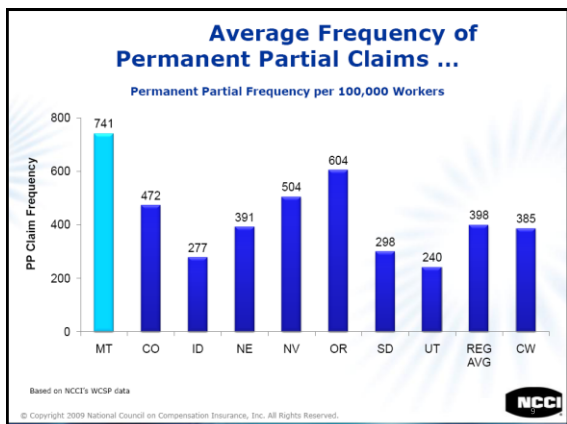


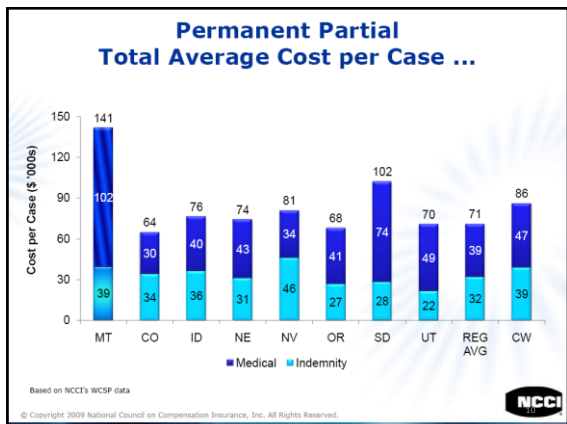


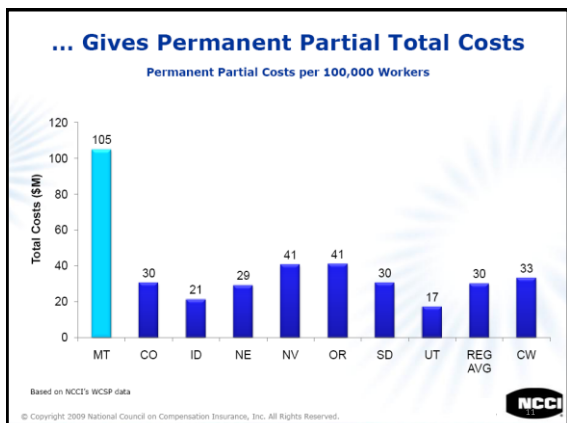










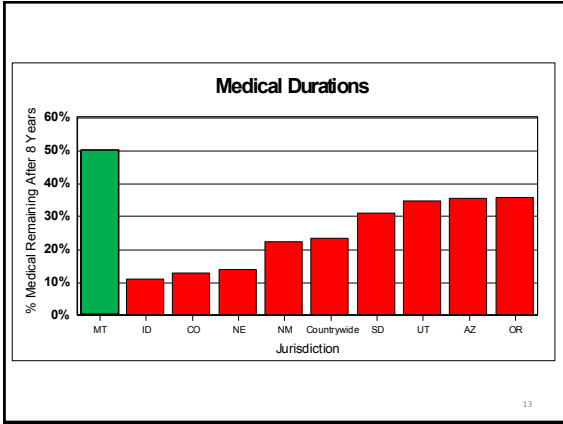


Percentage of Claims Closed Montana vs. Neighboring States

Claims open 5 yrs+ account for 40% of total loss and 40% of outstanding loss in Montana.

	@ 1 st Report	@ 2 nd Report	@ 3 rd Report	@ 4 th Report	@ 5 th Report
Nebraska	55%	79%	87%	92%	94%
Montana	58%	77%	86%	89%	90%
South Dakota	58%	83%	91%	94%	96%
Nevada	66%	89%	92%	95%	95%
Oregon	67%	85%	91%	94%	96%
Idaho	69%	88%	93%	95%	97%
Utah	70%	88%	92%	95%	95%
Colorado	71%	91%	96%	98%	99%

Source: NCCI Financial Call data valued as of 12/31/2007
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What Causes Greater PPD Frequency & Longer Medical Durations?

Data Evidence & Claims Experience Suggest:

- Preexisting conditions determined to have been permanently aggravated by work conditions
- Emergence of secondary medical conditions deemed related to primary diagnosis
- Ongoing medical treatment determined to be necessary to maintain MMI


Controlled by treating physician

How is MT Different?

MSF Claim Professionals With Experience in Montana and Other Jurisdictions Say:

- Presumptive validity of treating physician
- Major contributing cause standards
- Treatment beyond MMI
- Lack of full & final closure
- Lack of apportionment for non-work related cause

Primarily a function of case law



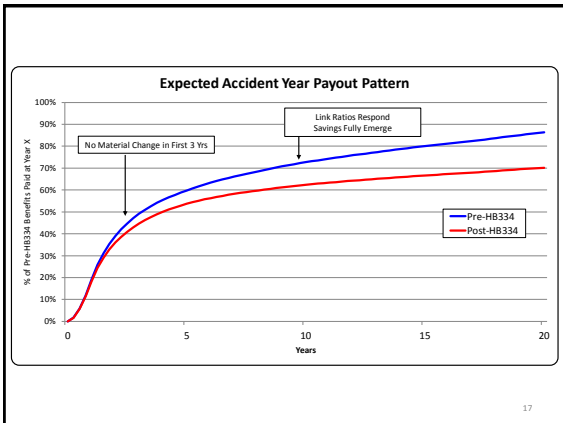
MONTANA
House Bill 334 Law Only Filing

EXHIBIT I-A
Law Memorandum

NCCI estimates the enactment of House Bill (HB) 334 will change overall Montana workers compensation (WC) system costs according to the table below:

Bill Section	Provision (Statute Section §39-71-)	Percentage Impact
9	Permanent Partial Awards (703)	-1.7%
10 / 29	Termination of Medical Benefits at 60 months (704) Reopening Provisions (new)	-12.1%
10	Medical Fee Schedule (704)	-2.3%
13	Retroactive Period (736)	+0.5%
24-26	Choice of Healthcare Provider (1101)	-8.5%
Overall Impact on Montana WC System Costs		-22.4%

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Questions / Discussion