Retro Advisory Committee

Meeting minutes of November 7, 2014
Room S117, L&I Building (Tumwater)

Meeting called to order at approximately 9:46 a.m.

Committee members present: Scott Dilley, *Washington State Farm Bureau*; Lauren Gubbe, *Associated General Contractors*; Tammie Hetrick, *Washington Retail Association*; Brian Bishop, *Association of Washington Cities*; Tim Smolen (chair), *Department of Labor & Industries*.

Introductions

Committee members introduced themselves, followed by audience members.

Review/ Approve Agenda

Request from Scott Dilley to add time to discuss the preferred worker and voc. rehab bill that L&I is putting together for the next legislative session.

Safety Topic – Lauren Gubbe

I think probably everyone here knows someone that's had a loss or has had maybe a diagnosis medically that is going to make the holidays tough, and I would just really encourage you to reach out to them, because there are higher suicide rates around the holidays, Thanksgiving and Christmas. Also to think about youth that might not have the best relationships with their parents to come along side of them. I encourage us all to be looking for ways to come alongside hurting people during the holiday season.

Legal Services – Debra Tollefson

(Debra shared many compelling stories of their work with the audience.)

As part of Legal Services, we have four programs:

1. claim appeals.
2. third-party recovery.
3. vocational dispute resolution office (VDRO).
4. structured settlement.

I am here to tell you that structured settlements is an absolutely brilliant option for certain workers. It offers the most creative way to resolve workers' compensation claims - unlike anything we've been able to do with the traditional system, and we've gone very slowly and very carefully to arrive at this result. Likewise, the Board has gone slowly and carefully.

<u>To date we've had 134 approved settlements.</u>

Each one of those represents an individual whose life has been changed by this outcome. Some of the people with whom we've settled have gone back to work, and that's an excellent outcome. It's a preferred outcome. I mean, our goal is to help injured workers heal and return to work.

<u>We've dramatically shortened how long it takes</u>.

I don't know if any of you have experience with structured settlements, but right out of the box, it took us kind of a long time to do it. But we've made some really great process improvements, the best of which is standardizing the contract language to the extent possible and putting it into what's called a merge form which realized a time savings of going from days to draft a contract to hours.

And on our end of things, the goal is from the time we receive an application to submitting it to the Board for approval, we'd like that to be 60 days or less. Right now we're hovering around 70. But honestly, before, it could take up to six months.

Once it goes to the Board, there are two tracks. And depending on which track, whether it's an unrepresented or a represented worker, it can take between 75 and 96 days just at the Board. It doesn't have to, but they do statutorily have that much time in which to make a decision.

The unrepresented worker contracts go to a conference with an industrial appeals judge. They have two weeks to set that up. The judge has seven days to make a decision whether to send it to the full Board. The represented contracts go straight to the full Board and bypass that conference.

Once the three members of the Board have the contract and are looking at it and deciding whether to approve or reject it, they have 45 days to make that decision. And once that's done, there's a 30-day cooling off period during which any party, including the Department or the employer, can revoke consent. So that's how come it's between 75 and 96 days there.

But that said, the Board isn't typically taking that long to do it. They set those conferences fairly quickly. They usually make the decision whether to allow the contract to go to the three-member Board at the conference with the worker, and then the Board— I mean, sometimes they do take the full 45 days, but more often than not, it's pretty quick: two weeks, maybe three.

<u>What makes a good referral?</u>

When you're working through your caseload and you're talking about what would be a good outcome for this case, it's always going to be an individualized analysis, but things like singular work history and can't go back to the job of injury, the older workers who it looks like they need to be retrained, those are some of the characteristics that might make a good candidate. However, I would say if in doubt, just send a referral over to the structured settlement unit, because we've got people standing by, happy to do an analysis. They do a thorough review of the claim file and make a decision in collaboration with our attorneys whether we're going to go ahead, whether we're going to approach the worker. It's completely voluntary on all three sides: the employer, the worker and the Department. So, if we get a referral from an employer, we're going to contact the worker, and ask "Are you even interested?"

Questions

CARL YAMADA: Do you feel that vocational referrals would be the best person to speak to Retro or the employer about potential structured settlements?

DEBRA: Sure. In fact, I participate on a couple of vocational groups. One is the vocational technical stakeholder group. And every single time we meet, we talk about structured settlement. The vocational providers have been a really good partner in sending referrals.

LAUREN: Debra, do you have any idea— percentage wise - the number that get approved?

DEBRA: Well, 100% of the ones we've submitted have ultimately been approved. So, we've never had an outright rejection that either the worker or we failed to resubmit, you know.

LAUREN: How many applications have you received to date?

DEBRA: Probably 1,000.

Just because we receive an application doesn't mean we move forward. But I would like to repeat that once we do decide to move forward, if there's an employer involved, we're pretty good at educating them so that they feel comfortable coming along with us.

CARL: I referred a potential structured settlement, and I never heard anything back. It would be nice if you let me know.

DEBRA: Thanks for saying that. That's another message that I've been trying to get out, which is we commit to doing a much better job of that. And so we do commit to doing a better job of getting back to you and saying, "You know what? Not yet," or "Not this time," or "Yes," and explaining a little bit about why. Thank you.

LAUREN: On the Department's part, since you have 100%, which is awesome, I guess then my question is: is it a bad thing for the Department if you submit one and it doesn't get approved? I mean, are you not submitting enough to the Board?

DEBRA: That's a good question. And I think next year when we come back we'll have a better understanding of where we're ultimately going to land.

LAUREN: Is there like a checklist then that we could have that would have like that; is it fixed and stable? Yes? No?

