

**Massachusetts Workers' Compensation
Advisory Council Minutes**

July 9, 1997

Department of Industrial Accidents

600 Washington Street

Boston, MA 02111

Chair: Edmund C. Corcoran, Jr.

Vice Chair: William H. Carnes

Present: Vice Chair William H. Carnes CM: Edward Sullivan, Jr.; John Gould (Donald Baldini); Robert Banks; Department of Labor & Work Force Development (Spencer Demetros); Alan S. Pierce; Lawrence Morrisroe; Amy Vercillo; Department of Economic Affairs (John Melina).

Staff: Andrew Burton; Matthew Chafe; Ann Helgran

Also Present: DIA: Bill Sivert; Vinny Luca. Neil Gibbons (WCRIB); Diane Jacobs (Rate Setting Commission).

Absent: Chairman Edmund C. Corcoran, Jr.; CM: Robert Jones; J.Bruce Cochrane; Jeanne-Marie Boylan; John Perry; Tony Frias.

Agenda:

DIA Update

Action Items

Minutes - June 11, 1997

Rate Filing - Ruy Cardoso of Ernst & Young

Employer Assessments

Executive Director Update

Vice Chair Carnes conducted today's meeting.

DIA Update

Vice Chair Carnes informed Council Members that Senior Judge Jennings was unable to attend today's meeting. A memo was provided by the Senior Judge with statistics. Vice Chair Carnes proceeded to read from the Senior Judge's memo for the record. For May: the hearing queue 1622; conference queue 2654; reviewing board inventory 496; and impartial exams (indigency granted) 4491 (116). For June: the hearing queue 1609; conference queue 2094; reviewing board inventory 458; impartial exams (indigency granted) 4785 (135). Senior Judge Jennings will be available to answer any questions at the next Council meeting.

Mr. Sivert updated the Council on stop work orders. June Investigations, 359; total SWO's issued, 199; total fines imposed, \$0. There are still two investigators out on workers' compensation. It is unclear when one, who was in a car accident, will be returning, and the other is expected to return on the first of August. This situation has effected the number of investigations. Mr. Sivert expects the end of the year total for investigations will exceed 20,000; and 2,026 stop work orders will be issued. Because more employers are carrying workers' compensation, more investigations have to be done to issue stop work orders. The workers' compensation trust fund claims are down and have continued on a downward trend for the past three years, as investigations continue on an upward trend and stop work orders are reduced.

Vice Chair Carnes thanked Mr. Sivert for his input and referred to the Executive Director's memo of July 9th that was included in Council Members' packet.

DIA Fiscal Year 1998 Budget

The Executive Director reviewed his memo of July 9th (attached to minutes). The legislature approved the DIA's fiscal year 1998 budget at \$18,441, 665. (\$15,137,144 for the operation and administrative expenses of the DIA, \$292,120 for the AA subsidiary payroll expenses of the office of the Commissioner, \$ 3,012, 40 for the AA subsidiary payroll expenses of the division).

The state budget is awaiting the signature and any vetoes of the Governor. Mr. Sivert stated that the DIA had no idea as to what monies would be available in the special fund this year. Council Members inquired as to why the budget was broken down so that monies were designated to certain accounts and were not available to be transferred to other accounts. Mr. Sivert could not explain the actions of the Senate. The Executive Director was asked to contact the Senate Ways and Means Staff and to inform Council Members at the next meeting.

Action Items

Vice Chair Carnes asked that a motion be made to accept the June 11, 1997 minutes. Motion made to accept the minutes.

MMS - passed.

Rate Filing

Vice Chair Carnes introduced Mr. Ruy Cardoso of Ernst & Young who came before the Council today to update Council Members on the methodology of the Rate Filing. Mr. Cardoso presented a slide presentation today and handed out a summary of his report which he used in his discussion (attached to minutes). The intent of this second presentation (Phase II) was to describe the factors that effect workers' compensation rates. He reviewed the slides and summary with Council Members and completed Phase II. Phase III will consist of a review of the rate filing when it is submitted in a couple of months.

Vice Chair Carnes thanked Mr. Cardoso.

Employer Assessments

Vice Chair Carnes asked the Executive Director to update the Council on employer assessments. The Executive Director referred to his memos of July 1 on FY'98 Public/Private Employer Assessments (attached to minutes) which were included in Council Members' packets. He noted that on June 26, 1997, Tillinghast released its analysis of the DIA FY'98 assessment rates. The report detailed the estimated amount required by the special fund and trust funds for FY'98, beginning July 1, 1997. The public employer assessment rate has been calculated to be 11.844% of standard premium. The private employer assessment rate has been calculated to be 4.021% of standard premium, a decrease of 4.8% from last year (4.226%) Mr. Sivert suggested that the Advisory Council might want to look at the public assessment more closely, because there is a small number of government entities paying the tab for some of the larger government entities such as the City of Boston. The DIA's problem has become worse because some of the cities and towns have "opted out." The DIA would like to solve this problem by forcing towns and cities to "opt out" so that the DIA could cancel this program.

Executive Director Update

Cost Impact of Benefit Increases

The Executive Director referred to his memo of July 8th which was included in Council Members' packet (attached to minutes). The Advisory Council had passed a motion to analyze the cost impact of the benefit level changes proposed in House Bill 1441, as well as alternative benefit levels.

The Executive Director recommended that the certain questions be included in the scopes of services for this study as outlined in his memorandum. Council Members agreed to start the process of selecting a vendor for the study. Vice Chair Carnes noted that the Commerce & Labor Committee had requested information from the Council on these issues. He recommended that the process for a vendor begin and that the scope of services be finalized.

Commerce & Labor Executive Session

The Executive Director referred to his memo of July 2nd (attached to minutes). On Tuesday, June 24, 1997, the Joint Committee on Commerce & Labor held an Executive Session on all legislation before the committee. A majority of the bills were placed into study, fifteen bills were given a favorable rating. One bill of note was Senate 52 (Senator Lynch's bill dealing with employer fines under §25C) in which Senator Lynch substituted the Advisory Council draft for his bill. This bill was reported out favorably with a new number S.1840.

Motion made to adjourn.

Meeting adjourned 11:15 A.M.

The next regular meeting of the Advisory Council will be held on August 13, 1997, at the Division of Industrial Accidents, 7th Floor Conference Room at 9:00 AM, 600 Washington Street, Boston, MA 02111.