

**MASSACHUSETTS WORKERS' COMPENSATION
ADVISORY COUNCIL MINUTES**

June 8, 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; Vice Chair Edmund C. Corcoran, Jr.

CM: Jeanne-Marie Boylan; Robert Banks; Joseph Tamulis; Frank Fanning; John Gould (Donald Baldini); John Perry; Tony Frias; Larry Morrisroe; Carol Falcone; Alan S. Pierce; Bruce Cochrane (Bruce Sommerville); Angelo Buonopane (Joan Lennihan).

Also Present: DIA: Commissioner Campbell; Jim Hayes; Bob Davis; Bob Roesch (WCRIB).

Staff: Denise A. Lucciola; Andrew Burton;

Absent: Carolyn Boviard.

Agenda:

Judicial Appointments

- Douglas A. Bean - reappointment to Administrative Judge
- Carolynn N. Fischel - reappointment to Administrative Judge
- Fred A. Taub - reappointment to Administrative Judge

DIA Update

Senior Judge Jennings

Stop Work Orders

Budgetary Matters

Vendor Update - Tillinghast - Towers Perrin - Ann Conway

Status Report of MUTTS/CHER - Bob Davis, Executive Director, HCSB & Guests

Action Items

- Minutes - April, 1999

Executive Director Update

- A. Budget
- B. Legislation
- C. Conflict with June 9th Council Meeting:
 - i. Joint Committee on Commerce & Labor Hearing
- D. Rescheduling of ARAP Speakers

Miscellaneous

Chairman Carnes conducted today's meeting.

Judicial Appointments

The Advisory Council met with and reviewed the qualifications of candidates seeking reappointment to the position of administrative judge pursuant to M.G.L. c. 23E, §9. Council Members were given a list of candidates to be interviewed and had previously, through Advisory Council Minutes - May 12, 1999 telephone poll, voted to rate Judge James St. Amand as "qualified" for reappointment of Administrative Judge.

Douglas A. Bean - reappointment to Administrative Judge

Carolynn N. Fischel - reappointment to Administrative Judge

Fred A. Taub - reappointment to Administrative Judge

Chairman Carnes thanked each candidate for coming before the Council. After the interviews concluded, Chairman Carnes asked for motions on the candidates in the order in which they were interviewed, according to the guidelines adopted by Council Members.

James St. Amand - reappointment to Administrative Judge (telephone poll)

Motion made that he be rated "qualified."

MMS - passed.

Douglas A. Bean - reappointment to Administrative Judge

Council Members were unable to reach a consensus on the qualifications of Mr. Bean for reappointment of Administrative Judge.

Carolynn Fischel - reappointment to Administrative Judge

Motion made that she be rated "**highly qualified.**"

MMS - passed.

Fred A. Taub - reappointment to Administrative Judge

Motion made that he be rated "**qualified.**"

MMS - passed.

Chairman Carnes asked that letters be addressed to the Governor advising him of the findings of the Council regarding each candidate.

Action Items

Chairman Carnes asked for a motion to accept the April minutes.

Motion made to accept the minutes.

MMS - passed.

DIA Update

Personnel Issues

Jim Hayes updated the Council Members on recent personnel issues. A status report was included in Council Members' packets. In April there were 2 new hires of stenographers and 1 promotion from Judicial Support to Public Information. Total DIA positions as of April 30, 1999: 300.2.

Stop Work Orders

Mr. Hayes reviewed the statistics on stop work orders, which had been included in Council Members' packets. April Investigations 438; SWO's issued 150; fines collected \$17,698; total fines owed \$99,085; and total fines billed \$17,600. Mr. Hayes noted that the number of April investigations was down as a result of 2 investigators who were off-line for medical and personal reasons.

Budget

Mr. Hayes informed Council Members that the House Committee on Ways & Means budget has allocated more funds to the DIA (\$255,160) than the Governor's Recommendation. Mr. Hayes noted that these extra funds would help pay for the Oracle Consultants for the upgrade of the Diameter System. Mr. Hayes directed the Council to a hand-out in their packets (see attached "FY 1999 Funds Transfer - Analysis"). He noted that the DIA had made several transfers to accommodate computer upgrades.

Assessment Audit

Mr. Hayes updated Council Members regarding the Assessment Audit. He explained that an audit is currently underway on three insurance companies and should be completed by the end of the fiscal year.

Vice-Chairman Corcoran thanked Mr. Hayes.

Executive Director Denise Lucciola informed Advisory Council members on the passing of Ann Helgran's mother. Ms. Lucciola noted that a basket of flowers had been sent on behalf of the Advisory Council to show that our thoughts and prayers are with her.

Ms. Lucciola informed Council Members that the next regularly scheduled Council Meeting on June 9, 1999, conflicts with the workers' compensation hearing of the Joint Committee on Commerce & Labor. The Executive Director suggested to Council Members that she could organize a legislative subcommittee to review the numerous workers' compensation bills before the next meeting. Council Members agreed.