DEBRA: Well, I think the checklist would be the three statutory criteria, and then we would like them to be medically fixed and stable. But after that, it's pretty individual. I shy away from saying there's criteria.

I do think we have hit our stride. We are sending about between eight and ten a month to the Board. I don't know that that will be, you know, what we're doing next year, but right now it's been a long journey here, and I'm proud of the work that we've done.

LAUREN: Is that eight to ten a month?

DEBRA: Yes.

Tim recognized La Nae Lien, the supervisor for structured settlements unit, to the audience.

Return to Work Partnerships, Stay-at-Work updates – Bill Smith, Ryan Guppy

BILL SMITH: Right now, we've reimbursed the employer community $27,693,000. Of that, $244,850 is for tools and equipment or expenses, so we still have a long way to go in getting employers to utilize and take part of the equipment portion of the Stay-At-Work program. But the wages, they're kind of all over that.

Backlog

We do have about a 44-day backlog right now. It's just been a combination of a number of issues and things going on: high utilization, high number of applications coming in. We're still running around 350 to 400 applications a month, but we have new people coming on board around the 1st of January; that should help us with our backlog. And we just went through a lean process, so we have found a number of things that we can do that will speed up our side of the application process.

Advertising

As you know, we have Jerry the cake decorator ad running again. It's being played and targeted primarily in the sports audiences. We have seen a slow increase in the number of new employers applying for the Stay-At-Work program.

Questions

TAMMIE HETRICK: How do you identify small employers? Five or less? Or ten hours?

BILL: It's on FTE hours. I don't have that with me right now.

LAUREN: I would say that probably by virtue of your exposure with man hours, you could anticipate more from employers that have more people. More exposure, there's probably more claims. Some people don't. The smaller ones don't even have injuries for three or four years.

BILL: It's that middle group of employers that seem to be not participating. Which we thought it would have just gone high, medium or smaller employers, but it's not working out that way.

Tim and Bill presented a short graphic video that gives a good overview of the program for a broad audience.

LAUREN: I think there are more gains that can be made for the employer. It doesn't really talk about their rates being impacted, and time loss definitely impacts their rates. So, I think you even have the potential for more there. If you wanted to compel employers to participate and offer the light duty that's required to make that program work, there's some persuasive arguments that that's missing.

BILL: I'm glad you brought that up. Going into 2015, we have done research as to how to target our audiences to include providers and employers and to get the message across a lot better. It includes

the very topics that you're talking about, Lauren. So that should be launching in about March of 2015.

LAUREN: I would be interested in looking at that, too, if you want an actual employer's perspective.

BILL: We'll be happy to take you up on the offer, Lauren.

RYAN GUPPY: At the last Work Comp Advisory Committee meeting, I was scheduled to give a similar presentation. But I had about 5 minutes to talk about 15 minutes worth of information.

Ryan presented preliminary results from the early ability to work assessment experiment. Early results are encouraging. (More details are provided at the end of this document.)

Questions

TRISH LEIMBACH: How many cases have been referred for early AWA?

RYAN: Out of the potential 600 pool, about 300 have been referred out for early AWA. Out of those, a little over 100 have closed.

CARL YAMADA: In regards to the first referral, do you consider a semi-early intervention with in-house vocational people before going private because of the cost factors that's charged to the employer?

RYAN: I don't have enough time right now to talk to you about all the different improvements and innovations we've been doing with our early return-to-work group. But definitely there's things we're doing as an agency upstream using our own staff to try to figure out who are the people that will most likely need these types of services and can our staff provide that before we go this route.

<u>Predictive analytics (The return-to-work score)</u>

This is a model that came out of our folks in Research and Data as a way to figure out how to best use our resources with the people that need it the most. See the slide show for data on a return-to-work score.

If you're on opioids greater than 14 days, you have a 68 percent higher risk of being long-term disabled after a year.

We started a pilot called the Future State Pilot. What we did is we tested these. We provided a list to a claims unit of people who, on the 40th day of claim receipt, claims were put through this algorithm and they were given a report with a list of these people. And they were asked to make referrals to our ERTW staff out in the field to provide integrated services, meaning the vocational service specialist and the ONC, and if there's a therapist out in the field who would work collaboratively on this particular claim because the person had a higher likelihood of being off work in a year. So we tested that out.

And even though our data preliminarily is fairly small because of the number of cases that came through the one unit, we are looking more and more to expanding the pilot so we can gather more and more data about this. And what we're finding is the people in the highest risk categories, meaning their return-to-work score is 50 percent or higher, meaning they were on the high-end spectrum of long-term disability, those people benefited the most and had the highest return-to-work rates using this intervention.

So we're currently in discussions right now as an agency about how can we build the data to see if this trend continues, and if it does, what are we going to do to roll this out floor-wide? Because we do have resource issues out in the field, and we need to make sure that we're targeting the right people because a lot of the folks return to work on their own. Day 40 was picked specifically for that reason. We tried to test it out earlier. We tried to test it out around 10 days using claim manager intuition, using claim file reviews, and there just wasn't enough in the file and/or the intuition of the claim manager was off and we were assigning intensive services to people that would have returned to work on their own. So this is, I think, a glimpse into the future about how we're— what are we doing internally to make sure that we're using our resources the right way with the right folks.

Psychosocial issues *(the elephant in the room)*

A lot of the disability that we see in our system doesn't really have to do with the medical condition of the injured worker. It has more to do with psychosocial issues.

