

**Massachusetts Workers' Compensation  
Advisory Council Minutes**

August 13, 1997

Department of Industrial Accidents

600 Washington Street

Boston, MA 02111

**Chair:** Edmund C. Corcoran, Jr.

**Vice Chair:** William H. Carnes

**Present:** Chairman Edmund C. Corcoran, Jr. CM: Edward Sullivan, Jr.; Jeanne-Marie Boylan; Tony Frias (Ines Leonardo); John Gould (Donald Baldini); Robert Banks; Joseph Tamulis; Alan S. Pierce; Department of Labor & Work Force Development (Joan Cunningham)

**Staff:** Matthew Chafe; Andrew Burton; Ann Helgran Also Present: DIA: Bill Sivert; Vinny Luca; Dino Theodore; Priscilla Conant; Carol Falcone; Diane Jacobs (Rate Setting Commission); Sue Carney (Massport)

**Absent:** CM: Vice Chair William H. Carnes; Lawrence Morrisroe; John Perry; J. Bruce Cochrane; Amy Vercillo; Department of Economic Affairs

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**Agenda:**

DIA Update

Vendor Presentations (Cost of Benefit Increases)

- A. Tillinghast
- B. Watson Wyatt
- C. Ernst & Young

Action Items

- A. Minutes - July 9, 1997

Executive Director Update

Chairman Corcoran conducted today's meeting, and introduced Mr. Joseph Tamulis. Joseph Tamulis has been appointed to serve as the small business representative to the Council. He is the owner of T Equipment Corporation, a small business located in Dorchester. Chairman Corcoran also welcomed the new Chief Legal Counsel for the DIA, Dino Theodore.

### **DIA Update**

Chairman Corcoran informed Council Members that Senior Judge Jennings was unable to attend today's meeting. A memo was provided to Council Members by the Senior Judge with statistics (see attached).

Chairman Corcoran noted that he had intended to ask Senior Judge Jennings about the judgeship coming up in September. He requested that the Executive Director inquire as to its status, and the schedule of interviews.

### **DIA Fiscal Year 1998 Budget**

Mr. Sivert came before the Council today to discuss the DIA's \$17,426,687 operating budget for fiscal year 1998. He noted that several restrictions were included in this year's appropriation including a substantial increase in safety grants. Last year \$200,000 was programmed for safety grants, however this year the Senate directed the DIA to award \$800,000. He proceeded to give various versions of the spending plan currently being developed:

- Layoff of 22 personnel.
- Transfer funds from other accounts into the AA subsidiary so that the impact would not be as great.
- No layoffs, with substantial cutbacks in programming. This would be done by eliminating the State Trooper detail and replacing him/her with a DIA employee licensed to carry a gun. Refreshments only for the Health Care Services Board and the Advisory Council meetings, and no Christmas party. No training for judges or data processing personnel. Planning on taking the two lawyers who work for the Review Board (03's) and make them full-time employees. The Senior Judge would be placed, for the payment of his salary, as a judge in the 0502 account, and the Trust Fund Manager would be paid from the Trust Fund instead of the Special Fund.

Chairman Corcoran asked for comments from the Council. Council Members were concerned about no training for judges and computer personnel, and the replacement of the State Trooper with a DIA employee. Council members remarked that the plans cited would not accomplish their goals, and that the most visible allocations were being cut for the purposes of making a political statement.

Mr. Sivert stated that they were not considering asking for additional money. Chairman Corcoran requested that the Advisory Council be permitted to review the spending plan in writing, and that some of the Council Members meet again with the DIA in a smaller setting to discuss the DIA's spending plan as it is being developed. Mr. Sivert updated the Council on stop work orders. July Investigations, 445; total SWO's issued, 249; total fines imposed, \$0. Chairman Corcoran thanked Mr. Sivert.

### **Vendor Presentation**

The Executive Director updated the Council on its plans to study the cost implications of increasing workers' compensation wage benefits. He explained that an RFR was issued and that the Council had received three proposals. He then referred to the scope of services, outline of vendor's proposals, and score sheet which had been sent to Council Members (attached to minutes). Chairman Corcoran introduced in turn the three vendors who had submitted proposals to conduct an analysis of cost implications of proposed benefit changes. Ann Conway and Stacy L. T. Mina of Tillinghast proposed to conduct the study within 4-6 weeks for completion by the October Advisory Council meeting. The cost would be \$15,000.

Mrs. Conway reviewed the scope of the project, Tillinghast's qualifications, and a time table. She handed out material outlining her discussion (attached to minutes). Chairman Corcoran inquired as to the ability to perform an adequate study in such a short timeframe. He then inquired as to their ability to analyze adopting an approach of awarding benefits as a percentage of spendable income, as in Rhode Island. Council members inquired as to their ability to factor such influences as increased utilization of workers' compensation benefits as the result of increased benefit levels. Mr. Jeff Jordan and Matthew T. Hayden of Watson-Wyatt Worldwide proposed a draft report in 3 weeks and a final report one week later. A cost of \$18,816. Mr. Jordan reviewed the firm's qualifications and proposal. Chairman Corcoran inquired as to the ability to perform an adequate study in such a short timeframe. He then inquired as to their ability to analyze adopting an approach of awarding benefits as a percentage of spendable income, as in Rhode Island. Council members inquired as to their ability to factor such influences as increased utilization of workers' compensation benefits as the result of increased benefit levels.

Ruy A. Cardoso and John Dawson of Ernst & Young LLP proposed a 128 man hour timeframe. The cost would be \$31,616. Ruy Cardoso reviewed Ernst & Young's proposal. Mr. Cardoso discussed the firm's credentials, experience, and plans to conduct the study. Chairman Corcoran inquired as to the ability to perform an adequate study in such a short timeframe. He then inquired as to their ability to analyze adopting an approach of Advisory Council Minutes - August 13, 1997 4 awarding benefits as a percentage of spendable income, as in Rhode Island. Council members inquired as to their ability to

factor such influences as increased utilization of workers' compensation benefits as the result of increased benefit levels.

Discussion was held among Council Members regarding the three proposals. Members agreed on Tillinghast. Members felt that they were more familiar with what the Council was looking for, and that they had a ready-made data base in-house. A motion was made to hire Tillinghast.

MMS - passed 9-0

Mr. Sivert stated that he would assist the Executive Director in getting the contract approved in a short timeframe.

### **Action Items**

Chairman Corcoran asked that a motion be made to accept the July 9, 1997 minutes. Motion made to accept the minutes.

MMS - passed.

Motion made to adjourn.

Meeting adjourned 11:00 A.M.

**The next regular meeting of the Advisory Council will be held on Sept. 10, 1997, at the Division of Industrial Accidents, 7th Floor Conference Room at 9:00 AM, 600 Washington Street, Boston, MA 02111.**