

Council on Worker's Compensation
Meeting Minutes
GEF-1 Building
Madison, Wisconsin
June 26, 2012

Members present: Mr. Beiriger, Ms. Bloomingdale, Mr. Brand, Mr. Brandl, Mr. Collingwood, Ms. Connor, Mr. Kent, Mr. Metcalf, Ms. Nugent, Mr. Redman, and Mr. Schwanda

Staff present: Mr. O'Malley, Ms. Knutson, Mr. Aiello, Mr. Krueger and Mr. Topp
Excused: Mr. Buchen, Ms. Pehler, and Ms. Thomas

1. Call to Order/Introductions: Mr. Metcalf convened the Worker's Compensation Advisory Council (WCAC) meeting at approximately 10:15 a.m. in accordance with Wisconsin's open meetings law. WCAC members, staff and members of the audience introduced themselves. Mr. Metcalf welcomed Mr. Bill Brandl, Sentry Insurance Company, to the Council.

2. Approval of Minutes: Ms. Nugent moved to approve the minutes of the March 29, 2012 meeting without correction; seconded by Mr. Kent. The minutes were unanimously approved.

3. Database Audit Committee: Ms. Knutson provided a summary of the Database Audit Committee meetings, the procedures set forth in Wis. Admin. Code s. DWD 80.72 regarding the certification process for databases, and the issues raised by the committee members. Mr. Topp explained the WCD process for resolving health cost disputes. The recommendations by the committee for the scope of the audit are contained in the minutes of the June 19, 2012 Audit Committee meeting. The audit must be commenced by November 1, 2012 or effective January 1, 2013, the maximum permanent partial disability benefit rate will be reduced to \$317 per week and the certified amounts for medical procedure codes contained in the certified databases will be increased to 1.3 standard deviations from the mean (effectively resulting in higher allowable medical charges).

Motion by Mr. Brand, second by Mr. Kent to approve the database audit scope recommended by the Audit Committee; motion carried unanimously. The Department will solicit requests for proposals (RFP) or requests for bids (RFB) to retain an expert to conduct the audit pursuant to state procurement guidelines.

4. Permanent Total Disability Study Committee: Mr. Aiello reported that the first meeting of the PTD Study Committee is scheduled for June 28, 2012. The committee members are: Mr. Aiello (chair), Mr. Kent, Mr. Beiriger, Ms. Connor, and Mr. Redman.

5. Work Injury Supplemental Benefit Fund: Mr. Krueger provided a handout containing financial information on the WISBF. The cash balance as of June 25, 2012 was approximately \$6 million. He reported that the initial recommendation of the Department was that \$2 million in additional revenue was needed each year to offset the increased benefits paid out of the WISBF. An actuarial analysis would need to be conducted to more accurately calculate the additional revenue needed. Mr. Kent indicated that Labor proposed some changes in the law at the last meeting that would provide some additional sources of revenue for the Fund. He suggested that the WCAC members review those proposals for further discussion at the next meeting and possible legislation for early next year. Mr. Metcalf indicated the WCD would keep the WCAC informed of additional information on the WISBF balance as it becomes available.

Mr. Aiello provided a handout containing information on research requests from the last WCAC meeting. The information included projected revenue if dismemberments subject to payment into the WISBF were expanded to include fingers and toes at any joint up to a maximum amount, a calculation of the total amount paid per year for Children's Fund benefits, and projected revenue if the Social Security Disability offset amounts on all benefit claims were paid into the WISBF.

Mr. Metcalf explained that in the history of the WISBF, there was a time in the early 1990's when the Department and the WCAC were concerned that carrying too large of a balance in the WISBF could raise an issue with the Legislature. So, a moratorium on payments into the WISBF was passed until the balance was reduced. Mr. O'Malley commented that 30 years ago, the WISBF balance was rapidly decreasing and the WCD was holding back on benefit payments due to cash flow issues. At that time, the Second Injury Fund claims were the largest benefit payments out of the Fund. Statutory changes were enacted at that time to prevent lump sum payments and delay accrual of benefits.

6. Agreed Bill Update: Mr. O'Malley reported the WCAC agreed bill passed and was enacted as 2011 Wis. Act 183, effective April 17, 2012. The text of the Act and a plain language summary are posted on the DWD WCD website. The WCD is still working on the changes to Wisconsin Administrative Code ch. DWD 80 approved by the WCAC in 2009. There are new requirements for approval of administrative rules by the Governor's Office. The DWD Secretary's Office is currently awaiting the necessary approvals before the public hearing on the proposed rules can be scheduled.

7. Other Business: The WCAC discussed proposed federal legislative reforms to Centers for Medicare & Medicaid Services (CMS) reporting regulations. The penalties are significant for non-compliance with CMS reporting of worker's compensation claim payments. DWD is a responsible reporting entity (RRE) due to medical benefit payments made by the Uninsured Employers Fund, Self-Insured Employers Liability Fund and the WISBF (for barred occupational disease claims). There is no appeal process provided by CMS and no statute of limitations for proceedings by CMS against primary payers.

The WCD will schedule the public hearing for the WCAC for December 2012. The public hearing will again be conducted via videoconference from the UW Pyle Center with links to sites in Milwaukee, Green Bay, La Crosse, Superior, Wausau and Eau Claire.

8. Adjournment: Motion by Ms. Bloomingdale, second by Ms. Nugent to adjourn. The motion carried unanimously and the meeting was adjourned at approximately noon.

Next meeting: September 11, 2012.