

Workers' Compensation Advisory Committee (WCAC)

March 30, 2021



AGENDA

Workers' Compensation Advisory Committee (WCAC)

Quarterly Meeting

Tuesday, March 30, 2021

Zoom

9:00am – 12:00pm

Time	Topic	Presenter(s)
9:00 am - 9:10 am	Welcome <ul style="list-style-type: none">• Introductions• Safety Message	Joel Sacks Vickie Kennedy Jeff Killip
9:10 am – 9:40 am	General Updates <ul style="list-style-type: none">• Legislation• COVID-19• WCSM• Budget	Vickie Kennedy Joel Sacks Vickie Kennedy Joel Sacks
9:40 am – 10:00 am	Insurance Services Dashboard	Vickie Kennedy
10:00 am – 10:15 am	Break	
10:15 am – 10:45 am	ESSB 6440 Legislative Report	Brenda Heilman
10:45 am – 11:15 am	Interpreter Services Project	Karen Jost
11:15 am – 11:30 am	Industrial Insurance State Fund Financial Overview	Rachel Swanner
11:30 am – 11:40 am	Board of Industrial Insurance (BIIA) Update	Linda Williams
11:40 am – 12:00 pm	Closing Comments & Adjourn	Vickie Kennedy Joel Sacks



Safety Message

Jeff Killip, JD MPH

DOSH – Acting Deputy Assistant Director

Agency Website: Coronavirus (COVID-19) Topic Page

GENERAL INFORMATION

INDUSTRY- AND TOPIC-
SPECIFIC RESOURCES

REQUIREMENTS & POLICIES

- [Coronavirus Employee Training PowerPoint template](#) (also available in Spanish)
- [Coronavirus \(COVID-19\) Prevention: Summary of General Workplace Requirements](#) (F414-167-000): This fact sheet helps Washington employers know what their requirements are regarding employee safety and health during the coronavirus outbreak.
- [Workplace Health and COVID-19 Prevention](#): General overall review for anyone interested in Washington specific information regarding COVID-19 prevention.
- [COVID-19 Reopening Guidance for Businesses and Workers](#) (Governor Inslee's office)
- [Sequence for safely putting on and removing Personal Protective Equipment. Printable PDF \(CDC\)](#)
- [Stop the Spread of Germs \(CDC poster\)](#) (also available in Spanish)

Masks, face shields, and respiratory protection

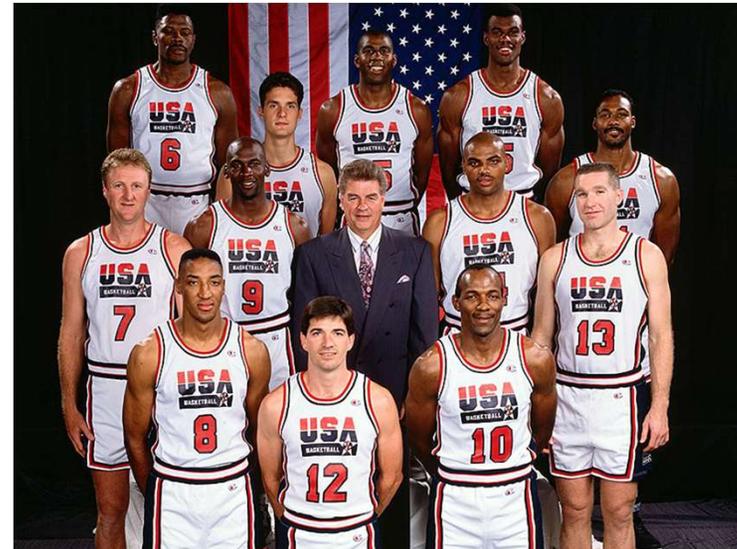
- [Which Mask for Which Task? COVID-19 Prevention at Work: When to Use Face Coverings and Respirators](#) (F414-168-000)
- [eTool Selection Guide for Face Coverings, Masks, and Respirators](#)
- [Common questions and answers regarding worker face covering and mask requirements](#)

Mask Selection eTool



COVID Contract with Restart Partners

- UW-affiliated non-profit – “Dream Team”
 - Behavioral Economics
 - Social Media Marketing
 - Substantial experience
 - National presence



Significant Upgrade

- From a Ford Fusion to a Lexus IS 350!



Mask Selection eTool: Old vs. New

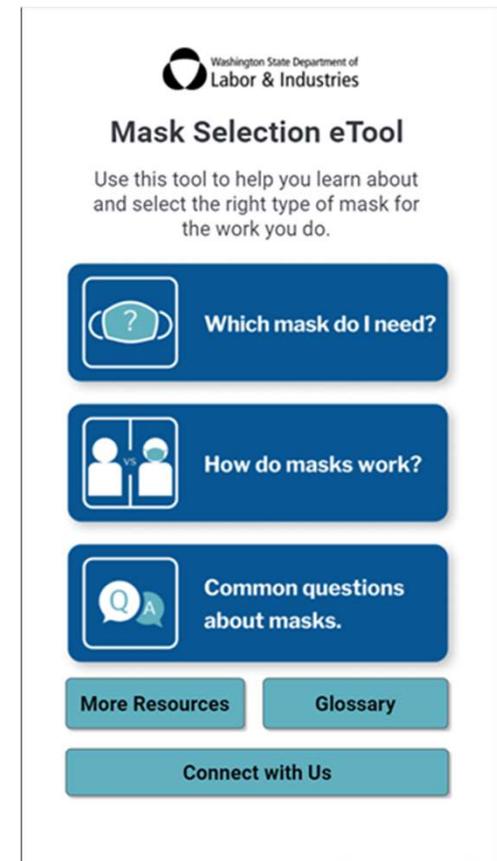


Mask Selection eTool

[eTool Selection Guide for Face Coverings, Masks, and Respirators](#)

Algorithm: greater mask protection = f (greater exposure)

- Outside vs. Inside?
- Multiple workers?
- Proximity to others?



COVID Contract with Restart Partners

- Improved look, feel, user-friendliness
- Social media marketing campaign
- Boosted engagement
 - My LinkedIn post – serious buzz!
 - 793 views
 - Multiple shares, likes, comments
 - Analytics:
 - triple views so far!
 - Anticipate 5x for March over February



Jeff Killip, JD MPH

Acting Deputy Assistant Director at Division of Occupational Safety & Health, Washington D...

2w · 🌐

We are super excited about the new look, feel, and user-friendliness of our Mask Selection eTool. Pull out your cell phone to quickly find which mask you need for your work situation - to keep you and others safe. Enthusiastic high fives to Akhtar Badshah and his UW-Restart Partners team for getting us here. It is also available in Spanish.

<https://lnkd.in/gtMPJh8>



Better Together



If you want to go fast go alone. If you want to go far go together. (African Proverb)

Please Stay Safe!

- **Jeff Killip**, JD MPH
DOSH Acting Deputy Assistant Director
jeffrey.killip@lni.wa.gov
360-999-9477

General Updates

Vickie Kennedy, Assistant Director for Insurance Services

Joel Sacks, Agency Director





Dashboard – Help Injured Workers Heal and Return to Work

Vickie Kennedy

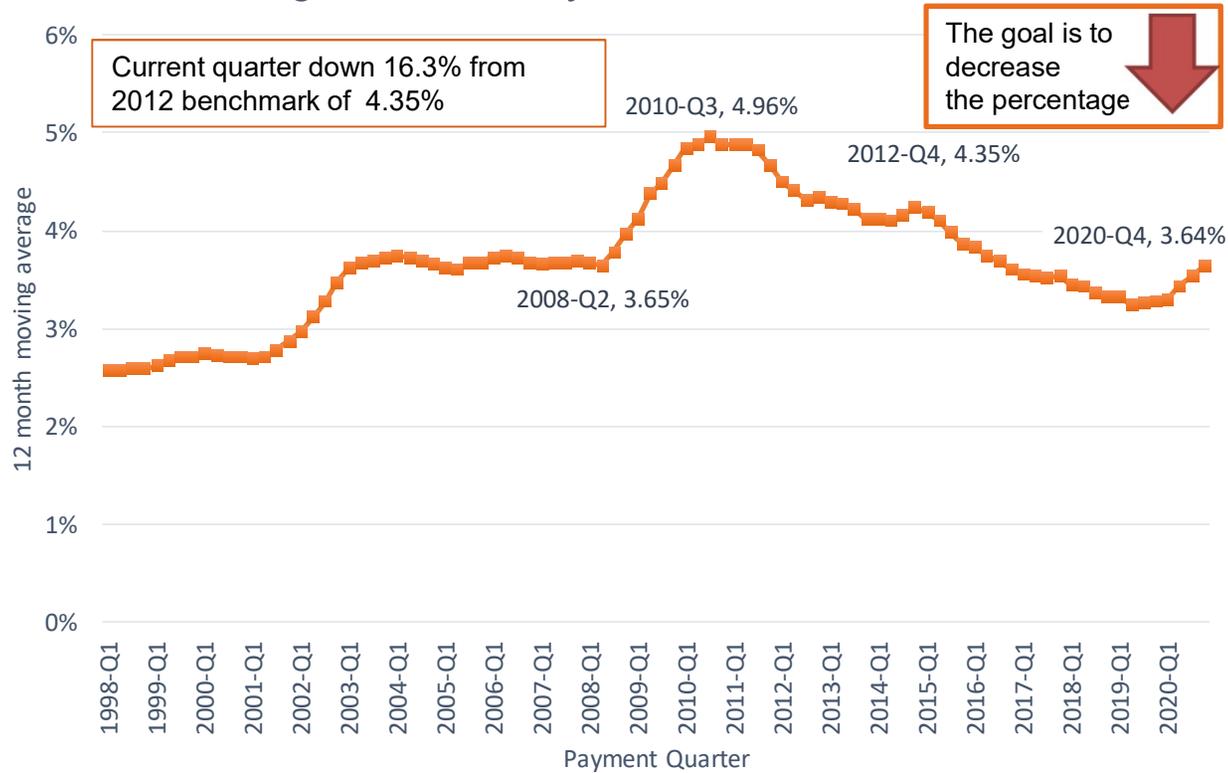
Assistant Director for Insurance Services

