

State Comparison

State	Contact	State Characteristics (Unique) Successes & Failures	Reform Changes	Regulatory Structure	Litigation Structure	Medical Fee Schedules	Utilization Review (UR)	Benefits (TD + PD) PD Process	Medical Networks	Vocational Rehabilitation	Visit Caps	Return-to-Work	Fraud	Penalties	Disputes	Market Analysis	Rating System (Open vs. Closed)	
					Appeals, Appointment, Timing of coverage & dispute resolution, attorney compensation	Adoption, basis										Competition	Pricing	Rating System (Open vs. Closed)
California				- California Department of Insurance - California Department of Industrial Relations, CHSWC (8 members), Division of Workers' Compensation - State Fund: Yes, SCIF	- WC Appeals Board (7 members, political appointees) adjudicates claims that have been repeated for reconsideration	- Yes, five fee schedules: outpatient, pharma, medical equipment, laboratory, and ambulatory. - Rates set at 120% of Medicare, pharma 100% MediCal	- Effective January 1, 2004 every claims administrator must establish UR process, using evidence-based ACOEM guidelines	- Effective April 19, 2004 all injuries capped at 104 weeks of TD benefits - Effective January 1, 2005 PD rating schedule uses AMA guidelines - Results: Reduces claim costs	- Effective January 1, 2005 all medical services must be performed within employer/carrier created MPN - All medical treatment disputes resolved within MPN doctors. After 3rd opinion go to Independent Medical Review (IMR)	- Effective January 1, 2004 repealed voc rehab benefits and replaced with Supplemental Job Displacement Voucher (SJDV)	- Chiropractic, PT, OT limited to 24 visits each	- Effective January 1, 2005 PD benefit increases 15% if employer does not offer RTW and decreases 15% if does offer RTW	- WC fraud laws make it a felony to file false or fraudulent WC claim - Results: Fraud not a major problem in CA	- Effective June 1, 2004 penalties only on delayed payments - Results: Reduces WC system admin costs	- Effective January 1, 2004 alternative dispute resolution (ADR) adopted for all industries as an informal processes to resolve disputes. - Results: Reduces litigation costs			- Competitive, beginning in 1995 open rating
Florida	- Kevin McCarty - Commissioner, Florida Office of Insurance Regulation - Interview December 9, 2005	- Utilizes cost-sharing techniques (employer + injured worker) where the injured worker pays deductibles and copayments for medical services	- 2003 Major Reform Act, changes to Permanent Total Disability, Permanent Total Supplement, Permanent Partial Benefits, Practice Parameters and Protocols mandatory in medical care, change to Independent Medical Examinations, Attorney Fee Award structure, Compliance, Exemptions, elimination of Supplemental Benefits and other Legislative changes.	- Effective January 1, 2003 Department of Insurance and Department of Banking and Finance merge into one new agency, the Department of Financial Services	- Attorney fee award structure	- Yes, Florida fee schedule		- Florida Impairment rating guide	- Managed care arrangements									- Not competitive, rates set by Florida Department of Insurance (DOI)
Illinois						- Effective February 1, 2006 - WC Medical Fee Advisory Board to advise the Commission on fees	- UR adopted July 20, 2005 - Employer permitted to engage in UR to evaluate quality and necessity of HC services - UR programs MUST register with the Department of Financial and Professional Regulation every 2 years - UR must be in compliance with WC UM	- Indexed to 66 2/3 x Federal (or State) minimum wage, at 40 hours/week - Benefits increased by 10% for each dependent		- Effective February 1, 2006 - Voc Rehab certificate required			- Established a fraud and insurance non-compliance investigatory unit - Provisions and penalties for any person, company, corporation, insurance carrier, healthcare provider or any other entity that violates any of the fraud provisions is guilty of a Class 4 felony	- Effective February 1, 2006 - Increased penalties for unreasonable delay of the payment of TTD benefits, and medical benefits, from \$10 a day to \$30 a day and from a maximum of \$2,500 to a maximum of \$10,000				- Not competitive
Maine	- John Leonard - President & CEO Maine Employers Mutual Insurance Company	- Exempt certain nonresidents from coverage (?)	- February 2004	- Bureau of Insurance, Department of Professional Financial Regulations - Workers' Compensation Board (est. 1993) - Bureau of Labor Standards - Monitor, Audit, & Enforcement Program (MAE) - State Fund: No. Maine Employers Mutual Insurance Company is insurer of last resort	- Effective 1997 a Worker Advocate Program to better serve injured workers for disputed claims	- Yes, Medicare based												- Hard market, underwriting standards tightened and reduced use of premium credits - Over 250 competitors, however only 225 actually underwrite WC - Competitive, since 1993 each insurance company is required to file its own manual rates based upon expense and profit provisions
Michigan	- Bruno Czyrka - Deputy Director, Workers' Compensation Division - December 16, 2005	- Self-insured decreased from over 700 to 500 employers	- January 1, 1983 adopted open competition	- Office of Financial and Insurance Services reports annually on competition - Appointment: Political appointees on Board for 4 years - State Fund: No. Blue Cross bought state fund 10 years ago	- Timing: appeals process 12-14 months - Payment: Lawyers receive 15% of 1st \$25k and 10% after - 1/3 of all cases litigated. 70% settled, 30% to trial - Supreme court decided PD case	- WC Advisory Board (20 person reviews annually with guidance from RBRS) - Medicare + 270.5% above guides	- Each carrier performs their own UR, with guidance from RBRS	- No networks, however industrial clinics (private) - Injured worker can use their own doctor after 10 days										- Healthy competition - 283 competitors - Maximum market share = 20% - Premiums decreased by 40% over the last 10yrs - Not competitive, however open rating system since 1983

