

**MASSACHUSETTS WORKERS' COMPENSATION
ADVISORY COUNCIL MINUTES**

March 10, 1999
Department of Industrial Accidents
600 Washington Street, 7th Floor
Boston, MA 02111

Chair: William H. Carnes

Vice Chair: Edmund C. Corcoran, Jr.

Present: Chairman William H. Carnes; CM: Jeanne-Marie Boylan; Joseph Tamulis; Frank Fanning; John Gould (Donald Baldini); Tony Frias (Inez Leonardo); Carol Falcone; Department of Economic Affairs (John Melina).

Also Present: DIA: Tom Griffin; Senior Judge Jennings; Jim Hayes; Bob Davis; Brian Hickey; Bob Roesch (WCRIB); Donna Wilson (Partners Health Care).

Staff: Andrew Burton; Ann Helgran.

Absent: Vice Chair William H. Carnes. CM: Lawrence Morrisroe; Robert Banks; John Perry; Alan S. Pierce; Department of Labor & Workforce Development (Janice Tatarka); Bruce Cochrane.

Agenda:

DIA Update

Vendor Presentations - Analysis of Insurance Rate Filing

- A. Deloitte & Touche LLP
- B. PriceWaterhouseCoopers
- C. Tillinghast - Towers Perrin

Subcommittee Updates

- A. Legislation Subcommittee
- B. Budget Subcommittee

Action Items

- Minutes - February, 1999

Executive Director Update

Miscellaneous

Chairman Corcoran conducted today's meeting.

DIA Update

Stop Work Orders

Mr. Hayes reviewed the February statistics on stop work orders (which had been included in Council Members' packets). Total investigations 455; total SWO's issued 116; total fines collected for February \$29,890; total fines billed \$12,400; total fines owed \$153,082.

Personnel Issues

Mr. Hayes updated Council Members on recent personnel issues. A status report was included in Council Members' packets. February changes: the resignation of a Program Coordinator in Public Information, the promotion of an Administrative Assistant to Finance & Accounting, the transfer of Safety Manager to Safety/Worcester Office. As of February 28, 1999: 298 positions filled.

Chairman Corcoran thanked Mr. Hayes for his update.

Assessment Audit

Mr. Hickey updated Council Members regarding the Assessment Audit and informed them that the RFR process had been completed and that three vendors had been selected. The DIA is presently in negotiations with these vendors.

Chairman Corcoran thanked Mr. Hickey.

Update on Progress of MUTTS

Mr. Davis updated the Advisory Council regarding the progress of MUTTS. CHER will be sending representatives to the top insurers to assist them in the transition. Phase I and Phase II of the pilot testing report should be completed this month. Mr. Davis hopes to have a tentative list of ILC members. He will

invite them to a general information meeting regarding the MUTTS program. This meeting will be scheduled for some time in April.

Chairman Corcoran asked that the Council have a representative from CHER attend the May Advisory Council meeting and thanked Mr. Davis for his update.

Budget Subcommittee Update

Council Member Baldini updated Council Members on the activities of the Budget Subcommittee. Both he and Vice Chair Carnes met with Brian Hickey, Vin Luca and Karen Wallace on Friday, March 5, 1999 at the DIA. Mr. Luca and Mr. Hickey reviewed the DIA Fiscal Year 2000 Spending Plan which is based on the House 1 Governor's Recommendation of \$18.1 Million. Mr. Baldini explained that the subcommittee reviewed each subsidiary looking at increases and decreases from the prior year's budget.

He stated that the budget presented to them is considered "level funded" with only a 2.1% increase over last year (reflecting collective bargaining). Mr. Baldini noted that the biggest increase was in the HH account for consultant services (+80.6%) in which they propose to spend \$200,000 to study the conversion from the Unify Database (12yrs. old) to the Oracle Database. Unlike last year, the DIA's request and the Governor's House I request are the same for Fiscal Year 2000 (\$18,142,031).

Chairman Corcoran thanked Council Member Baldini and members of the Council who participated in the subcommittee meeting.

Legislative Subcommittee Update

Chairman Corcoran informed Council Members that a meeting was held on Monday, March 1, 1999 with Senator Lynch, Representative Larkin, Commissioner Campbell, Senior Judge Jennings and members of the Advisory Council to discuss the concerns and recommendations of the Council. Mr. Corcoran noted that the meeting was very productive. The subcommittee will continue to work with Senator Lynch and Representative Larkin regarding various bills and will be attending the Commerce and Labor Hearings on workers' compensation issues in June. Council Member Baldini stated that it was clear from this meeting that there is still confusion regarding how the DIA is funded and suggested an attempt be made to educate the Commerce & Labor Committee on this process.

