

**MASSACHUSETTS WORKERS' COMPENSATION
ADVISORY COUNCIL MINUTES**

July 14, 1999
Department of Industrial Accidents
600 Washington Street, 7th Floor
Boston, MA 02111

Present: Chairman William H. Carnes; Vice Chair Edmund C. Corcoran, Jr.

CM: Jeanne-Marie Boylan; Robert Banks; Joseph Tamulis; Frank Fanning; Larry Morrisroe; John Gould (Donald Baldini); Tony Frias (Inez Leonardo); Carol Falcone; Alan S. Pierce; Department of Labor & Workforce Development (Janice Tatarka); Bruce Cochrane (Larry Moore); Department of Economic Affairs (John Melina).

Also Present: DIA: Commissioner Campbell; Vinny Luca; Bob Davis; Bob Roesch and Alexandra St. Onge (WCRIB).

Staff: Denise A. Lucciola; Andrew Burton; Ann Helgran.

Absent: CM: John Perry

Agenda:

DIA Update

Tillinghast Report Update

Action Items

- Minutes - June, 1999
- Tillinghast Report & Testimony

Executive Director Update

Miscellaneous

Chairman Carnes conducted today's meeting.

DIA Update

Chairman Carnes informed Council Members that Senior Judge Jennings was unable to attend today's meeting and reported that the status of the queues remained the same as reported last month. He also wanted the Council to know that Judge Bean was still awaiting reappointment.

Stop Work Orders

Mr. Luca reviewed the statistics on stop work orders, which had been included in Council Members' packets. June Total Investigations 464; Total SWO's Issued 125; Fines Collected \$34,006; Total Fines Owed \$74,764; and Total Fines Billed \$27,250.

Personnel Issues

Mr. Luca continued with his update to Council Members on recent personnel issues. In June, there was one new hire Clerk IV in Claims and one resignation of a Hearing Steno in Dispute. Total DIA positions filled as of June 30, 1999: 301.2.

Assessment Audit

Mr. Luca told Council Members that the seven insurers were under review by the auditors. The DIA has estimated completion dates for five of the insurance audits by October 31, 1999.

Budget

Mr. Luca informed Council Members that the DIA projected expenditures for the fiscal year to be \$17,329,095 of the total appropriation of \$17,776,082. There is a total of \$372,000 of the unexpended as the result of the "lag time" for judges who were not as yet on board. Mr. Luca reported that the Section 37's have reached a queue of 116.

Assessment Rates

The Executive Director requested that Mr. Luca address the assessment rates and referred to her memo of July 13th (attached to minutes).

Mr. Luca stated that the assessment rate published for July 1, 2000 were as follows: public employer rate, 15.4%; private employer rate, 4%; private opt 1.4%. The private employer assessment rate is a decrease of 25% from fiscal year 1999, which is included in the Tillinghast report.

Chairman Carnes thanked Mr. Luca.

Update on Progress of MUTTS

Bob Davis, Executive Director of the Health Care Services Board, updated Council Members. He stated that at the end of the fiscal year the Department received another six or seven deliverables from the contractors and will advise the contractors if they are acceptable. They are moving into the 4th year of the 5-year contract.

Chairman Carnes noted that the Commissioner had created a "Blue-Ribbon Panel" made up of large employers, union members, and insurance carriers to discuss issues regarding MUTTS. He attended the meeting and found it to be very informative as to the purpose of the MUTTS's program.

Chairman Carnes thanked Mr. Davis for his input.

Commissioner Campbell distributed a letter from Mr. Brooks Watt of the Gillette Company expressing his pleasure in participating in the discussion (attached to minutes).

He felt that the follow-up of the "Blue-Ribbon Panel" was positive.

Chairman Carnes thanked both Mr. Davis and the Commissioner for their participation.

Action Items

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

Motion made to accept the June minutes.

MMS - passed.

Tillinghast Report

Council Member Baldini updated Council Members on the outcome of the Tillinghast Report. He noted that at the request of the Council, Ms. Ann M. Conway of Tillinghast compiled the report on the elements effecting insurance rates and the rate making process. Tillinghast included an analysis on the differences in the trend methodology between the WCRIBM and the SRB rate filings. The report consists of parts two

parts: Appendix I on the differences in trend methodology between the WCRIBM and the SRB rate filings and Appendix II on the initial findings of the WCRIBM rate filing.

Tillinghast's conclusion, regarding the WCRIBM and the SRB trend projections, was that both parties were unrealistic in their trend projection and recommended as an alternative a 1% positive net trend.

Council Member Baldini stated that he believed the report would be helpful to the Commissioner and Hearing Officer in issuing their decision because the report shows that there is an alternative method. He recommended that the Council accept the report and submit it to the Hearing Officer and Commissioner of Insurance.

Chairman Carnes referred to the letter addressed to the Commissioner of Insurance from the Executive Director (attached it minutes). He noted that "the Advisory Council does not intend that Tillinghast Report be used as an alternative rate filing or that an average rate can be derived from it" which was stated in the letter.

Chairman Carnes asked for a motion to forward the letter to the Commissioner stating the Council's position.

Motion made to accept the report and testimony.

MMS - passed.

Chairman Carnes stated that the Executive Director would give an update on CHER.

Executive Director Update

Executive Director Denise Lucciola updated Council Members.

CHER

The Executive Director and Andrew Burton visited the CHER site on June 30, 1999. They met with Bob Davis, Jan Mitchell, Tom Grannemann and members of the MUTTS's staff. The reports that they reviewed were found to be efficient and effective. They also met with John Potell, systems analyst for MUTTS, and are preparing a report for Senator Lynch. Ms. Lucciola referred to an article in the Standard on MUTTS, which was included in Council Members' packet.

Commerce & Labor Hearings

Chairman Carnes and Vice Chair Corcoran testified at the Commerce & Labor Hearings on June 9, 1999 on behalf of the Council. Chairman Carnes testified that the Council supported Senate Bill 67 (employer

finer) but has not as yet taken a position on House Bill 3029 and Senate Bill 56 (scar-based disfigurement benefits). Vice Chair Corcoran testified in support of House Bill 577 (staggering of Judicial terms) and House Bill 3027 (judicial conduct). He also noted that the Council would like further legislation on House Bill 1319 (increase of wage benefits). Senator Lynch requested a report on MUTTS.

Chairman Carnes stated that the Executive Director is formulating a report on MUTTS as requested by Senator Lynch and would distribute it to Council Members upon its completion.

Motion made to adjourn.

MMS - passed.

Meeting adjourned 10:30 a.m.

The next regular meeting of the Advisory Council will be held on August 11, 1999, 9:00 AM, at the Division of Industrial Accidents, 7th Floor Conference Room, 600 Washington Street , Boston, MA 02111.