Washington State Department of Labor & Industries

Workers' Compensation Advisory Committee (WCAC)

Wednesday, April 11, 2018

Agenda

Time	Topic	Presenter(s)
9:00 – 9:10 (10 min)	Welcome • Introductions • Agenda overview • Safety message	Vickie Kennedy Joel Sacks Jeff Killip
9:10 – 9:30 (20 min)	General Updates • Finance Committee • Re-Insurance Update	Randi Warick Mike Ratko
9:30 – 10:00 (30 min)	Legislative Updates	Vickie Kennedy
10:00 – 10:30 (30 min)	Business Transformation: Workers' Compensation system replacement business case discussion	Joel Sacks Brian Colker
10:30 – 10:45 (15 min)	Break	
10:45 – 11:15 (30 min)	Improving the customer experience: Building partnerships with the Vocational Provider community	Ryan Guppy Kari D' Aboy
11:15 – 11:30 (15 min)	Insurance Services Dashboard	Vickie Kennedy
11:30 – 11:45 (15 min)	Industrial Insurance State Fund Financial Overview	Rob Cotton
11:45 – 11:55 (10 min)	Board of Industrial Insurance Appeals (BIIA) Update	Linda Williams
11:55 – 12:00 (5 min)	Closing Comments & Adjourn	Vickie Kennedy Joel Sacks

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Safety Message and DOSH Education and Outreach

Jeff Killip, JD MPH

Sr. Manager – DOSH Education and Outreach Services

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General Updates

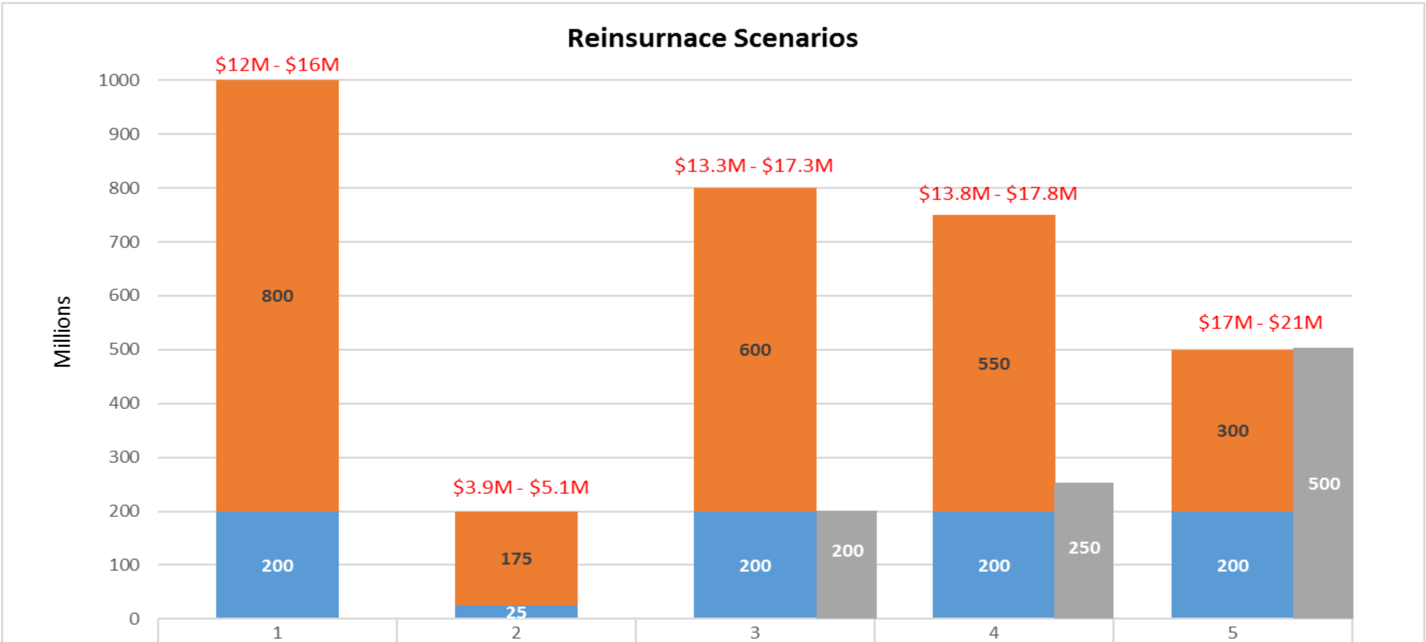
Randi Warick, Agency Deputy Director

Mike Ratko, Insurance Services Deputy Assistant Director

WCAC – Finance Committee Updates:

- Reinsurance
- Pension Discount Rate

Reinsurance Options with Estimated Cost



	1	2	3	4	5
CAT Bond			200	250	500
Limit	800	175	600	550	300
Deductible	200	25	200	200	200

Pension Discount Rate – Updates & Next Steps

- Pension discount rate is 6.1%
  - For both state fund and self-insured,
  - Effective 4/1/2018

- For FY 2018:
  - SB 6393 passed
  - Allows for dual rates for state fund and self-insured effective 6/7/2018

- For FY 2019
  - Propose implementing the following Pension Discount Rates:
    - State fund - 4.5%
    - Self-Insured - 6.0%

Pension Discount Rate – proposed changes

Proposed effective date: 04/01/2019

	Pension Discount Rate	Decrease to State Fund CR ($M)	Assessment to Self-Insured 2nd Injury Fund ($M)	Assessment for Self-Insured Case Funded Pensions ($M)
State Fund	4.5%	$556*	$2*	$2*
Self-Insured	6.0%			

Moving State Fund pension discount rate from 6.1% to 4.5%
Moving Self-Insured pension discount rate from 6.1% to 6.0%

* Preliminary Estimates

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Legislative Updates

Vickie Kennedy, Insurance Services Assistant Director

Legislative Update

- **Investment Returns (SB 6393) -** Authorizes L&I to use a different assumption for annual investment returns for the reserve funds for self-insured and state-fund pension claims.
- **Change in Social Security Offset (HB 1336) -** Eliminates the Social Security offset for workers who were receiving or had applied for Social Security retirement benefits before being injured.
- **Hanford Claims (SHB 1723) -** Creates a presumption that certain diseases and conditions are occupational diseases for those who worked one 8-hour shift on a Hanford site.
- **Post-Traumatic Stress (SSB 6214) -** Creates a presumption that post-traumatic stress disorders is an occupational disease for law enforcement and firefighters.

Legislative Update

- **Interpreter Services (2SSB 6245) -** By September 2020, requires L&I to purchase interpreter services directly from individual language access providers and/or through contracts with service delivery organizations.

- **Increasing Access to Mental Health Services (Rulemaking)** – Legislative request for L&I to collaborate with stakeholders on how to include Masters' level mental health counselors as providers authorized to treat injured workers.

- **Replacing Hearing Aids (Rulemaking)** – Legislative request to convene a group of experts and stakeholders to develop replacement criteria that reflect current technology.