The point of this presentation is really just to talk about the overarching or underlying themes that a lot of these injured workers may have started to develop or may be coming to the table with already, and yet because they had this injury, these things become exacerbated, and all of a sudden we have somebody who finds themselves to be severely disabled when their symptoms don't really match up with what they're behaving like. Oftentimes that gets labeled as a person is cheating the system, or the person is not being truthful about how they're really healing, or they're malingering. And in our system, of course, we have folks that do that. But given my experience working with injured workers for a really long time in an intensive service, I found that most people are just scared, and that's where this psychosocial stuff comes into play.

This came out of a study in 2005, the Journal of Occupational Rehab. "It appears that individuals who have an alarmist orientation to their symptoms - individuals who are fearful of symptom exacerbations, and individuals who believe they are helpless to overcome the challenges of their health condition are more likely to exhibit high levels of disability." Does that resonate with anybody in this room? Because it does with me. And the folks that we're talking about applying these early services to, it's a strategy to mitigate that sense of hopelessness and helplessness from developing further. (More details are provided at the end of this document.)

Questions

[UNIDENTIFIED SPEAKER]: What is your workgroup doing about reaching out to medical communities when things like this psychosocial manifests itself with a medical provider who doesn't want to release their patient to the job of injury on light duty? That's what we're seeing a lot of.

RYAN: I think the big disadvantage that we're working up against and one of the challenges is exactly that. A lot of medical providers in our system aren't very familiar with psychosocial issues, but they're more familiar with the way that they've been taught to treat injured workers and musculoskeletal injuries, which is rest. And so through our COHE's, through our medical provider network, through the social marketing campaign that Bill talked about, we're starting to perpetuate the message of how can we help injured workers heal while they're returning to work.

[UNIDENTIFIED SPEAKER]: How are you doing that?

RYAN: It's done through a number of different channels. Some of it's going to be the social marketing campaign. Some of it's going to be working with our COHE's and our health services coordinators to help identify who these people might be earlier on, and it's also talking about when we look at things like the top tier program, how can we incorporate some of that thinking or incentivize people to start switching their thinking through those types of tools. So it's an ongoing process, and there's a lot of different ways we're doing the outreach.

LAUREN: I think one of the things that we all see that we can bring to the table are specific providers that you could target your efforts to that— because we are facilitating return to work, we have return-to-work programs, all of us, so we are a key knowledge base for you to tap to target your services.

I mean, I know for us, we have doctors that we'd love the Department to do some outreach on. So what does that look like? Is that an e-mail to you with physicians' names and claim numbers where we think it's a barrier? Or is there a criteria that you want to give us so you're not inundated? Or what does that look like? Because I know for us, there's times when you just want to bang your head against the wall and you just feel powerless. And when you see the same physician over and over again that's not releasing them with really no substantive reason why and the light-duty job is very light, not even to attempt, you know. I think that's a big education piece, too, that you should push. If I could be so bold to say, you can do attempts at light-duty return to work, and if it doesn't work, that's fine. But I think that gets missed, too. I think sometimes that they, oh, once we release for work, they're released for work. But you can always attempt, you know, if it's a super light— anyway, I just wondered what that might look like.

RYAN: We do have a dedicated staff of our medical provider outreach team, and so we do have people internally that specifically go out and do calls with physicians' offices over a whole myriad of issues that pop up. So, that's one channel.

I think another channel, depending on the situation, might be some of our outreach folks for the Stay-At-Work program and helping that doctor understand that there are some other benefits to your injured worker that maybe you're not thinking about as far as what their living wage might be if they're able to go back to work and have it be subsidized through the Stay-At-Work program.

It comes down to, you know, what is the specific issue, but more importantly, where in the life of the claim are these discussions happening? Is it early on? If it's early on, then we need to have some resources maybe reach out to that doctor's office. We have a lot of ONC's here at the Department. We have a lot of folks out in the field.

LAUREN: We've tried those avenues, but, I mean, it would be nice if they are— I don't know. It is a frustrating thing, though. And a lot of the work around this issue— I mean, if there was a way even on your provider review forms, I know claims managers take a lot of time to write those up and it's time away from their workload, but, I mean, for them, too, it's frustrating when they can't get specific stuff from the physicians on this issue.

So you've— I don't know. I guess I'm just looking at it that you have some information there from your own staff, you have information from us, and when we write up provider reviews on this issue, if there was a way— I don't know a way to extract it on the— even on the provider review form return-to-work issue or whatever if someone was pulling those and looking at those. Because I know it's a heartbeat of the Department. I hear that, and I'm so excited. I mean, I don't want the takeaway to be negative in any way. I'm so excited that you're integrating things. I mean, we're so much better, you know, with the approach the Department is taking, and I'm so excited with our director. And there are so many good things that the Department is doing, I just— you know, I think the claims managers would be excited, too, if something happened more on those complaint forms, because there's your own customers that are not happy. Your claims managers are customers. They're not happy with certain physicians, and we're not happy with certain physicians. It just seems like there ought to be a way to— I don't know what that looks like, but I just want to put that in your ear.

RYAN: Right. I appreciate that.

TIM: We'll take that as homework, Lauren, and see what we can do.

(Break)

Annual LDF Review – Russell Frank

TIM: At our last Retro Advisory Committee meeting, we had an extended conversation about the development factors that we apply to the claims for purposes of calculating the adjustment returns, and we committed to have Russell Frank come and talk about the annual review of the factors and the relativities of those. You remember, we essentially raised the cap on some of the factors, so Russell committed to come do a brief review.

<u>Russell presented a review of the factors used for various types of claims, at successive adjustment periods.</u>

These handouts are available upon request.

RUSSELL FRANK: This is something we do adjust— once a year we look at these numbers. We do a new study every year.

Questions

[UNIDENTIFIED SPEAKER]: If the relativity is larger than 1.0, basically, what you're saying is that type of claim has a larger chance of developing at a higher rate than you've already indicated. If your rela-

tivity is below 1.0, that's basically saying that claim type has the opportunity to come in and develop less than the development factor.