Vendor Update - Tillinghast - Towers Perrin

Ann Conway of Tillinghast came before the Council and handed out the preliminary findings of the review of the 1999 WCRIB Rate Filing (see attached). Ms. Conway reviewed with Council Members the specific parts of the filing that Tillinghast was directed to focus on: Expenses, Classification Rates, Loss Development, Trend/Law Amendments, and Profit Provision. Ms. Conway noted several changes in methodology from previous WCRIB filings.

Council Member Baldini expressed concern regarding the extensive difference between the rate indications from the Workers' Compensation Rating & Inspection Bureau and the State Rating Bureau's rate filings. Mr. Baldini noted that the majority of difference between the two filings could be attributed to trend projections. Discussion followed. Council Members agreed that Tillinghast should take a look at the SRB filing (specifically "trend") and examine the assumptions and methodologies of both parties to offer a professional opinion on what is reasonable. Ann Conway agreed to refocus the study by analyzing the trend provisions of both the WCRIB and SRB rate filings.

Vice Chairman Corcoran asked the Executive Director to draft a letter to the parties in the rate process. The letter will be to inform them that the Advisory Council has directed Tillinghast to examine the trend methodologies of both the WCRIB and SRB to identify the differences and determine what is "reasonable". The letter should inform all parties that a report can be expected in a few weeks. Mr. Corcoran thanked Ann Conway for updating the Council on the review of the rate filing.

Update on Progress of MUTTS - Members of CHER

Bob Davis, Executive Director of the Health Care Services Board, introduced the President of the Center for Health and Economics Research (CHER), Dr. Janet Mitchell, and the Project Manager, Dr. Thomas Grannemann, who made a presentation updating the Advisory Council regarding the progress of MUTTS. Dr. Janet Mitchell informed Council Members that within the next six weeks they would be completing the pilot testing of the MUTTS system.

Dr. Thomas Grannemann reviewed with Council Members the pilot program and the specific phases of the project. Dr. Grannemann explained that Phase-1 Testing (Data Capture & Conversion) which takes data into the system and constructs a central database, had been completed. The Project Manager explained that Phase-2 testing would be the production of reports from the central data base and that Phase-3 testing would just use a larger quantity of data. Dr. Grannemann informed Council Members that the plan is to have a completely operational data system by the end of the fiscal year.

Vice-Chairman Corcoran asked Bob Davis who the identified insurers are that would be participating in the MUTTS system, once it is operational by the end of the fiscal year. Mr. Davis explained that the pilot was a voluntary system and that once the testing has been completed, the DIA would be asking the insurer-community at large to begin mandatory reporting.

Council Member Frias asked Mr. Davis about the length and costs of the MUTTS program. Mr. Davis explained that the program was conceived with the 1991 reforms, and the contract with CHER was effective in 1996. Mr. Davis estimated that the contract calls for \$250,000 a year for each of the five years.

Council Members voiced concern regarding the authority of the DIA to require mandatory reporting of medical claims data from insurance companies.

Jim Hayes notified Council Members that he would provide them with a financial-summary of DIA funds spent on MUTTS since the inception of the program before the next Council meeting.

Council Member Pierce inquired whether or not the MUTTS system, once fully developed, would be copyrighted and marketed to other jurisdictions. Dr. Janet Mitchell explained that it would become the property of the D.I.A.. Mr. Davis explained that the D.I.A. is intending to pursue using the MUTTS product to be sold to other states and insurers as a means to off-set the development costs and thereby using it for free.

Vice-Chairman Corcoran thanked Bob Davis, Dr. Janet Mitchell, and Dr. Thomas Grannemann for updating the Council on the MUTTS program.

Executive Director Update

Mr. Corcoran informed Council Members that a packet was distributed to them regarding workers' compensation legislation. The Vice-Chair suggested that the Council form a legislative subcommittee to develop testimony for the Joint Committee on Commerce and Labor hearing. He stated a phone poll will be conducted to decide when the subcommittee would be held.

Executive Director Lucciola asked the Council if they would like to wait for the June meeting to endorse a budget figure since the Senate Committee on Ways & Means budget has not been published yet.

Advisory Council Members concurred.

Conflict with June 9th Council Meeting:

Ms. Lucciola stated that the June 9th Council meeting conflicts with the Joint Committee on Commerce & Labor hearing. The Executive Director stated she would communicate with Council Members on rescheduling the next meeting.

Rescheduling of ARAP Speakers

Ms. Lucciola informed Council Members that Mr. Dan Cook, from American Risk Management (ARM), who represents the construction industry, had contacted her. Mr. Cook asked that he be able to come before the Council and express his views regarding the All Risk Adjustment Program (ARAP).

Ms. Lucciola suggested that Mr. Cook from ARM and Mr. Roesch or Mr. Mahler from the WCRIB could be rescheduled to speak at the June or July Council meeting.

Motion made to adjourn.

MMS - passed.

Meeting adjourned 11:45 a.m.

The next regular meeting of the Advisory Council will be held on June 8, 1999, 9:00 AM, at the Division of Industrial Accidents, 7th Floor Conference Room, 600 Washington Street, Boston, MA 02111.