

**2014 Performance Evaluation
Presented by Bryan Klipfel, WSI Director
Interim Legislative Workers' Compensation Review Committee
September 8, 2014**

Introduction

Good Morning Chair Laffen and members of the Committee. My name is Bryan Klipfel, Director of WSI.

I would like to provide a few brief comments regarding the 2014 Performance Evaluation. First, I would like to thank Malcolm Dodge and the rest of the Sedgwick team for their level of professionalism throughout the course of the review. As has been the case in the past, our philosophy with these evaluations is to make us a better organization.

I would also like to thank the WSI staff for their time and effort throughout this process. Their cooperation, professionalism, and overall responsiveness throughout the process was greatly appreciated.

The report contained 40 recommendations. Seven of these recommendations, either in full or in part, were works-in-progress prior to receiving a recommendation from Sedgwick (**Recs 2.1, 3.2, 4.4, 4.8, 6.1, 6.3, 6.4**).

We concurred with 29 recommendations, partially concurred with 5 recommendations (**Recs 1.3, 1.5, 5.1, 5.3, and 6.4**), and did not concur with 6 recommendations (**Recs 4.1, 5.2, 5.4, 5.5, 8.1, and 8.4**).

The report outlined many positives with our current program. Some of these include:

P.19: "In the majority of the claims, WSI makes good use of the IME to assist with any other issue that is unresolved, or for which they may need guidance."

P.22: "In all instances, the IME physician was licensed in the state in which s/he practiced. The specialty of the IME physician selected was either the same as the claimant's treating physician or was a specialty as well or better versed in the specific injury or issue(s) raised."

P.23: "WSI made well documented attempts to provide the IME appointment date and time within a reasonable timeframe,...."

P.24: "North Dakota IME delayed resolutions are within a reasonable time frame when compared with those of the five comparable jurisdictions we sampled."

P.29: "{WSI} Regularly updates its policies and procedures to address changes in legislative intent"

P.29: "{WSI} Is referring fewer claims for IMEs than what we observed from the other jurisdictions with which they were compared"

P.32: "WSI's use of IMEs has been very cost effective,...."

P.48: "A sampling of claims files suggests SIU is providing timely status reports to the appropriate parties."

P.60: “As demonstrated in Fiscal Years 2008 – 2010, employers have improved their reporting timeliness notably since the {reporting} incentive came into play.”

P.60: “In reviewing the data from the above-referenced operating reports, we observed in the earlier years that the rate of time loss claims in the covered workforce was between .81 and .85 per 100 workers. In the more recent years cited above, that rate declined to a range of from .69 to .70 time loss claims per 100 workers.”

P.63: Table 3.3 indicates higher claim acceptance rates in North Dakota when compared to the other monopolistic states.

P.66: “We observed no trend to deny claims inappropriately.”

P.68: “With relative stability in the average active caseload brought about through the retention of a limited number of non-benefited adjusters, we think WSI has reacted wisely to the trend in claim filings.”

P.75: “Litigation costs in North Dakota as a percentage of overall claim costs are quite low.”

P.80: “In short, by bringing {vocational rehabilitation} services in-house, we estimate administrative savings for the last two calendar years that amount to about \$957,000.”

P.82: “{Vocational Rehabilitation} Plan choices are well-justified”

P.82: “{Vocational Rehabilitation} Cases are appropriately documented insofar as wages at time of injury and expected wages upon successful plan completion”

P.82: “In instances where a temporary partial disability obligation exists, benefit rates are accurately calculated.”

P.83: “We saw frequent communication to injured workers about the Preferred Worker Program”

P.83: “Long-term training programs spelled out all facets of expense and benefits including the rehabilitation allowance, travel, tuition, books, fees, equipment, tools, supplies, etc.”

P.126-127: “In summary, we find that WSI:

- Has developed policies and procedures to address the early and ongoing use of narcotic medications
- Has compiled a formulary that compares favorably to what we observe in the Texas program, a program that has received a favorable review from the Workers Compensation Research Institute”

Staff has already started the implementation process for many of the recommendations. We anticipate once implemented, it will serve to enhance our claims, vocational rehabilitation, IME, SIU, and medical provider communication and education processes, as well as WSI’s overall narcotics management.

WSI’s core purpose is To Care for Injured Workers. Any service or process enhancements that can help us fulfill our core purpose is welcomed.

Legislative Issues

Some of the recommendations relate to legislative and policy issues. The items that would require legislation include:

- Limiting temporary partial benefits for vocational plan participants so combined benefits and post injury earnings don't exceed 90% of pre-injury earnings **(Rec 4.2)**.
- In the event of settlement of a vocational rehabilitation entitlement, allowing the statute to provide for a credit against the settlement in the event the worker returns to work and later claims a worsening of condition **(Rec 4.3)**.
- Providing for the use of notice of decisions instead of administrative orders for vocational plan determinations **(Rec 4.8)**.

The three items just mentioned will be incorporated into a WSI agency bill as they were viewed as being more technical in nature.

The remaining two items that would require legislation include:

- Narcotics administration and pain management contracts **(Rec 6.3)**.
- Coverage of Post-Traumatic Stress Disorder **(Recs 8.2 and 8.3)**.

These two items involve broader policy issues. Bill drafts have been prepared to conform with the recommendations and will be provided to this committee today for the committee's consideration and to determine whether the committee desires to introduce these bills to the 64th Legislative Assembly.

That concludes my report. WSI staff and I are available to answer any questions that you may have.