

2010 Performance Evaluation Update
Presented by Bryan Klipfel, WSI Director
Interim Legislative Workers' Compensation Review Committee Meeting
Bismarck, ND
August 21, 2013

2010 Performance Evaluation Update

The 2010 Performance Evaluation was conducted by Sedgwick Claims Management Services, Inc. and initially presented to the committee on August 13, 2010. WSI also provided status updates at the August 24, 2011 and the March 14, 2012 meetings of this committee.

Pursuant to NDCC Section 65-02-30, the evaluating firm is selected by the State Auditor's Office and must have extensive expertise in workers compensation practices and standards.

There were eight elements reviewed: claims, contracts, internal audit, post-retirement benefits, a comparison of other states workers compensation laws regarding prior injuries, narcotics utilization, impact of moving to the 6th edition of AMA Guides, and a review of implementation of recommendations from the 2008 performance evaluation.

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

- The reaffirmation of sound WSI practices regarding claims decisions (p. 10).
- Good procurement practices (p. 10).
- Substantially improved internal audit performance (p. 11).
- The high degree of reliability of North Dakota PPI Ratings (p. 13).
- A claim denial rate lower than the national average (p. 15).
- Claim decisions are in accordance with state law, administrative code, and WSI policy (p. 17).
- Indemnity decision date meets national average (p. 27).
- Vocational rehabilitation outcomes have improved (p. 46).
- WSI employee turnover has been reduced from 15.8% in 2008 to 3.6% in 2009 (p. 46).
- Significant favorable changes in the deployment of return to work case management firms (p. 53).
- The Safety Learning Management System (LMS) is more extensive than is currently being offered in any other state (p. 74).
- The existing Additional Benefit Payable (ABP), or post-retirement benefit, is unique and appears to be a reasonable way to supplement retirement income (p. 86).
- North Dakota's definition of compensable injury is in standard with other states (p. 88).
- Greater consistency with the recommendation implementation process (p.127).

The report contained 50 recommendations. As of August 2013, WSI has closed out 45 recommendations and 5 are a work in progress. **(HANDOUT)**

There were recommendations related to legislative and policy issues. These items were considered by the 2009-10 Interim Legislative Workers Compensation Review Committee which ultimately forwarded some recommendations for consideration by the 2011 Legislative Assembly.

Enacted 2011 legislation in response to this evaluation included:

- 2011 SB 2021—WSI Appropriations bill provided the authority and funding to move the vocational rehabilitation services program in-house (Rec 2.1).
- 2011 HB 1051 provided for modifications to the existing Additional Benefit Payable statute (Rec's 4.2 and 4.3).
- 2011 HB 1055 provided for moving to the current edition of the AMA Guides to Permanent Partial Impairment (PPI) and modifications to the PPI threshold and benefit rates (Element 7 and Rec 1.9).

Defeated 2011 legislation in response to this evaluation included:

- 2011 HBs 1053 and 1054 relating to narcotics administration and dispense as written (DAW) medications (Element 6).
- 2011 HB 1052 relating to confidentiality of provider information (Rec's 6.6 and 6.7).

Additionally, 2011 HB 1056 changed the frequency of the performance evaluations from every two years to every four years.

Workforce Safety & Insurance
PE2010 Performance Evaluation - Status by Element
As of July 31, 2013

Element	Total Number of Recs.	Mgmt. Status of Recommendation Implementation		% Closed	Internal Audit Validation ²	
		Closed ¹	In Progress		# Validated	% Validated
Element 1 - Part A - Claim Denials	3	3		100%	3	100%
Element 1 - Part B - Adjudicated Claims	4	4		100%	4	100%
Element 1 - Part C - PPI Threshold	3	3		100%	3	100%
Element 2 - Evaluation of Contracts	16	13	3	81%	13	100%
Element 3 - Internal Audit Division	1	1		100%	1	100%
Element 4 - Adequacy of Post Retirement Benefits	3	3		100%	3	100%
Element 5 - Comparison of Other State's Workers' Compensation Laws	5	5		100%	5	100%
Element 6 - Narcotic Utilization	9	7	2	78%	7	100%
Element 7 - Move to 6th Edition of the AMA Guides	4	4		100%	4	100%
Element 8 - Prior Recommendations	2	2		100%	2	100%
Total	50	45	5	90%	45	100%

1 - Reflects all recommendations that have been closed, and forwarded to Internal Audit for validation (includes fully and partially implemented, and those we did not concur with).

2 - Reflects all recommendations that have been validated by Internal Audit - % Validated is a percent of those that have been closed.