

**South Dakota Department of Labor and Regulation
Workers' Compensation Advisory Council
2014 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), Guy Bender, Jeff Haase, Connie Halverson, Carol Hinderaker, Tom Huegel, Randy Stainbrook, Kory Rawstern, and nonvoting member is Department of Labor and Regulation (DLR) Secretary Marcia Hultman. 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) reported the frequency of workers' compensation claims in South Dakota continues to decrease. The severity of those claims, particularly the cost of medical treatment, continues to rise, although the cost increases have lessened.

South Dakota's base premium rates for workers' compensation insurance for 2013 – 2014 decreased an average of 8.3 percent in the voluntary market, with a 15-point "swing" up and down (a maximum increase of 6.7 percent or decrease of 23.3 percent). The involuntary or "assigned-risk" rates were decreased by 7.8 percent (the swing would be a 7.2 percent increase to a 22.8 percent decrease). These base rates do not factor in "experience-modification" adjustments, which change some individual employers' premium rates based on injury claims.

Council action for 2014 began at the July 9, 2014, meeting. The Council received the DLR Division of Labor and Management's report about the state of the system.

South Dakota State University's OSHA Extension provided its activity report for the preceding year; the new contractual relationship the program has with DLR will benefit everyone involved in the workers' compensation system.

DLR updated the Council on issues surrounding implant costs. Those who raised the issue have asked it to be withdrawn from the Council's agenda for now.

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 10, 2014. James Marsh from DLR provided a report on the states' laws for prompt payment of medical bills.

Spence Hawley, House Representative for District 7, proposed to implement a self-certification affidavit. This affidavit would exempt independent contractors from carrying workers' compensation insurance. General and subcontractors would sign the affidavit stating they fall within the guide lines. Representative Hawley will proceed to draft for legislation.

The Council held its third meeting via conference call on December 2, 2014. Marsh shared the NCCI September 2014 Medical Data Report.

The Council reviewed a legislative bill proposal by Representative Hawley and moved to support the draft legislation, with a vote of 8 – 0.

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

Respectfully submitted on December 8, 2014, by the Workers' Compensation Advisory Council.