

**MASSACHUSETTS WORKERS' COMPENSATION
ADVISORY COUNCIL MINUTES**

April 10, 2002
Department of Industrial Accidents
600 Washington Street, 7th Floor
Boston, MA 02111

Chairman: William H. Carnes

Vice Chairman: Edmund C. Corcoran, Jr.

Present: Chairman William H. Carnes; Vice Chairman Edmund C. Corcoran, Jr. CM: Frank Fanning; Richard Lord (Tom Jones); Antonio Frias; Robert Banks; Department of Labor & Workforce Development (Joan Lenihan); Alan S. Pierce; Carol Falcone.

Also Present: DIA: Commissioner Griffin; Legal Counsel Paul Griffin; Senior Judge O'Shea; Jerome Shea; Jim Hayes; Karen Fabiszewski; Karen Wager (WCRIB).

Advisory Council Staff: Denise Lucciola; Andrew Burton; Ann Helgran.

Absent: CM: Jeanne-Marie Boylan; Stephen Sampson; John Perry; Bruce Cochrane; Department of Economic Development.

Guests: Oracle Representatives: Thomas C. Budnar, Senior Practice Director; David Holmes, Client Services Director; Anton Nielsen, Technical Director.

Agenda:

DIA Update

Oracle Presentation

Action Items

Minutes

Executive Director Update

Miscellaneous

DIA Update

Senior Judge O'Shea updated Council Members on current judicial statistics. Conference Queue: 1,282; Hearing Queue: 1,689; Reviewing Board Inventory: 170; Impartial Exams: 3,272 (65 waivers). He noted that the Governor's Council will be reviewing the re-appointment of judges today and had approved one judge last week. At the present time there are 19 judges on-line.

Stop Work Orders

Mr. Shea updated Council Members on the stop work orders statistics. Total Investigations for March: 823; Total SWO's Issued: 210; Total Fines Collected: \$18,073; Total Fines Billed: \$23,000.

Chairman Carnes requested that the DIA submit a list of repeat offenders to the Council. Mr. Hayes replied that he would provide a list at next Council Meeting.

Budget

Mr. Hayes updated Council Members on the status of the budget. He informed members that there is no word as yet on next year's budget. He told Council Members that he and the Commissioner had accompanied officials of the Department of Labor & Workforce Development who presented testimony to the Senate Ways & Means Committee on March 25, 2002. They are presently waiting for the budget to be approved.

Personnel Issues

Mr. Shea continued to address the personnel statistics. As of March 31, 2002 the personnel number is 289. There have been 14 early retirement vacancies; two of these positions are under the 20% cap and will be allowed to be back-filled. Commissioner Griffin stated that one of the two back-filled positions will be used to replace the Lawrence Regional Manager and the other back-filled position will be used to fill an opening for a Conciliator. Discussion followed. Vice Chairman Corcoran again voiced his concern as to the legislature being made aware of the fact that employers' monies funded the DIA.

He inquired whether Senate Ways and Means was made aware of the DIA funding at the Hearing. The Commissioner stated that it was not raised at the Hearing but was presented prior to the Hearing with the staff of both the House and Senate. The difficulty seems to be in the re-educating of aides each year due to the continual changing of staff members.

Council Members continued to discuss the DIA funding process. Suggestions were made on how to amend §65 and establish a separate retained revenue account. Commissioner Griffin informed Council Members that a process to independently fund the agency was being developed by the prior

Commissioner but had not been completed. Commissioner Griffin suggested that the process could be revisited if the Council were in agreement. Chairman Carnes asked for a motion to form a subcommittee that would make recommendations on the language for legislation to amend §65.

A motion was made to form a subcommittee that study the language of §65 and the possibility of establishing a retained revenue account in an effort to create an independent budget for the DIA.

MMS - passed.

Assessment Audit

Karen Fabiszewski, Assistant General Counsel, updated and distributed a handout (attached to minutes) that she reviewed with Council Members. She noted that the DIA had received a final report from the reviewing firm of Parent, McLaughlin & Nangle regarding the following three insurance companies: 1) the Atlantic Charter Insurance Company; 2) the Endeavor Insurance Company; and 3) the Casualty Reciprocal Insurance Company. For each insurance company, Ms. Fabiszewski reviewed the findings contained in the final report. She further explained that the results were based on an examination of a sample population from each insurance company and that these results were then extrapolated to the entire population of policies to arrive at a projected underpayment.

