

# Workers' Compensation Advisory Committee

*September 25, 2015*





Time	Agenda Topic	Presenter(s)
9:00am-9:10am	Welcome & General Updates <ul style="list-style-type: none"> <li>• Introductions</li> <li>• Motion to approve minutes</li> <li>• Safety Message</li> </ul>	Vickie Kennedy Joel Sacks
9:10am-9:40am	Industrial Insurance State Fund Financial Overview	Rob Cotton
9:40am-10:10am	State of the Fund	Joel Sacks
10:10am-10:25am	2016 Workers' Compensation Premium Rates	Joel Sacks
10:25am-10:35am	BREAK	
10:35am-10:50am	Insurance Services Metrics Dashboard	Vickie Kennedy
10:50am-11:20pm	Goal 1: Make Workplaces Safe	Anne Soiza
11:20am-11:40am	Legislative Implementation & JLARC Update	Vickie Kennedy
11:40am-11:50am	Board of Industrial Appeals (BIIA) Update	Dave Threedy
11:50am-12:00pm	Closing Comments & Adjourn	Vickie Kennedy and Joel Sacks



# WELCOME & GENERAL UPDATES

*Vickie Kennedy, Assistant Director for Insurance Services*  
*Joel Sacks, Agency Director*



# Welcome & General Updates

- Introductions
- Motion to approve April and June minutes



# Safety Message

- L&I's Injured Young Worker Speakers Program
  - My First Job
  - Matt Pomerinke talks about L&I's Injured Young Worker Speaker Program



# The Program

- Worksite incident rate nearly 2X for young workers
- Prime the Pump
- Measurably raise workplace *safety awareness* in students and young workers
- How do we do this?



# Results

<u>Activity</u>	<u>Calendar</u> <u>Year</u>	<u>Presentations</u>		<u>Participants</u>
		<u>Goal</u>	<u>Actual</u>	
Planning	2007	0	0	0
Pilot	2008	5	5	750
Spring Rollout	2009	20	24	2000
Spring/Fall	2010	30	35	3000
Year-round; employers added	2011	40	42	3500
Year-round; employers and Conferences added	2012	45	47	4500
Year-round; employers and Conferences added	2013	45	46	6000+



# INDUSTRIAL INSURANCE (STATE) FUND

## FINANCIAL OVERVIEW

**PRELIMINARY STATUTORY FINANCIAL INFORMATION**  
**FISCAL YEAR 2015**  
**JULY 2014 - JUNE 2015**

*Rob Cotton*

*Workers' Compensation Accounting Manager*



# Significant Financial Highlights

July 2014 through June 2015

The contingency reserve increased \$248 million, from \$950 million on July 1, 2014 to \$1,198 million on June 30, 2015.

	<ul style="list-style-type: none"> <li>• Premiums are greater than current accident year incurred benefits</li> <li>• Investment interest income increased</li> <li>• Prior years' benefit liabilities are less than expected mainly due to lower projected medical costs</li> </ul>
	<ul style="list-style-type: none"> <li>• During first quarter an accounting entry was recorded for the remaining portion of the 2011 reform savings</li> <li>• During the third quarter the new mortality table was implemented, the pension discount rate decreased from 6.5 to 6.4%, and costs were recognized for changes in Vocational Option 2 benefits.</li> </ul>

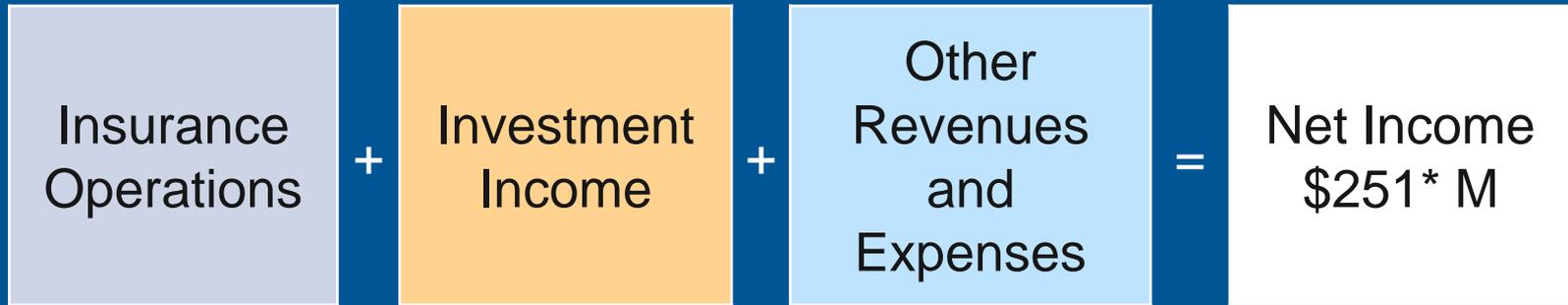
With equities restated to reflect the decline in the stock market the contingency reserve would be \$1,080 million on September 18, 2015.

Change in the contingency reserve by quarter:

- July 1<sup>st</sup> to September 30, 2014 – increase of \$11 million.
- October 1<sup>st</sup> to December 31, 2014 – increase of \$52 million.
- January 1<sup>st</sup> to March 31, 2015 – decrease of \$85 million.
- April 1<sup>st</sup> to June 30, 2015 – increase of \$270 million.



## State Fund Results “Net Income” July 2014 through June 2015



\*Without the one-time changes of implementing the new mortality table, adjustment to avoid double counting the reform savings, decreasing the pension discount rate, or booking the costs associated with the vocational option 2 law change, we would have a net income of \$538 million.



# Insurance Operations

July through June  
(in millions)

		Fiscal Year Ended	
		Preliminary June 30, 2015	June 30, 2014
We took in (Premiums Earned)	+	\$ 1,808	\$ 1,673
We spent (Expenses Incurred)			
Benefits Incurred		1,880 **	2,131 *
Claim Administrative Expenses		200	166
Other Insurance Expenses		82	79
Total Expenses Incurred	-	2,162	2,376
Net Loss from Insurance Operations	=	\$ (354) **	\$ (703)

This is the lowest net loss from insurance operations since June 30, 2006.

\*Includes reduction in structured settlements savings.  
 \*\*Benefits Incurred would have been \$1,593 M and Net Loss from Insurance Operations would have been (\$67) M if the one-time adjustments to benefit liabilities had not been made this year.





# Premiums Earned

July through June  
(in millions)

Fiscal Year Ended

	Preliminary June 30, 2015	June 30, 2014	Difference
Standard Premiums Collected	\$ 1,958	\$ 1,801	
Less Retrospective Rating Adjustments	(144)	(160)	
<b>Net Premiums Collected</b>	<b>1,814</b>	<b>1,641</b>	
Changes in future Premiums Amounts To Be Collected	37	48	
Changes in future Retrospective Rating Adjustment Refunds	(43)	(16)	
<b>Net Premiums Earned</b>	<b>\$ 1,808</b>	<b>\$ 1,673</b>	<b>\$ 135</b>

Insurance  
Operations

+

Investment  
Income

+

Other  
Revenues  
and  
Expenses

=

Net  
Income



# Benefits Incurred

July through June

(in millions)

Fiscal Year Ended

	Preliminary June 30, 2015	June 30, 2014	Difference
Benefits Paid	\$ 1,593	\$ 1,565	\$ 28
Total Change in Benefit Liabilities	287	566	(279)
<b>Benefits Incurred</b>	<b>\$ 1,880</b>	<b>\$ 2,131</b>	<b>\$ (251)</b>

**4<sup>th</sup> Quarter Highlight:** Lower projected medical costs reduced benefit liabilities by \$444 M.

Benefits Incurred would have been \$1,593 million without the following one-time adjustments that are included in the Total Change in Benefit Liabilities.

- \$146\* million from implementing the mortality table that includes gender.
- \$ 83 million adjustment to avoid double counting 2011 Reform savings.
- \$ 27 million from the costs associated with Vocational Option 2 law change.
- \$ 31\* million from reducing the pension discount rate from 6.5 to 6.4%.

\*Does not include the impact to self insurance pensions.



# Investment Income

July through June  
(in millions)

	Fiscal Year Ended	
	Preliminary June 30, 2015	June 30, 2014
Investment Income Earned from Dividends and Interest	+ \$ 493	\$ 480
Realized Gains from Fixed Income Investments Sold	+ 41	262 *
Realized Gains from Stocks (Equity Investments) Sold	+ 18	41
<b>Total Investment Income</b>	<b>= \$ 552</b>	<b>\$ 783</b>

\*Sold TIPS due to the change in the asset allocation policy.



# Total Investments

(rounded to billions)



Insurance  
Operations

+

Investment  
Income

+

Other  
Revenues  
and  
Expenses

=

Net  
Income



## Results of Operations

July 2014 through June 2015

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income (Loss)
(\$354) million*	+	\$552 million	+	\$53 million	=	\$251 million*

\*Insurance operations would have been (\$67) and net income would have been \$538 million if the one-time adjustments to benefit liabilities had not been made this year.



## How Did Contingency Reserve Perform?

July 2014 through June 2015

Change \$248 million

<b>Beginning Contingency Reserve as of June 30, 2014</b>	+	<b>Net Income (Loss)</b>	+	<b>Unrealized Capital Gain/(Loss)</b>	+	<b>Other Accounting Adjustments</b>	=	<b>Preliminary New Contingency Reserve as of June 30, 2015</b>
\$950 million	+	\$251 million	+	\$23 million	+	(\$26) million	=	\$1,198 million

With equities restated to reflect the decline in the stock market the contingency reserve would be \$1,080 million, 8.0% of total liabilities, on September 18, 2015.

On June 30, 2015, the contingency reserve would have been \$1,485 million excluding the one-time adjustments as shown on previous slides.



## Combined Contingency Reserve vs. Targets



Combined Contingency Reserve is 8.9% of Total Liabilities.