DASHBOARD SUMMARY

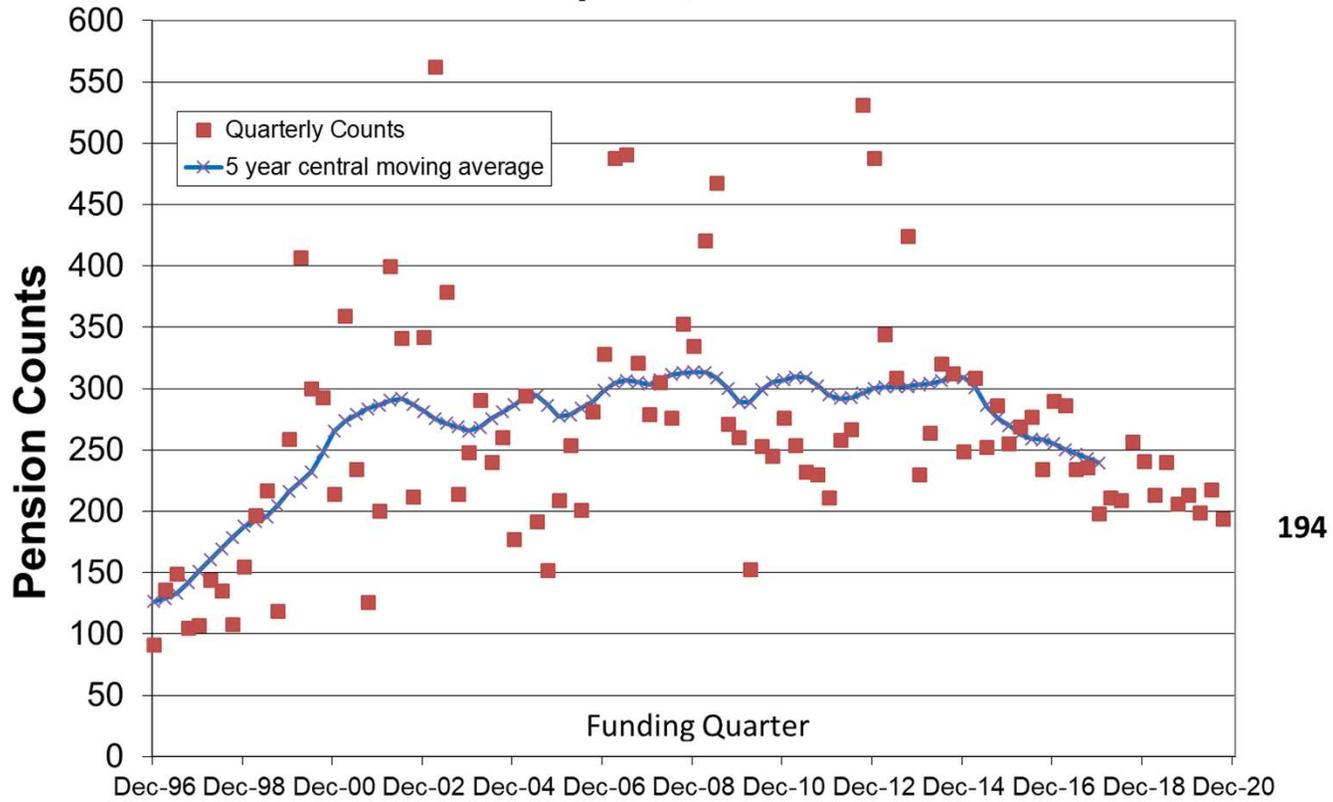
Measure	Change from 2012 (unless otherwise noted)		Y/Y Change	
Long Term Disability – share that received a TL payment in the 12 month post injury	-16.3%	✓	11%	△
Pensions granted	Down	✓		
Resolution rate - time-loss claims at 6 months	6.5%	✓	8%	✓
Auto adjudication of claims	72% from 2014	✓	-5.2%	△
High risk claims – share return to work at 12 months	1.4%	✓	-4.9%	△
Median time-loss days paid at first vocational service	-77.8%	✓	-11.5%	✓
% RTW outcomes - all first vocational service referrals	241.5%	✓	5.5%	✓
WSAW participation	Steady utilization			
COHE utilization	91%	✓	3.6%	✓

Long term disability percent

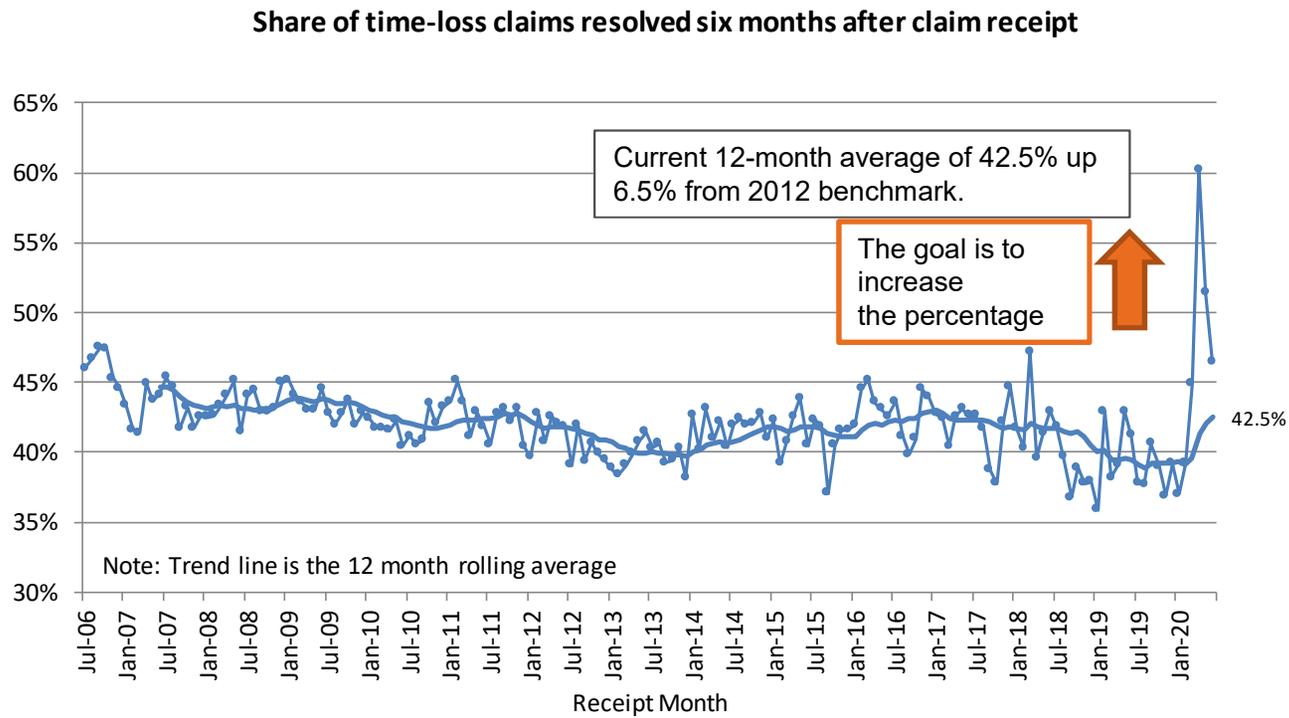
Share of injured workers with time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*



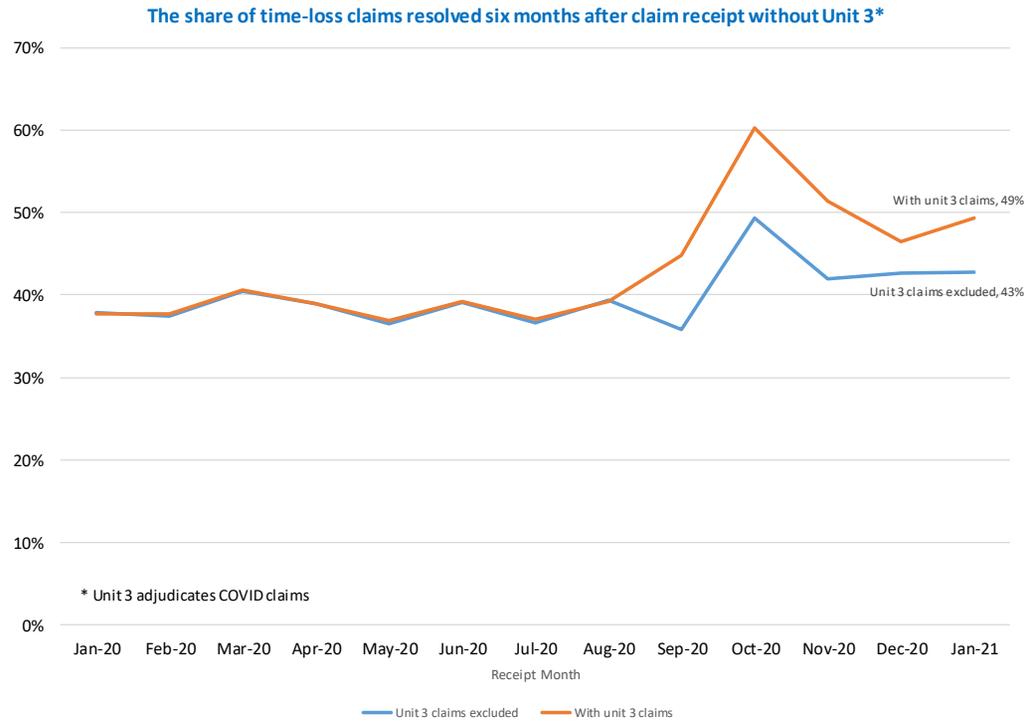
Count of State Fund TPD Pensions Funded per Quarter