RUSSELL: Right. 1.0 should represent the average of all claims with Accident Fund payments. The Medical should just be the average of all Medical. So, if the balance between PPD and time loss shifts a little bit from where we expected it to be, then we rebalance everything. Yes, in general, they should overall average out to 1.0 when you weight them with dollars paid and all that.

LAUREN: The development on the time-loss claims, you changed it from 4.0 to 4.5.

RUSSELL: Yes.

LAUREN: Is that a trend— what's your prognosis? Are you going to keep doing that? Is it going to go up?

RUSSELL: It's hard to say. We really don't know. Certainly, very high LDF's are not good for anybody.

On the other hand, the move from 4.0 to 4.5 was because we capped those LDF's in very early adjustments just because you don't want numbers 'blowing up.' Before first adjustment, everything's very green, so we don't have a problem capping high LDF's before first adjustment. But if we cap the LDF's at first adjustment, if we're doing all our calculations right, all we're doing is if we use a lower LDF than indicated, we've given you more money back at first adjustment. And if things develop the way we say they're going to, we're going to end up having to ask for that money back at second adjustment. So, I think the answer is, the intention is not to cap the LDF's at first adjustment. I think we'll probably look at it on a case-by-case basis, and if it gets out of control, then that means something else.

Tim: I'll be taking a day off on Monday and Marnee will be taking a month off for November. Marnee, your year has been sort of like the 12 Labors of Hercules. You've had a really challenging year, so I want to just appreciate publicly all your hard work, and enjoy your time off.

IME Pilot – Marnee Couthran

MARNEE: You have some handouts in your packet. IME collaboration pilot update - a briefing paper is in your packet.

The changes really are that effective October 15th, we added five additional units to the pilot selected by the Retro participants. And it's D, R, 8, 5, which is Yakima, and T, which is Seattle. We've updated the workflow to send the request now through the Retro fax instead of Claims and more farming them out. And as of yesterday, 16 were the total requests submitted through the pilot.

We've had several meetings with the technical staff because the recommendation from the committee was to roll out floor-wide, and we need to get a technical solution in place for that. We anticipate rolling out between this coming March and June, depending on the development of the technology.

I'm transitioning my lead role on the project over to Vicki da Mora. She is on loan to Retro for a year, from Claims, and she'll be taking that lead and I will move into an oversight role. So, that is a development opportunity for both of us. She is very interested in project management and taking courses outside of work, and I— the development for me is handing off something I've been a part of and hands-off and just kind of an oversight. Several things still need to be done that she'll see through, which are continuing to phase in the rest of the units; the testing, training, implementation and communications of the technical solutions; determining the scope and participation of future participant meetings; and planning the party to celebrate for everybody.

Questions

LLOYD: Not a question. I just want to compliment Marnee. In this whole process, Marnee has been a great mediator at times and coordinator. She's really done a great job throughout this process. It's a lot of hard work on her part.

LAUREN: I would echo that in just all the work that you did even internally with the communications with the claims supervisors and the units. You just did a lot, and we just really appreciate it, too.

SCOTT DILLEY: Marnee rocks!

MARNEE: Thank you.

Adjustment Protests – Marnee

MARNEE: There are two handouts this go-round. We wrapped up July. We received 238 claims. And kind of an oddity this go-round, 160 of those were received within the last two weeks of the protest period. So it was quite the crunch for us at the end, but I'm very pleased with the outcome.

49 percent of those were granted relief. The green (granted) is getting much better, which is the goal, I think, for everybody. And only 24 percent were denied; which I think shows that we are getting better protests. I think the education and outreach is helping. Thank you. And this is compared to last year for July we had 221 claims protested, and 41 percent of those were granted and 33 percent denied. So, definitely a shift in the right direction.

October Groups, we had 20 claims protested, and 50 percent of those were granted, so I think this year did better. 33 percent denied, which is a total flip from last year where I received 13 claims and 92 percent were denied last year. So, a big swing for October folks. Good job.

And I wanted to let you know, the manual adjustment refund updates that we re-post your overall refunds should be posted any day.

Fourth Party to a Claim – Marnee

MARNEE: I want to thank— all of you. We had 100 percent adoption rate of the 22 groups where I've been manually, along with Marny Bell, communicating all claim orders to you. **Thank you.**

Tina and I have been working on a quick reference card for folks. I've had some calls and been asked, "Should we be getting this paper? We're getting it electronically." So, we're laying out what you will receive.

The second phase of updating our systems— the benefit payment system and other batch jobs that kick out orders related to claims— so your PPD payments, your time loss, your overpayments. That's the next phase that we're working on programming, and I'll continue to manually communicate those to the 22 groups that are waiting for that programming.

'Auto adjud' is also one of those systems that is not part of *e-Corr* and we're re-programming to allow the Retro groups and their members to get a copy of those correspondence; that is also underway.

Regarding 'auto adjudication,' as you probably already know, when the system automatically adjudicates a claim, we kick out an order that has both allowance and closing in that order. That's changed effective the 5th of December, so the system will now kick out an allowance order which is designated as "JC" for your staff that look on-line and see the order types. And the closing order will come separately timed: whether the claim should close within three days, 30 days, 60 days. And that closing order is designated as an "HD."

And I wanted to remind you— related to the fourth party and the ability to send your claim correspondence to multiple employer folks— that the group enrollment application was updated to reflect that option. So, as January folks are coming in and you're starting over for next year, please use the new form that's posted. (We sent that via listserv.)