## Accident & Pension Contingency Reserve vs. Targets



Accident & Pension Contingency Reserve is 2.7 % of Liabilities



## Medical Aid Contingency Reserve vs. Targets



Medical Aid Contingency Reserve is 22.6 % of Liabilities



## Key Financial Ratios as a percentage of premium earned

Fiscal Year Ended

Ratios	Preliminary June 30, 2015		June 30, 2014	Excluding one-time adjustments
	State Fund	Industry Forecast		June 30, 2015
Current Year Benefit (Loss Ratio)	92.4%		90.0%	92.4%
Prior Year Benefit (Loss Ratio)	11.6%		37.4%	(4.2%)
<b>Total Benefit (Loss Ratio)</b>	<b>104.0%</b>	<b>60.7%</b>	<b>127.4%</b>	<b>88.2%</b>
Claim Administration Expense (CAE) Ratio	11.0%	14.0%	9.9%	11.0%
Sub-Total: Benefit and Claim Administration Expense Ratios	115.0%	74.7%	137.3%	99.2%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	4.5%	23.9%	4.7%	4.5%
<b>Combined Ratio</b>	<b>119.5%</b>	<b>98.6%</b>	<b>142.0%</b>	<b>103.7%</b>
Investment Income Ratio	27.3%	19.2%	28.7%	27.3%
<b>Operating Ratio</b>	<b>92.2%</b>	<b>79.4%</b>	<b>113.3%</b>	<b>76.4%</b>

Note: a ratio of 100% would indicate that costs = premium for the period



## Questions & Comments

Contact Rob Cotton,

Workers' Compensation Accounting Manager

Phone: 360-902-6263

Email: [cotr235@lni.wa.gov](mailto:cotr235@lni.wa.gov).

# Thank You!



# Historical Investment Performance

	Fiscal Year Ended				
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Investment Income	493,408,000	479,774,000	465,868,000	481,892,000	491,654,000
Realized Gain (Loss)	58,660,000	303,184,000	87,405,000	547,771,000	68,768,000
Unrealized Gain (Loss)	23,691,000	200,333,000	266,041,000	(546,428,000)	416,944,000
Total Invested Assets	14,003,302,000	13,422,957,000	12,550,887,000	11,908,149,000	11,671,588,000

Unrealized gain (loss) changes are impacted mostly by stock market results, and are commonly known as “paper” profit or losses which imply that they have not been “cashed in.”



# STATE OF THE FUND

*Joel Sacks, Agency Director*



# Year-by-Year Net Change in Benefit Liabilities from 6/30/14 to 6/30/15

Non-operational liability changes		
<b>Expected</b>		
Regular reserve discount reduction	\$479 M	
New liabilities less benefit payments	\$125 M	
Other changes	(\$87) M	
<b>One-time</b>		
Discount rate reduction	\$37 M	
Mortality table change	\$165 M	
Adjustment to avoid double counting 2011 Reform savings	\$83 M	
		<b>\$802 M</b>
<b>Operational influence</b>		
Operational effect	(\$515) M	
		<b>\$515 M</b>
<b>Total FY15</b>	<b>\$287 M</b>	

*Includes SI payments of \$25M*

*Benefit liabilities in FY2014 were \$12.4 B and in FY15 are \$12.7 B.*



## Contingency Reserve Goals for 2015

- Reduce Pension Discount Rate
- Increase operational efficiencies
- Increase contingency reserve



# Contingency Reserve Results Achieved in 2015

Four Major Results	Percentage	Amount dollars in millions
One-time reserve adjustment for mortality tables		\$165
Pension Discount Rate* reduced from	6.5% to 6.4%	\$37
Increased operational efficiencies		(\$515)
Preliminary contingency reserve	8.9%	\$1,198

*\*PDR reduction from 6.5% to 6.4% was effective fourth-quarter of 2015*



## Contingency Reserve Goals for 2016

- Continue to reduce Pension Discount Rate
  - Amount TBD based on discussion with Finance Committee.
- Increase operational efficiencies
  - \$35-70 million target
- Continue to increase the contingency reserve
  - Finance committee to review 2016 target levels



# 7-Year Reserve Benchmarks

**Update: \$1,198 million contingency reserve or just above 8.9% of total liabilities.**

## 7-Year Interim Targets

Year	Contingency Reserve Target (range)	Pension Discount Rate (PDR) Target (range)	Contingency Reserve (CR) Yearly Goal (displays steady growth) dollars in millions
Quarter Ending June 2015	8.9%	6.4%	\$1,198
2014 Target	5-7%	6.5 - 6.3%	\$652 to \$902
2015 Target	6-8%	6.3 – 6.2%	\$797 to \$1,032
2016	7 - 9%	6.4 – 6.25%	\$ 884 to \$1,293
2017-2018	8 - 11%	6.0 – 5.75%	\$ 1,029 to \$1,583
2019-2020	10 - 13%	5.5 – 5.25%	\$ 1,317 to \$1,879
2021-2022	13 - 15%	5.0 – 4.5%	\$ 1,753 to \$2,198

**7-Year Contingency Reserve Goal**

**\$2,198**

When the WCAC developed the 10-year plan in Sept. 2012, the contingency reserve was at \$590M and the PDR was at 6.5%

As of September 18, 2015 CR is \$1,080 at 8.0% of liabilities

Each tenth of a percent the PDR drops, the CR could reduce between \$30 to \$50 million.

Assumes total liabilities as of 6/30/15



# 2016 WORKERS' COMPENSATION PREMIUM RATES

*Joel Sacks, Agency Director*



# Proposed Rate Increase of 2% is Steady and Predictable

	2015	2016	2016	2016	2016
	Average	Proposed	Proposed	Break-even	Break-even
	Hourly Rate	% Change	Hourly Rate	Indication	Hourly Rate
Accident	\$0.353	2.6%	\$0.362	-4.3%	\$0.338
Medical Aid	\$0.215	0.0%	\$0.215	8.1%	\$0.233
Supplemental Pension	\$0.0894	6.25%	\$0.0950	9.8%	\$0.0982
Stay-at-Work	\$0.0071	-25.0%	\$0.0053	-49.1%	\$0.0036
<b>Overall*</b>	<b>\$0.665</b>	<b>2.0%</b>	<b>\$0.677</b>	<b>1.1%</b>	<b>\$0.672</b>
<b>Net per \$100 of payroll</b>	<b>\$2.20</b>	<b>-1.0%</b>	<b>\$2.17</b>	<b>-1.8%</b>	<b>\$2.16</b>

\*Does not include retro

Based on year ending March 31, 2015 mix of business



## How the Agency Set Rates

1. Forecast projected benefits costs.
2. Determine rate levels in order to break-even.
3. Review the amount of reserves, the economy, and other factors.
4. Director determines overall rate level changes by fund.
5. Adjust rates by industry.
6. Calculate experience rate for individual employers.

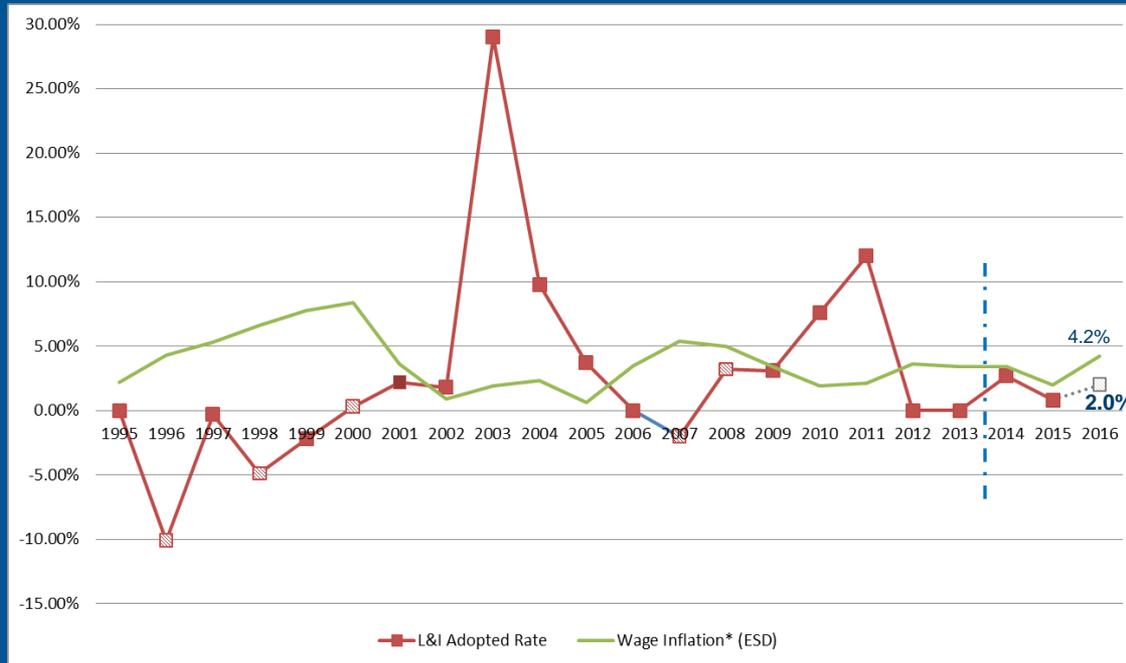


## L&I's Rate Setting Philosophy:

1. Steady and predictable rates.
2. Benchmark against wage inflation (this happens automatically in other states).
3. Steadily rebuilding reserves.
4. Lower costs while focusing on better outcomes for injured workers.



# Benchmark Against Wage Inflation to Ensure Steady and Predictable Rates



\* Indicates wage inflation rate known when rates were set



# On a Payroll Basis, Rates Have Not Increased For The Last 5 Years.

Rating Year	Adopted Rate	Per \$100 of Payroll	% Change on payroll basis (method used by other states)
<b>2016 Proposed</b>	<b>2.0%</b>	<b>\$2.17</b>	<b>-1.0%</b>
2015	0.8%	\$2.19	-0.9%
2014	2.7%	\$2.20	0.0%
2013	0.0%	\$2.20	-1.8%
2012	0.0%	\$2.24	-3.1%
2011	12.0%	\$2.31	8.1%
2010	7.7%	\$2.14	4.9%
2009	3.1%	\$2.04	1.4%
2008*	3.5%	\$2.01	0.3%
2007*	-1.8%	\$2.00	-5.5%
2006	0.7%	\$2.12	-4.3%
2005	3.7%	\$2.21	-0.5%

In June 2015, it was announced that wage inflation for Washington state was 4.2% in 2014.

