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Workers' Compensation Medical Costs in NH Significantly Higher

Concord, NH – In the world of workers' compensation, the fees charged by the health care community are significantly more expensive on average in New Hampshire than in other states, according to the New Hampshire Insurance Department.

“Medical costs in New Hampshire have grown to almost 75 percent of total workers' compensation dollars in New Hampshire, compared to about 60 percent countrywide,” said Deb Stone, actuary and director of market regulation at the Insurance Department. “It's my belief, based on actuarial analysis, that the lack of limitation on what can be charged by medical providers and facilities is a major contributor to this trend.”

New Hampshire went from being listed as the 14th most expensive state for workers' compensation coverage in the country in 2008 to the 9th most expensive in 2012, according to the Oregon Workers Compensation Rate Ranking Study.

Physicians' services

On average, workers compensation surgical procedures in New Hampshire are 83 percent more expensive than those in the region* and more than twice as expensive as they are nationally, according to data from the National Council on Compensation Insurance. In total, the data included four categories of physician services: surgical, radiology, physical and occupational therapies, and doctors' visits. Insurance Department actuaries found that medical costs in New Hampshire exceeded those in surrounding states and the nation by a substantial margin in all four categories. For radiology, the costs were 35 percent more expensive than in the region and 66 percent more expensive than nationally; for physical and occupational therapies, the costs were 95 percent and 64 percent more expensive, respectively; and for doctors' visits, costs were 36 percent and 47 percent more expensive.

The data represent the most common procedures comprising at least 50 percent of the total dollars spent by workers compensation insurance companies on physician services.

“New Hampshire is more expensive, not only on average, but for every single individual physicians' services procedure reviewed, save one,” said Insurance Commissioner Roger Sevigny. “We are among the most expensive states for workers' compensation, and it makes it more costly for businesses to operate here.”

Facilities

On average, the costs for surgical procedures at ambulatory surgical centers in New Hampshire are 37 percent more expensive than the surrounding region and 77 percent more expensive than countrywide. Also, on average, hospital outpatient surgical procedures cost 15 percent more in New Hampshire than in the region and 25 percent more than countrywide. Further, in cases where the same procedure may be performed either as a hospital outpatient procedure or in an ambulatory surgical center, the data show that the cost in the ambulatory surgical center is generally more – in some instances as much as twice as expensive, or even higher. For hospital outpatient non-surgery procedures, NH is 51 percent more expensive than both the surrounding region and countrywide on average.

Workers' compensation is a form of insurance that employers are required by state law to provide for their employees. This is to ensure, in part, that people who are injured or disabled on the job are not required to cover medical bills related to their on-the-job injury or illness. New Hampshire is one of just six states that do not have legal guidelines in place to cap the amount that health care providers can charge workers' compensation insurance companies for services. In addition, current state law (RSA 281-A:24 I) mandates that workers' compensation insurance "shall pay the full amount of the health care provider's bill."

The National Council on Compensation Insurance is an advisory organization that provides information to the insurance industry and to regulators. It provides services to the workers compensation industry in most states. In New Hampshire, it develops rates and advisory loss costs, administers the Residual Market, and provides data for analysis of issues such as the pricing of proposed state legislation and research. It provides similar services to all the New England states except Massachusetts.

*The region is defined as Maine, Vermont, Connecticut and Rhode Island. Data from Massachusetts were not available: Massachusetts does not contract with NCCI. In the study, 35 states were used as the national comparison.

The New Hampshire Insurance Department's mission is to promote and protect the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of the insurance laws of the State of New Hampshire. For more information, visit www.nh.gov/insurance.

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