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Minnesota	Scott Brener, Tammy Loehmann, Tom Baker and Scott Brochert - Commissioner, Minnesota Department of Labor and Industry & Department of Commerce Insurance - Interview November 29, 2005	- WCRA as a monopoly reinsurer	- Effective July 1, 1995	- Department of Labor and Industry. Commissioner is appt. and serves at the will of the Governor - State Fund: Yes, but not the insurer of last resort	- Appeals, Appointment, Timing of coverage & dispute resolution, attorney compensation	- Adoption, basis		- Yes, PD Schedule for all injuries after July 1, 1993 - AMA guides	- Yes, in the metropolitan areas. More difficult to find benefit in rural areas										- In 2001 there were 248 competing firms, in 2004 the number decreased to 214 - The State Fund is ranked #2 for market share - Carriers 51 and above comprise approximately 17% of the total market, and approximately 19% of the voluntary market	- Not competitive, open rating since 1983
New York				- State Fund: Yes, NY State Insurance Fund															- Competitive	
Oregon	- January 2005 Biennial Report on the Oregon WC System	- State fund and Liberty control the market - HB 3669 (2003) expanded role of nurse practitioner to treat injured worker, authorize time loss and return injured worker to work - Attending physicians limit who the injured worker case, similar to MPNs - Attempted to pilot 24hr care in 1993, however failed to enroll enough employers to evaluate	- 1987 Legislature (HB 2900, HB 2271) and May 1990 Special Session (SB 1197) - HB 2900 addressed: expanded safety and health prevention programs, created Preferred Worker Program, increased benefits, limited authority of Board - HB 2271 addressed: limited mental stress claims and placed burden of proof on worker - SB 1197 required disability standards used at claim closure, created claims examiner program, allowed use of MCOs, compensation ONLY if injury is a MAJOR cause	- Department of Consumer Business Services, Workers' Compensation Division and Board - State fund: Yes	- 2 major supreme court cases led to further changes by the legislature (SB 369, 485)	- Yes, since 1982 revised often and in 1987 adopted RBRVS (medicare schedule) - In 2004 adjusted their pharmacy fee schedule to 88% of average wholesale price	- SB 1197 added medical utilization as a responsibility of the DWC, but then moved to carrier	- Statutory benefits increased - however average amount awarded decreased - Effective January 1, 2005 SB 757 new PDD definition	- Use MCOs and attending physicians	- HB 2900 (1987) limited	- Removed palliative care (treatment to relieve symptoms, not necessarily improve worker condition)	- Yes and provide incentives to employers if they hire 1 permanently disabled workers (Preferred Worker Program)	- Toll-free hotline for the public to report abuse	- HB 2900 increased penalties against employers	- SB 1197 increased time allowed to investigate claims	- Since 2000, 12 bankruptcies, increased market concentration, and instability - In 2003 there were 187 active companies writing WC coverage			- Competitive. "File-and-Use" rate making system (encourage price competition) - Employers premiums based on pure premium rates, their own filed expense loading factor, and their own claim experience	
Texas	- Russell Oliver - President & CEO, Texas Mutual - October 27, 2005	- Adopted a lump-sum payment system, where injured worker's total health benefit is maxed out - Injured worker's impairment is determined by the claimant's doctor; if outcome is disputed the impairment rating reviewed by a designated doctor - Designated doctors selected by TDI and required to complete special training - Adopted AMA guidelines gradually - Weak labor unions - Audit Monday claims	- June 1, 2005 - HB 7 addressed: high medical costs, poor return-to-work outcomes, and the structure of the state agency charged with administering the system	- Department of Insurance, Division of Workers' Compensation - State fund: Yes					- Adopted Network Model, where injured workers are required to see in-network doctors - Network using AMA guidelines - The state has NOT witnessed success in treatment guidelines, mainly because they are unrealistic						- Only when claimant doctor and designated (TDI) doctor do not agree on health outcome does the case proceed to a hearing - 10% of cases resolved at hearing process	- Since late 1990s increased competition, today over 200 companies writing WC insurance		- Competitive		
	Summary of trends																			