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Business Transformation

Workers’ Compensation System Replacement Business Case Discussion

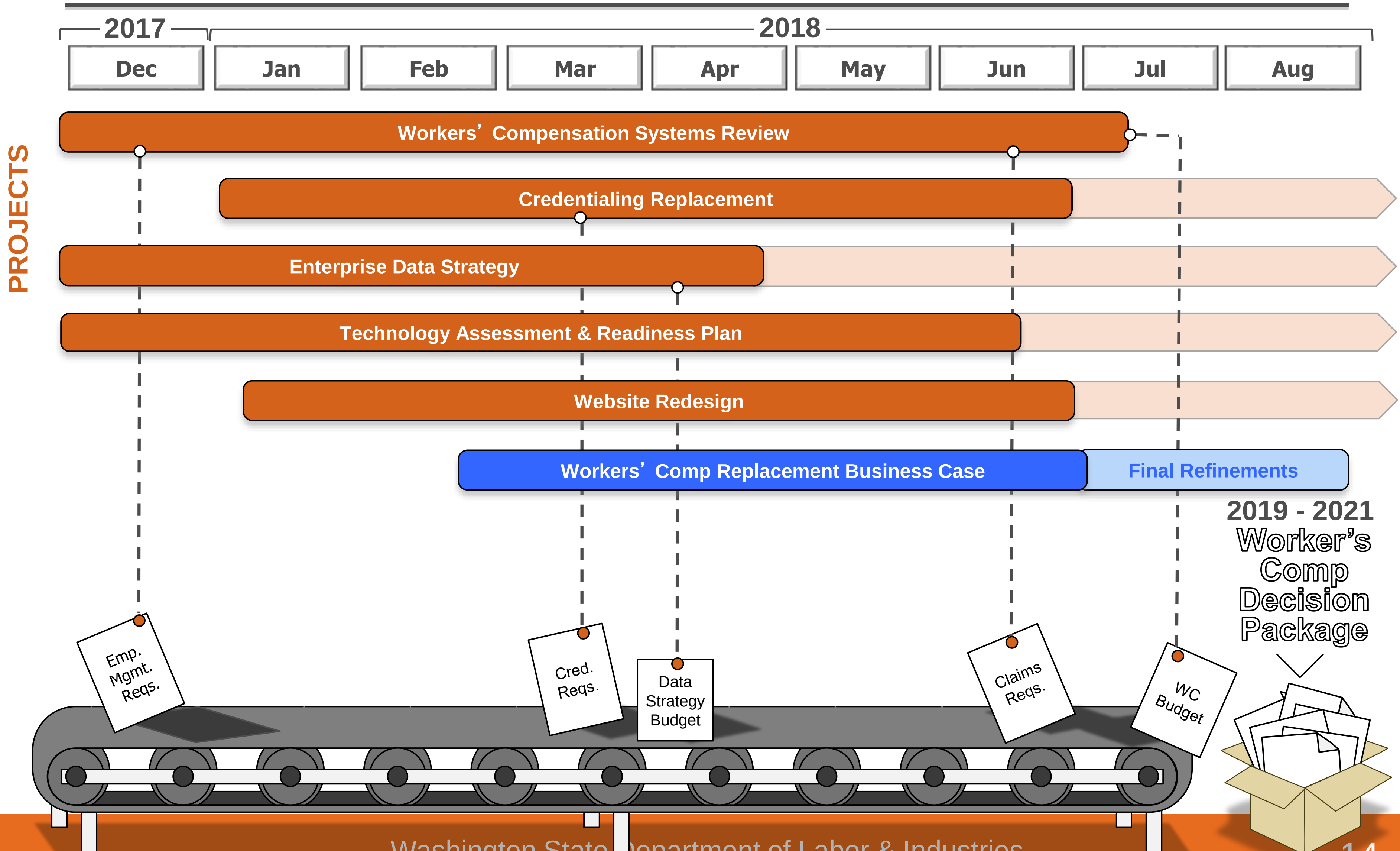
Joel Sacks, Agency Director

Brian Colker, Linea Solutions

Business Transformation Update

- **Workers' Compensation System Review**- A project to assess the current business processes and systems. This project also includes a feasibility study which will review and recommend what technology solutions are present.
- **Credentialing Replacement** – This project is partnering with Health Care Authority (HCA) to implement Labor and Industries' medical provider requirements into HCA's existing Provider One application.
- **Enterprise Data Strategy** – A holistic review of Labor and Industries' current data and record management. This project will recommend a future state that will support a large-scale system transformation and increased opportunities to link and use data across platforms.
- **Technology Assessment & Readiness Plan** – These assessments will review the current IT services and give recommendations for improvements including technology solutions.
- **Website Redesign** – A project to assess, create and implement a new lni.wa.gov website. The emphasis for the project is to create a modern website that is simple for the customer to use and easier for the department to manage.

We have launched a Business Case development project to feed the budget request for Workers' Compensation System replacement



The business case will contain many chapters to tell the story

- Purpose
- Executive Summary
- Guiding Principles
- Project Goals & Objectives
- Other Options Considered
- Release Strategy & Timelines
- Itemized Cost Estimates
- Estimation Methodology
- Comparable Projects Investigated
- Procurement Strategy & Approach
- Staffing Requirements
- Data & System Architecture
- Hardware, Software, & Cloud Req's
- Impact to L&I
- Impact to External Stakeholders
- Organizational & Operational Change Mgmt.
- Risks & Mitigation
- Exceptions to OCIO Policies or Technical Standards
- Issues to be Addressed Prior to Implementation
- Project Management Best Practices
- The Future Organization
- Detailed Cost & Staffing Workbook
- Detailed Migration of WC Systems & Tables

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Case Studies – Similar Projects

- L&I researched the Worker's Compensation industry to find recently completed similar projects to provide insight about:
  - The size of the project (duration, cost, resources, scope)
  - The products and vendors they used
  - What was successful
  - What needed improvement
- L&I identified two large exclusive Workers' Comp funds in Ohio and Ontario, Canada that are similar to L&I in size, function, and have recently completed a business transformation project

Organizational Comparison

	Ohio	Ontario	L&I
Number of employees	1,800	3,600	2,800
Number of locations/offices	13	13	19
Number of employers	249,000	313,000	177,000
Premiums	$1.5b	$5b CAD	$2.1b
Benefits paid	$1.5b	$3b CAD	$1.9b

Project Comparison

	Ohio	Ontario	Similar at L&I?	Explanation
Project Scope	Claims, Employer, Financial, Data Warehouse, Web Portals	Claims, Employer, Billing, Data Warehouse	✓	L&I's scope is similar; L&I has more systems to integrate with
Duration	4 years	4 years	✓	L&I may need more time due to the integration, but 4 yrs is good estimate
Est. Cost	$100m+ (est.)	$100m+ (est.)	?	Cost data was not fully disclosed; L&I's costs will be higher due to resource costs and integration complexity
FTEs on Project	150+	150+	?	L&I will need to supplement staff for project

Ohio – Successes

- The software vendor they selected was a good fit
- They successfully handled the conversion of data from the old system to the new internally
- The change management effort prioritized communication to employers / external agents, which worked well
- Change management for staff / internal users started late, but ultimately was done well
- Successfully changed project leadership when project stalled
- Centralized staff for project ("command center") with significant emphasis on providing support to all offices

Ohio – Challenges

- Project size and complexity were more than anticipated
- Change Management started too late – staff was initially resistant to changes
- The business was allowed to ‘pave the cow path’ - create legacy processes in the new system
- Staff lacked confidence in project team after missed dates
- Requirements used for procurement were not detailed enough
- The management of the project was initially not sufficient – decision making was not centralized or managed

Ohio – Key Takeaways for L&I

- Project is close to same size and scope
- 4 year duration estimate for implementation (after procurements)
- L&I will likely need more consulting help than Ohio
- Requirements are already more detailed than Ohio
- Change Management needs to start earlier (L&I is doing this)
- Need to engage external customers (like employers) early

Ontario – Successes

- Dedicated top internal staff to be the subject matter experts
- Dedicated change management staff to the project to help with transition
- Strong executive leadership support
- All other non-essential projects put on hold
- Strong contractual protections in place to make sure they paid for what was delivered

Ontario – Challenges

- Purchased software, but customized the product too much (especially during claims)
- Focused on implementing Ontario's current business policies, practices and procedures, rather than improving business process
- Assumptions regarding numbers and capabilities of Ontario staff were incorrect
- Turnover at the CIO level during the project (3 CIOs)

Ontario – Key Takeaways for L&I

- Four year project life span is a reliable guide for L&I
- Ontario is very comparable to L&I in terms of size
- Dedicate an internal "A" team (strongest) to the project
- Be realistic about numbers and capabilities of L&I staff
- Do not overly customize the software

Break Time

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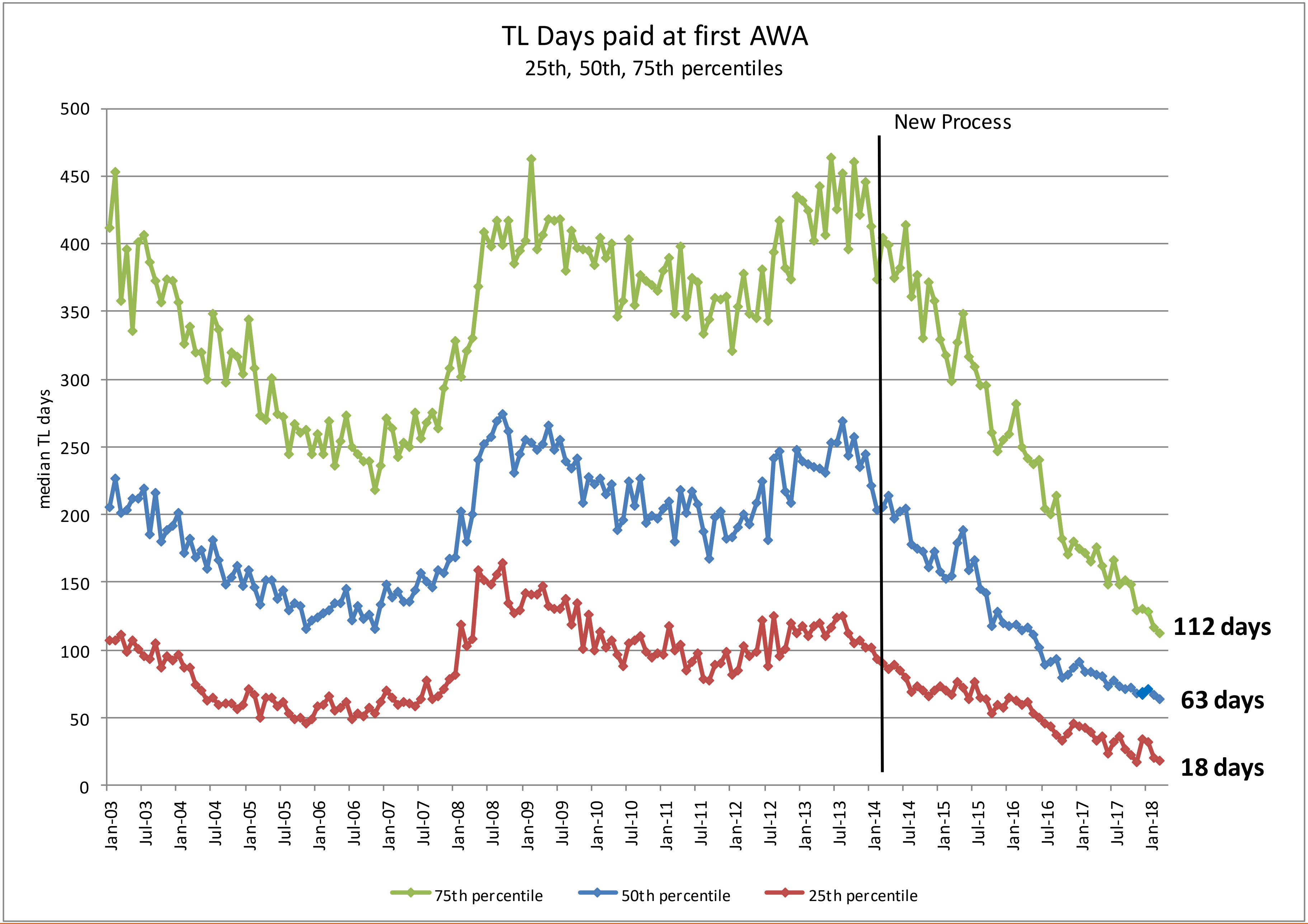
Improving the customer experience: Building partnerships with the vocational provider community