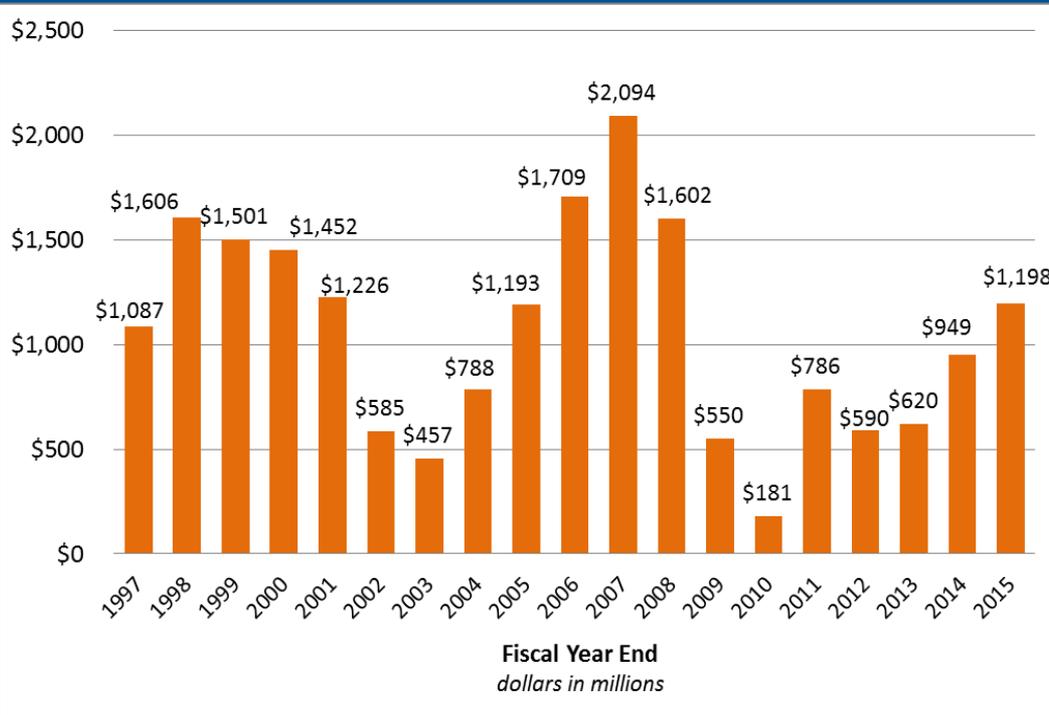
\*Six-month rate holiday of \$315M was given back to employers and workers.

*Note: 2016 proposed numbers are projections. The numbers will change slightly as data continues to mature.*

Source: Dept. of Labor & Industries



# Contingency Reserve Grew in 2015 as Planned



WCAC long-term target is \$1.8 - \$2.2B at 13-15% of liabilities.

*With equities restated, as of Sept. 18, 2015 CR is \$1,080 M which is 8.0% of liabilities.*



# Changes in the Contingency Reserve

Changes to liabilities		FY13	FY 14	FY15	Total
<b>Changes that increased the contingency reserve</b>					
↑	Operational Efficiencies and model changes	\$273 M	\$149 M	\$543 M	\$965 M
	Rate Changes	\$99 M	\$58 M	\$59 M	\$216 M
	Greater than expected changes in the stock market	\$187 M	\$279 M	N/A	\$466 M
<b>Changes that decreased the contingency reserve</b>					
↓	Mortality table change	\$0	\$0	\$146 M	\$146 M
	Adjustments to avoid double counting 2011 reform savings	\$244* M	\$130 M	\$83 M	\$457 M
	Discount rate reduction	\$77 M (non-pension)	\$256**M	\$31 M	\$364 M
	Less than expected changes in the stock market	N/A	N/A	\$6.8 M	\$6.8 M

*Operational  
Efficiencies  
FY14: \$91M  
FY15: \$515M*

\*Represents structured settlements only

\*\*Model change for 13-year plus claims \$102 M; Pension Discount change \$154 M



## Premium Fund Break-down

- Medical aid fund is above the 10-year target.
- Current accident fund is significantly below the 10-year target.
- The accident fund was reduced in FY14 and FY15 by approximately \$450M as a result of one-time adjustments:
  - Mortality table change
  - Adjustments to avoid double counting 2011 reform savings
  - Discount rate reduction
  - Other model changes (13-year model, voc legislative changes)



## Premium Fund Break-down

- Pension discount rate change to accident fund (from 6.5% to 4.5%).
- Supplemental pension fund increased due to *Crabb* decision (spreading out costs over a two-year rating period).
- Stay-at-work fund reduced based on current projections. We will continue to monitor in future years.



## Key Next Steps in Adopting Rates

- Oct. 5 – Postcard to employers with hearing dates & times
- Oct. 23-30 – Six public hearings statewide
- End of Nov. – Adopt final 2016 rates
- Dec. 10 – Begin mailing rates to employers
- Jan. 1, 2016 – new rates are effective



## Strategies for Addressing Costs – Help Injured Workers Heal and Return to Work

- Create a system-wide culture of Return to Work.
  - Help injured workers stay at work or find a new job.
- Improve medical outcomes.
  - Focus on occupational medicine best practices.
- Improve claims management system to eliminate delays or waste based on Lean management principles.
  - Avoid system created disability.

*Success will show a reduction in the number of  
long-term disability claims.*



# BREAK



# INSURANCE SERVICES PERFORMANCE METRICS DASHBOARD

*Vickie Kennedy, Assistant Director for Insurance Services*



# Our Ultimate Goal is to Reduce the Number of Injured Workers Who Experience Disability

The rate at which injured workers experience long-term disability



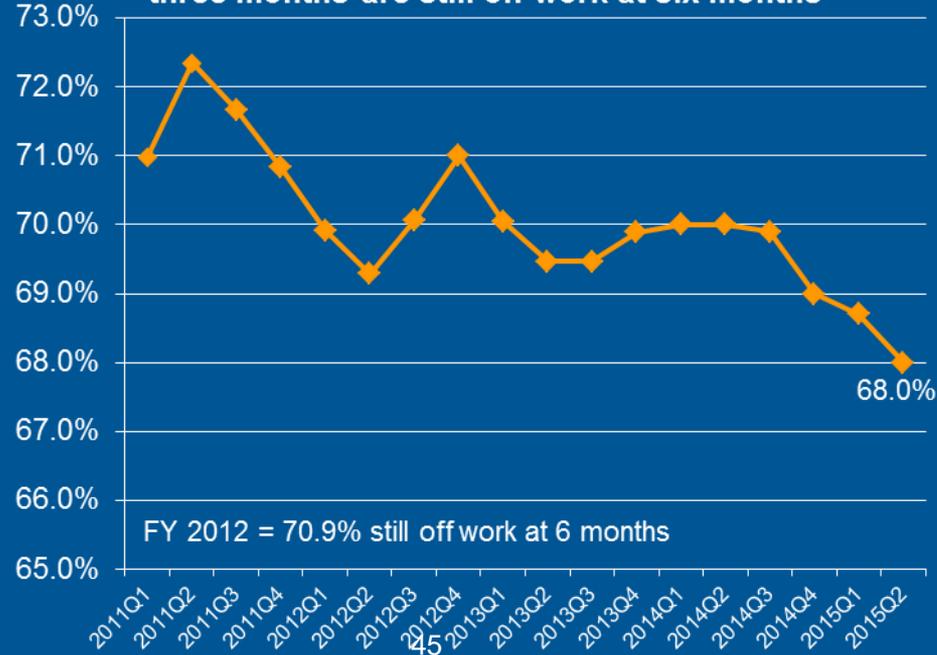
 The goal is to decrease this number

Note: long-term disability here defined as being on time-loss twelve months after injury.



## Early Indicator of RTW Success is Fewer Injured Workers Staying on Time-Loss from Three to Six Months

Fewer injured workers who were off work at three months are still off work at six months

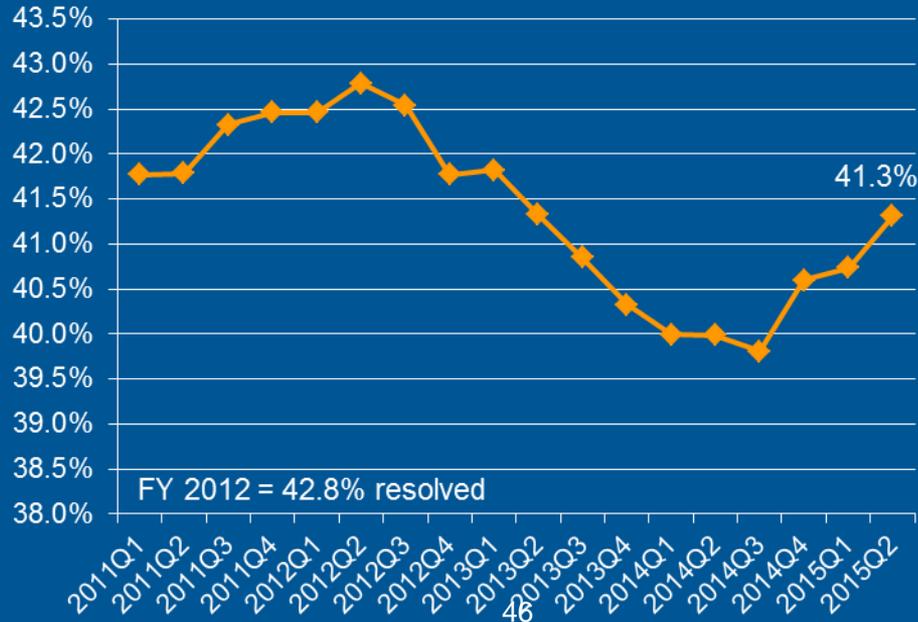


The goal is to decrease this number



# Return to Work Success Increases Likelihood of Early Claim Resolution

More claims are being resolved within 6 months of claim receipt.

