

**ADVISORY COUNCIL
ON
WORKERS' COMPENSATION
2011 REPORT**



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TABLE OF CONTENTS

	<u>Page</u>
I. Introduction	2
II. Workers' Compensation Managed Care	3
III. 2010 NH Workers Compensation Results	4

I. Introduction

In 2011 the Workers Compensation Advisory Council met seven times. Our attention centered on the cost of medical care in our workers compensation system. We heard hours of pertinent testimony and debated this issue and potential solutions. In our last two meetings, we unanimously passed several motions relative to this issue. During our meeting on August 19th, a motion was passed which not only stated our recognition of a problem in the medical cost trend in NH, but also our recognition that the present system was not in crisis.

During our last meeting, held on October 7th, we unanimously passed several motions recommending ways to address this issue:

1. A “ten day rule” that would enable an employer to select the medical provider for treatment of a WC injury for the first 10 days following the notice of injury, and thereafter it would be the employee’s choice.
2. Encourage methods to bring about greater transparency of cost; both charges and reimbursements.
3. Study the use of selective employer based provider panels from which the employee would select a provider for injury treatment for a specified amount of time.
4. Establish criteria to certify pharmacy benefit management organizations, and enable employers utilizing them, to require that prescriptions related to work injury treatment be filled within the PBM system with some exceptions similar to group health practices.
5. Create a generic substitution law for prescriptions related to work injury treatment.

One managed care organization, Windham Group, came before the Advisory Council and presented their managed care program for recertification. A summary of our actions regarding managed care is included.

In 2012 we will continue to focus on the cost of medical care with the hope of reaching a consensus among stakeholders as to how best to manage this issue going forward.

Respectively submitted,

Tom Callahan, Chair
Workers Compensation Advisory Council

II. Worker's Compensation Managed Care

There are currently seven (7) approved Managed Care Organizations in New Hampshire that provide case management services statewide. Approval to operate a managed care organization in NH is granted by the Workers' Compensation Advisory Council on the recommendation of the Department of Labor.

The program criteria and approval process is outlined in the Workers' Compensation Managed Care rules, LAB 703. The organization is required to submit to the Department of Labor a copy of their managed care program. The Commissioner reviews the program criteria to confirm that it meets the necessary components as specified in managed care rules. Additionally, the commissioner shall review each managed care program for purposes of determining the program's continued compliance with the standards for approval and delivery of service prior to the expiration of 3 years from the date the program's approval was ratified by the advisory council. Subsequent reviews shall take place at least once every 5 years thereafter, or whenever the commissioner determines that such a review is required. There is one (1) managed care organization coming up for renewal in 2012.

Managed Care Organizations offer the services of an injury management facilitator (IMF) and a comprehensive network of medical providers to assist the employee with their workers' compensation claim. The IMF is able to provide education on the workers' compensation process to employers and employees. These services are the keys to successful implementation of managed care

Injury management facilitators, who are approved by the WC Advisory Council, provide case management to the injured employee. The IMF's role is to coordinate among the injured employee, health care professional and insurer to provide the employee with timely, effective and appropriate health care services in order to achieve maximum medical improvement and an expeditious return to work. They must follow the protocols of the Managed Care Organization who has retained their services.

Between 2010 and 2011, the WC Advisory Council approved four (4) Injury Management Facilitators bringing the total of approved IMF's to 77.

The Department of Labor closely monitors the performance and impact of managed care organizations in NH. Quarterly meetings with the managers of the organizations are excellent opportunities to address Department of Labor concerns. Injury management facilitators are required to participate in training seminars and/or use training tapes on the laws and rules of Managed Care and benefit provisions of the Workers' Compensation law.