Ryan Guppy, Chief of Return to Work Partnerships

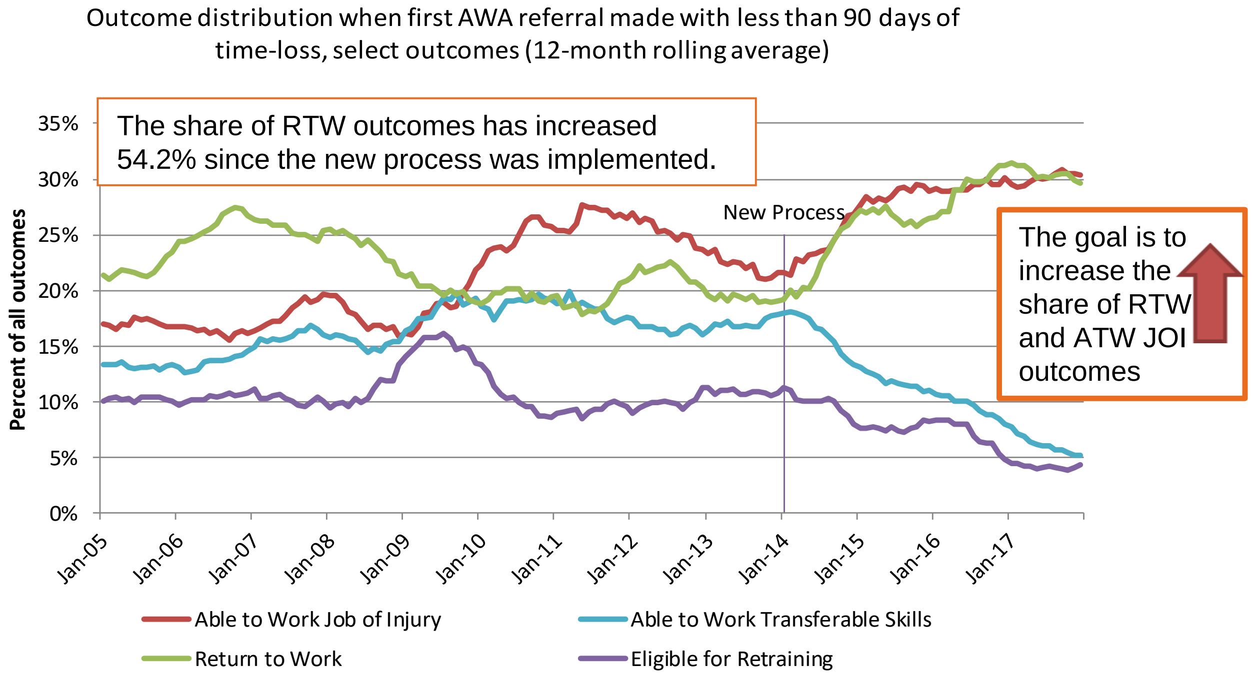
Kari D' Aboy, MA, CRC | Vocational Rehabilitation Counselor and Owner of Career Horizons

What we have done

A shifting culture has improved outcomes by reducing delays for Vocational Services


TL Days paid at first AWA
25th, 50th, 75th percentiles
New Process
median TL days
500
450
400
350
300
250
200
150
100
50
0
Jan-03
Jul-03
Jan-04
Jul-04
Jan-05
Jul-05
Jan-06
Jul-06
Jan-07
Jul-07
Jan-08
Jul-08
Jan-09
Jul-09
Jan-10
Jul-10
Jan-11
Jul-11
Jan-12
Jul-12
Jan-13
Jul-13
Jan-14
Jul-14
Jan-15
Jul-15
Jan-16
Jul-16
Jan-17
Jul-17
Jan-18
112 days
63 days
18 days
75th percentile
50th percentile
25th percentile

Reducing Delays in AWA Process Increased RTW and Able-to-Work Job of Injury Outcomes



Guest Speaker: Kari D' Aboy

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Q: What we are doing about this?

A: *The Vocational Recovery Project*

The Vocational Recovery Project

Creating a culture focused on vocational recovery that engages all parties in preventing work disability while improving return-to-work outcomes.

Vocational Recovery Project Goals

- Identify best practices and guidelines that support worker engagement and return to work focus.
- Educate all parties on best practices.
- Analyze our existing partnership with vocational providers and incorporate changes to ensure that it is collaborative, transparent, supports innovation and improves services quality.

Guest Speaker: Kari D' Aboy

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What does the future hold?

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Dashboard – help injured workers heal and return to work