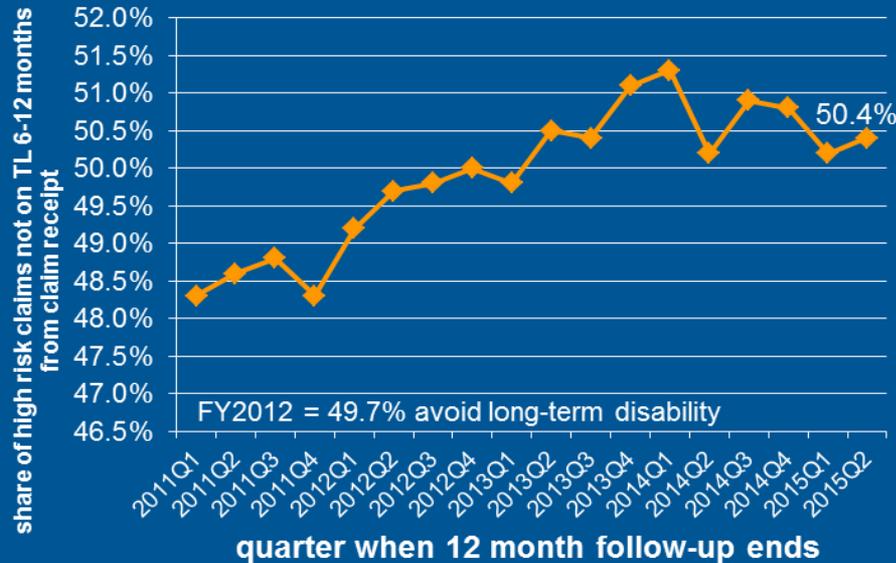


 The goal is to increase this number



# A New Initiative Focuses Resources on High Risk Claims on their 40<sup>th</sup> Day

Proportion of high risk claims that avoid long-term disability.



 The goal is to increase this number

RTW score model and targeted ERTW services are expected to impact this measure.

Note: disability defined as being on time-loss 6 – 12 months from claim



# L&I Improves Partnership with Vocational Service Providers by Making Ability to Work Assessments Sooner

Median TL days to first AWA referral



 The goal is to decrease this number



# Earlier Ability to Work Assessments are Leading to More RTW Outcomes

Share of AWA referrals made in less than 12 months and more than 12 months that result in RTW

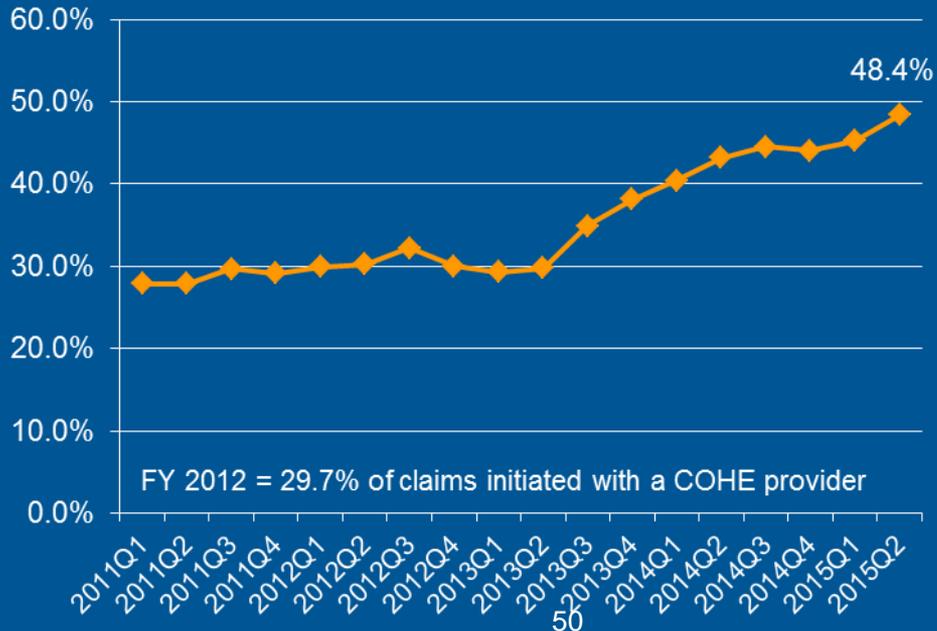


 The goal is to increase this number



# COHE Providers Help Achieve Good Outcomes for Injured Workers

Percent of TL claims initiated with a COHE provider.

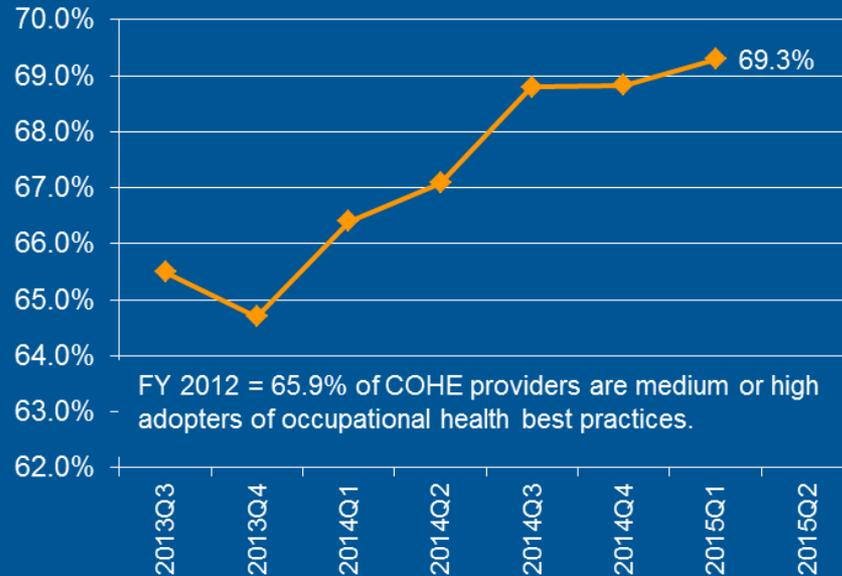


 The goal is to increase this number



# L&I Partners with COHE Medical Providers to Adopt Occupational Health Best Practices

Share of COHE providers that are medium or high adopters of best practices.

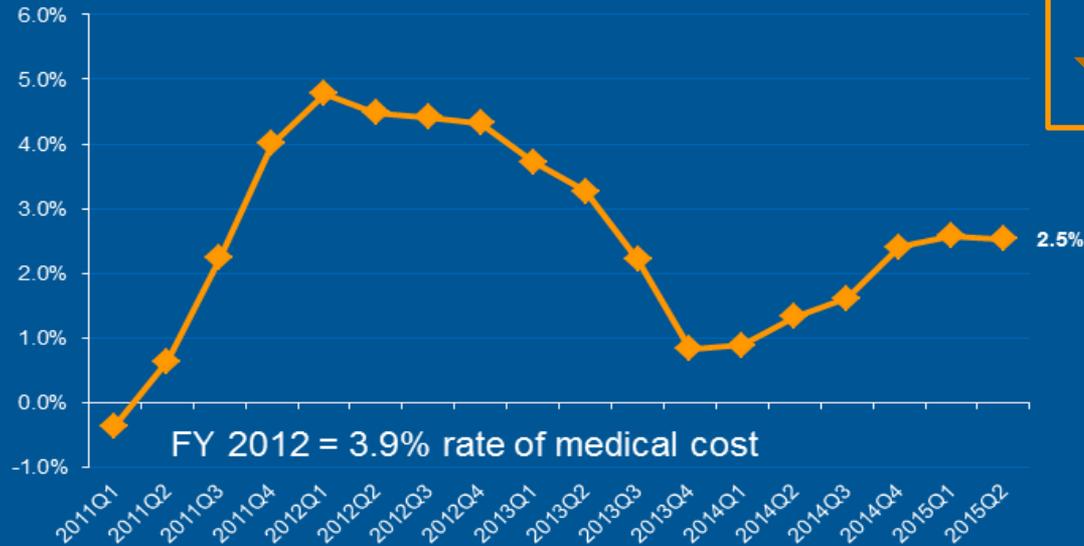


 The goal is to increase this number



## Keeping Medical Cost Growth Low While Providing the Best Possible Medical Care to Injured Workers Helps Create an Effective, Sustainable System

Medical cost growth rate





# GOAL 1: MAKE WORKPLACES SAFER

*Anne Soiza, Assistant Director for the Division of Safety and Health (DOSH)*



## Today

- Learnings from Fatality and Hospitalization data
- Prevention Focus
- Goal 1 Activity Review



## Washington State Worker Safety and Health

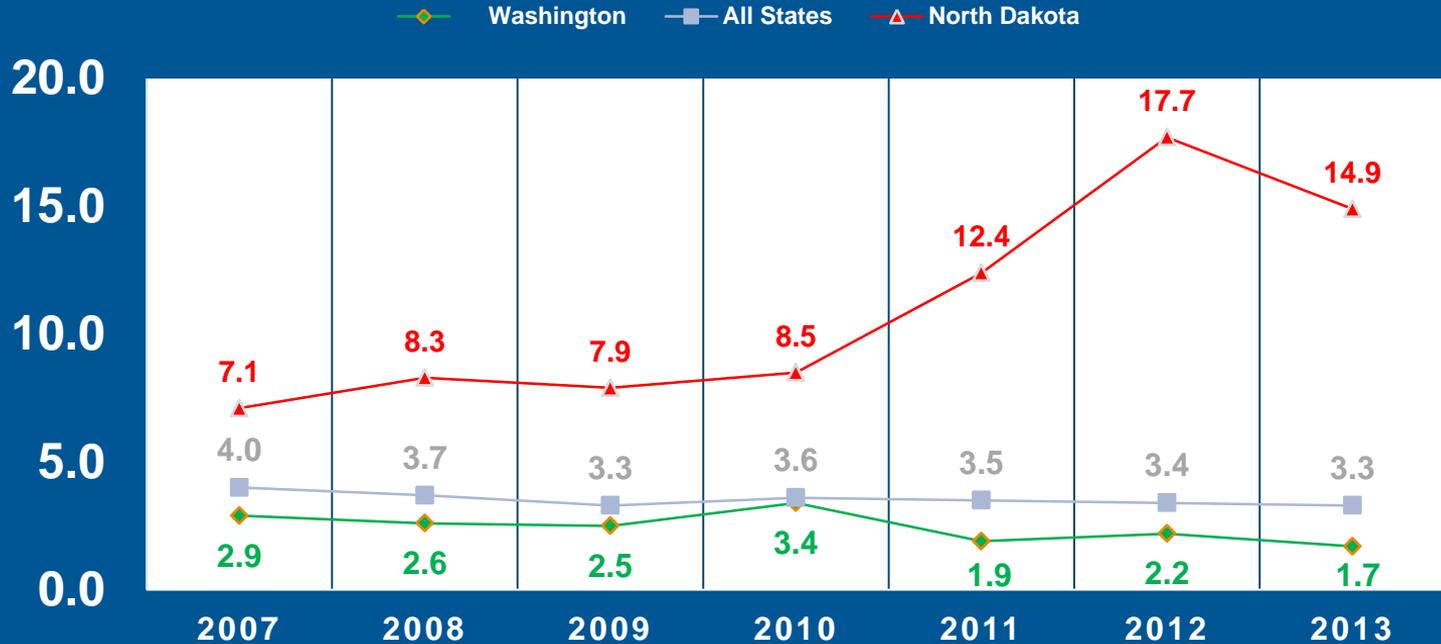
- Unique position of having the premier research occupational health program in the same agency as the worker's compensation system and the occupational safety and health administration
- Important learnings to share with the rest of the country who don't have access to this kind of data, especially hospitalization incident information.
- Focus our efforts on the 5 hazard types to prevent fatalities and very serious incidents and costs by: **Focusing on FACTS**



How is Washington State doing in regard to worker fatalities and serious injuries and illnesses?