Actuarial Reserves – Marnee

MARNEE: … Last two things. Back in April, I think there was a request for the number of claims that had actuarial reserves on them from first to second adjustment. And I wanted to let you know that for the 2011 claims, which have gone through their first and second adjustments, at first adjustment there was 286 claims that had the actuarial reserves, and at second, there were seven (7) of those left.

Claim & Account Center (CAC) Update – Marnee

MARNEE: … My last update has to do with the Claim & Account Center (CAC). Back in May, I went out to meet with ERNWest folks to provide some adjustment protest training, and I also sat down with one of their staff, Jayme McKay, because I wanted to see how you, the user, use CAC. And while sitting with her, she showed me and expressed frustration, which I think impacts all of you, that a couple of the functions weren't working as advertised. That would be when you select a specific doc type, the results bring back everything in the query and not just what you selected. And you're limited on the number of pages you can retrieve at a time - that would be frustrating. I submitted that through our I/T folks and - effective December 11th - that will be fixed for everyone. So that update, I guess, is also being applied to your employer account function and the image documents.

The bonus was that while they were looking at that, the "select all" button didn't work properly, and now it will. Effective the 11th, you'll get the results you expect.

Last thing… I want to remind you, I've asked both at the coalition meetings and, I think, at a prior RAC meeting that technology-wise and with CAC, I know you have ideas on what would make it better and easier to do business with us. I've asked for a point person that I can work with, and I haven't heard if anyone's volunteered for that, but I'd like to make it a coordinated effort and prioritize those requests with you and have our I/T folks give some input on what things can happen sooner versus later. So, if someone will get back to me and let me know if you are interested in that or who the point person could be.

LAUREN: We're interested. We've just got to decide who the person is.

TIM: Thanks a lot, Marnee. You're doing an outstanding job.

Our friend, Lisa Zolman, was here for the first part of the meeting, and Lisa is Marnee's business partner in helping make these CAC improvements. So, we certainly want to appreciate Lisa and her staff for their work to bring these changes online in the Claim & Account Center. And I know that partnership is, I think, getting better, and so we just want to take advantage of that and work the things that are a priority for you, and so that's what Marnee's request is about.

Staffing Updates – Tim

TIM: In your packet is the updated org chart for Retro as we find it today. I sent a message out on the listserv to acknowledge that while Jessica is on maternity leave Ashley will be filling in as the Acting Assistant Program manager, and Julie Osterberg will be our Acting Retro Enrollment Manager. I am really pleased about that.

And this week we got a final approval to bring Rachelle Jefferson back. She is with us this morning. Rachelle will be resuming working with Crystal and Debbie as Enrollment Coordinator starting Monday, so we can continue to be responsive to the customer service concerns that you have.

So, we have the updated org chart and ongoing negotiations. We certainly appreciate Joel and Vickie and Doug for all their support to get us here; and we'll continue to petition for more staff resources to make sure we can continue the high level of service that we want to provide for you.

Quarterly Performance Report Retro Groups/Individuals: October – Ashley Frank

ASHLEY FRANK: Let's start with the graphs that you have in your packets. At the last RAC meeting, Jessica presented some pie charts and graphs regarding who is in Retro just to get a better sense of the makeup of the program. Jose Cuellar and Tina Lopossa spent a lot of time updating the graphs, getting new numbers in there, reformatting them into more user-friendly graphs. So, we still want your feedback on the graphs. If you see data that you'd like to have that's missing or if you think there's a different way that we could present it that would make it more user friendly, we want to hear that feedback. You can send that to me, directly.

Today, don't have January data. We just ran the adjustment, but because of the timing and the load within the data warehouse, we weren't able to actually get January information within this particular packet. But once we have that information, we'll be sending it out. So, you'll get that electronically.

The next piece is the financial summary data. This is the information that's posted on the Web site. It shows the plan choices and how people performed. During one of my workgroup meetings with Teran and Lauren (Communications), it was brought up it would be helpful to know what do those plan choices mean. So, if they have this minimum and this maximum, what are they risking? What's the bottom line? What do they stand to get back? Jose updated the financial summary to show the maximum percentage risked and the maximum percent that there could be for a refund. And we've also received other suggestions to just kind of help clarify what do those mean with regards to the percentage risked and the maximum refund, and so we'll be working on that. We just don't have that up to date yet.

And we have also had requests for more information regarding individuals. As you can see right now, it's at an aggregate level; so you just see how many people got a refund, how many people got an assessment and kind of what their overall status was.

I've met with our public records unit as well as Jim Johnson, our Assistant Attorney General. What we're going to do in future editions of this is break out those individual plan choices and take out the confidential information. We're trying to provide more transparency. And we also will be including a column for TPA. So, as people are entering Retro, we encourage them to consider joining a Groups and many are considering retaining a TPA. So, we want employers to see those results as well.

So those will be future updates that will be posted on the Web site. And if you have questions or concerns on that, you can also just send those directly to me.

PAF/PAR presentation

The last thing I have is Nichole's presentation. So, we have that updated as part of our standard commitment to you. Just one thing to note— I'm not going to go into detail and explain how that works— but I do want to point out that for January Groups, the 2013 coverage year received a 17 percent return, the 2012 year is at an 18 percent return overall, and the 2011 coverage year is at 13 percent. So, really good percent returns for the January folks.

Workgroup Updates – Ashley

ASHLEY: There are three: (1) Enrollment (2) Data and (3) Communications.

Since the last RAC meeting, I've had a chance to meet with Teran and Lauren and just kind of go over what we had talked about in our first initial meeting, just brainstorm ideas. There were a couple kind of ongoing things, such as the Retro team continuing to reach out to the Retro community regarding updates to the Web site or to use the Retro Advisory council and community as test cases, so have them have a responsibility and help with updating the Web site and other things like that. So, that was a commitment that we made keeping you guys involved.