Vickie Kennedy, Assistant Director Insurance Services

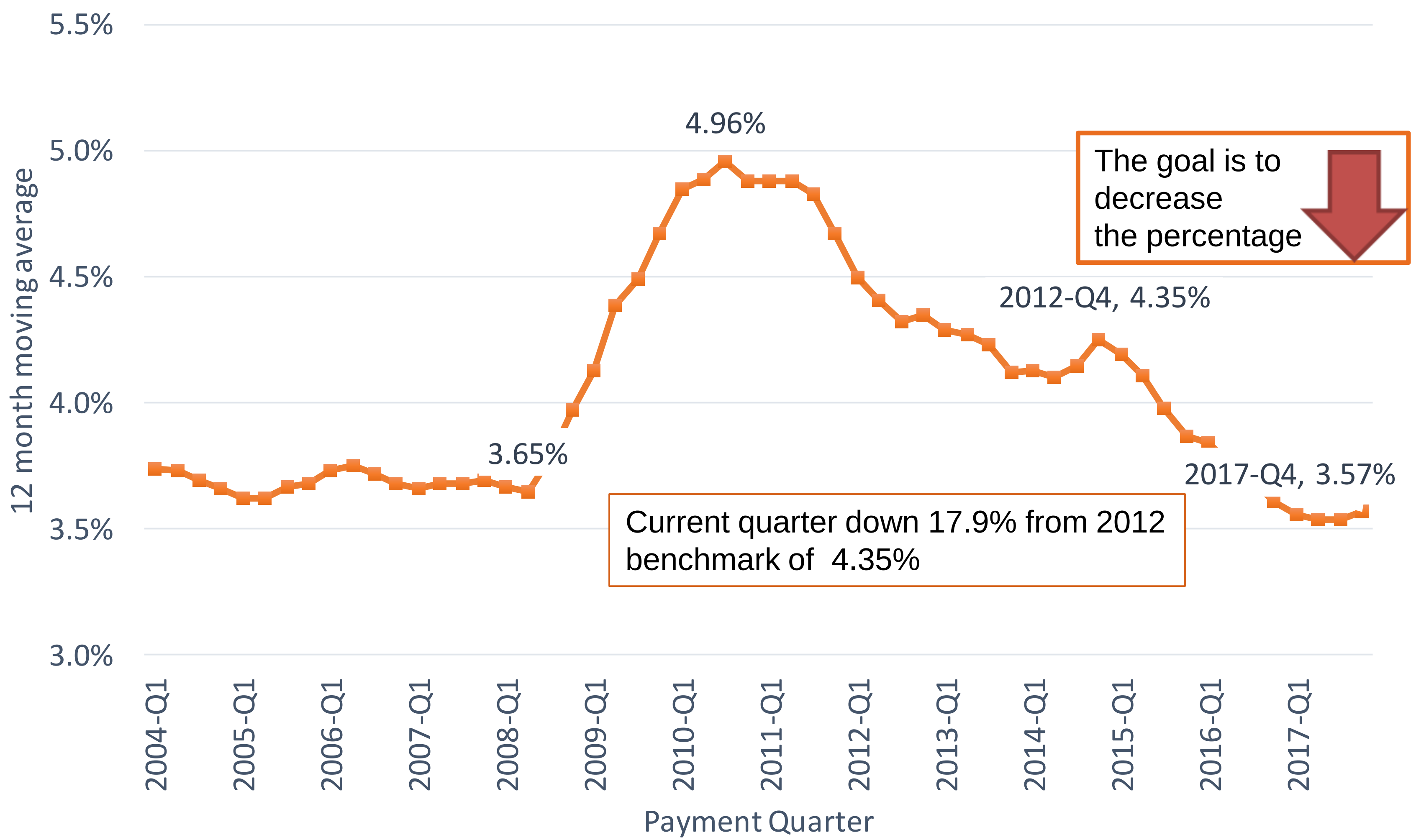
Dashboard summary

Measure	Change from 2012 (unless otherwise noted)	Highlights
Long Term Disability – share that received a TL payment in the 12 month post injury	Down 17.9 % ⬇	Lowest since 2002
Persistency – Ratio: claims with a TL payment in the 6th month to those with payment in the 3rd month	Down 5.9 % ⬇	
High risk claims – share return to work at 12 months	Up 7.8% ⬆	Highest since 2002
Resolution rate - time-loss claims at 6 months	Up 6.3% ⬆	
Median time-loss days paid at 1st AWA referral	Down 67.9% ⬇	Lowest since 2002*
% RTW outcomes when 1st AWA referral made by 90th day of TL	Up 54.2% since 2014 ⬆	
% RTW outcomes - all first AWAs	Up 121% since 2014 ⬆	Highest since 2004*
WSAW participation	Steady utilization ⬌	
COHE utilization	Up 84.4% ⬆	Highest since 2002
Auto adjudication of claims	Up 69% from 2014 ⬆	Highest since 2002*

* Earliest year for which measurement is available

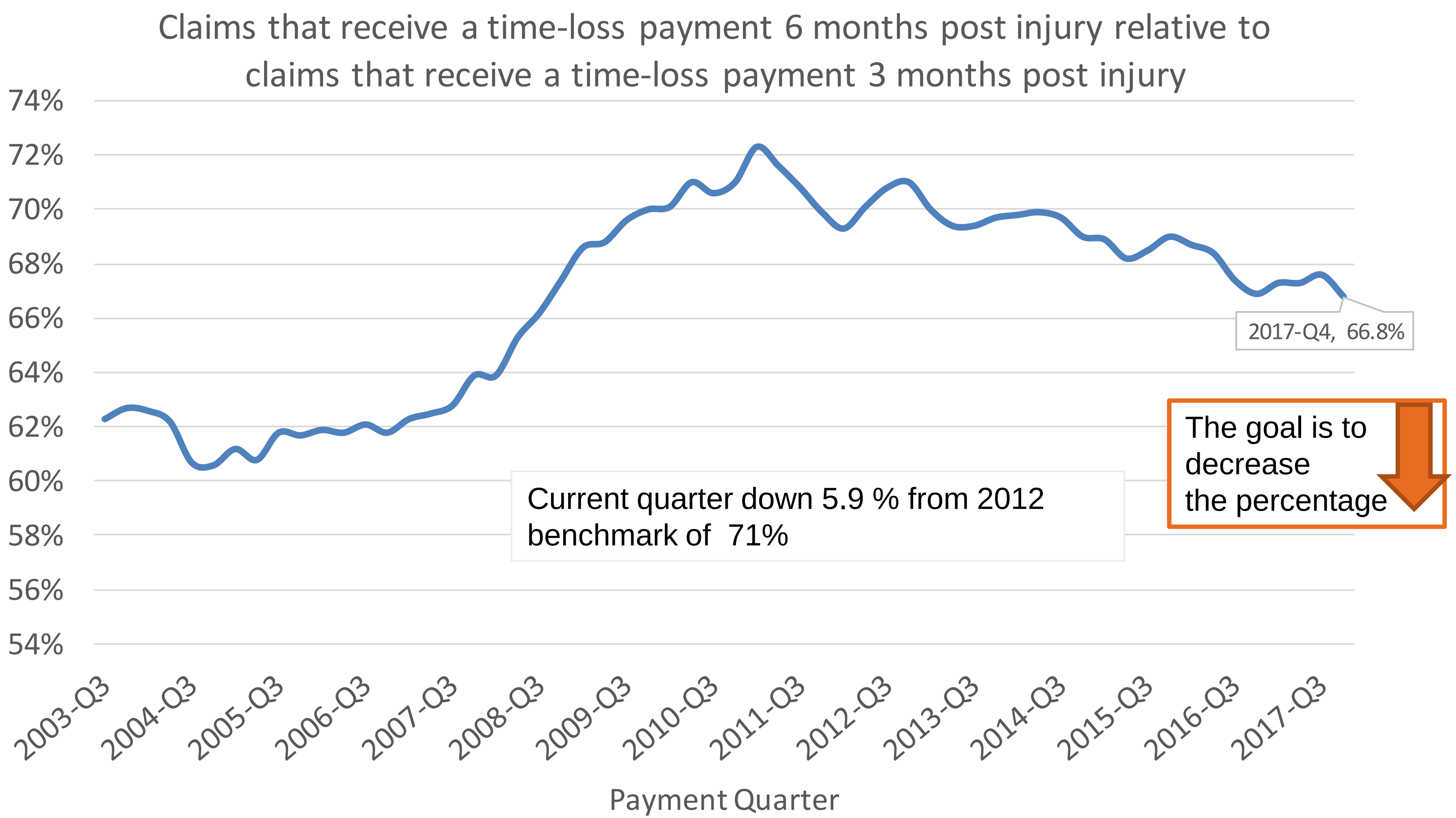
Long term disability percent

Share of injured workers with time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*

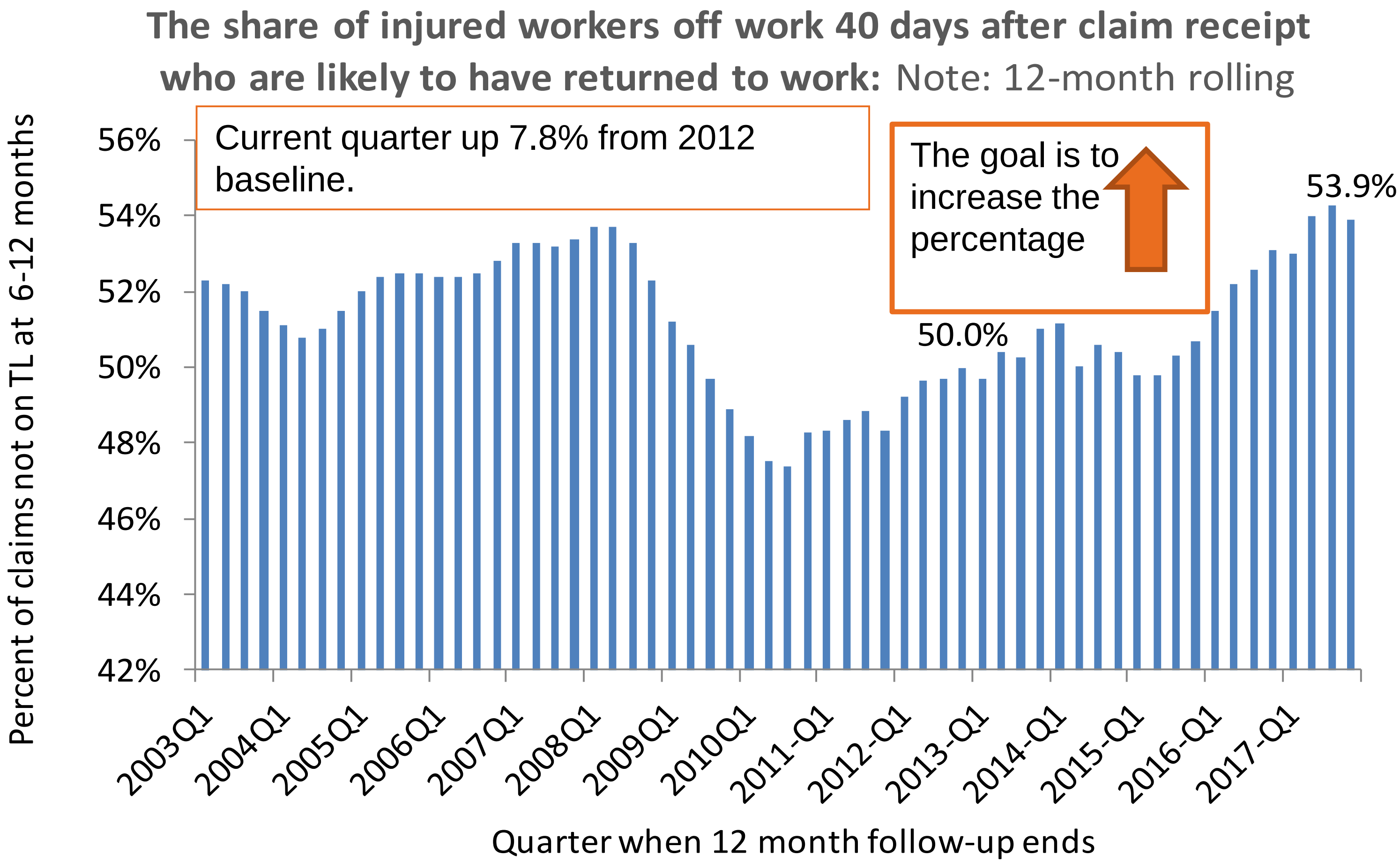


Currently about 820 claims per quarter

The onset of long-term disability is often measured between three and six months after injury