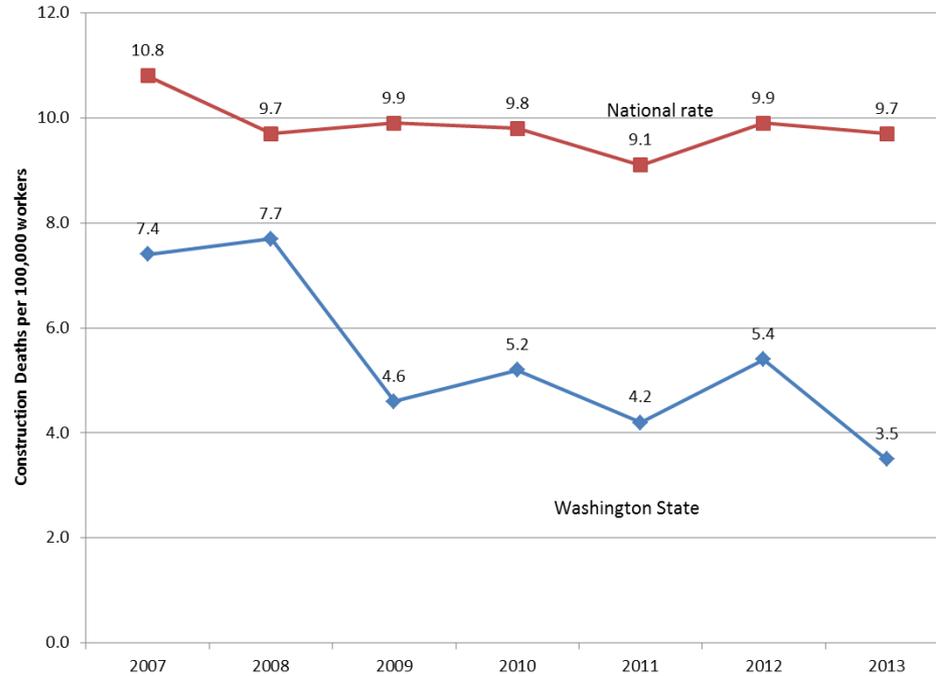


## ALL INDUSTRIES WORKER FATALITY RATE PER 100,000 WORKERS





Washington's Construction Deaths per 100,000 workers



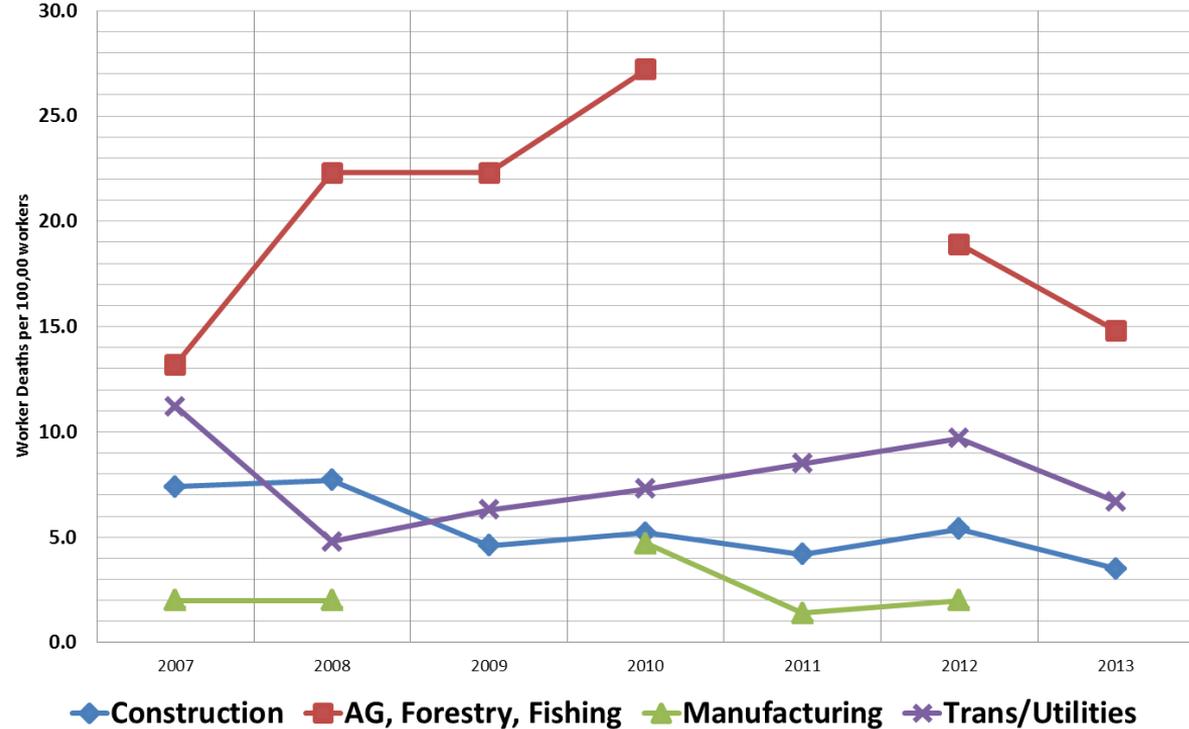
Washington's Hazardous Industries Profile: Construction's Fatality Rate is low and declining



## Washington's Hazardous Industries Profile:

Within the state,  
Agriculture, Forestry  
and Fishing Industry  
has the highest rate  
although still lower  
than the national  
average.

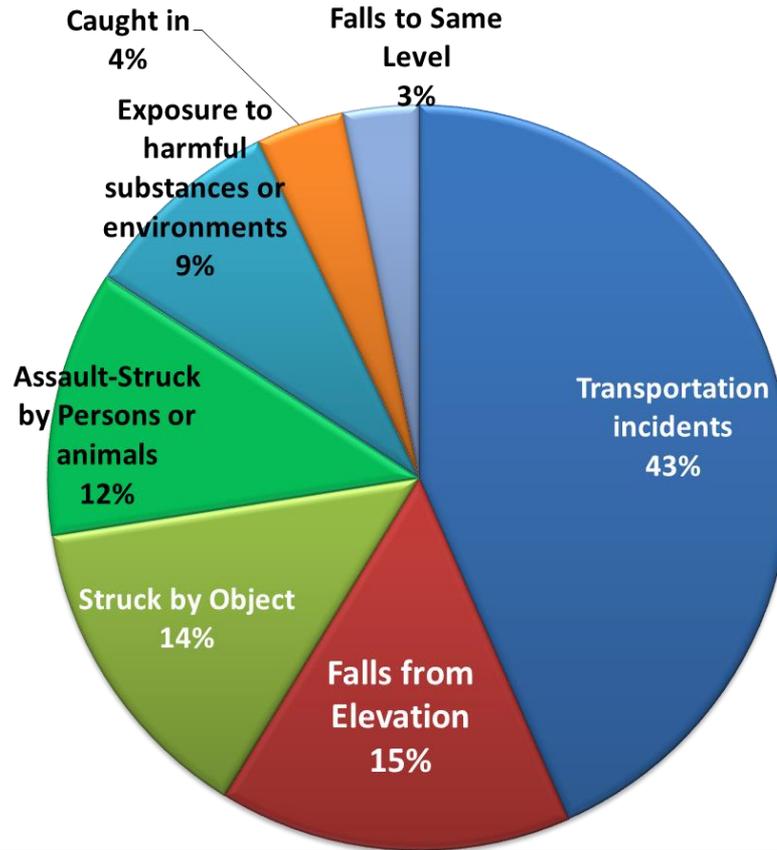
Washington Worker Fatality Rates 2007-2013 CFOI