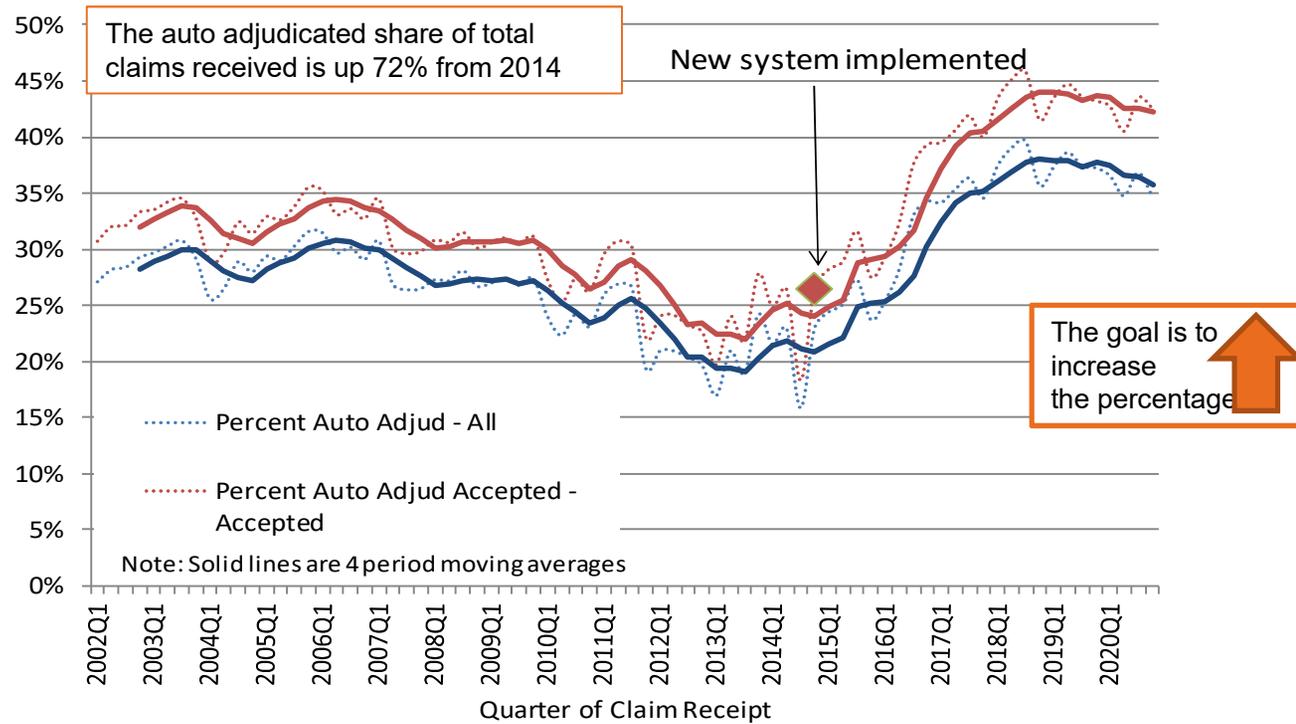
The share of time-loss claims resolved six months after claim receipt



The increase in claims resolved at 6 months is due in part to COVID claims



A new auto-adjudication process was implemented in early 2015 and is showing results



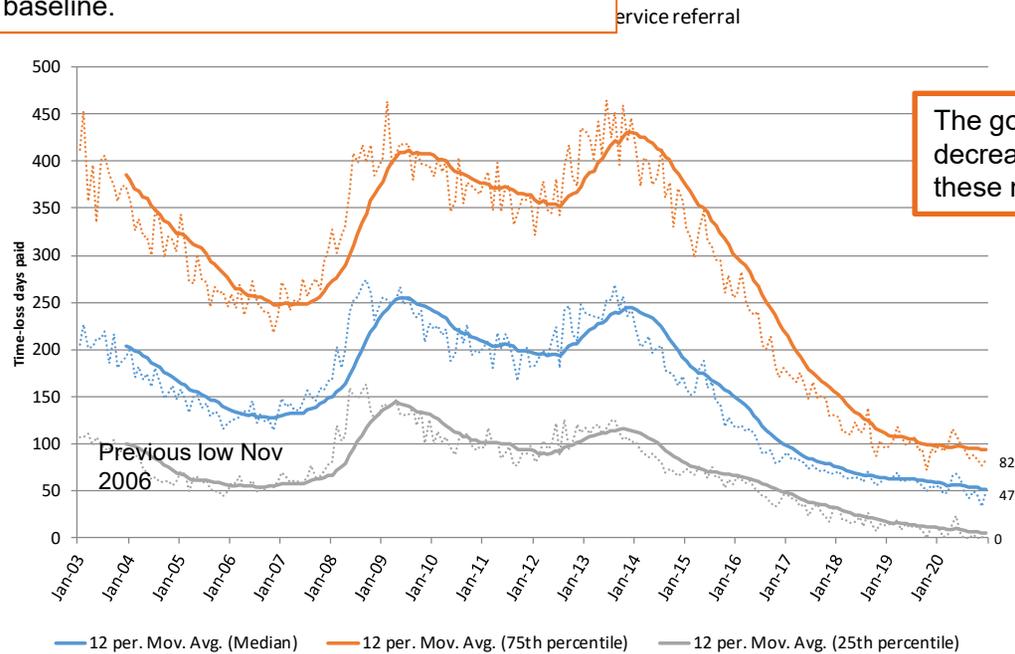
High risk claims – Initiatives in the first year are improving RTW outcomes



High risk workers are defined as those being disabled on the 40th day following claim receipt, about 1,540 claims per quarter. RTW is defined as the status of not receiving disability benefits between 7 and 12 months

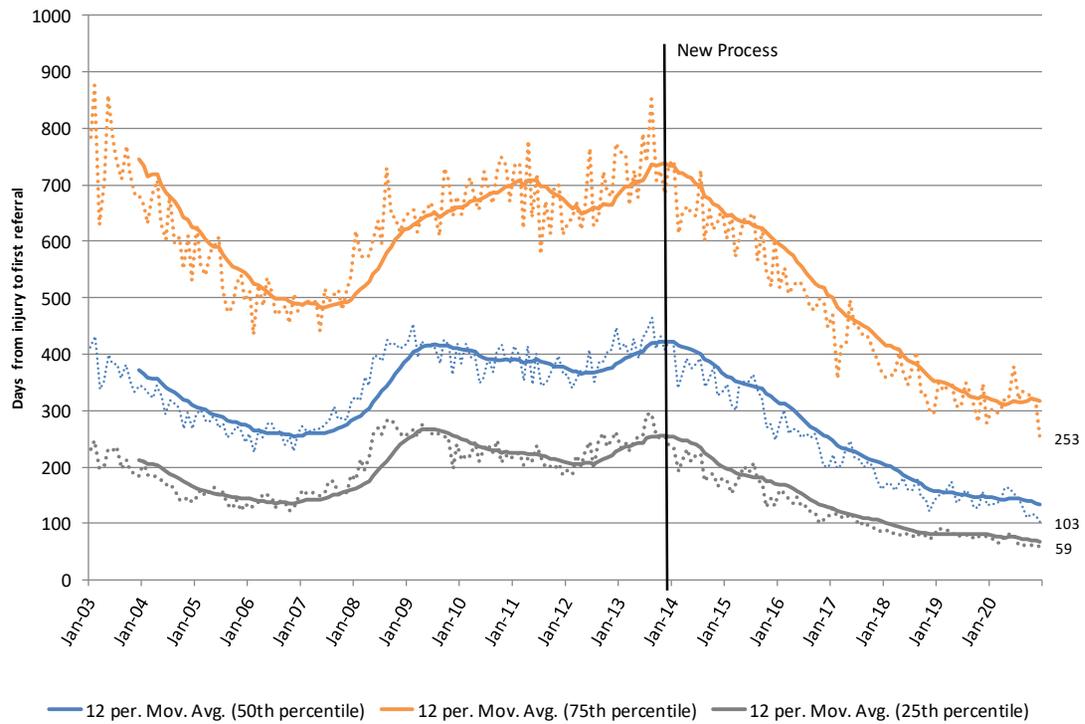
Referrals are now targeted to address the onset of disability

Current median down 77.8% from 2012 baseline.

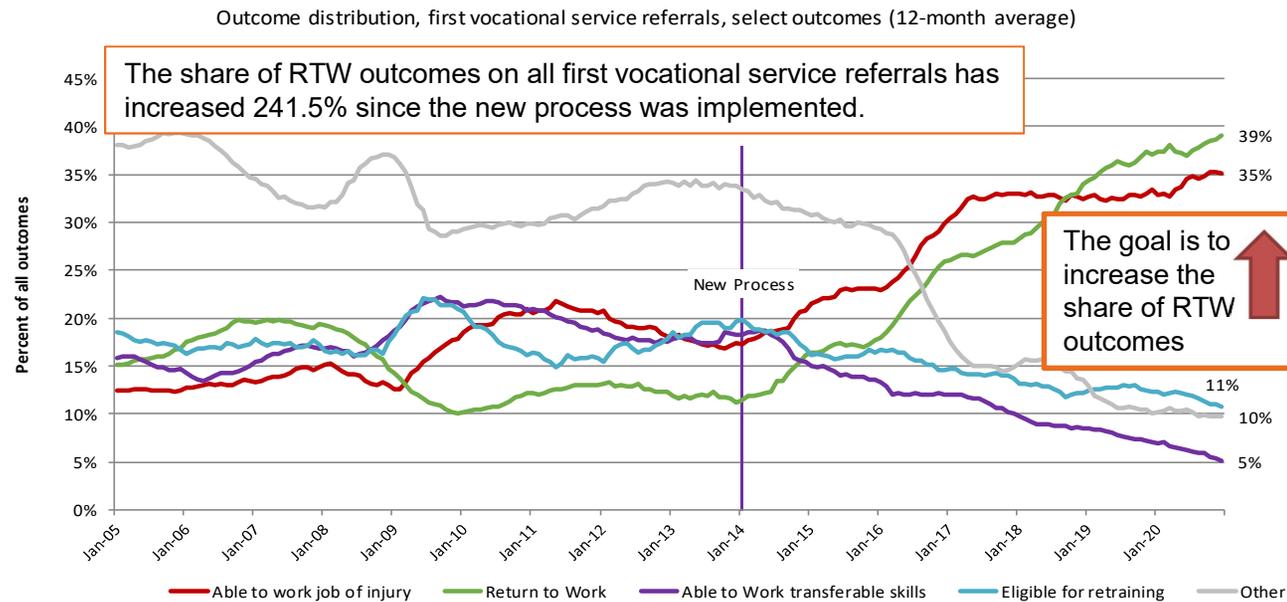


Referrals are now targeted to address the onset of disability days from date of injury