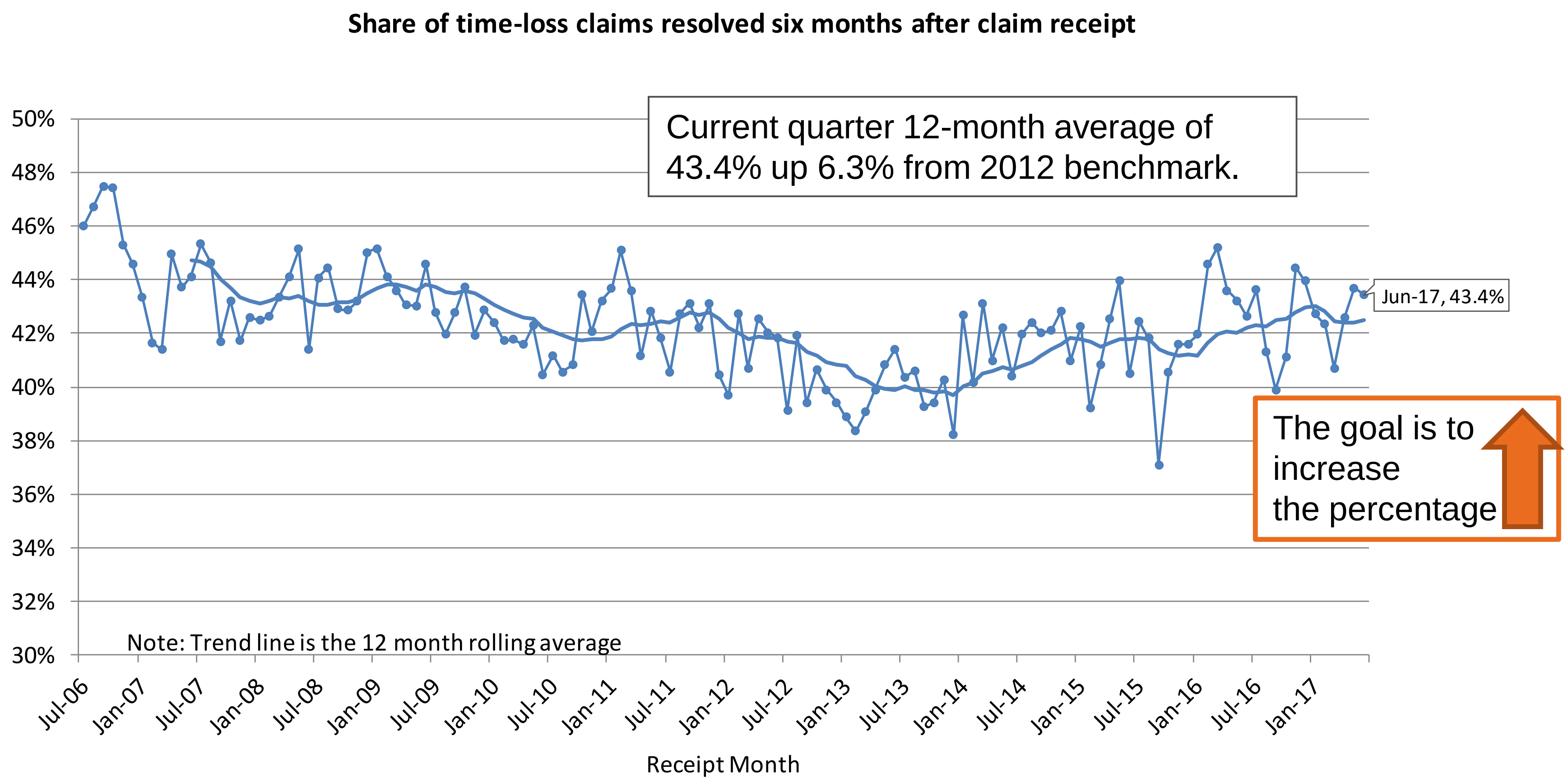


High risk claims – Initiatives such as early AWA, COHEs, opioid guidelines and the RTW score are improving RTW outcomes

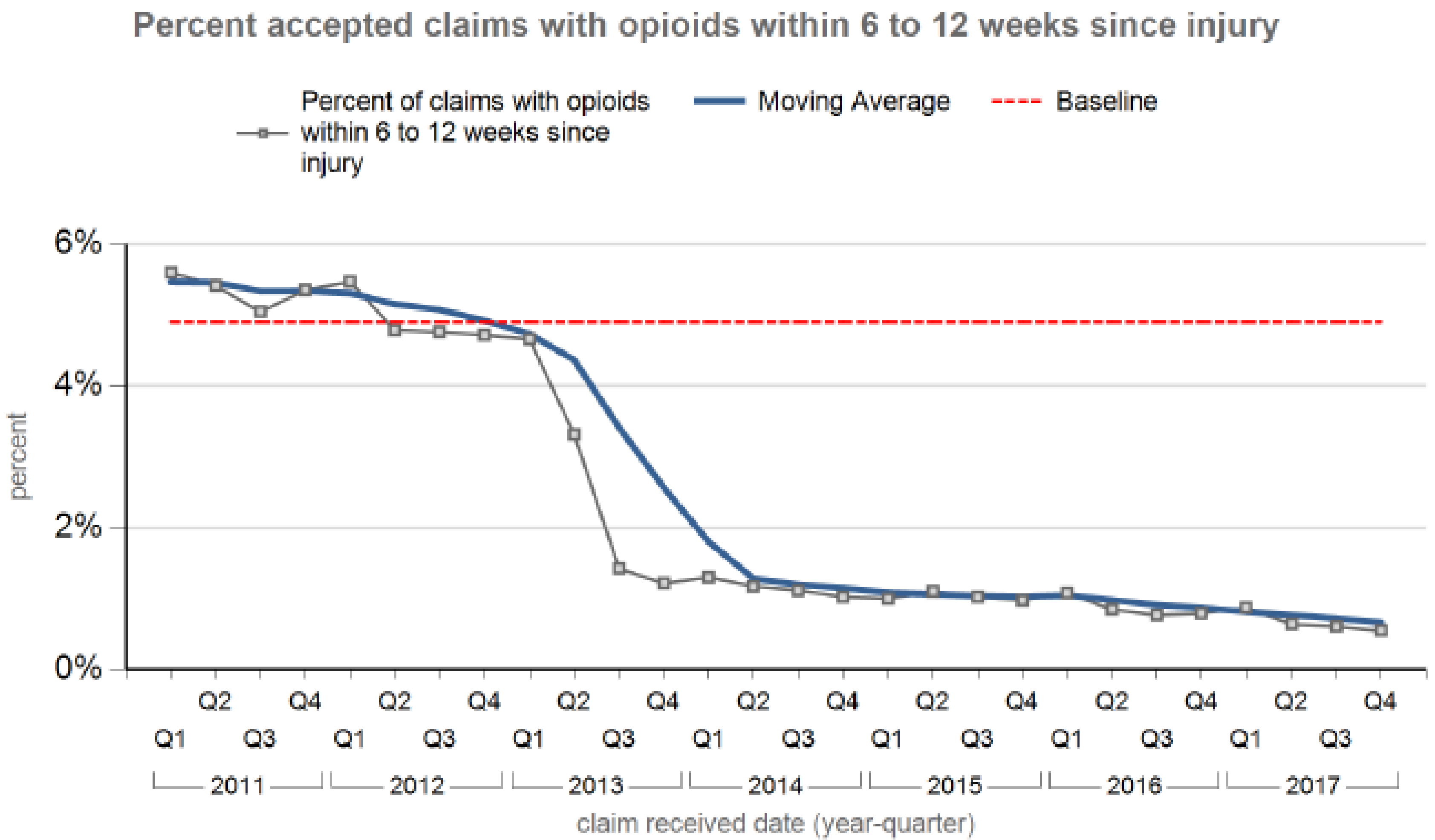


High risk workers are defined as those being disabled on the 40th day following claim receipt, about 1,540 claims per quarter. RTW is defined as the status of not receiving disability benefits between 7 and 12 months