# Fatality Types of Incidents

## Washington State Occupational Fatality Types 2011-2013





# Immediate Inpatient Hospitalization Data Review

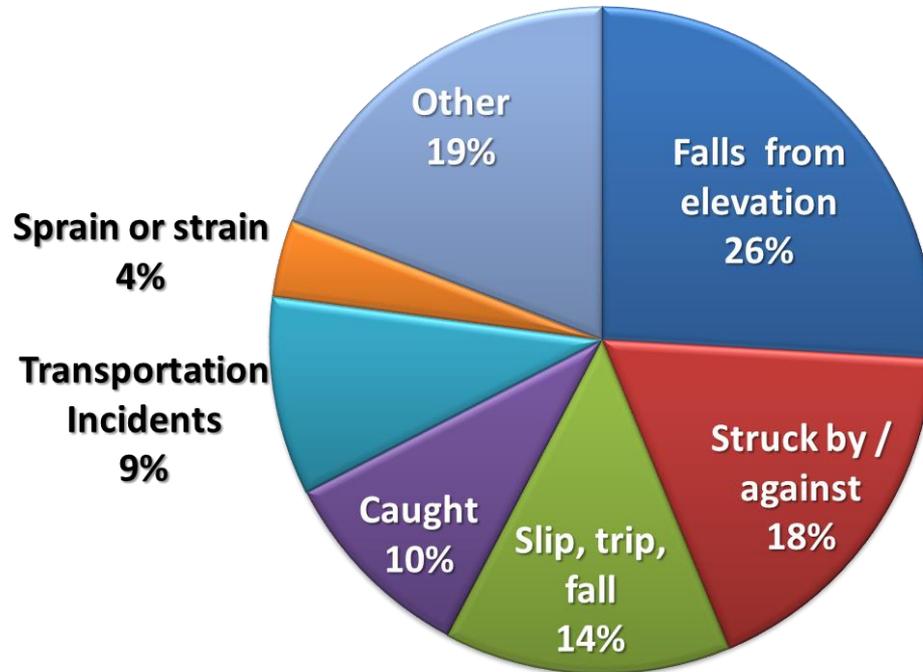


## Acute inpatient work-related hospitalizations by industry, All claims (State Fund and Self-insured), 2007 - 2011

NAICS Industry Description (NAICS 2-digit code)	Number of Hospitalizations (n=4,686)		Rate per 10,000 FTE	Rate Rank
	Count	Percentage	Rate	Rank
<b>Construction (23)</b>	<b>1134</b>	<b>24%</b>	<b>17.7</b>	<b>1</b>
Manufacturing (31-33)	541	12%	8.8	6
Agriculture, Forestry, Fishing and Hunting (11)	433	9%	13.5	3
Retail Trade (44-45)	353	8%	4.3	13
Admin & Support, Waste Mgmt & Remed. Svcs (56)	307	7%	6.3	8
Public Administration (92)	271	6%	7.0	7
Wholesale Trade (42)	263	6%	5.7	10
Transportation and Warehousing (48-49)	245	5%	10.9	4
Health Care and Social Assistance (62)	218	5%	2.4	16
Educational Services (61)	212	5%	5.0	11
OTHER (10 Industries)	709	15%		

**The learning: Construction has both the highest number and highest rate of acute hospitalizations.**

## Injury events for immediate work-related inpatient hospitalizations,\* Washington, 2007-2011



\* Compensable claims, SF and Self-insured



## Injury events for by industry sector for immediate inpatient hospitalizations, Washington, 2007-2011 (Compensable claims, SF and Self-insured)

	Construction (n=1068)	Mfg. (n=505)	Ag, Forestry Fishing (n=418)	Retail Trade (n=318)
Falls from elevation	<b>46%</b>	13%	24%	16%
Struck by/ against	21%	24%	<b>26%</b>	13%
Slip, trip, fall	6%	7%	7%	<b>25%</b>
Caught In	8%	<b>24%</b>	14%	7%
Transportation Accidents	5%	6%	16%	8%
Other	14%	26%	13%	31%

**The Learning: Different causes of incident types by industry sector.**



# Sprains and Strains

#1 Most Frequent Washington Worker Injury  
**and**  
#1 for the Highest Costs to Washington WC System



**Focus on**

- F**alls
- A**ssaults/struck by objects
- C**aught in/between
- T**oxins/chemical exposures
- S**prains/strains

**For Prevention**



Goal 1

Make workplaces safe.



Goal 2

Help injured workers heal and return to work.



Goal 3

Make it easy to do business with L&I.



Goal 4

Help honest workers, businesses and providers by cracking down on the dishonest ones.



Goal 5

Ensure L&I is an employer of choice.



# Strategic Goal 1: Make Washington Workplaces Safe

Strategy 1: Reduce injury and illness rates where L&I shows up

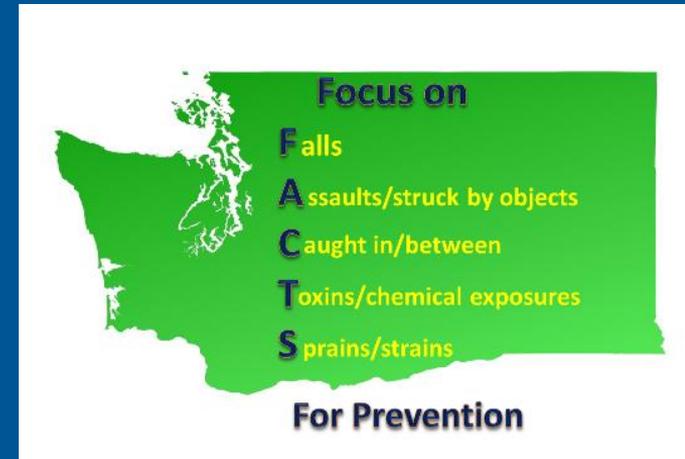
Strategy 2: Foster a culture of safety in Washington workplaces where we don't visit



## Strategy 1: Reduce injury and illness rates where we visit

### Focus on FACTS:

- Data driven decision making- Development of Focus on FACTS
- DOSH employee technical training in DOSH
- FACTS strategy informs decision making regarding resource deployment in DOSH





# Strategy 1: Reduce injury and illness rates where we visit

## Activities to Improve the Agriculture, Forestry and Fishing Rates

- ***Agriculture Safety Advisory Forum*** startup
- ***WISHA AG 10 Certification Program*** -Agriculture Training (Spanish, English)
- ***DOSH Hispanic Outreach Program*** (Establishment early last year)
- ***Agriculture Safety Pocket Guide*** available now
- **AG inspections and consultations** for all sizes of employers
- ***Logging Safety Initiative (LSI)***: Agency Initiative to lower manual logging rates in partnership with Land Owners and the Logging Companies
- **Logging inspections and consultations** for all sizes of employers
- **Statewide Workshops** for the Tree-Trimming Industry



# Strategy 1: Reduce injury and illness rates where L&I shows up

## Employer Cost Profile

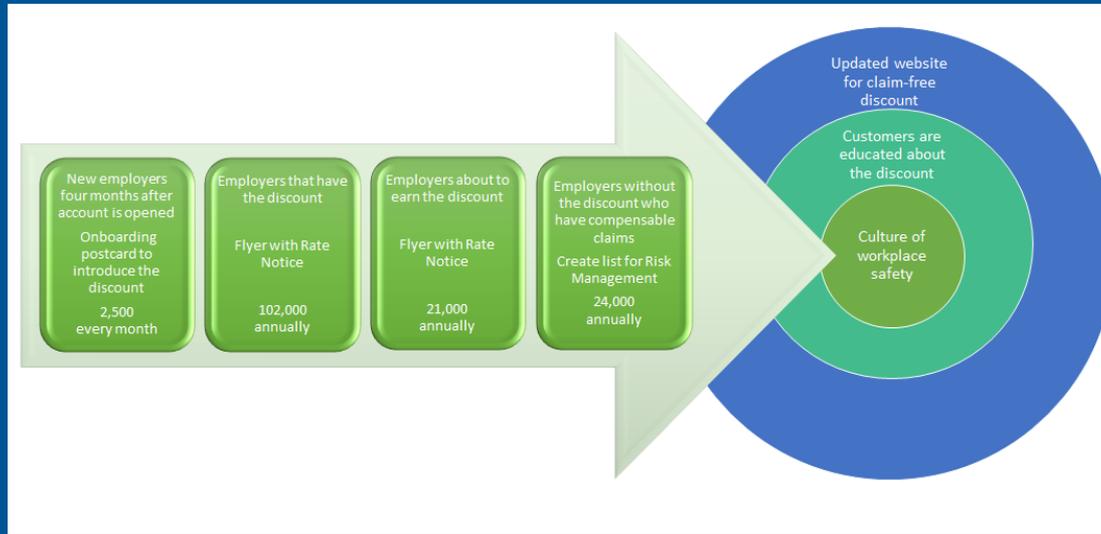
Only state in the nation that can provide both specific employer claims costs, their industry's average claims cost, claim accident type information and their industry's safety and health hazards in one document.

- Concept is to demonstrate the connection between safety and health systems and worker's compensation impacts
- Over last two years: did IT work, tested and made available to staff
- Tool to offer to employer consultation/risk management services
- Fall customer testing through employer survey, impact of new service



## Strategy 2: Foster a Culture of Safety where we don't visit

### Claims Free Discount Awareness Campaign





## Claim-Free Discount

<b>About</b>	Earning the discount	Losing the discount	How claims affect the discount	A business advantage	Free resources
--------------	----------------------	---------------------	--------------------------------	----------------------	----------------

### Don't leave money on the table

Small businesses that prevent workplace injuries can earn a Claim-Free Discount on their workers' compensation premium.

Most discounts start at 10% off the base rate for the industry. As you hire more employees and your business grows, so can your discount rate. Some businesses earn discounts of up to 40%.



### Find out more

- [Calculating your rate](#)
- [Rate setting 101 \(video\)](#)
- [Control your workers' comp costs](#)
- [Reducing rates](#)

### Questions?

Call your account manager  
or  
**360-902-4817**

Watch the short video about Claim-Free Discounts:





**Focus on**

- F**alls
- A**ssaults/struck by objects
- C**aught in/between
- T**oxins/chemical exposures
- S**prains/strains

**For Prevention**



# LEGISLATIVE IMPLEMENTATION & JLARC AUDIT UPDATE

*Vickie Kennedy, Assistant Director for Insurance Services*



# Legislative Implementation

- SHB 1496 - Helping Workers Heal and Return to Work
- SB 5468 - Allowing Stay at Work Enhancements and one-time Self-Insured Program investments



# JLARC Audit Recommendations

- L&I should institute standards for early phone contact, claim management planning and clear documentation in claims management.
- L&I should expand its pilot programs and enhance its claim management support systems (training, performance measures, and technology) with a focus on return to work.
- The legislature should allow self-insured employers to issue formal orders when accepting claims, and L&I should incorporate a review of those orders in its audits of self-insured employers.