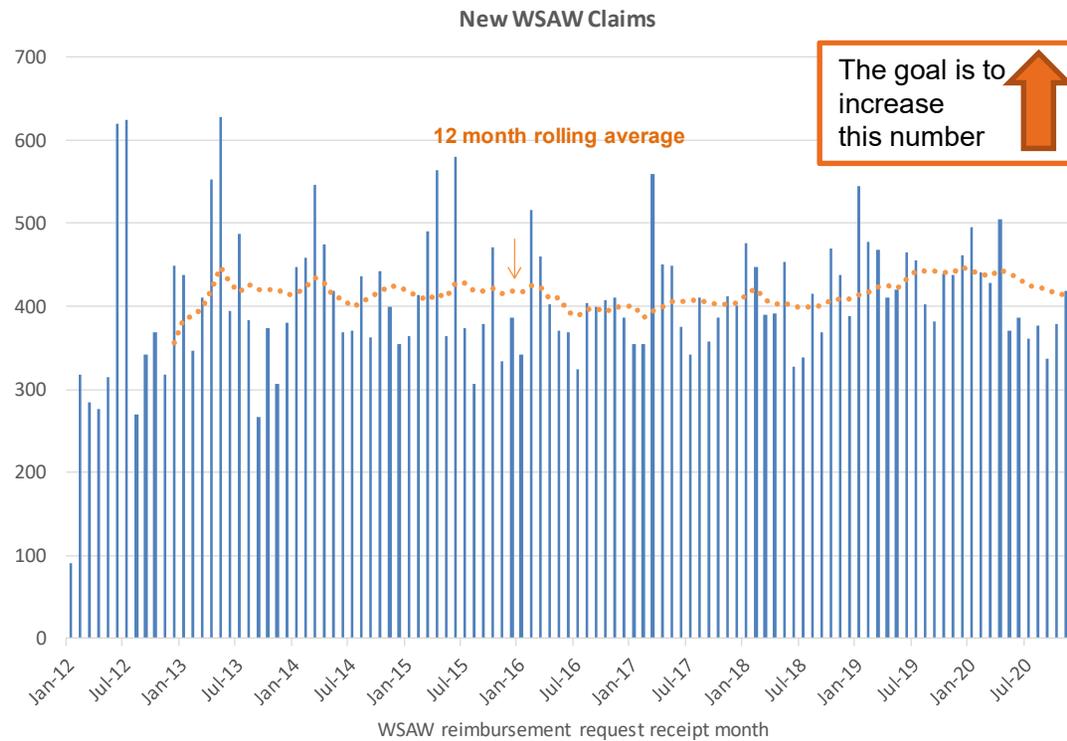
Injury Days at first vocational referral
25th, 50th, 75th percentiles



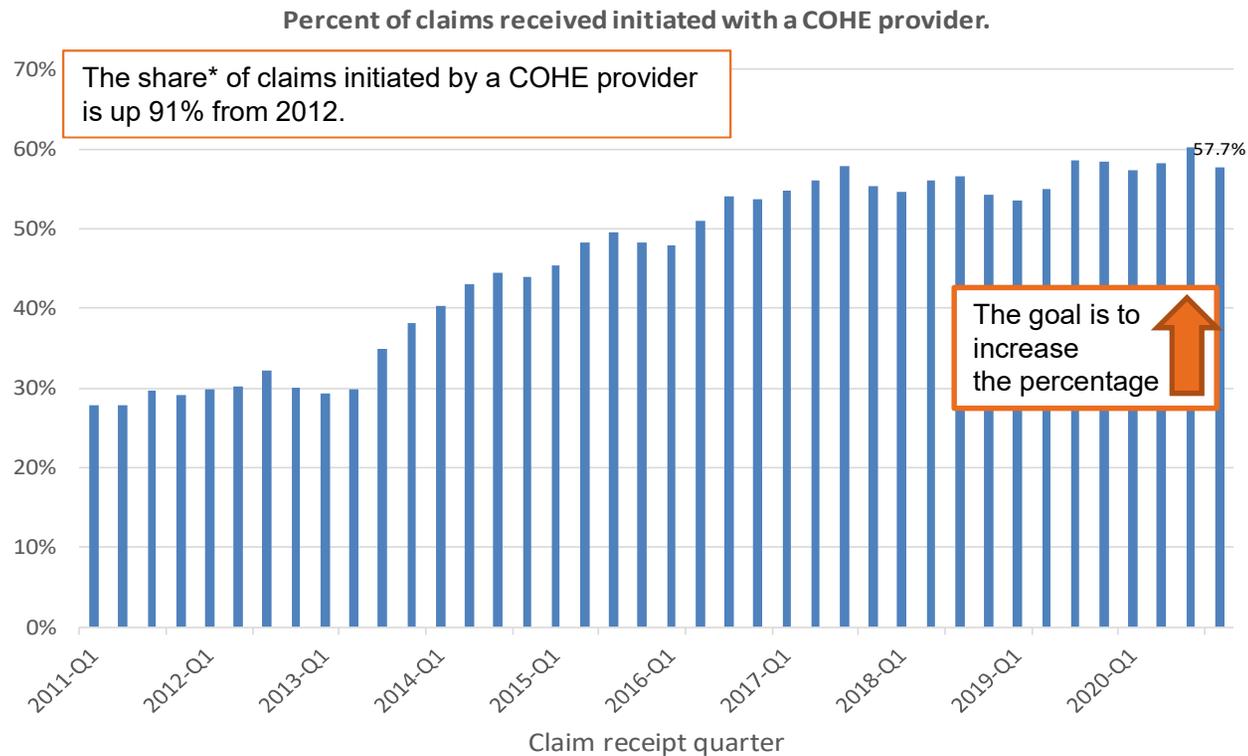
New focus on return to work has increased positive employable outcomes for all first vocational service referrals



Participation in light duty job assignments helps maintain the employer/injured worker relationship.



Percentage of claims for injured workers initiated with a COHE provider



*Average share for most recent 4 quarters.

Break Time





ESSB 6440 Legislative Report

Brenda Heilman, Claims Administration Program Manager

IME Background

An Independent Medical Examination (IME) is an evaluation requested by a claim manager (CM) on a State Fund (L&I) or self-insured claim. The medical information may be needed to assist in certain benefit or treatment decisions, or to consider how to ensure a worker's continued recovery. IMEs may also be in response to an issue from the attending doctor or employer. Most common reasons for L&I IMEs:

- To establish whether a worker has reached maximum benefit from treatment
- To determine any permanent impairment
- To assist in ensuring case progress (worker recovery seems stalled)

High-quality IMEs should provide unbiased, accurate, and medically sound information to assist adjudication of the claim.

ESSB 6440

- Bill passed in 2020
- Added definition of “new medical issue”
- Limited reasons for an IME to:
 - Make claim allowance or reopening decision
 - Resolve a new medical issue, an appeal, or case progress
 - Evaluate the worker’s permanent disability or work restriction
- Defined “reasonably convenient” for where an IME is to occur
- Defined “examination” including types of IME providers
- Included consideration of telemedicine options
- Eliminated the ability to charge “no show” fees when the worker gives 5 days notice

ESSB 6440

NEW SECTION. **Sec. 4.** (1) An independent medical examination work group is establish within the department of labor and industries, with members as provided in this subsection.

IME Work Group Members

Member	Representing
Derek Stanford	Senator (D)
Curtis King	Senator (R)
My-Linh Thai	Representative (D)
Larry Hoff	Representative (R)
Rick Clyne	State Fund employers
Ryan Miller	Self-insured employers
Brenda Wiest	Labor representative
John Adams	Labor representative
Kristin McCoy	IME physicians & panel companies
Doug Palmer	Attorney for injured workers

ESSB 6440 required the work group to...

- Develop strategies to reduce the number of IMEs per claim, considering claim duration and medical complexity
- Develop strategies to improve access to medical records
- Consider whether L&I should schedule IMEs for self-insured claims
- Consider circumstances for which examiners should be randomly selected or specified
- Consider workers' rights in the IME process including attendance, specialist consultations, audio or video recording, distance and location of exams
- Recommend changes to improve the efficiency of the IME process
- Identify barriers to increasing the supply of in-state physicians willing to do IMEs

Work Underway

- Consider incentives to recruit more bilingual examiners
- Update fee schedule to improve the availability of examiners, particularly specialists
- Consider higher fee for in-state examiners
- Compensate examiners for record reviews when the worker fails to attend or cancels late
- Encourage consultations that are scheduled by attending provider; enforce current consultation rules
- Begin work to define case progress (or lack thereof) in rule
- Conduct exit interviews of examiners who do not reapply for IME credentialing
- Consider rulemaking to develop criteria for when the department can place a self-insured IME on hold
- Research current processes, potential changes regarding hand-selection of examiners for self-insured cases (State Fund's scheduling process already uses random selection)
- Research potential deadline for clam/medical records to be sent to the IME firm (self-insured cases)

Future Work

- Encourage consultations scheduled by attending provider; improve claim manager training; develop consultant list
- Establish criteria for expedited IMEs
- Implement Electronic Data Interchange (EDI) to collect self-insured billing data for medical testimony
- Obtain technology and staff funding to reduce duplicate documents in claim files
- Focus on the subset of claims with too many IMEs (the data slides provided to the work group identified outlier claims as those with three or more referrals)
- Improve availability and quality of chart notes and required report documentation of attending providers
- Consider whether requirements on IME report documentation can be streamlined

Strategies Not Being Implemented

- Amend rule for 60-day reports to include stalled treatment; mandate consultation in lieu of IME
- Allow workers to record IME; need to know more about any unintended impacts to IME access
- Establish standards for when additional IMEs are allowed for self-insured employers
- Increase 14-day notice to workers for IMEs ordered by self-insured employers
- Reconvene work group when EDI data is more mature
- Reduce IMEs for complex cases
- Research how Washington compares with other states
- Schedule all IMEs (both State Fund and self-insured) through L&I
- Ensure attending providers are aware of a worker's right to a consultation for stalled treatment and second surgical opinion per the original bill language (SB 6440)



Interpreter Services Project

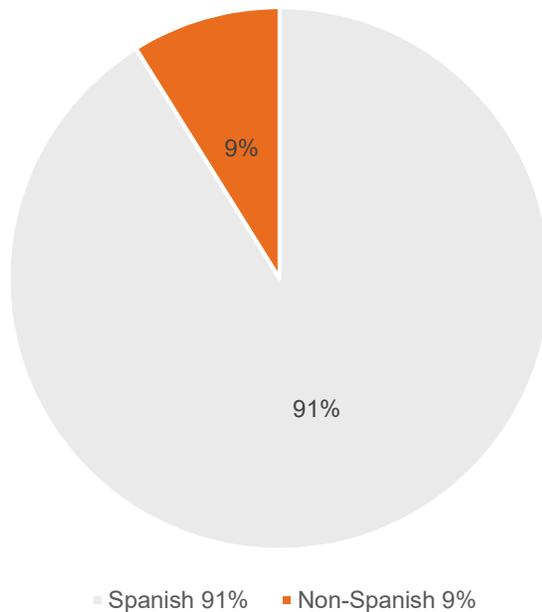
Karen Jost, Health Services Analysis Program Manager

