

Workers' Compensation Insurers' Task Force
March 18, 2015

Members present

Michael Johns
Margaret Kasting
Stacy Kohlhofer
Julie Olson
Steve Patton
Robert Rangel
Nancy Ross
Gary Westman

Members absent

Mary Abraham
Robert Farber
Robert Johnson
Claire McCoy
Susan Pilon
Ryan Shaughnessy
Cori Wentzlaff
Cindy Van Eyll

Visitors and staff members present

Sandra Barnes
Kate Berger
John Brothen
Kathy Hanson
Chris Leifeld
Mark McCrea
Ken Peterson
Jessica Stimac
Jim Vogel
Lisa Wichterman
Laura Zajac

Call to order

The meeting was called to order at 9:01 a.m. by co-chairman Rob Rangel. Announcements and introductions were made.

Approval of the agenda

Meg Kasting moved to accept the agenda as presented, Nancy Ross seconded and all approved. The motion passed.

Approval of the minutes

Meg Kasting also moved to accept the Dec. 17, 2014, meeting minutes as presented, Nancy Ross seconded and all approved. The motion passed.

New business

Department update

- 2015 Workers' Compensation Summit: Lisa Wichterman announced the 2015 Workers' Compensation Summit will be June 17 and 18 at Cragun's Conference Center in Gull Lake, Minnesota. The cost is \$125 for each person, with a group room rate of \$127.18. There have been numerous improvements to the conference center since the last time the Summit was there in 2013. Registration begins at 11 a.m. on June 17, with opening statements to follow at 1 p.m. There will be great speakers and sessions. Registration is currently open and you may sign up at www.dli.mn.gov/Summit. Additionally, we are

still accepting Exhibitor and Sponsor applications. Contact Lisa Wichterman for further information at lisa.wichterman@state.mn.us or (651) 284-5173.

Legislative update

- Electronic billing/EFT proposal – Ken Peterson and Kate Berger: Commissioner Ken Peterson indicated electronic billing is routinely done in the group health setting but has not been as successfully done by the payers and the providers in the workers' compensation area. The parties involved agree improvements can be made to the current system and electronic submissions will make the process run more smoothly. There is a hearing about these proposals this afternoon.

Kate Berger provided a handout and review of the proposed legislation as it relates to electronic transactions.

- DRG reimbursement system – Ken Peterson and Kate Berger: Commissioner Ken Peterson addressed the DRG proposal by explaining that both the providers and the payers have worked extremely hard to get to this point in the proposal and will continue bargaining to reach a deal. The proposal modifies how providers will charge the workers compensation insurers for work-related injuries.

Kate Berger added that the proposed system will provide reimbursement for those services based on the Medicare PC-Pricer program, which is based on the patient's diagnosis instead of the current system that bases the payment on services provided. Some exceptions will apply, including payment for catastrophic, high-cost injuries in excess of \$175,000. In those cases, payment will be made at 75 percent of the hospital's usual and customary charges. In addition, hospitals certified as Critical Access Hospitals will be paid at 100 percent of their usual and customary charges.

The proposed legislation also addresses prompt payment requirements of the insurer or employer to the hospitals when a MS-DRG charge is submitted. Within 30 days of receiving the MS-DRG bill, the insurers will have 30 days to make or deny payment under specific reasons. The proposal also addresses the right of the insurer to conduct a post-payment audit if certain conditions are met.

On the topic of outpatient services provided by a hospital or ambulatory surgical center, with this proposal Commissioner Ken Peterson will continue to work to adopt or amend rules as needed. This is with the understanding that the payers and providers of those services continue to negotiate and determine the best outcomes for both parties. This will allow the parties to go to the Legislature next year with their agreement. If the parties cannot agree, the Department of Labor and Industry (DLI) will proceed with its own determination by rulemaking.

- Workers' compensation modernization project – and Jessica Stimac: Jessica Stimac provided the task force with an update about the Computer Modernization Project. She reiterated the need for DLI to improve the current system with more efficiencies, better security and improved reporting capabilities. Another important goal has been added to the project: DLI needs to accommodate the changing demographics in the state. This project also includes the planning project by the consultant, PCG, and part of what they're doing is conducting a business analysis and review of DLI's technical systems. There are two key components PCG is reviewing. First, PCG is reviewing DLI's electronic system, making certain it understands all the technology DLI is currently using. Second, PCG is also reviewing DLI's business processes.

DLI's technology is currently in need of modernization, but DLI's business processes will also need to be updated. DLI is trying to modernize both and become more efficient in terms of the way the department processes its transactions in the system and assists injured workers. Also, as part of this project, extensive interviewing was conducted that included injured workers, insurers, attorneys and other stakeholders to understand the perspective of the different groups.

DLI is looking at a revised cost estimate as the department goes through the planning process. DLI is learning what its requirements are for the new system and how the department might use new technology to accommodate this modernization project. The revised total cost estimate will be between \$10 million and \$22 million during the next four years. The cost estimate includes more than the technology involved; the cost will also include reviewing business process recommendations, training of staff members and using DLI and MN.IT Services resources.

The next steps in the project are to look extensively into the technology options, which include buying off-the-shelf software or custom-building a new system. These two can also be combined into a type of hybrid system. A phased-in approach will also be considered if it makes sense and does not disrupt the functions of the new system.

Commissioner Ken Peterson indicated the cost estimate will need to be revised to accommodate the increase. The increase in this cost will not cause workers' compensation premiums to increase. Those costs continue to decrease, but will not decrease quite as much with this proposal. Over the long term, the project will end up saving money for the stakeholders.

- New board members – Rob Rangel: Steve Patton, Travelers, is replacing Laurie Simonson's recently vacated board member position; Julie Olson, Workers' Compensation Reinsurance Association, is filling an existing vacancy.

Reports, meeting schedule

The most recent edition of "COMPACT" is online at www.dli.mn.gov/WC/Compact.asp.

The WCITF meeting schedule, agenda and approved minutes are online at www.dli.mn.gov/Wcitif.asp.

The 2015 meeting schedule is March 18, May 20, Sept. 16 and Nov. 18. The next meeting date is May 20.

Adjournment

The meeting was adjourned 10:15 a.m.

Respectfully submitted,

Carrie Rohling

Executive Secretary