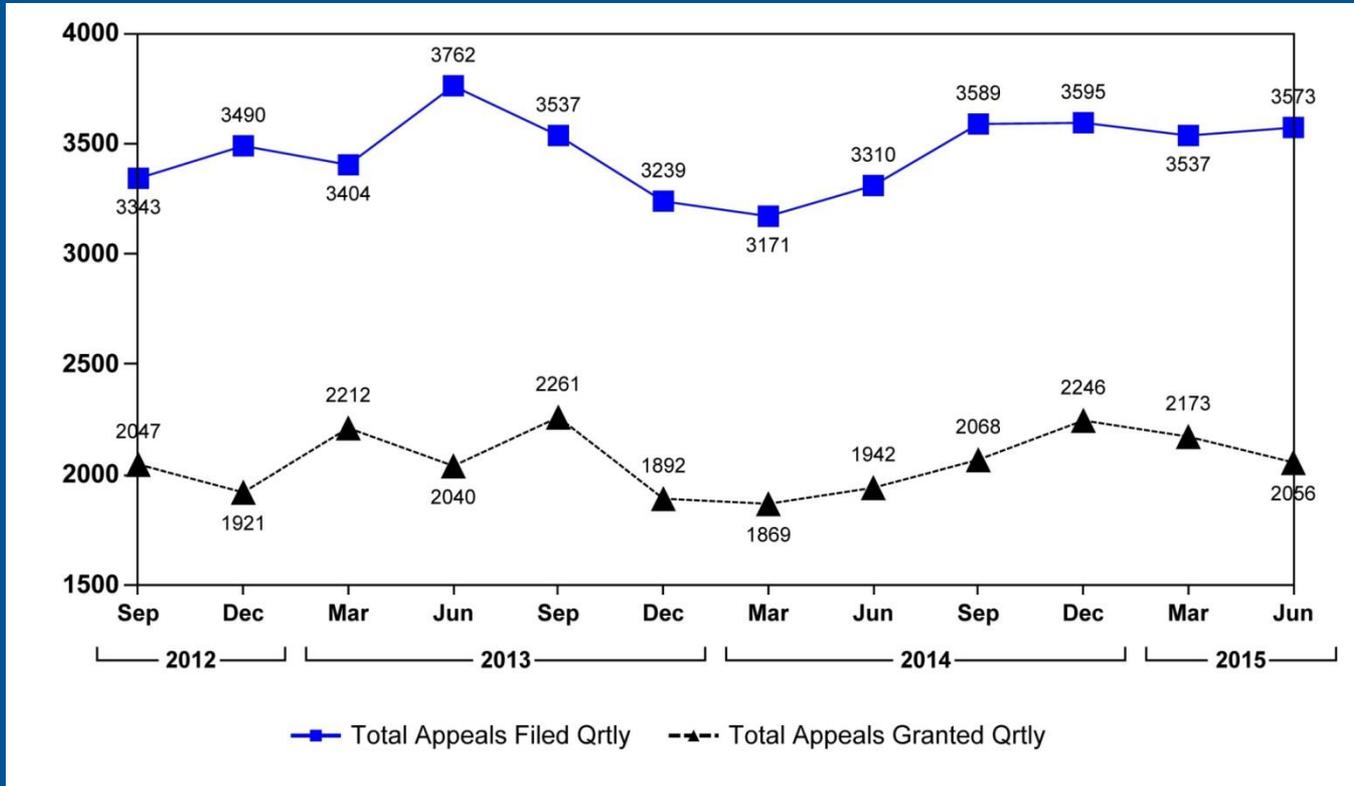


# BOARD OF INDUSTRIAL INSURANCE (BIIA) APPEALS

*Dave Threedy*

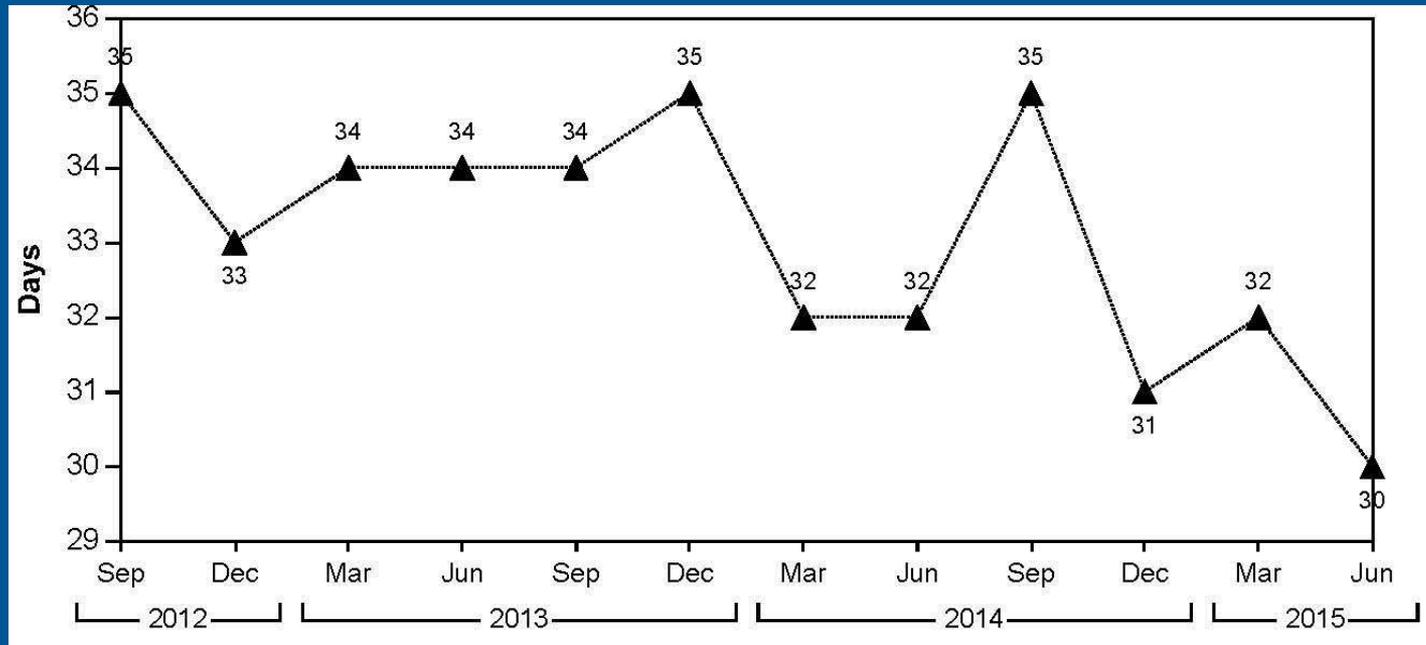


# Total Appeals Filed and Granted



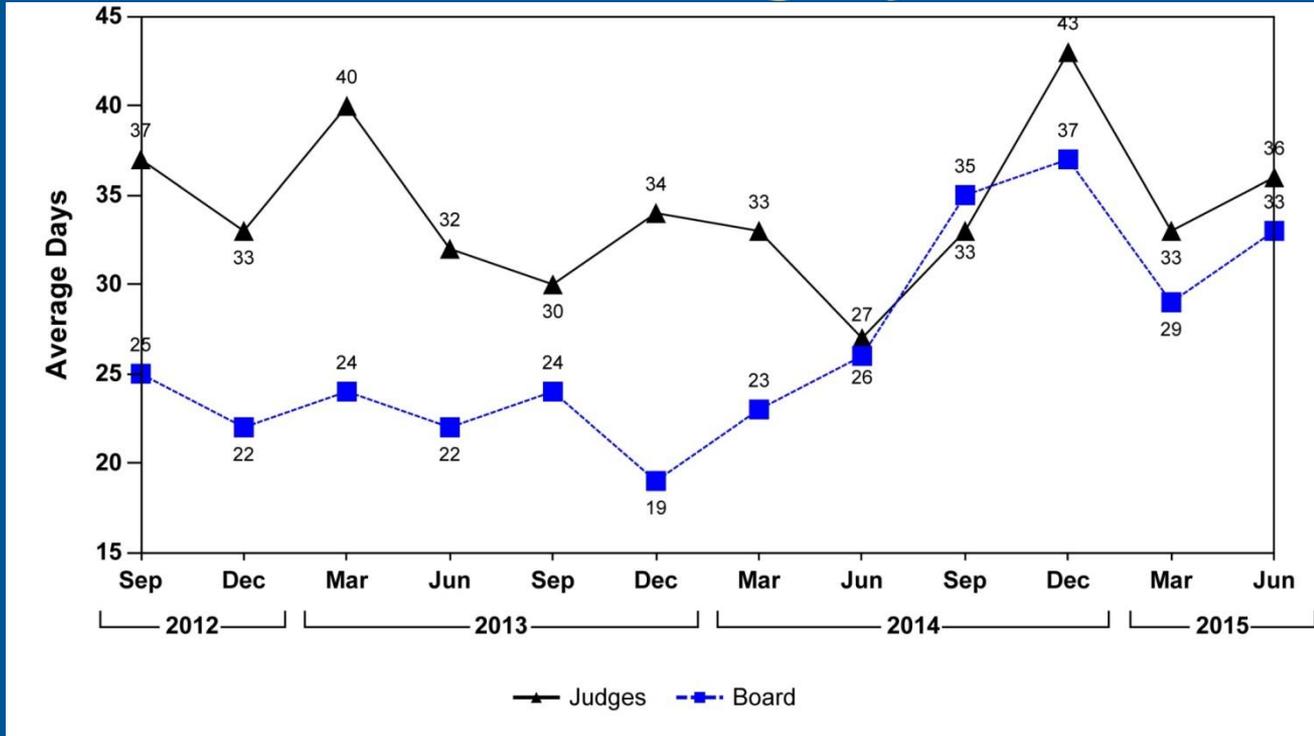


## Average PD&O\* Time-lag by Quarter for Hearing Judges



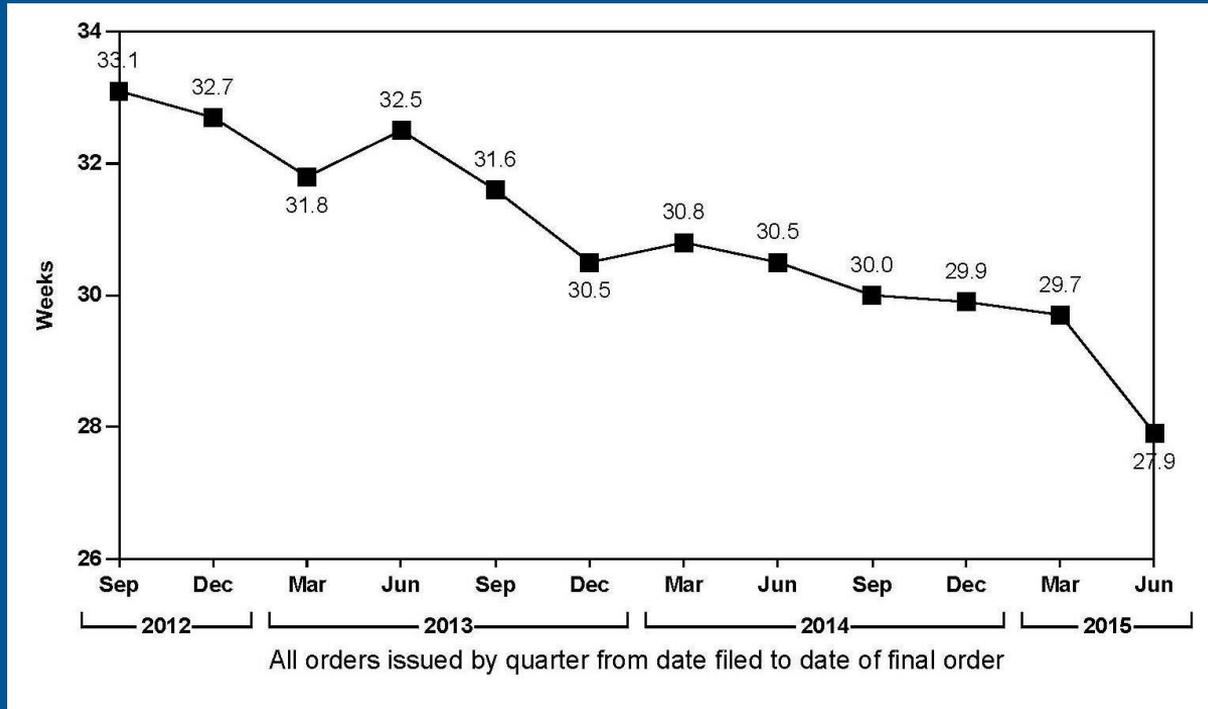


# D & O\* Time-Lag by Quarter



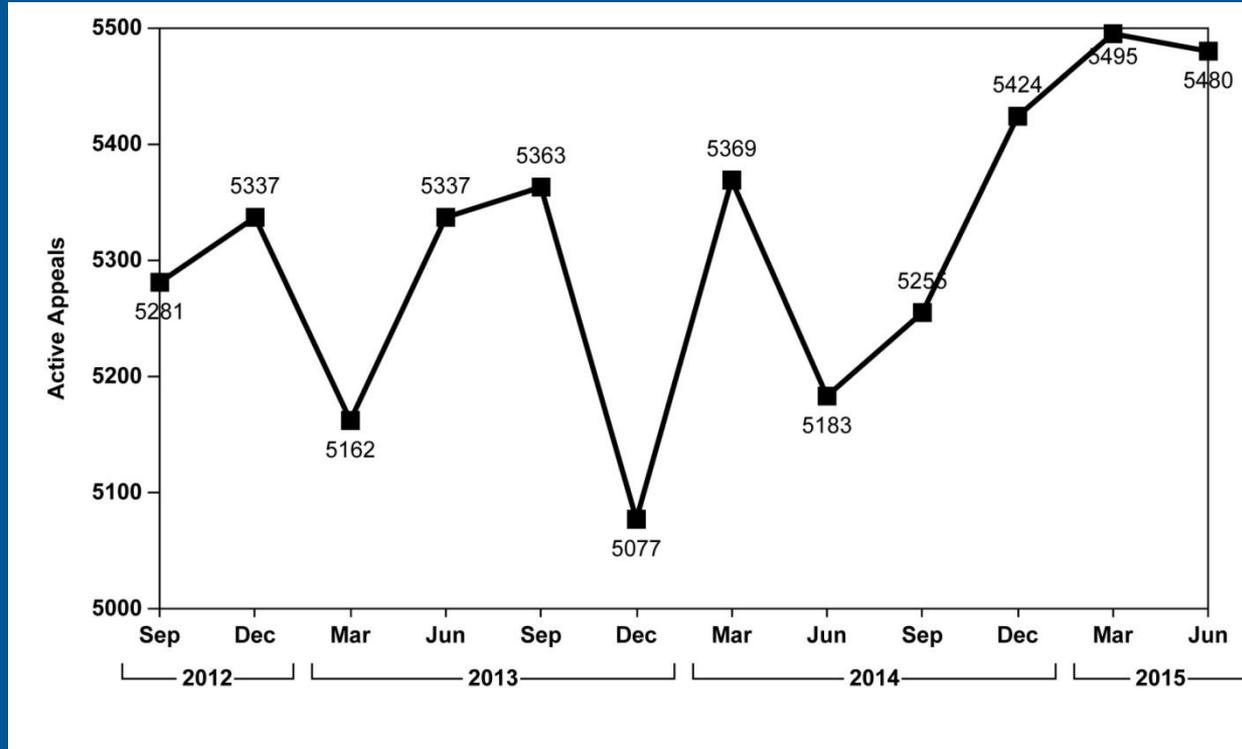


