

**Massachusetts Workers' Compensation  
Advisory Council Minutes**

September 10, 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.; Vice Chair William H. Carnes CM: Edward Sullivan, Jr.; Jeanne-Marie Boylan; Tony Frias; Robert Banks; John Perry; Joseph Tamulis; Alan S. Pierce; Department of Labor & Workforce Development (Joan Cunningham); Department of Economic Affairs (John Melina)

**Also Present:** DIA: Commissioner Campbell; Senior Judge Jennings; Bill Sivert; Vinny Luca; Dino Theodore; Priscilla Conant ; Neil Gibbons (WCRIB); Carol Falcone ; Diane Jacobs (Division of Health Care Finance & Policy)

**Staff:** Matthew Chafe; Andrew Burton; Ann Helgran

**Absent:** CM: John Gould (Donald Baldini); Lawrence Morrisroe; J.Bruce Cochrane; Amy Vercillo;

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Agenda:

WCRIB - Roy Stewart, President

Rate Filing - Ruy Cardoso of Ernst & Young

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Wage Benefit Study

DIA Update

Executive Director Update

Chairman Corcoran conducted today's meeting.

### **WCRIB Filing For Rates To Be Effective January 1, 1998**

Chairman Corcoran welcomed Mr. Roy Stewart, President of the Workers' Compensation Rating & Inspection Bureau. Mr. Stewart came before the Council today to ask that the Advisory Council to actively participate in the rate filing process this year. Mr. Stewart distributed a notice of hearing and a synopsis of the rate filing to Council Members (attached to the minutes). He stated that a hearing will be held on September 17, 1997 to consider the WCRIB's request for a general revision of workers' compensation insurance rates and rating values (a decrease of 11.1% that would put rates near the 1988 level).

Mr. Stewart said that the State Rating Bureau is expected to ask for the elimination of the All Risk Adjustment Program (ARAP). He stated that ARAP is a surcharge program that was instituted by the WCRIB in Massachusetts in 1990 and it has worked to make companies pay attention to their losses and modify their behavior. Mr. Stewart continued by stating that three entities have been empowered by legislation to be involved with the rate filing process; the WCRIB, the SRB and the Advisory Council. He again asked that the Council become involved. Mr. Stewart thanked the Council for the opportunity to address them today.

Chairman Corcoran thanked Mr. Stewart and stated that the Council would take his request under advisement. The Executive Director referred to his September 4th memo in Council Member's packet (attached to minutes) which discusses the rate levels over the last several years. Chairman Corcoran inquired as to why the SRB wanted to eliminate ARAP. The Executive Director was directed to send a letter to the State Rating Bureau asking policy reasons behind the request to eliminate ARAP, what the impact of eliminating ARAP would have on rates, and more information regarding a premium discount program for members of the assigned risk pool.

### **Rate Filing - Ruy Cardoso of Ernst & Young**

Chairman Corcoran introduced Mr. Ruy Cardoso of Ernst & Young who came before the Council today to review the rate filing. Mr. Cardoso completed the final phase of Ernst & Young's contract with the Advisory Council. He distributed a copy of a slide presentation and a summary which was used in his discussion (attached to minutes). Mr. Cardoso offered to give any Council Members a complete report (bound set) of his findings in Phase I, II, and III of his engagement with the Council over the past several months.

Chairman Corcoran thanked Mr. Cardoso.

The Executive Director asked the Council for a vote to approve the rate filing study so that it could be submitted to the Commissioner of Insurance next week. Chairman Corcoran asked for a motion. A motion was made to accept the report, but was not seconded. Further discussion followed. Council members were concerned that the report did not come to a conclusion. The Executive Director read Chapter 152 §53A (2) which sets the standard for review of rate requests as "whether the classifications and rates are not excessive, inadequate or unfairly discriminatory for the risks to which they respectively apply and that they fall within a range of reasonableness." Council members inquired as to Mr. Cardoso's ability to assess the filing according to that standard. Mr. Cardoso stated that he felt he could, and that the report could be altered to reflect Advisory Council Minutes - September 10, 1997 3 that request.

A motion was made to accept the report with a conclusion stating an opinion as to whether the rate filing met the standard contained in chapter 152 §53A (2). The final report is to be forwarded to the Commissioner for the September 17th hearing

MMS - passed.

### **Wage Benefit Study**

The Executive Director updated the Council on the Wage Benefit Study. Tillinghast was engaged by the Council to conduct an analysis of the cost implications of proposed benefit changes. Chairman Corcoran, Ann Conway, Matthew Chafe and Andrew Burton met with the Commerce & Labor Committee staff to discuss the components of the study. The Executive Director stated that the Tillinghast study will address their concerns.

### **Action Items**

Chairman Corcoran asked that a motion be made to accept the August 13, 1997 minutes. Motion made to accept the minutes.

MMS - passed.

### **DIA Update**

Budgetary Matters Chairman Corcoran asked Mr. Sivert for an overview of the Budget for the DIA for fiscal year 1998. Mr. Sivert stated that the spending plan had been submitted to the Department of Labor & Work Force Development and is in the process of review. The Executive Director informed Council Members that a memo of the spending plan had been included in Council Members' packets (attached to minutes) which summarizes all of the budget plans and the effects of the spending cuts on the agency. Chairman Corcoran asked Mr. Sivert if he would address the public issues which had been recently noted

in the newspapers relating to the legislative liaison position. Mr. Sivert explained that, contrary to what he stated last month, a position was created (a combination of two positions) "Director of Legislative Liaison and Communications." Mr. Sivert stated that "it is a sensitive political issue." Council Members confronted Mr. Sivert with the fact that at the last Advisory Council meeting he was asked about filling positions and was told that the position was no longer in existence. Members questioned the role of the Advisory Council when accurate information was not being Advisory Council Minutes - September 10, 1997 4 given by the DIA. It was suggested that the DIA notify the Council of all personnel changes and that it be noted in the minutes. Vice Chair Carnes stated that when the Chair cannot advise the legislature of what is appearing in the newspapers the situation is serious. If the Council was going to be responsible for something, or held responsible, then the Council has the right to know about it in advance.

Chairman Corcoran also specified that the agenda would now include Personnel Issues, under Budgetary Matters. Mr. Sivert stated he would inform the Commissioner of the Council's concerns. Mr. Sivert also informed Council Members that Mr. Bob Davis is now manager of the Office of Health Policy, and that at this time there is a no hire policy within the agency. Chairman Corcoran thanked Mr. Sivert. Senior Judge Jennings issued a memo to Council Members on his monthly update on queues. For August: the hearing queue 1,743; conference queue 1,191; reviewing board inventory 475; and impartial exams (indigency granted) 355 (6). The DIA currently has 28 judges. He stated that he would like to stagger appointments beginning in January, but this would require legislation. He has started changing the assignment of judges and the nature of the assignment of cases. He has stopped judges from traveling to the regions, and he has increased hearing caseloads. Senior Judge Jennings does not expect a backlog because of this situation. Chairman Corcoran offered the assistance of the Council in bringing to the attention of the Governor's office the importance of their immediate attention in the reappointment of judges at the DIA. Chairman Corcoran thanked Senior Judge Jennings for his time. Motion made to adjourn.

Meeting adjourned 11:30 A.M.

**The next regular meeting of the Advisory Council will be held on October 8, 1997, at the Division of Industrial Accidents, 7th Floor Conference Room at 9:00 AM, 600 Washington Street, Boston, MA 02111.**