Acting Executive Director, Andrew Burton, stated that staff members from the Commerce & Labor Committee expressed their interest in working with the Advisory Council to incorporate the concern of a 2-year initial term for all judges into legislation. Chairman Corcoran thanked Council Member Baldini for his update.

Action Items

Chairman Corcoran asked for a motion to accept the February minutes. Motion made to accept the minutes.

MMS - passed.

Executive Director Update

Mr. Burton informed Council Members that on March 1st, the Workers' Compensation Rating and Inspection Bureau submitted a rate filing proposing to increase average workers' compensation rates by 2.6%, effective August 1st. A Hearing has been scheduled to address this filing on March 31, 1999, at 1:30 p.m. at the Division of Insurance, in Hearing Room A. Chairman Corcoran explained to Council Members that the new Executive Director will be starting soon and should be attending the Rate Hearing.

Vendor Presentations - Analysis of Insurance Rate Filing

Acting Executive Director, Andrew Burton, explained to Council Members that three proposals were received for the analysis of the Insurance Rate Filing. He noted that unlike past years where the Council had selected a vendor by voting, the RFR process dictates that scorecards be filled out by the voting members and a vendor is chosen by the highest point total. Mr. Burton explained that scoring is based on the evaluation criteria described in the RFR: bidder's cost proposal, method in meeting specifications, biographical background of key personnel, company profile, and business references. Mr. Burton noted that he had contacted all business references and that it was determined that all vendors would receive the maximum points available (10 pts.). Chairman Corcoran addressed the three standard questions that would be asked of each vendor if they were not covered in their presentation of their proposals. The following vendor representatives came before the Council and distributed the outlines of their proposals to Council Members:

Deloitte & Touche LLP: Jan Lommele, FCAS, MAAA, FCA, Jay Votta, FCAS, MAAA, Kim Mitchell, Senior Consultant.

PriceWaterhouse & Coopers: Maryellen Coggin, ACAS, MAAA and Michael Tranfaglia, ACAS, MAAA.

Tillinghast - Towers Perrin: Ann Conway, FCAS, MAAA. Each vendor reviewed the contents of their materials with Council Members (attached to minutes).

Chairman Corcoran thanked vendors for their participation in today's meeting. Council Members discussed the presentations. The Advisory Council agreed to hold off on scoring the vendors' proposals so they could request from all three vendors a best and final offer budget proposal, detailing rates which

are all-inclusive of expenses for the project. The Advisory Council also requested that all vendors include in the cost proposal the rate amount that would be charged if expert witness testimony is requested.

DIA Update

Senior Judge Jennings updated the Council. He reported that Conference queue is down to 2,081, Hearings are at 1,041, Reviewing Board is at 286 and that Imparials in the last nine months has totaled 2,138. Senior Judge Jennings noted that 4 judges will be taken off-line and that he is down 2 judges, which means he is down 6 judges from the total of 24 (down 25% of the judges' capacity). The Section 37's are moving along with a queue of 381 cases (twenty cases are being conducted each week). Council Members again expressed their concern regarding the shortage of judges.

Chairman Corcoran suggested that another letter be addressed to the Governor indicating the Advisory Council's previous concern that appointments be made to the two vacant judgeships pending at the DIA.

Chairman Corcoran thanked Senior Judge Jennings for his update. Mr. Corcoran introduced Diane Lentini from the Budget Office who has been assisting the Acting Executive Director with the procurement process. Chairman Corcoran asked Mrs. Lentini to inform Council Members of the correct procedure for vendors to submit their new budget proposals. Mrs. Lentini indicated that they could submit their cost for expert testimony (by an hourly rate) and that it would be treated as an amendment to the contract.

Chairman Corcoran thanked Mrs. Lentini for her assistance.

Miscellaneous

Chairman Corcoran referred to a letter he had received from an employer, who is starting his own business, regarding the mandatory requirement to purchase workers' compensation insurance. It was agreed that the letter be directed to the attention of Commissioner Campbell.

Chairman Corcoran asked for a motion to adjourn.

Motion made to adjourn.

MMS - passed.

Meeting adjourned 11:25 a.m.

The next regular meeting of the Advisory Council will be held on April 14, 1999, 9:00 AM, at the Division of Industrial Accidents, 7th Floor Conference Room, 600 Washington Street, Boston, MA 02111.