# Quarterly Average Weeks to Completion



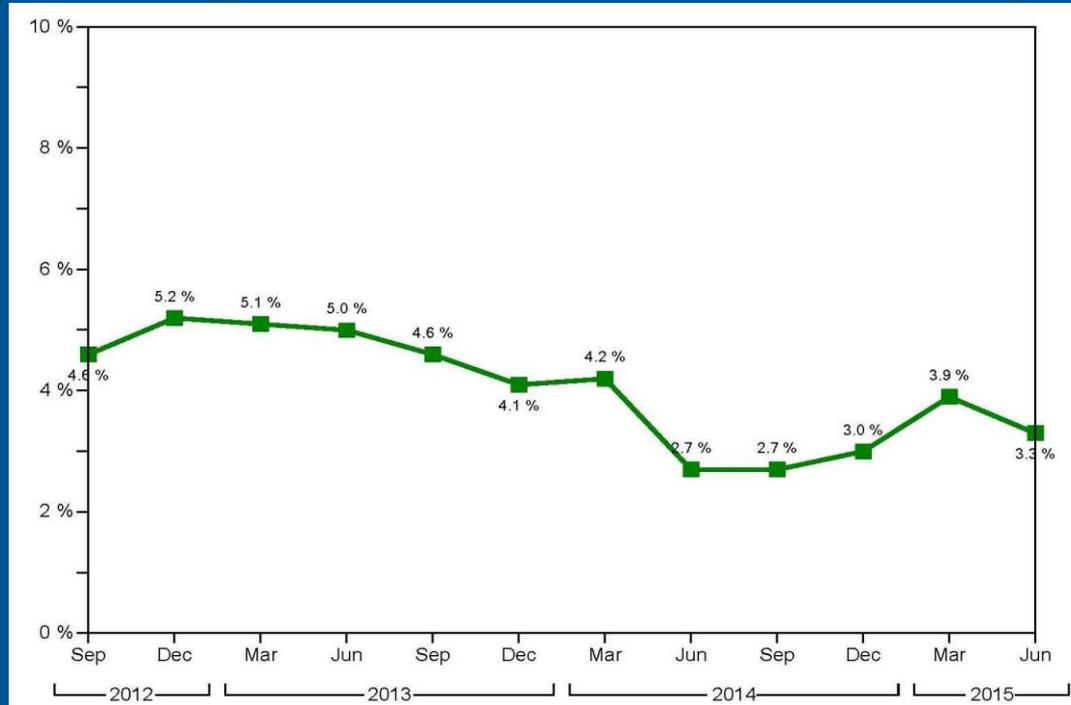


# Caseload at End of Quarter



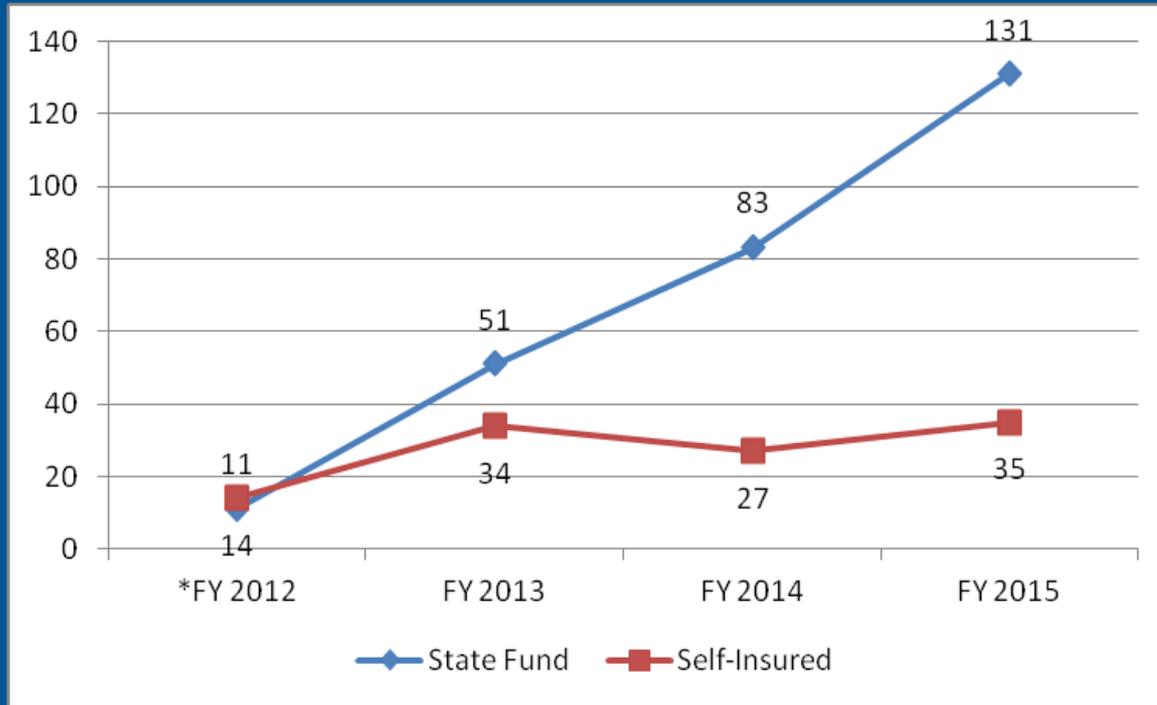


# Percentage of Final Orders Appealed to Superior Court - Quarterly





# Structured Settlements





# CLOSING COMMENTS & ADJOURN

*Vickie Kennedy, Assistant Director for Insurance Services*  
*Joel Sacks, Agency Director*