And then we talked about an on-boarding process for the Retro Advisory Committee members as they come on board. I know Tim and Debbie talked to you guys about that in the phone call, so we'll be taking care of that as well. We decided at that point that there wasn't a need for ongoing meetings, but that if things popped up, that we would be communicating to each other about that.

Moving on to the Data workgroup, so just scheduling / timing-wise, we haven't had too many meetings since our last RAC meeting. But there are some things in the works that I'm really excited about. Jose Cuellar drafted our service request to have monthly reports continue until the third and final adjustment, so providing more information more timely. Thank you, Jose, for putting that together for us.

We were working with Tyler Greathouse, in Research & Data Services, on a premium file; and Tyler is at a point now where we can do a pilot of that. For the people within the Data workgroup, we got a list of Retro ID's, and so we'll be just testing it, making sure the process works. And once we work out any bugs that are associated with that, our plan would be to then roll it out to the rest of the Retro community. There will be more communications about that, but I want you to know we are at a place where we're implementing suggestions that are coming out of the workgroups. We'll pick up more earnestly after the beginning of the year; and focus on Table A's and other outstanding data request issues that are out there.

With Enrollment, just some highlights. We completed the exception review process. So, we have a form. The Enrollment Coordinators are reviewing that. Julie will talk in more detail for her presentation about what they're seeing on their end. I think that is a really good success. So, for those companies that don't directly fit into a Group, instead of waiting until the final enrollment order is issued, there's a chance to know up-front what our thoughts are and where we stand on those. I am really excited about that process.

Another thing that we have done has been a site visit form. So there's been a lot of requests for, "It would be nice if the Enrollment Coordinators would just come out and see what this company looks like and learn more about it." So, I worked with the Enrollment team to kind of draft different scenarios of when we might be able to do that. So, that is something that I'm also really excited about and the workgroup was excited about, and just getting out there and really understanding the customers and what the businesses look like.

But the majority of time in the meetings has been spent on the Industry Category guide. Right now what we are doing is creating recommendations and proposals for how we would like to see the guide updated. We spent time identifying the top five or ten issues within the guide and then creating our recommendations for how we'd like to see that updated. The group isn't actually saying, "This risk class belongs in this industry category." It's more of, "Here's our recommended approach for getting the guide updated," not only like the first initial time, but for an ongoing process. And so we're hoping to have a draft or a more complete draft shortly and be able to present that at the next RAC meeting with our recommendations and proposals.

So I think there's been really good work going on in that Enrollment workgroup, and I think at the last meeting, we really had some significant milestones that we reached with regards to identifying a

process that we felt good about getting it updated on a routine basis. So more work to do on that, but I feel like we're in a good place and we'll be presenting more as soon as we have more.

TIM: Thank you.

I think for me and Ashley, the workgroups are really kind of an outcome of us going out a year and a half ago and asking for feedback about how we could do better and getting some real direct feedback from you all, especially about the Business and Industry Category guide and the work of the Enrollment group as well as Data group. It's about just helping you all understand our internal process and doing the best job that we possibly can to help you enroll the right people in a timely way and make fully informed decisions about that. So I'm just really pleased with how far you've come. Nice job.

[UNIDENTIFIED SPEAKER]: Before Ashley leaves … the site visits: will that just be Retro staff or will that include other Employer Services staff when that takes place?

ASHLEY: So, right now I think the way it's set up is Classification Services are the ones that actually go out and meet with employers up on the third floor. So, we would look at a partnership. I think there are times where it would be appropriate for Classification Services to come out with us, but it's not necessarily dependent upon their scheduling. If there's something that we can go out and address, we want to be able to do that. I think it's helpful to partner when we can so that way we're all seeing the same thing. And because they have experience, they can just teach us about that process and what they're looking for. But I wouldn't say that it's 100 percent dependent like when is a Retro person, there's going to be a class development person.

Enrollment Update – Julie Osterberg

JULIE: First off, we survived July enrollment, so thanks to the great staff and all of us working together and also having good partnerships with all you. Fast response time when we had questions or needed additional information, so that's very much appreciated.

We're deep into October enrollment currently. October consists of 8 groups, 27 groups taking advantage of the staggered enrollment process, and 23 individuals. We also have a new group that formed in October, the AWB transportation group. So, overall, 260 new applications for October, and that's about 100 more than last year.

There's periods in the enrollment process where it's sending out more information or asking for more information, and sometimes we provide, you know, up to two weeks to respond. And when those can come back quicker and that's communicated to us if it's not going to come back in that timeframe, it's really helpful to us.

Review of July, October Enrollment Protests – Julie

JULIE: So, based on our July enrollment decisions, we've received a total of 3 protests that represent 22 accounts. All of these protests are still in progress. What happens with us is that we start to re-

ceive the July protests about the point that we're working on October enrollment, so it's that balance of that work. So, we should have those protests done by the end of the month.

Enrollment Exception Process – Julie

JULIE: And then finally just touching on what Ashley talked earlier about, the work of the Enrollment group. They created this process along with Ashley working with the team, a process for an exception process, and that was rolled out in mid-September. And since then, we've had three requests for exceptions.

What we do is look at those— the information that's been provided, and in all these cases, we've gotten really great information. So, it's a good use of the form— providing additional things like pictures and background that we might not otherwise have access to. We use all of that information to decide if that particular firm is a good fit for the Group. What's nice about it is that it can all be done ahead of the work to get an application and all that goes with that, and then it's done in advance to the Quarter that you're bringing them in. Instead of having to do that as part of the enrollment process, we can tell you 'yes' or 'no' or 'we need more information' to make a decision. So far, out of three, we've been able to say that those firms would be acceptable fits into the Group.

