

**MASSACHUSETTS WORKERS' COMPENSATION  
ADVISORY COUNCIL MINUTES**

June 14, 2000  
Department of Industrial Accidents  
600 Washington Street, 7<sup>th</sup> 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: Tony Frias (Inez Leonardo); Joseph Tamulis (Jim Manoli); Frank Fanning; Robert Banks; John Perry; John Gould (Donald Baldini); Alan S. Pierce; Carol Falcone; Bruce Cochrane; Department of Labor & Workforce Development (Joan Lenihan).

**Also Present DIA:** Vin Luca; Bob Davis; Tom Griffin; Liz Cellucci (Commerce & Labor); Alexandra St. Onge (WCRIB); Ann Conway (Tillinghast-Towers Perrin), John Murphy (Liberty Mutual).

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

**Absent:** CM: Jeanne-Marie Boylan (proxy); Department of Economic Development.

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**Agenda:**

DIA Update

Proposed Benefit Level Changes Update - Ann Conway

Consulting Actuary, Tillinghast - Towers Perrin

Action Items

Executive Director Update

Miscellaneous

Chairman Carnes conducted today's meeting

### **DIA Update**

Senior Judge Jennings updated Council Members on the statistics for May. Conference queue: 2,686; Hearing queue: 1,900; Reviewing Board inventory: 252; Impartial exams: 4,118 (for 11 months). Senior Judge Jennings stated that he will be leaving June 30th and he does not know who will be taking his place.

He continued to make the Council aware of the fact that the DIA now has eleven judges out of twenty-three judges up for reappointment. He noted that they are operating on a 50% strength and stated that this will probably create a backlog at the hearing level (the premise being based on his experience of two years ago) since he has had to take judges off-line who have not been re-appointed. At this time, he has not been informed of any reappointment being submitted to the Governor's Office.

Council Members continued to express their concern regarding the necessity of the immediate reappointment of judges to prevent backlogs. It was again suggested that the Council writes a letter to the Chairs of the Conference Committee and/or meets with members of Governor's Staff to express the Council's concerns. All Council Members were in agreement that this issue needed immediate attention and were open to any suggestions that might expedite the process. Ms. Joan Lenihan, representative of the Department of Labor and Workforce Development, stated that she would follow through with the Chief Secretary's Office and arrange a meeting with them to discuss the concerns of the Council.

Chairman Carnes suggested a letter be sent to the Governor regarding the concern of the Council for the need of immediate judicial appointments at the DIA, which was creating significant increases in the backlog. He further asked that a copy of the letter be sent to Senator Lynch and Representative Larkin.

### **Stop Work Orders**

Mr. Luca reviewed the statistics on stop work orders, which had been included in Council Members' packets. Total Investigations for May: 666; Total SWO's Issued: 207; Fines Collected: \$22,430.00; Total Fines Owed: -\$51,117.00; and Total Fines Billed: \$18,700.00. He noted that the new Lawrence Office would be open on Friday, June 30th.

### **Personnel Issues**

Mr. Luca continued with his update to Council Members on recent personnel issues. He stated that in May, there had been only one change and that was the resignation of an Administrative Secretary in Judicial Support. Total positions as of May 30, 2000: 294.20.

## Budget

Mr. Luca stated that the Fiscal Year 2000 budget was on track and the final 2001 budget will probably be within 2% of the 2000 budget. The Private Trust Fund will be reduced by approximately 20%. He noted that the Senate rejected the \$1.2 million safety grant request. The DIA does not know what the final outcome will be regarding this issue.

## Assessment Audit

Mr. Luca discussed the insurance audit results and related costs report he had given Council Members (attached to minutes). He indicated that there were 18 audits in progress and that the report shows four had been completed. The total cost to date for these audits was \$201,495. The DIA has billed out \$427,227 and there have been no disputes. Mr. Luca also noted that the Price Waterhouse Coopers audit of Travelers Insurance Company was under review by the DIA. Council Members requested that the anticipated completion times of the audit are added to the next audit report and Mr. Luca agreed.

Chairman Carnes thanked Mr. Luca.

## **Proposed Benefit Level Changes Update - Ann Conway**

Consulting Actuary, Tillinghast - Towers Perrin

Ms. Conway, of Tillinghast, came before the Council today to review the report on benefit level changes that Tillinghast completed for the Council (attached to minutes). She stated that the Council had asked Tillinghast to estimate the impact on workers' compensation costs with respect to extending benefits under §35 and the revising the scarring award under §36 of Chapter 152.

Ms Conway noted that the Council had requested that the percentage estimates that they had given in their last report be converted in dollar amounts. They used calendar year benefit payments as a proxy for system costs. The WCRIBM reported \$515 million in benefit payments for calendar year 1999. She stated that if they assume a 2% annual growth and adjust the WCRIBM data to reflect the impact of self-insurance the estimated 2001 payments would be approximately \$750 million (subject to all kinds of uncertainties as shown on page 8 of their report). Council Members discussed the report and it was noted that the cost impact was reflected in extending the duration of benefits. It was also mentioned that there might be a relatively small change because of the cap on §35 that does not deal with duration but in no way can a §35 benefit exceed 75% of a §34 Benefits.

Chairman Carnes thanked Ms. Conway for her review of the report with Council Members.

## **Action Items**

Tillinghast Report

Chairman Carnes asked for a vote to accept the Tillinghast Report. Motion made to accept the Report.

MMS - passed

Minutes

Chairman Carnes asked for a motion to accept the May minutes. Motion made to accept the May minutes.

MMS - passed.

## **Executive Director Update**

Executive Director Denise A. Lucciola updated Council Member regarding the Office of Vocational Rehab. Council Member Falcone and her had met with the director and other certified providers in an advisory group capacity. They will continue to meet over the next few months to develop a working action plan to address the concerns and recommendations from the March Advisory Council meeting. She will continue to update the Council on the progress of OEVR.

Ms. Lucciola stated that initially Ed Donaghue, who represents the Trade Association of Independent Property Casualty Insurers, was going to address the Council on why small insurers are now in agreement with the loss cost legislation. However, he had a family emergency and was unable to attend today's meeting. She noted that Mr. Murphy was present from Liberty Mutual if Council Members had any questions. Ms Lucciola also referred to the Council's previous position on competitive rating that had been included in Council Members' packets and the current legislation that had been submitted by Mr. Murphy. Ms. Lucciola noted that Senator Lynch asked for a consensus on the Council's position on this bill and that Representative Larkin would also like the Council's opinion. Due to the fact that the Legislature is adjourning at the end of July,

Ms Lucciola proposed a sub-committee be scheduled within the next two weeks to address the issues of a competitive rating system, followed by a phone poll to determine the concerns and opinions by Council Members that may be unable to attend the meeting.

Chairman Carnes, Vice Chairman Corcoran, Council Members Baldini, and Cochrane agreed to serve on the subcommittee.

Ms. Lucciola referred to the enclosures in Council Members' packet and noted the appointment of Judge Walker to the position of Administrative Judge.

Chairman Carnes asked for a motion to adjourn.

Motion made to adjourn.

MMS - passed. Meeting adjourned 10:45 a.m.

**The next regular meeting of the Advisory Council: July 12, 2000 at 9:00 AM, Division of Industrial Accidents, 7th Floor Conference Room, and 600 Washington Street, Boston, MA 02111.**