

**South Dakota Department of Labor and Regulation
Workers' Compensation Advisory Council
2013 Annual Report**

This document serves as the report of meetings, discussions, and recommendations of the Workers' Compensation Advisory Council, pursuant to SDCL 62-2-10. Council members include Lt. Governor Matt Michels (chair), Paul Aylward (left the Council June 26), Glenn Barber, Guy Bender, Jeff Haase, Connie Halverson, Carol Hinderaker, Tom Huegel, and Randy Stainbrook, and nonvoting member Department of Labor and Regulation (DLR) Secretary Pamela Roberts. The report is available to any interested person or groups and can be found on the DLR website at dlr.sd.gov.

The National Council on Compensation Insurance (NCCI) reports the frequency of workers' compensation claims in South Dakota continues to decrease, though that decrease is leveling off. The severity of those claims, particularly the cost of medical treatment, continues to rise, though such increases have also lessened recently.

South Dakota's base premium rates for workers' compensation insurance for 2013 – 2014 decreased an average of 3.2 percent in the voluntary market, with a 15-point "swing" up and down (a maximum increase of 11.8 percent or decrease of 18.2 percent). The involuntary or "assigned-risk" rates were increased by 0.3 percent (the swing limit would be a 15.3 percent increase to a 14.7 percent decrease). These base rates do not factor in "experience-modification" adjustments, which change some individual employers' premium rates based on their injury claims.

Council action for 2013 began with a meeting on June 26, 2013. The Council received the Department of Labor and Management (DLR) report about the state of the system.

DLR briefed the Council on Legislative activities in workers' compensation and on the fee schedule rule changes which became effective June 26, 2013.

Discussion items were established and public testimony was received on any items of interest by any person.

The Council held its second meeting on September 9, 2013. James Marsh from DLR provided reports with statistics on the workers' compensation hearing process, and work-related death claims.

Information was provided on surgical implant costs and various states' approaches to regulating them. DLR was asked to make contact with medical providers, insurers, and other interested parties to assess the need for an administrative rule concerning reimbursement of implants and report findings to the Council.

Submitted documents and Council minutes will be available on DLR's web site at <http://dlr.sd.gov/workerscomp/advisorycouncil.aspx>.

Respectfully submitted on October 4, 2013, by the Workers' Compensation Advisory Council.