Common Ownership: **Rules Petition – Julie**

SCOTT: So, we've met several times in that workgroup and have talked through a lot of the issues that we raised in the rules petition. And through those conversations, it doesn't appear as though there is universal acceptance of that rules petition. I know the Department has some concerns with that language.

And it appears as though what we've decided to do at this point is go on a trajectory of maintaining the same common ownership requirement, but then exploring the possibility of having some exceptions added to that. We're still not quite sure what— the language of those exceptions. We're working on that. But that is kind of the conversation that we're having at this point so that if there are situations that arise, then there would be some kind of process to be able to divide up that ownership and have some folks in Retro, some not.

More to come, but it's been a very good conversation, and we'll certainly have more discussions about what that language might be in the coming future— or coming months, really.

Anything else?

TIM: I just wanted to acknowledge, Joel talked about this in his appreciation for Lloyd that this issue of common ownership is something that we've been working on for quite a while. And I do feel like where we're— to use your word— the trajectory of this is likely to be to maintain the current rule and develop an exception process.

And so I think where Julie and I are at is we've got a draft of some language from Jim Johnson that we'll put in front of the work group next week. Thursday is our next conversation. So, I'm still hopeful that we'll manage to come around to an exception process. I've already given Joel a heads-

up that we're going to kind of push the boundaries a little bit in terms of trying to experiment a little bit, stay inside of the Administrative Procedures Act, but we're going to see what we can do in terms of just pressing a little bit to make some more exceptions possible. So, I think I'm confident we have his support to go forward, and it's just a matter of crafting some rule language that we all feel good about. So I appreciate, Lloyd and Scott, your work helping us with that, and of course you as well, Julie. Thank you.

Insurance Tables, Request for Proposals (RFP) – Debbie Sanders

DEBBIE SANDERS: I am here to give an update about the insurance table study and the request for proposal that I talked about at the last RAC meeting.

At the last RAC meeting, I heard some concerns about the timeline and the evaluation process for selection of the actuarial consultant. I committed to you then that I would push the timeline if necessary to help ensure your involvement with the evaluation process and selection process. And based on what I heard at that meeting, that's already happened.

The draft charter that was included in your packets at the last RAC meeting included a timeline. And based on that, the solicitation for the contracts would have been issued on October 2nd, notification would have been made to bidders on November 3rd, and the estimated contract start date would have been between November 20th and December 1st. And at this point, we still have not set the request for proposal, the solicitation.

So, I have already amended the timeline and I'm still working on the evaluation criteria and making sure that the statement of work is correct. I don't yet have an updated timeline to share with you because I'm still working on that, but as soon as I have that, I will put out an updated charter to show you what that timeline will look like.

In my mind, part of the commitment that I made at the last meeting and continue to make is to just involve you all in the process as much as I can. And to do that, I've reached out to both Lauren Gubbe and John Meier and asked them to be a part of the evaluation and selection process when we make our decision for the actuarial consultant. They have both agreed, which I really appreciate. Thank you both very much.

I have also included in your packet a document that outlines the proposed statement of work as well as some proposed evaluation criteria that we could use in the selection process. So I hope that you will all look at that, review it, provide feedback, anything you feel like is missing or you'd like to see included to me, Lauren or John. I really feel like to select the right actuarial consultant; I'm really going to need your help and your input. The three of us will be meeting with Tim and Bill Vasek to talk about next steps.

TIM: Let me just echo Debbie's thanks to Lauren and John for helping support us through the process. We appreciate that. As Debbie said, we want to make sure that everybody feels like this was done in a way that has good integrity and that you feel good about the firm that we select and about the results at the end of this.

And Debbie and I did check in with Bill and Russell a week or ten days ago, and they have started their internal work on the process for doing the review. So, that's going on the right trajectory, on the right path in terms of the work plan that we set out. So the delay that— and this was a purposeful decision that Debbie and I took— the delay to slow down the issuing of the RFP isn't going to get in the way of completing the studies on time. It's just a matter of making enough space for you all to be involved in the process.

Apprentice Claim Assignments – Sara Spiering, Hope Bennett

SARA SPIERING: I'm Sara Spiering, and I am a project manager that works in claims administration for Cheri Ward. We're undergoing a lot of process improvements in the program, and one of those things that we are going to be addressing in the month of November is some of the claim transfer issues that we've heard about. We're taking the first steps in correcting that. The lead for that project is Hope Bennett. Hope is a claim unit supervisor, and she's one of the key people that manages some of these transfers that all unit sups are involved with.

HOPE BENNETT: If the Apprentice hadn't learned that topic yet, we would transfer the claim to somebody else that had been trained on it. That became a big issue with the Apprentices, from the stakeholders and also from management, because of the customer interruption of it. The apprentices thought that they don't get to see the whole life of a claim— instead what happens is their caseloads end up built from really old claims that they have to take the time to review instead of these claims that they've had from the beginning.

So, this will be starting hopefully within the next couple weeks, and they will be with our June Apprentice class. If there's a topic that they haven't been trained on, we're not going to transfer the claim. The team coverage in the unit will take care of it. And that's going to be assigned out based on a standard that we're going to create; and there's going to be priority ticklers that they'll be working like they should be now.

So the main thing is that until they learn the topic, coverage in the unit will be taking care of the issues that come up until they learn that.