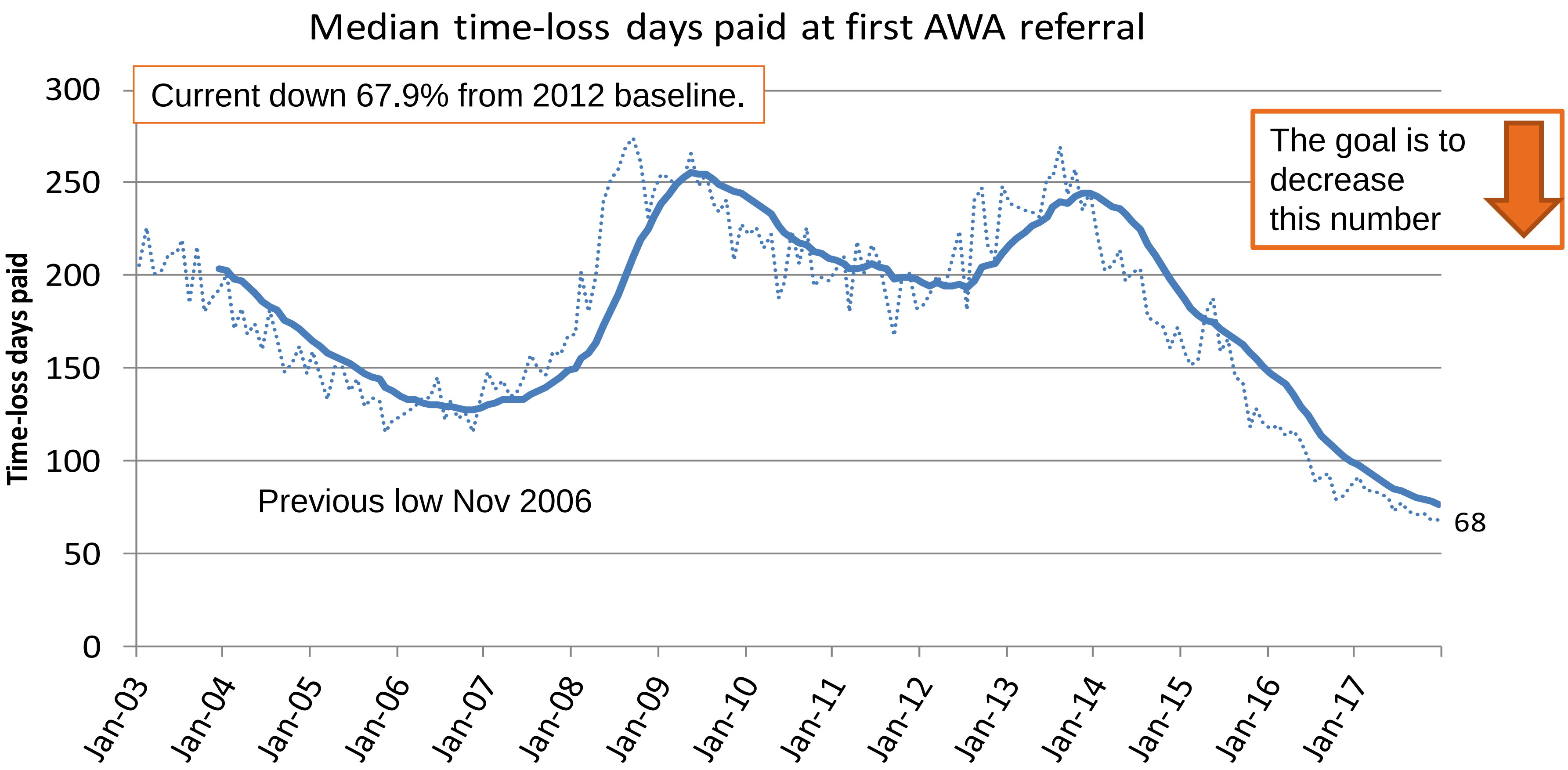
The share of time-loss claims resolved six months after claim receipt - trend has been upward



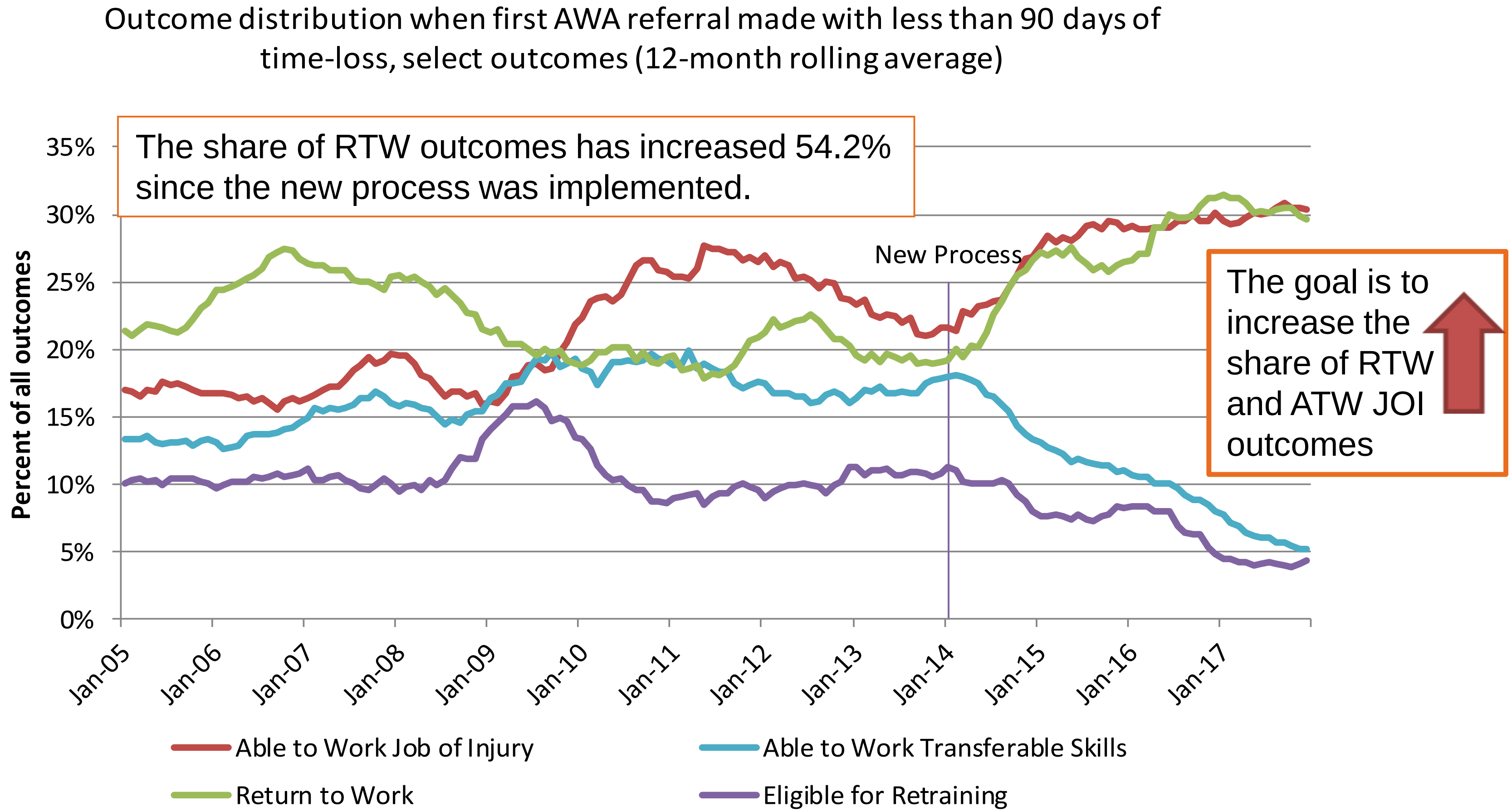
Claims With Opioid Prescriptions Within 6 to 12 Weeks of Injury



Ability to work assessment referrals are now targeted to address the onset of long-term disability.