**2010
NH Workers Compensation Results**

Total Market

#	<u>Top Ten Groups</u>	<u>Direct Written</u>	
		<u>Premium*</u>	<u>Market Share</u>
1)	Liberty Mutual	\$ 40,126	18.28%
2)	WR Berkley	\$ 22,412	10.21%
3)	Hartford	\$ 17,500	7.97%
4)	Travelers	\$ 16,826	7.67%
5)	American International	\$ 16,287	7.42%
6)	AIM Mutual	\$ 10,785	4.91%
7)	Ace Ltd	\$ 10,370	4.72%
8)	MEMIC	\$ 10,280	4.68%
9)	Zurich	\$ 8,623	3.93%
10)	Guard	\$ 7,187	3.27%
	Total	\$ 160,396	73.08%
	Total Market	\$ 219,477	100%

Residual Market

<u>Servicing Carriers</u>	<u>Direct Written</u>	
	<u>Premium*</u>	<u>RM % Share</u>
LM Insurance Corp	\$ 488	4.59%
Travelers Ind Co	\$ 3,453	32.47%
Riverport Ins Co	\$ 4,736	44.54%
<u>Direct Assignment Writers:</u>		
Cincinnati Ins Co	\$ 135	1.27%
American Zurich Ins Co	\$ 284	2.67%
Hartford Underwriters	\$ 957	9.00%
Continental Casualty	\$ 120	1.13%
Ace American Ins Co	\$ 460	4.33%
Total (4.84% of market)	\$ 10,633	100.00%

*(000's omitted)

Companies with direct written premium in 2010 making up the top ten groups:

- Liberty Mutual Group: Liberty Ins Corp, Peerless Ins Co, Liberty Mutual Fire Ins Co, LM Ins Corp, The Netherlands Ins Co, Excelsior Ins Co, Wausau Underwriters Ins Co, Wausau Business Ins Co, First Liberty Ins Co, Employers Ins of Wausau, Liberty Mutual Ins Co, American States Ins Co, American Economy Ins Co, Peerless Ind Ins Co, Ohio Casualty Ins Co, Safeco Ins Co of America, General Ins Co of Amer, West America Ins Co
- WR Berkley Group: Acadia Ins Co, Firemens Ins Co of Washington DC, Continental Western Ins Co, Union Ins Co, Midwest Employers Cas Co, Great Divide Ins Co, Riverport Ins Co
- Hartford Group: Twin City Fire Ins Co, Hartford Ins Co of the Midwest, Hartford Underwriters Ins Co, Hartford Cas Ins Co, Hartford Fire Ins Co, Hartford Acc & Ind Co, Sentinel Ins Co Ltd, Property & Casualty Ins Co of Hartford
- Travelers Group: Travelers Ind Co, Charter Oak Fire Ins Co, Travelers Ind Co of CT, United States Fidelity & Guaranty, Travelers Ind Co of America, Farmington Cas Co, Phoenix Ins Co, Travelers Cas & Surety Co, Travelers Property Casualty Co of America, Standard Fire Ins Co, Fidelity & Guaranty Ins Co, Fidelity & Guaranty Ins Underwriters Inc, Automobile Ins Co of Hartford CT, Discover Prop & Cas Ins Co
- American International Grp: Commerce & Industry Ins Co, New Hampshire Ins Co, National Union Fire Ins Co of Pittsburg, Ins Co of the State of PA, Granite State Ins Co, Chartis Cas Co, Chartis Specialty Ins Co, American Home Assurance Co, Landmark Ins Co, Illinois National Ins Co
- AIM Mutual Group: Associated Industries of MA Mutual Ins Co, New Hampshire Employers Ins Co
- Ace Ltd Group: Ace American Ins Co, Indemnity Ins Co of North America, Ace Fire Underwriters Ins Co, Ace Property & Casualty Ins Co, Pacific Employers Ins Co, Bankers Standard Ins Co
- MEMIC Group: Maine Employers Mutual Ins Co, Memic Ind Co
- Zurich Group: Zurich American Ins Co, American Zurich Ins Co, Northern Ins Co of NY, Maryland Cas Co, American Guar & Liab Ins, Assurance Co of America, Foremost Ins Co of Grand Rapids MI, Mid Century Ins Co, Universal Underwriters Ins Co, Foremost Prop & Cas Ins Co, Truck Ins Exchange, Zurich Amer Ins Co of Illinois, 21st Century North Amer Ins Co
- Guard Group: Amguard Ins Co, Norguard Ins Co, Eastguard Ins Co

Total Market information obtained from NAIC

Residual Market information obtained from NCCI