Background - Project Formation

- SSB 6245 (2018)
 - Created [RCW 39.26.300](#) and modified [RCW 41.56.030](#)
- Requires L&I to
 - Purchase face-to-face interpreter services for workers and crime victims
 - Directly from language access providers (LAP), and/or
 - Through contract(s) with organization(s) that schedule and coordinate the delivery of services
 - Have at least one contract for telephonic and video remote interpreting
- Allows L&I to make direct payment to LAP for emergency and urgent care
 - Excludes payment to language access agencies

Injured Worker Languages – 2020 Claims

Breakdown of Non-English Languages by New Claims Filed in 2020



The top 10 Non-Spanish languages:

VIETNAMESE	23%
RUSSIAN	21%
KOREAN	11%
CAMBODIAN	6%
TAGALOG	6%
SOMALI	6%
PUNJABI	5%
CHINESE	12%
AMHARIC	5%
ARABIC	4%

Current State

- Healthcare and vocational providers secure interpreters using:
 - Existing relationships with interpreters or with language access agencies
 - An interpreter that has an existing connection with the worker
 - L&I's interpreter lookup service

- Interpreters bill either directly or through an agency
 - The self-insurer or L&I pays either the interpreter or an agency, if the interpreter works with an agency

- Telephonic interpretation services are provided by Language Link

Response to COVID-19

- Temporary interpreter policy established
- Allows interpreters to deliver services:
 - Remotely by phone or audio/video
 - In person
- Policy set to expire June 30, 2021



L&I procurement approach

- Decision to use both options provided by the legislature
 - Face-to-face services through vendor contract for scheduling/coordinating
 - Emergency, urgent, and walk-in appointments through individual LAPs
- Audio and video* services through a vendor on the DES Master Contract for interpreter services

* Work underway on video interpretation

Vendor selection for face-to-face services

- Request For Proposal (RFP) process concluded in Spring 2020
- interpretingWorks is our scheduling platform vendor
 - All scheduled healthcare and vocational service appointments
 - Face-to-face services only

What's Happening Now

- User Acceptance Testing is under way
- Announced April 12, 2021 go-live date via GovDelivery
- Scheduling platform registration open for interpreters and providers
- Plan a short transition period before current language access agencies must stop scheduling and billing for services
- Communication with self-insurers: they are required to pay interpretingWorks and individual LAPs for appointments

Future state

	Scheduled appointments (requires platform registration)	Emergency, urgent, walk-in appointments (not scheduled through platform)	Virtual appointments (telephonic)
Provider	Request through interpretingWorks	Request from LAPs Interpreter Lookup Service (ILS) available	Language Link (DES Master Contract vendor)
Interpreter	Receive and accept/decline in interpretingWorks platform	Enroll with L&I as an individual LAP Enrollment adds them to ILS	N/A

Scheduling platform enables providers to submit feedback to the vendor regarding the services received
 LAP: Language Access Provider (an individual)

Resources

[View L&I's Interpreter Scheduling FAQs here](#)

For questions or comments about arranging interpreter services, please contact Interpretation@Lni.wa.gov

Questions?



Supplemental slides

Future State – Scheduling System

The platform:

- Is optimized for both mobile and PC access through any internet browser
- Is an easy-to-use, one-stop-shop for providers to request and schedule interpreter services
- Allows interpreters to receive and either accept or decline appointments
- Offers seamless electronic check-in/-out and sign-off by providers for completed interpreting encounters

After providers verify the service, interpretingWorks bills L&I for the service and pays the interpreter



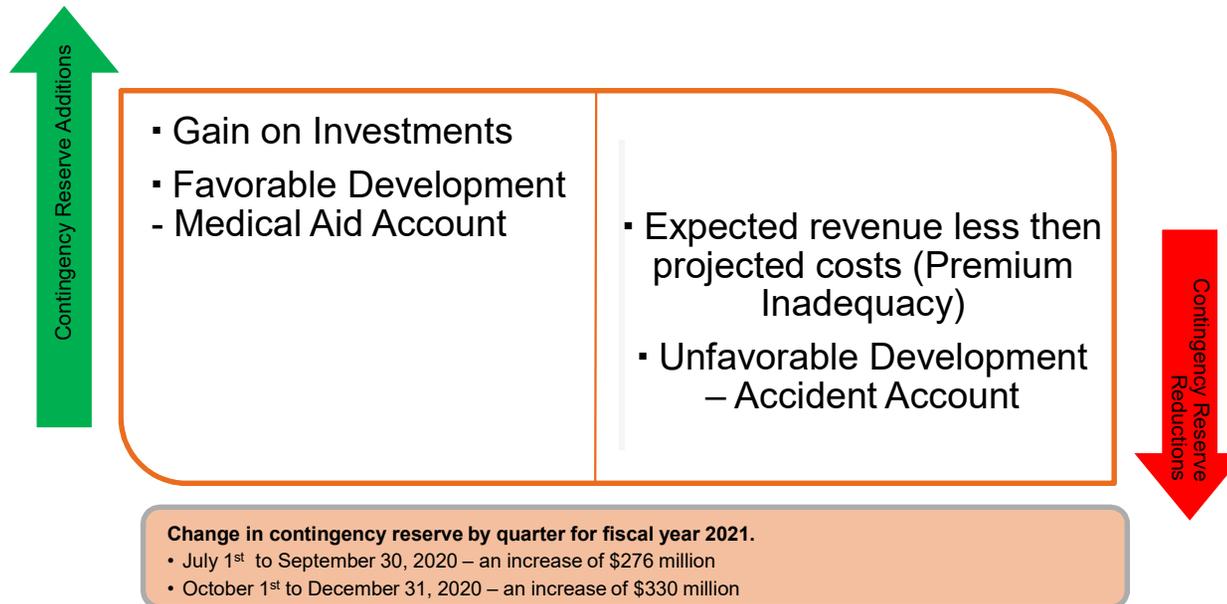
Industrial Insurance (State) Fund Financial Overview - Appendix

*Rachel Swanner, Workers' Compensation Accounting
Manager*

Significant Financial Highlights

July 2020 through December 2020

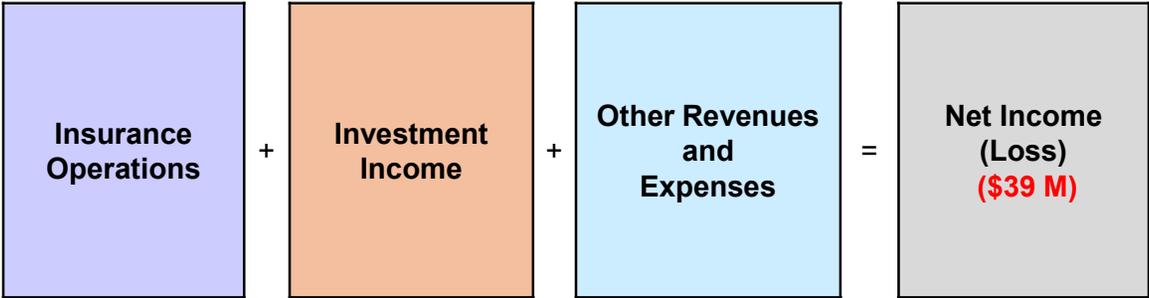
The contingency reserve increased **\$606 million**, from \$3,995 million on July 1, 2020 to \$4,601 million on December 31, 2020.



State Fund Results

“Net Income”

July 2020 through December 2020



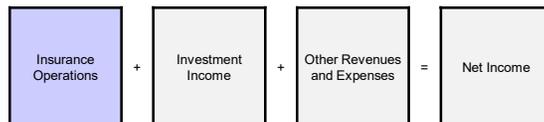
Insurance Operations

July through December 2020
(in millions)

Six Months Ended

		December 31, 2020	December 31, 2019
We took in (Premiums Earned)	+	\$ 828	\$ 1,018
We spent (Expenses Incurred)			
Benefits Incurred		1,163	1,147
Claim Administrative Expenses		124	123
Other Insurance Expenses		47	47
Total Expenses Incurred	-	1,334	1,317
Net Income (Loss) from Insurance Operations	=	\$ (506)	\$ (299)

Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.



Premiums Earned

July through December 2020
(in millions)

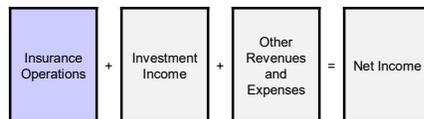
	Six Months Ended		Difference
	December 31, 2020	December 31, 2019	
Standard Premiums Collected	\$966	\$1,108	
Less Retrospective Rating Adjustments	(39)	(54)	
Less Ceded Reinsurance Premiums	(6)	(6)	
Net Premiums Collected	921	1,048	
Changes in future Premium Amounts To Be Collected	(23)	31	
Changes in future Retrospective Rating Adjustment Refunds	(70)	(61)	
Net Premiums Earned	\$ 828	\$ 1,018	\$ (190)



Benefits Incurred

July through December 2020
(in millions)

	Six Months Ended		Difference
	December 31, 2020	December 31, 2019	
Benefits Paid	\$ 820	\$ 859	\$ (39)
Change in Benefit Liabilities	343	288	55
Total Benefits Incurred	\$ 1,163	\$ 1,147	\$ 16

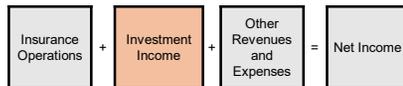


Investment Income

July through December 2020
(in millions)

Six Months Ended

		December 31, 2020	December 31, 2019
Investment Income Earned from Interest on bonds	+	\$ 233	\$ 252
Realized Gain/(Loss) from Fixed Income Investments Sold	+	61	88
Realized Gains from Stocks (Equity Investments) Sold	+	193	3
Total Investment Income	=	\$ 487	\$ 343



Total Investments

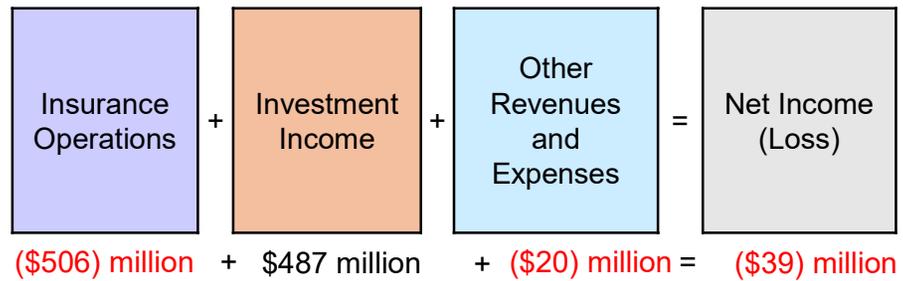
(rounded to billions)



Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income
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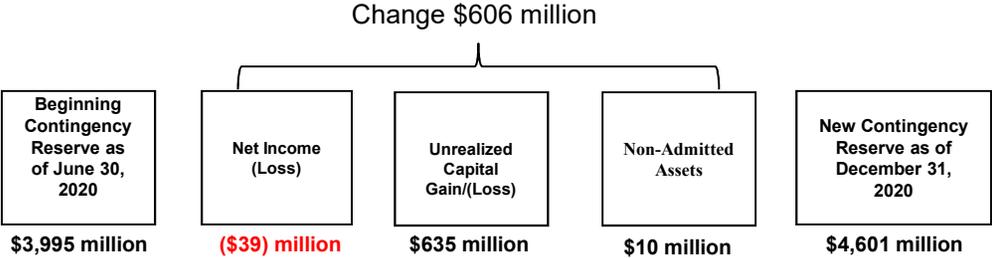
Results of Operations

July 2020 through December 2020



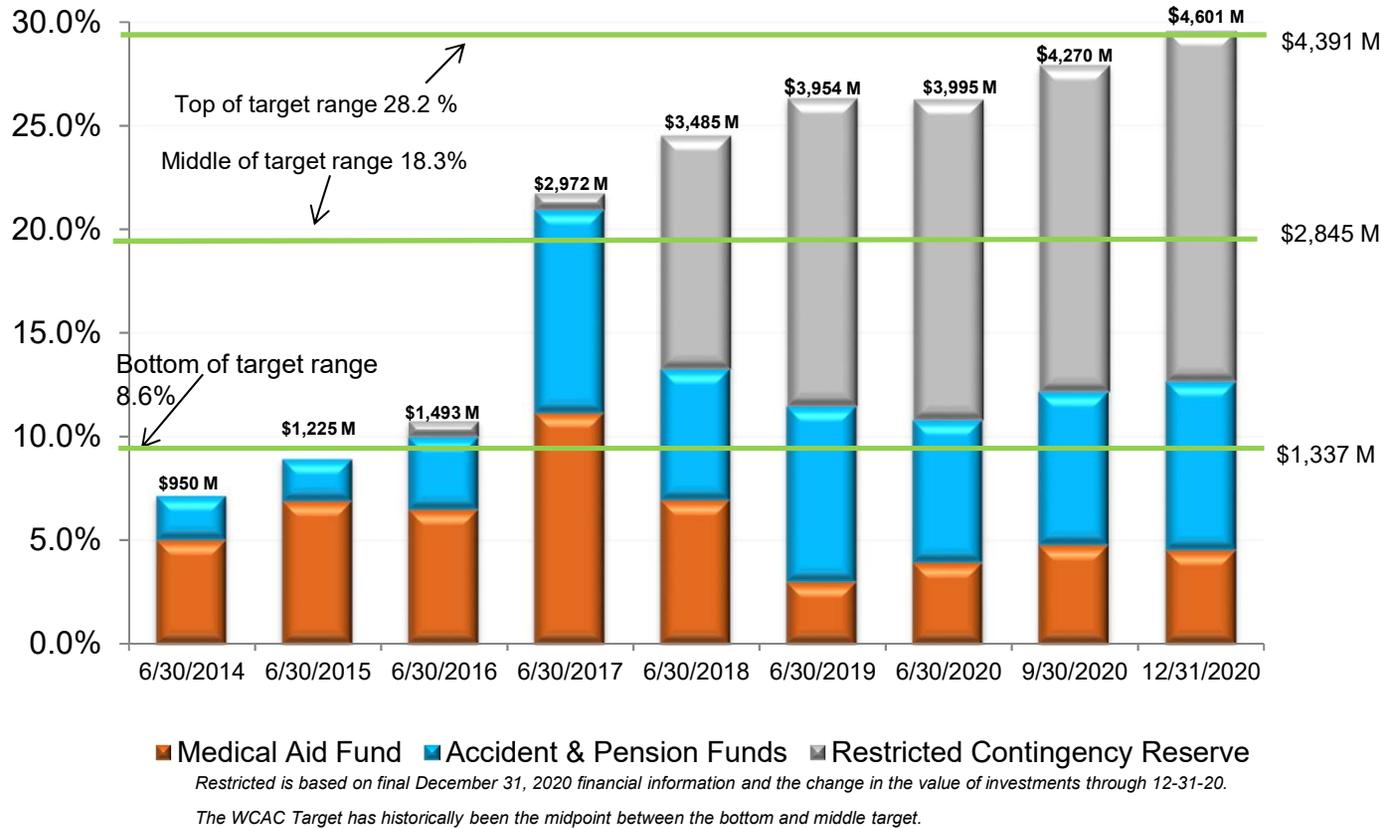
How Did Contingency Reserve Perform?

July 2020 through December 2020



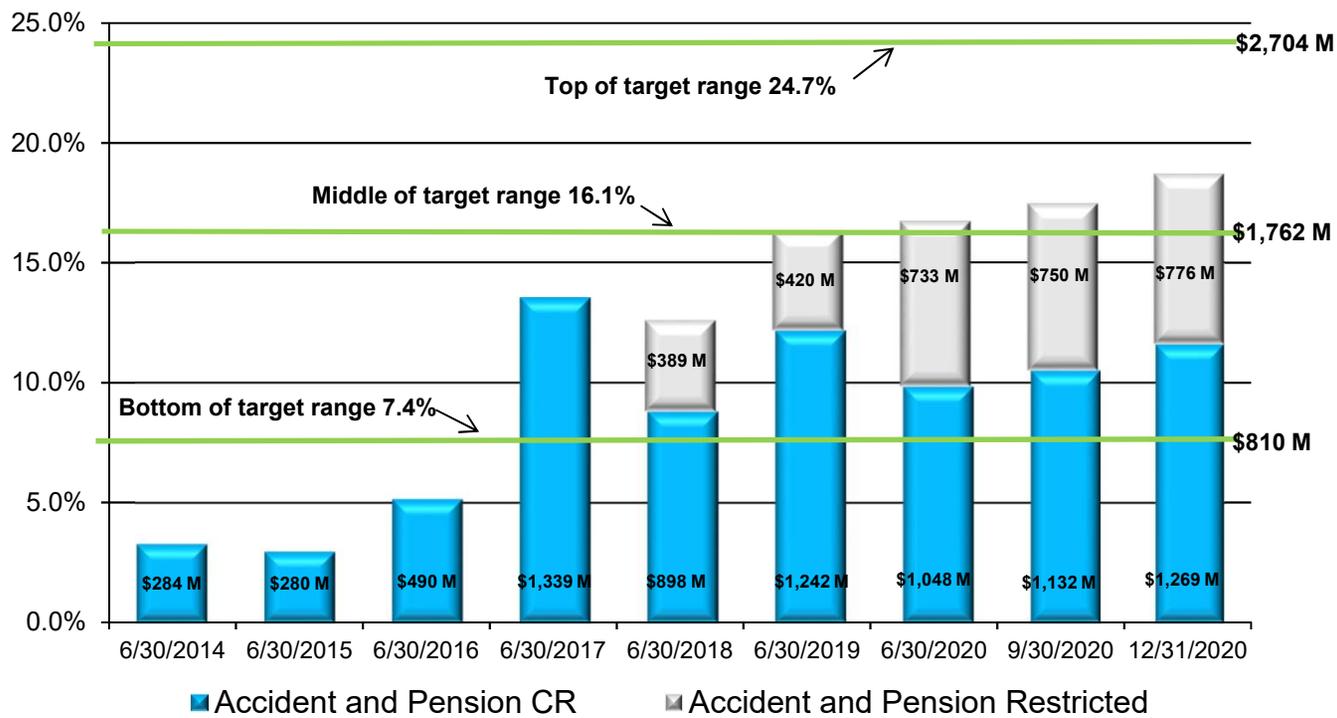
Combined Contingency Reserve vs. Targets

Combined Contingency Reserve is 29.6% of Total Liabilities



Accident, Pension & Restricted Contingency Reserve is 18.7% of Liabilities

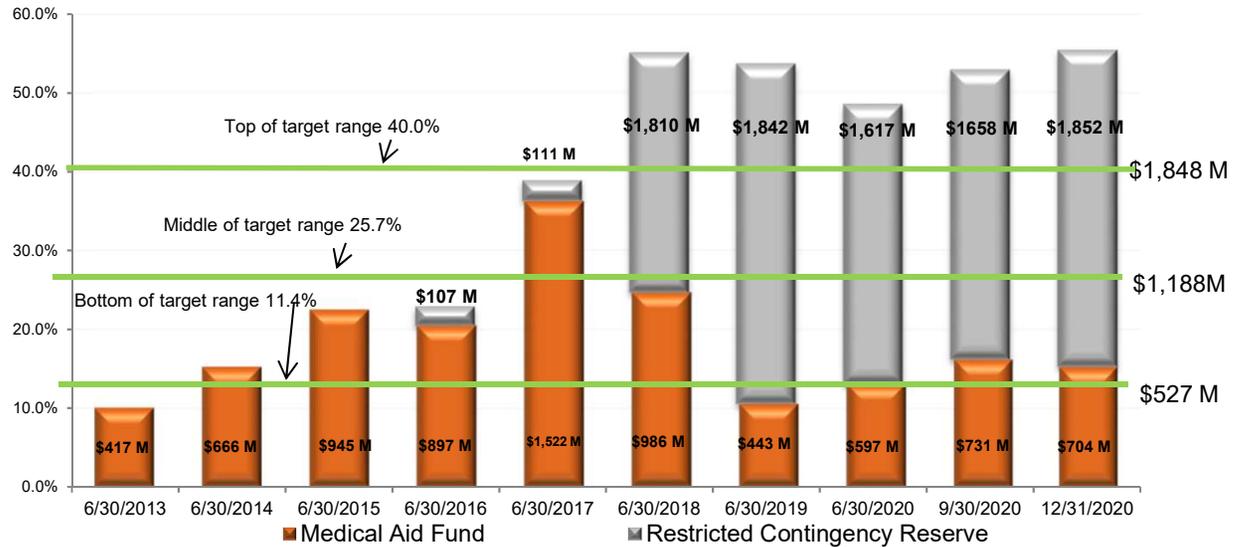
Accident & Pension Contingency Reserve vs. Targets



The WCAC Target has historically been the midpoint between the bottom and middle target.

Medical Aid & Restricted Contingency Reserve is 55.3% of Liabilities

Medical Aid & Restricted Contingency Reserve vs. Targets



Restricted is based on final June 30, 2020 financial information and investment earnings through 12-31-20.