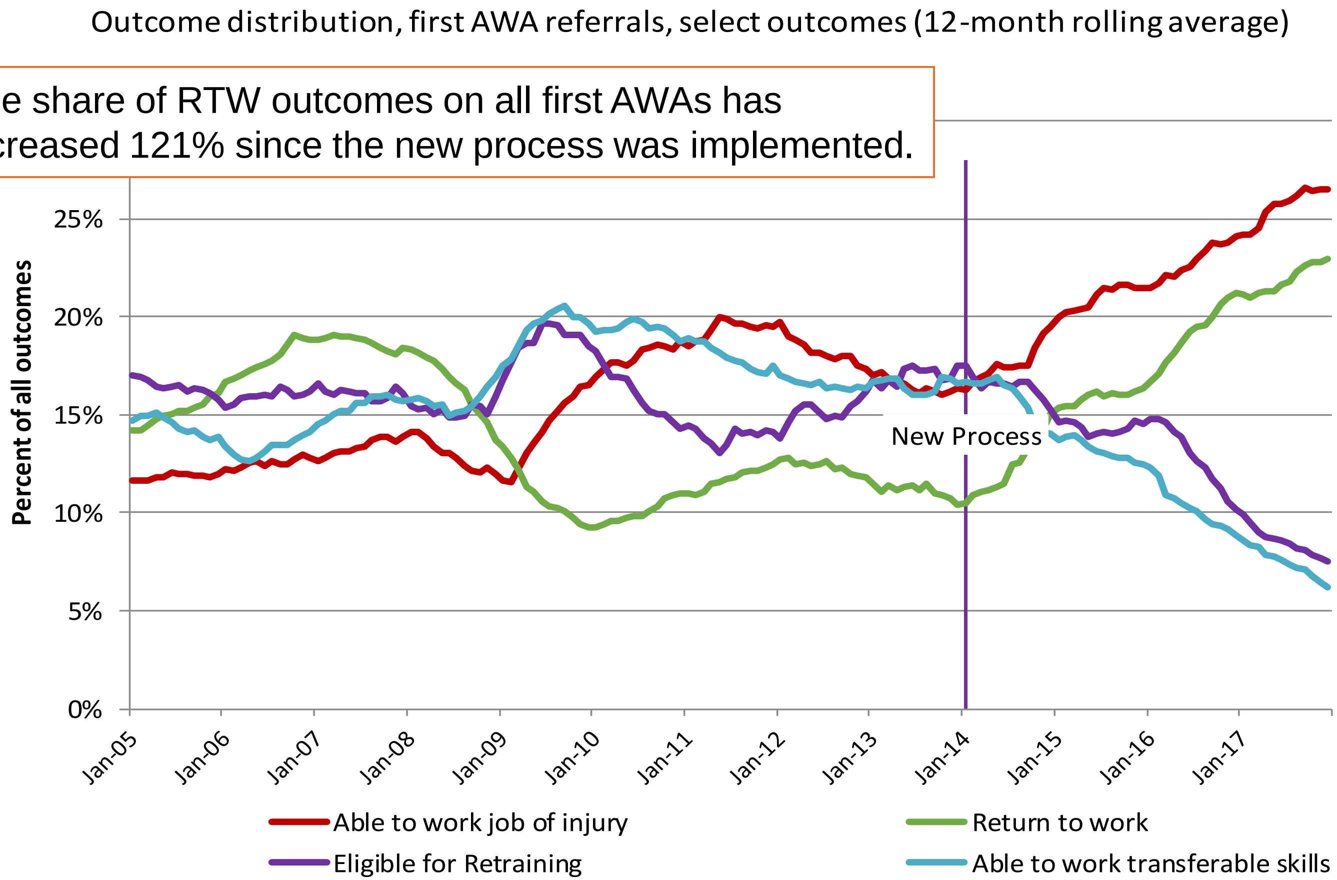


New focus on return to work in AWA process has increased positive employable outcomes for early AWAs

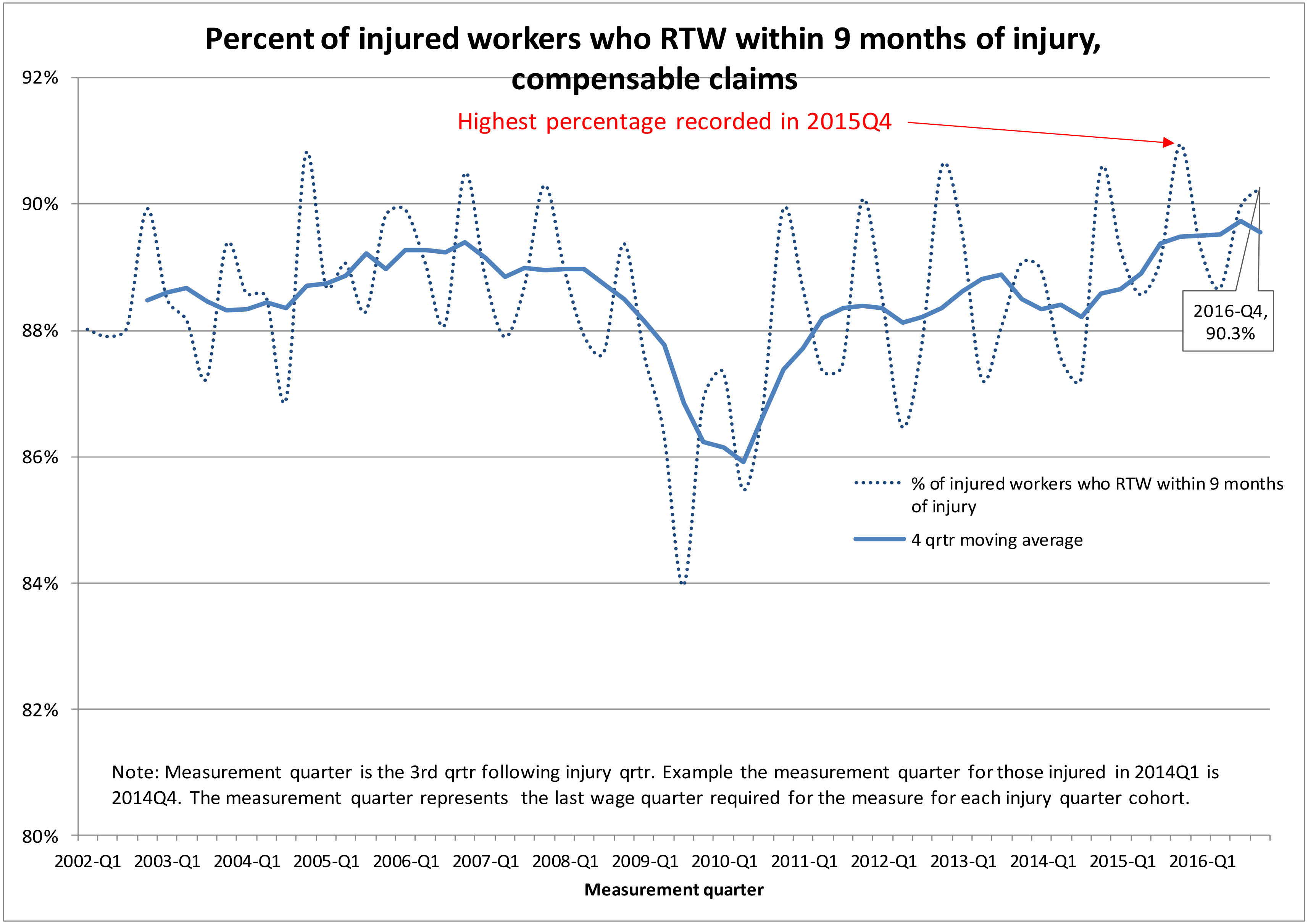


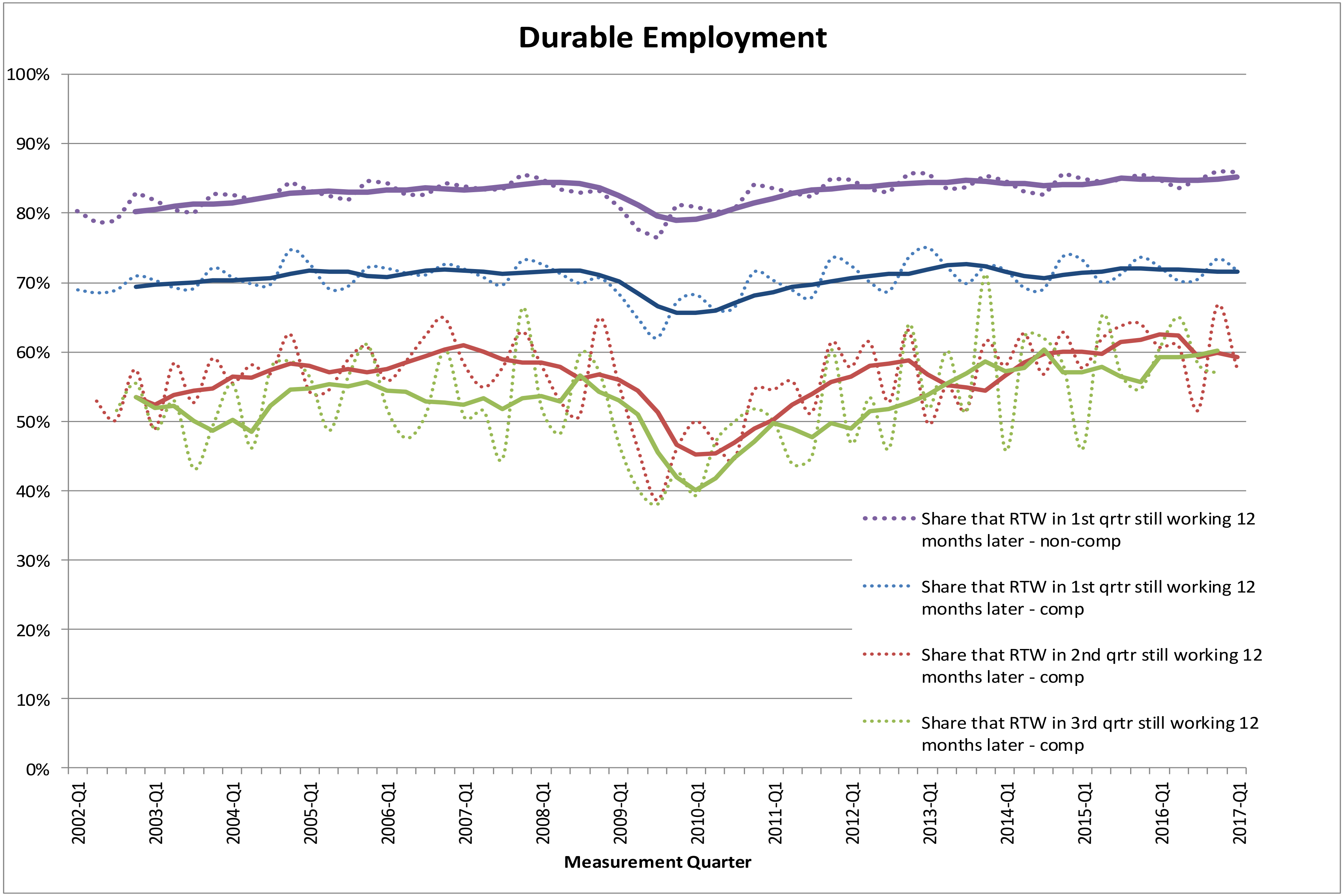
New focus on return to work in AWA process has increased positive employable outcomes for all first AWAs

The share of RTW outcomes on all first AWAs has increased 121% since the new process was implemented.