Discussion followed. In response to a question from the Council, Ms. Fabiszewski noted that the reviewing firms attempt to review related insurance companies and subsidiaries at the same time. She indicated that the cost and length of the review are directly related to the size of the company or companies reviewed. She further remarked that there are approximately 50 insurance companies currently under review. The reviews are in various stages, with the review of some companies nearing completion and the review of other companies in the early stages. Ms. Fabiszewski further explained that the "0" on the audit report given to the Council indicated that the final report had not been received. Since this "0" seemed to be misleading, she would clarify this column in the next report.

Council Members questioned whether the assessment audits were cost effective, and why certain large Insurance Companies were not being audited. Mr. Paul Griffin, Counsel for the Department, informed members of the Council that a discussion had been held previously with the Commissioner as to how much was being spent on the audit. He felt that at some point the Council will have to decide whether the method used at present to do the assessment audit is cost effective.

Vice Chairman Corcoran suggested that the auditors be given a more descriptive definition of what the Department wanted in the audit. Council Members continued to discuss various methods of auditing the

various insurance companies to make the audit cost effective. It was suggested that a computer instead of the present method could randomly select insurance companies.

The Executive Director asked if the Section 65 Subcommittee members would be able to meet immediately following the May 8th Advisory Council meeting. She also stated that she would contact all of the parties involved prior to next meeting. Chairman Carnes thanked the members of the Department for their input and referred to the next order of business, the Oracle presentation.

Oracle Presentation

Chairman Carnes introduced Thomas C. Budnar; Senior Practice Director of Oracle who attended today's meeting to update Council Members on the Oracle system. Vice Chairman Corcoran updated Council Members of the background associated with the Oracle program and how the Council had advocated for the funding of this program in order to upgrade the software system at the DIA.

Mr. Budnar introduced David Holmes, Client Services Director, and Anton Nielsen, Technical Director of the Oracle program to those present. He also distributed a hardcopy of the slide presentation (attached to minutes). Mr. Nielsen and Mr. Holmes conducted the presentation and reviewed the slides of phase II along with the hardcopy. Recognition was given to the Core Team and to Vice Chairman Corcoran who participated in the Extended Team.

Mr. Holmes noted that the object of the program was to convert the existing Diameter system, bringing it into a web-based environment, and increase its security. He reviewed Phase I in the slides and followed the attached hardcopy. Mr. Nielsen continued to review the project status and Phases II of its development. He reviewed the objectives, scope, benefits, functional highlights, and system benefits. Mr. Nielsen went on to explain by example of slides how to input orders, edit and review them. He believed that the system would realize substantial cost savings as well as improving services within the organization. He stated that paper-based functions will change to electronic submission and the DIA will be on the leading edge in e-government initiatives. He personally thanked members of the DIA for assisting the Oracle team in their endeavor to implement the system.

Discussion followed and Council Members inquired as to the timetable for Phase II. They were told that the Department was looking for approval to go forward with Phase II, and there will be a formal presentation to the Council after July 1st if the budget is approved.

Action Items

Chairman Carnes asked for a motion to accept the minutes.

Motion made to accept the minutes.

MMS - passed.

Executive Director Update

Ms. Lucciola, Executive Director, stated that she would keep the Council posted on what was developing regarding the Oracle Budget process. She noted that the OEVR subcommittee will meet again on April 24th and Council Member Falcone will provide the Council with an update at the next Council meeting.

Ms. Lucciola informed Council Members that an RFR procurement team has been designated because it will be necessary in the next fiscal year to interview vendors for the rate filing. She will keep the Council informed as to its progress as Members will ultimately interview the bidders and vote on a vendor.

Ms. Lucciola voiced her best wishes for George Sutcliffe from the Standard whom sends his regards to the Council Members since he will no longer be attending meetings.

Mr. Sutcliffe has taken a position with the firm Wilson, Elser, Moskowitz, Edelman & Dicker and will be doing insurance coverage and insurance defense work. Chairman Carnes asked for a motion to adjourn.

Motion made to adjourn.

Meeting adjourned 11:30 a.m.

The next regular meeting of the Advisory Council: May 8, 2002 at 9:00 AM, Division of Industrial Accidents, 7th Floor Conference Room, and 600 Washington Street, Boston, MA 02111.