

**Workers' Compensation Advisory Council
Meeting Minutes
August 3, 2011
Kneip Building Conference Room #3
Pierre, SD**

The Workers' Compensation Advisory Council met on Monday, August 3, 2011, at the Kneip Building Conference Room #3 in Pierre, South Dakota.

Members Present:

Paul Aylward, Guy Bender, Glenn Barber, Connie Halverson, Chris Lien, Jeff Haase, Pam Roberts, Matt Michels

Members Absent: Randy Stainbrook, Carol Hinderaker

Others Present: Larry Kucker, Lynn Job, Patsy Mehlhaff, Mike Taylor, Mike Shaw, Dena Alexander, Jim Lee, Melissa Klemann, Lowell Somsen, Merle Scheiber, Donna Leslie, Shawn Lyons, Mary Ireland, Charlie Larson, Mark Anderson, Greg Kunz, Brad Wilson, Mark G, Jodi Hammers, Jim Larson, Bram Weidenaar, Brad Wilson, Mark Reichelt, Dean Nasser, Chris Specht

The meeting was called to order by Chairman Michels, and roll call was taken by secretary Monica Harding. Paul Aylward MOVED approved of the minutes from the October 2, 2010 meeting. Glenn Barber SECONDED. Motion carried.

The first agenda item discussed was the State of the Workers' Compensation system. James Marsh gave an overview on the 2011 Division Report.

The Division of Insurance (DOI) announced the average base rates for the voluntary insurance market were increased by 1.2% from the period of July 1, 2011 - June 30, 2012. Medical expenses continue to be a major driver for overall costs. NCCI estimated medical benefits at 74% overall benefits costs. Paul Aylward had questions on reducing the 300 pages of fee schedule.

Governor Daugaard has requested agencies simplify and reduce their administrative rules where possible. In following this initiative, the Division will be proposing rules changes in several relevant areas:

- 1) The physician fee schedule rules will consist of explanatory provisions and a table of conversion factors, eliminating 300 pages of associated rules;
- 2) The medical case management rules will mirror the DOI rules on registering Utilization Review Organizations, allowing the separate application and inconsistent standards to be eliminated; and
- 3) The optimum recovery guidelines will be eliminated. They were developed over 15 years ago as treatment standards and establish requirements that no longer keep with best practices.

The second agenda item was presented by Dennis Finch and Charlie Larson on the 2011 South Dakota State Bar Workers' Compensation Report.

Proposal one: Amend SDCL 62-7-10 (the employee notice statute) by changing the notice requirement from three business days to seven days.

Proposal two: Amend SDCL 62-1-1.1 which defines a “medical practitioner,” to include practitioners licensed outside South Dakota.

Proposal three: Amend SDCL 62-1-1.3 which states that coverage denied by workers’ compensation (on the basis the claim is not work-related) is not excluded from other insurance coverage, to include coverage denials by workers’ compensation on any other ground.

Testimony was provided by: Mary Ireland, Stubbe Associates; Charlie Larson-Boyce, Greenfield; Mark Anderson, SD AFL-CIO; Greg Kunz, RAS; Brad Wilson, Insurance Benefits; Chris Specht, Avera; Brad Wilson, Insurance Benefits; Mike Shaw, PICAA; Jodi Hammers, O’Hara; Jim Larson, UFCW 304A; and Lowell Somsen, Fischer Rounds Insurance.

The third agenda item was presented by Larry Kucker from the Bureau of Personnel. Discussion of Hospital Claims Cost was presented.

Chairman Michels asked for NCCI information on comparing medical costs for workers’ compensation to other settings:

- 1) What premiums are driven by outpatient/acute versus in patient costs
- 2) Whether the percentage of overall medical attributed to hospital charges has changed over the year
- 3) Whether the ratio of medical costs, to overall benefit costs has changed
- 4) Whether cost share of categories of medical expense has changed

The 2011 Workers’ Compensation Advisory Council annual report is due to Governor and the Legislature October 31, 2011.

The Council scheduled the next meeting for September 28, 2011, at 1:00 p.m. (CDT) at the Kneip Building, Conference Room 3, Pierre, SD.

Chris Lien MOVED to adjourn. Guy Bender SECONDED. Motion Carried.