The WCAC Target has historically been the midpoint between the bottom and middle target.

Key Financial Ratios

as a percentage of premium earned

Ratios	Quarter Ended December 31, 2020		Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
	State Fund	Industry Forecast		
Current Year Benefit (Loss Ratio)	119.2%		90.5%	83.7%
Prior Year Benefit (Loss Ratio)	21.3%		35.4%	4.9%
Total Benefit (Loss Ratio)	140.5%	45.5%	125.9%	88.6%
Current Year CAE Ratio	14.7%		11.5%	10.3%
Prior Year CAE Ratio	0.3%		1.8%	5.9%
Total Claim Administration Expense (CAE) Ratio	15.0%	14.5%	13.3%	16.2%
Sub-Total: Benefit and Claim Administration Expense Ratios	155.5%	60.0%	139.2%	104.8%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	5.6%	27.8%	5.1%	5.4%
Combined Ratio (Industry omits dividends)	161.1%	87.8%	144.3%	110.2%
Investment Income Ratio	28.2%	17.3%	26.1%	25.9%
Operating Ratio	132.9%	70.5%	118.2%	84.3%

Questions & Comments

Contact Rachel Swanner,
Workers Compensation Accounting Manager

- Phone: 360-902-6263
- Email: Rachel.swanner@lni.wa.gov.

Thank You!

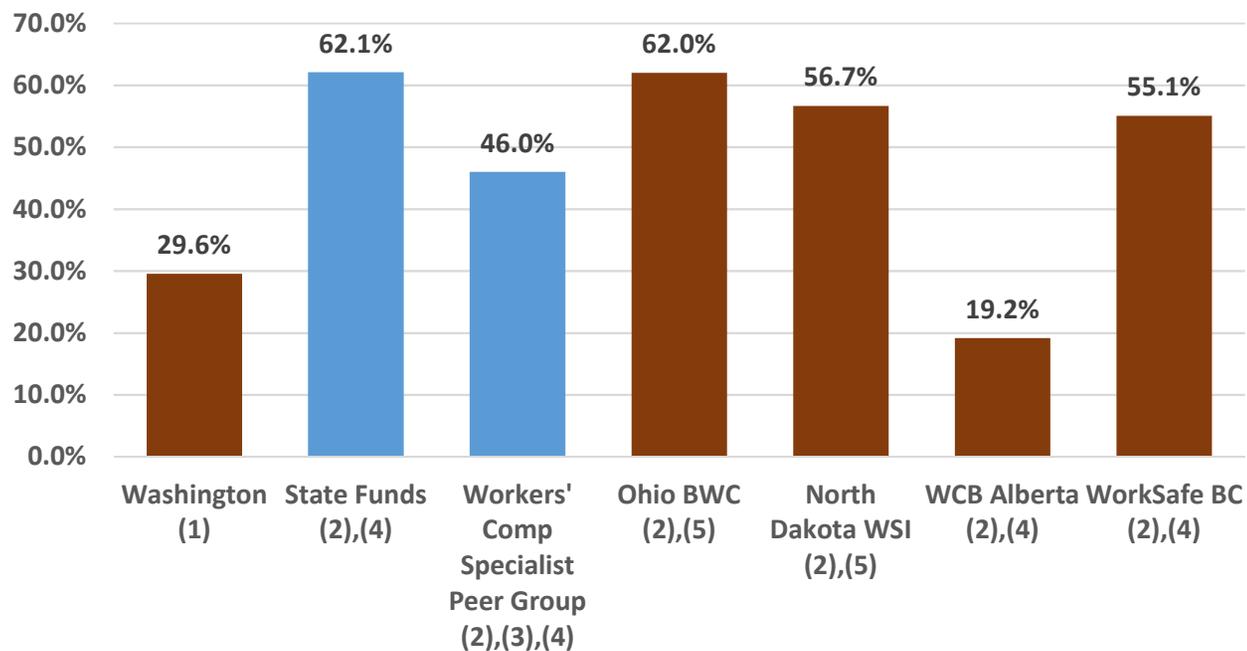
Supplemental slides

Reconciliation of Change in Benefit Liabilities

(In \$1,000s)

July 1, 2020 Benefit Liability Beginning Balance	\$13,893,986
Prior Year Benefit Payments	(\$738,712)
Prior Year Development and Model Change (Unfavorable)	\$350
Self Insurance Prefunded Pension Transfers	\$7,718
Regular reserve discount reduction	\$168,374
Net Total Prior Year Benefit Liability as of December 31, 2020	<u>\$13,331,716</u>
New Current Year Benefit Liabilities	\$905,355
December 31, 2020 Benefit Liabilities Ending Balance	<u>\$14,237,071</u>
Change Between Beginning and Ending Balance	\$343,085

Washington's CR is below most other funds as a percent of liabilities



(1) Preliminary as of 12/31/2020

(2) Source: Conning Peer Analysis, August 19, 2020

(3) Worker's Comp Specialist Peer Group—workers' compensation specialist insurers including some state funds

(4) As of 12/31/2019

(5) As of 6/30/2019

Historic Results of Operations

July through December
(in millions)

As of Quarter Ended December 31,	Insurance Operations	+	Investment Income	+	Other Revenues & Expenses	=	Net Income (Loss)
2020	(506)		487		(20)		(39)
2019	(299)		343		(9)		35
2018	(70)		245		10		185
2017	423		351		28		802
2016	172		268		30		470
2015	(274)		313		30		69
2014	(196)		262		26		92
2013	(108)		273		26		191
2012	(69)		305		14		250
2011	(353)		274		36		(43)

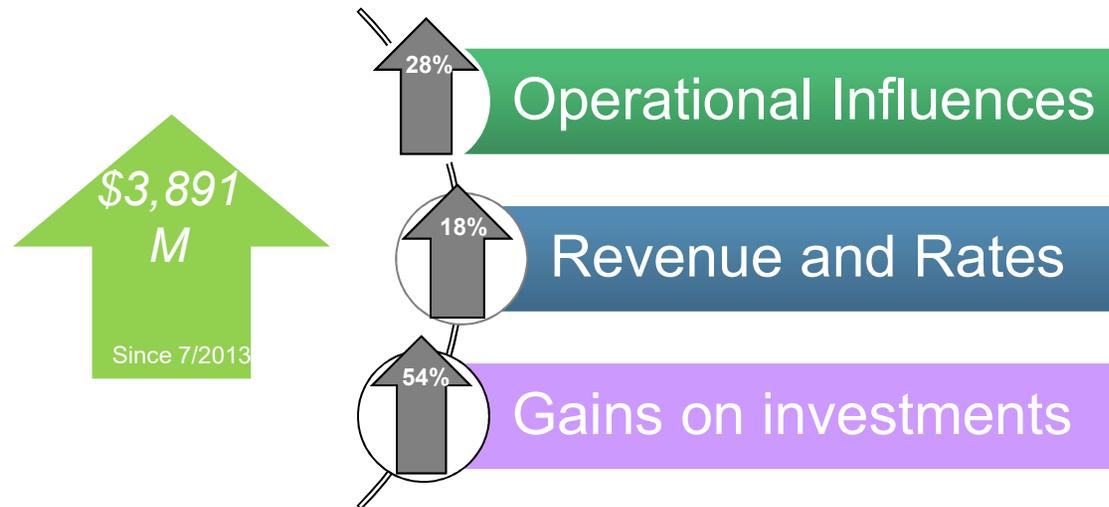
Historical Investment Performance

Fiscal Year Ended

	Quarter Ended December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Investment Income	233,250,000	496,981,000	498,626,000	481,048,000	478,130,000	498,499,000
Realized Gain (Loss)	254,132,000	272,266,000	(23,498,000)	1,092,446,000	102,540,000	137,988,000
Unrealized Gain (Loss)	634,939,000	161,264,000	151,820,000	(812,942,000)*	380,183,000	(181,830,000)
Total Invested Assets	19,260,866,000	17,992,984,000	17,443,448,000	16,728,166,000	15,815,997,000	14,593,530,000

***Unrealized gains in prior years that increased the contingency reserve were removed from unrealized and included in realized gains when equities were sold in fiscal year 2018.**

Contingency Reserve Drivers



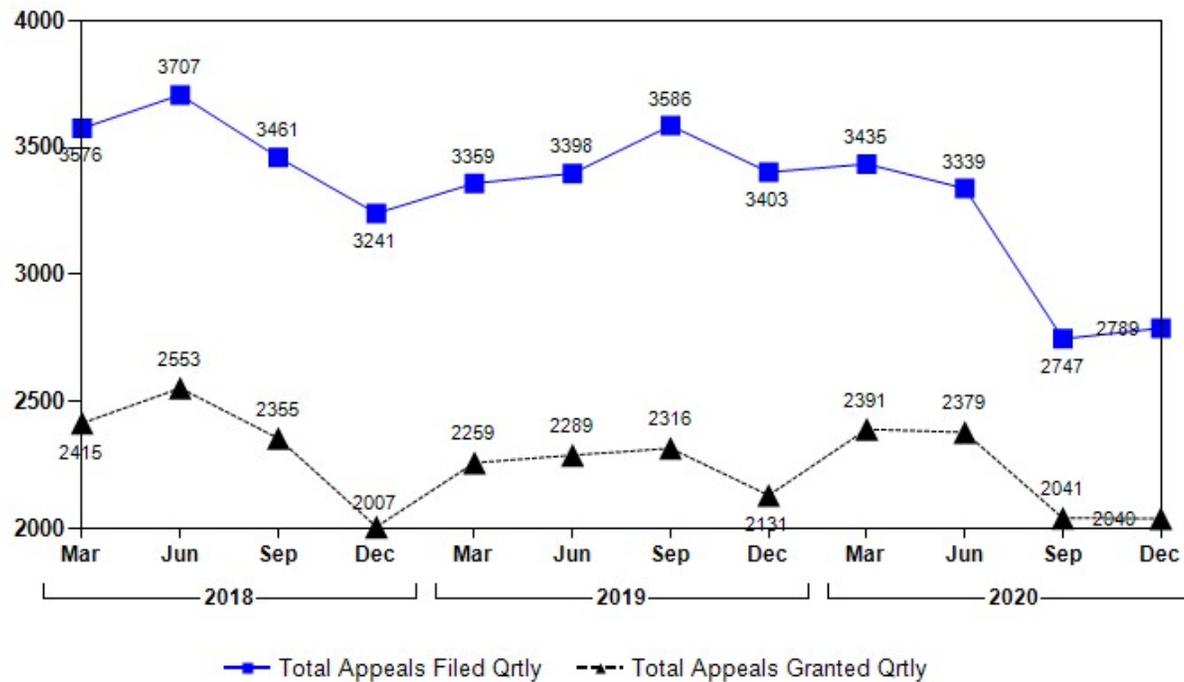
As of 12/31/2020 the CR is at \$4,601 M.