SARA: We created a review that's in your packet to answer some of the questions that I anticipated you guys may have. And it gives you some baseline numbers that we're looking at— the number of claims that were transferred, over a six-month period of time. So, we'll be watching that after we implement. Hopefully, when we come back, you guys can provide feedback to us on what's working. And certainly, in the meantime, I'm sure you will let Marnee know.

SHIP Grants – Jenifer Jellison

TIM: I'm going to just jump off the agenda here for just a second here. Our friend Jenifer Jellison is here from the Division of Occupational Safety and Health Services program, and she is going to talk about the next round or current round of SHIP grants, and the request is for some support from you all to help us do some more grant-making.

JENIFER JELLISON: I don't know how many of you are aware of the Safety and Health Investment Projects (SHIP) program, but we did start out as an Occupational Safety and Health grant program. And in 2009, return to work was a component that was added as a required part of our funding. And we started out the biennium with a pot of money, and we still have most of that money left, and we're trying to give it away. There's a process to do so, so we're looking to see if there might be some interest in this group for applying for some of those funds.

We're handing out this little booklet here, which has our main phone number on the back. And you can contact me, or any of the staff people who can answer any questions you might have about the program. And we're also handing out a review of the grants that we've funded to date for return to work. And they run the gamut from tools that have been developed to help employers or vocational counselors be able to deal with light -uty and getting people back to work more quickly.

We have funded one to date was return to work. Washington Restaurant Association is doing a return-to-work toolbox for their industry. I have a few copies of a return-to-work toolbox that was done by Valley Hospital and Washington State University as an example of what's been done.

I just want you to know we have about $600,000 left. The process is we have our applications on the Web site, and that information is there in the brochure. You can contact us for technical grant help. We can do everything but write it for you, but we can walk you through the process. We're actually expecting a grant that is being done in collaboration with two different Retro groups, different industries, different focus of work, but they're working with a voc counselor to address, kind of like develop this return-to-work program for these two different industries.

Questions

BRIAN BISHOP: Is it just return-to-work grant money that you have or do you still have safety and health?

JENIFER: We do have some safety, but we've just closed that cycle. We will have more next biennium, but right now we're just mostly pushing the return to work because we've got lots of money there. So, you know, we're happy for your ideas. We're happy to help you.

JAN GEE: Jenifer, explain to me, did the Legislature actually separate the two programs, so they designated dollars that had to be used for return to work and then the other SHIP program was just continued?

JENIFER: Well, as part of the SHIP program, there's at least 50 percent for safety and health grants, at least 50 percent for small business, and a lot of the grants that we fund can kind of address small business. And then at least 25 percent for return-to-work grants. And we're just having a challenging time getting that money out. But we want to, and we're happy to help you get there.

JAN: I was saying to Bob, I did that a few years ago and the paperwork was so complex and redundant.

JENIFER: Well, we've simplified it. We've just updated it to try and get rid of some of the redundancies and make it easier.

Auto Adjudication – Tim

TIM: I'm going to just take a couple more minutes just to acknowledge our friend Henry Cheng is here, so this will be the third conversation today about predictive analytics. Henry is the driving force behind improving the current model that we have in place for auto adjudication. There is a handout in your packet that describes where we're going next.

Marnee talked about dividing the auto-adjud orders. What you're also going to see is that we're going to make a real deliberate effort to increase the number of claims that are retained in auto adjudication compared being referred out to Claims Managers on the floor. So, round numbers-wise, we're expecting an increase from the current level, about 35 percent of claims that are auto adjudicated, to about 55 percent of medical-only claims that will be auto adjudicated.

And we're also going to have a different range of outcomes in terms of closing dates. So right now, essentially we have 90, 75 or 60 as the forecast closing date, and those will essentially go from 7 days to 90 days at any stop along the way, depending upon the nature of the injured worker or the claim and what we know about the claim at that given point in time.

So the headline is just improving the sophistication of the model in trying to concentrate the work of the Claims Managers on the most complex claims and have more of them be retained by auto adjudication.

Early Case Reserve – Tim

TIM: The third predictive analytics conversation is about what we're calling "early case reserve." We are aware that there have been some frustrations with how we manage case reserve, and we've had some high-profile misses that we've corrected. But we appreciate that those have real consequences, so we're working hard to improve the case reserve process in general. At this point, we're talking about " human being" case reserve, but we're also going to use similar modeling that Henry, Bill, Joshua Ligosky have worked on to do what we're calling "early case reserve values."

Vicki da Mora and I, and Marnee Couthran have been meeting with the actuary staff to essentially create a data file for you that would describe pretty close to intake what we think the case reserve value is of that claim so we can sort of forecast the lifetime cost of the claim based on what we know using historical data about claims like that. In the short-term then, this is not going to affect refunds or assessments in terms of adjustment data. It's just to help you earlier-on identify those "high-value claims." Ultimately, we'd like to think about using that to replace the current actuarial reserve values that we're using and the adjustment reports.

We're probably a couple months away from implementing that or writing a service request, but I hope in February we'll have an update for you about options for displaying early case reserve values based on the predictive analytic model that Henry and Bill and Joshua are working on.

Individual Retro Rules Petition – Tim

TIM: We concluded the last scheduled meeting that we had to work through the five parts of the rules petition. We're not going to schedule any follow-on meetings, but I committed that we would create a draft report, and after Teran and the other committee members see that, we'll release it to you all. At this point we're not contemplating making a change in the current rules, but we are contemplating - as part of the insurance table study - re-evaluating the minimum premium for participation in Retro. We're going to deal with the other concerns that were raised administratively.

Good of the Order

- The minutes from the two prior meetings were approved as presented.
- The proposed 2015 meeting schedule was adopted.

Committee adjourned at 12:15 p.m.

Minutes approved by the committee: Friday, February 20, 2015.