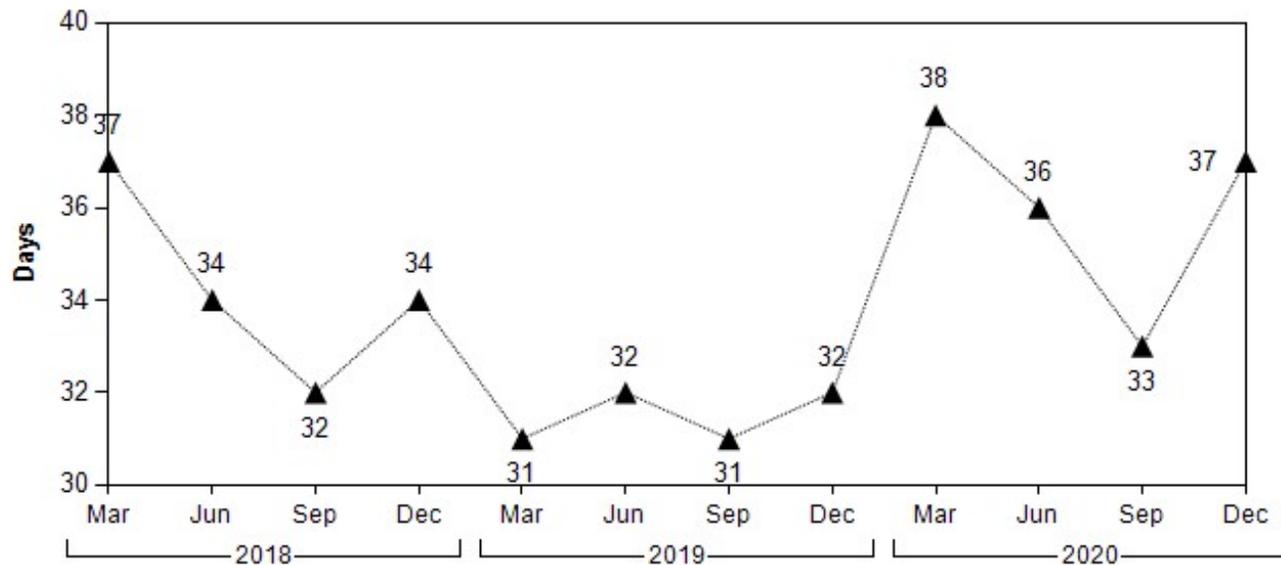
Board of Industrial Insurance Appeals (BIIA) Update

Linda Williams, Chair

Total Appeals Filed and Granted

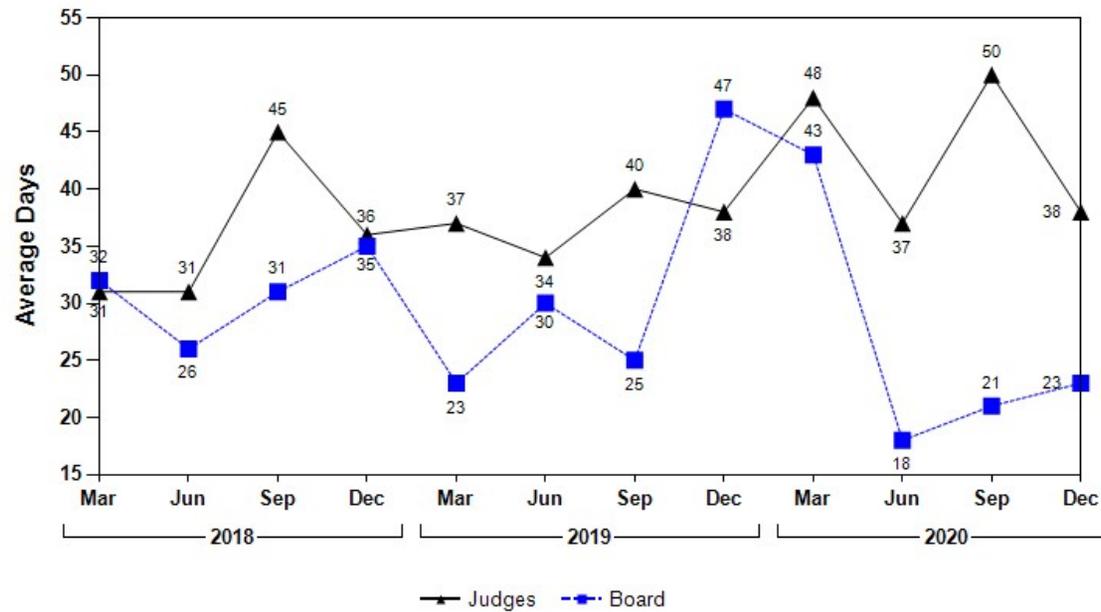


Average PD&O* Time-lag by Quarter for Hearing Judges



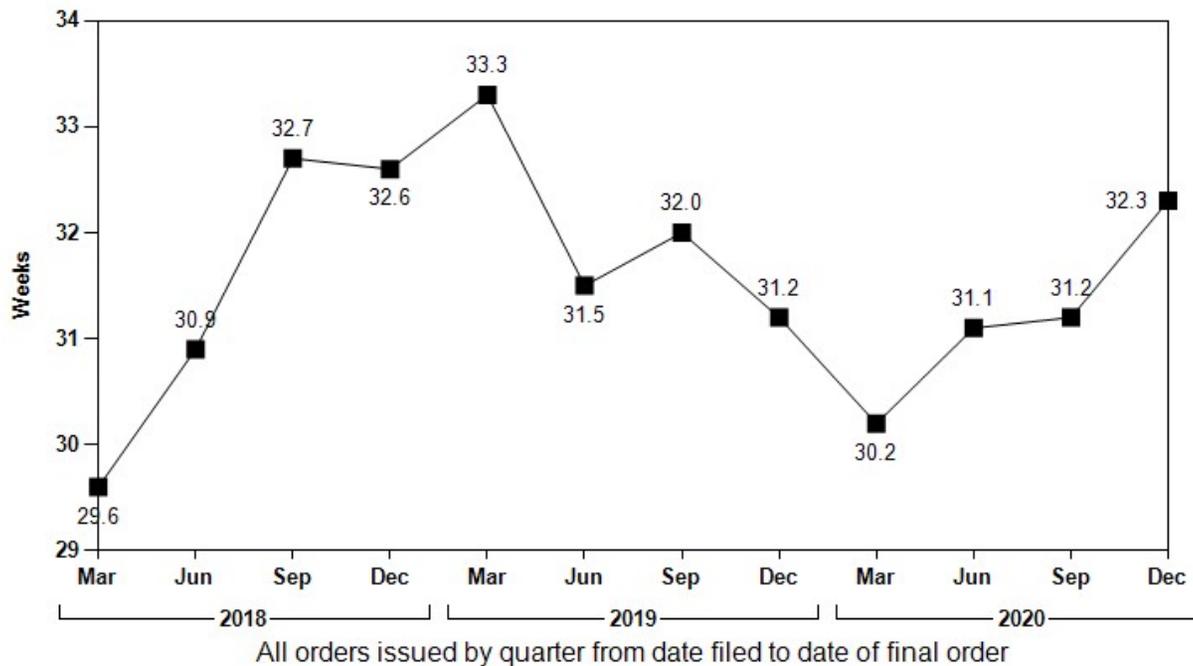
*Proposed Decision and Order

D & O* Time-Lag by Quarter

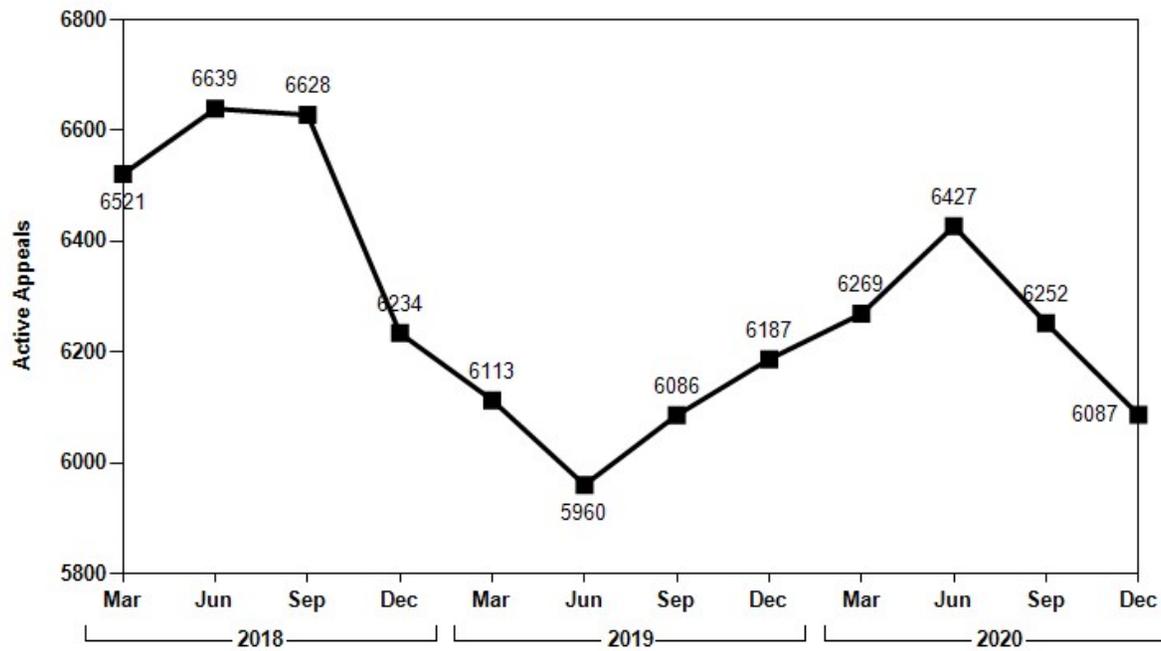


*Decision and Order

Quarterly Average Weeks to Completion



Caseload at End of Quarter



Percentage of Final Orders Appealed to Superior Court - Quarterly





Closing Comments & Adjourn

Vickie Kennedy, Assistant Director for Insurance Services

Joel Sacks, Agency Director

Next meeting: June 15, 2021 | 9:00-12:00 | Zoom