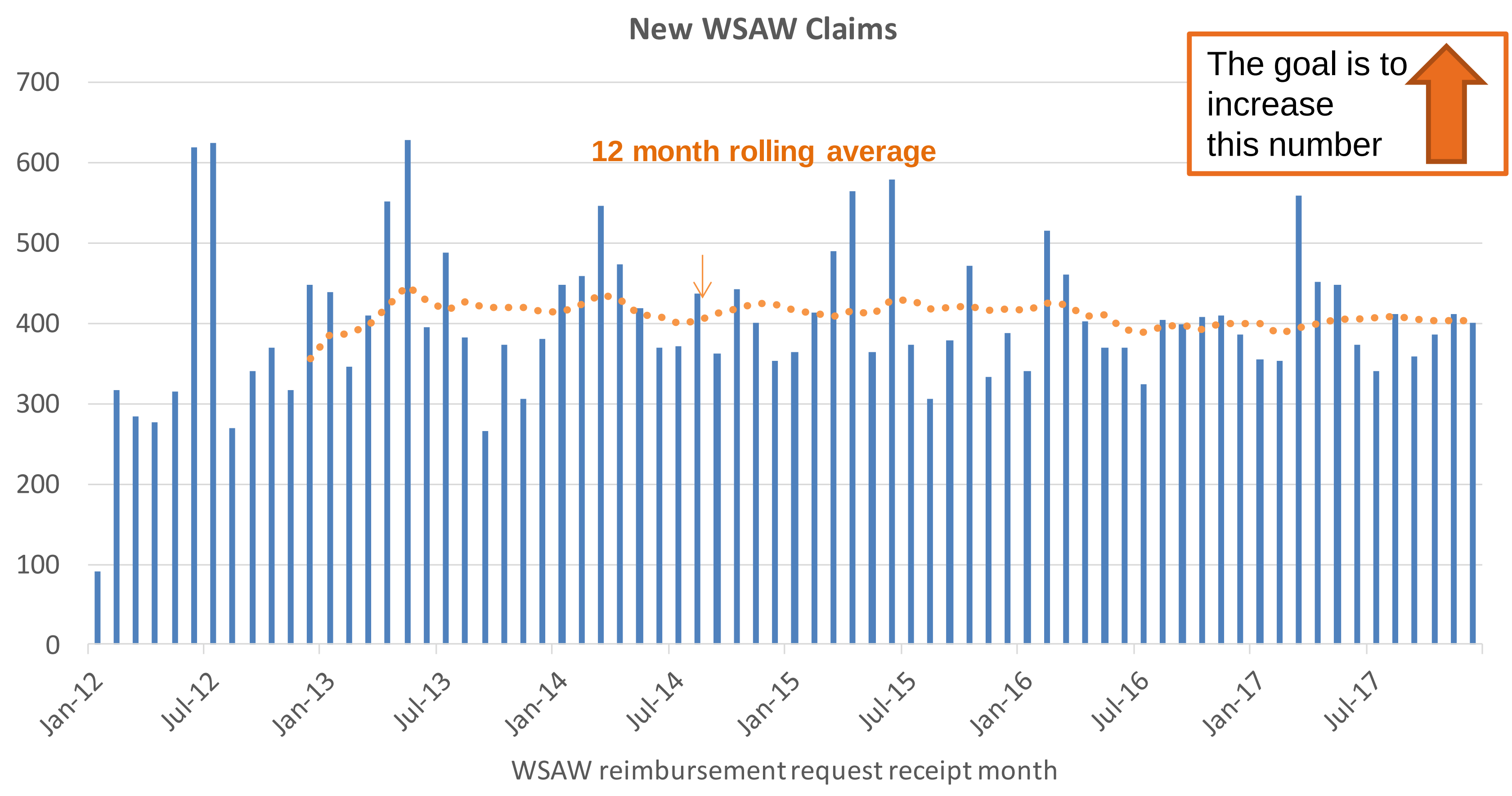


The goal is to increase the share of RTW and ATW JOI outcomes

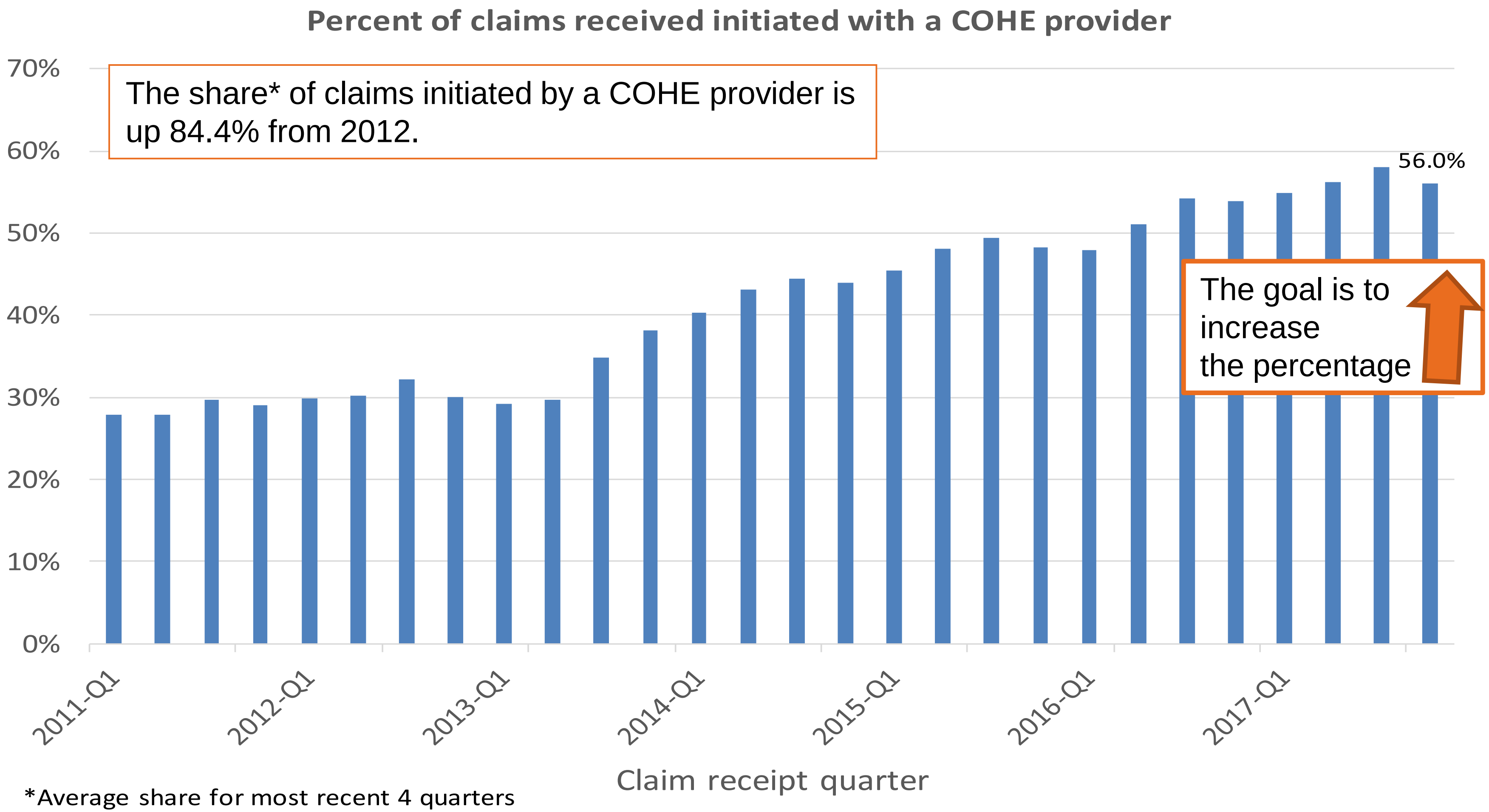

Percent of injured workers who RTW within 9 months of injury, compensable claims
Highest percentage recorded in 2015Q4
92%
90%
88%
86%
84%
82%
80%
2016-Q4, 90.3%
% of injured workers who RTW within 9 months of injury
4 qrtr moving average
Note: Measurement quarter is the 3rd qrtr following injury qrtr. Example the measurement quarter for those injured in 2014Q1 is 2014Q4. The measurement quarter represents the last wage quarter required for the measure for each injury quarter cohort.
2002-Q1
2003-Q1
2004-Q1
2005-Q1
2006-Q1
2007-Q1
2008-Q1
2009-Q1
2010-Q1
2011-Q1
2012-Q1
2013-Q1
2014-Q1
2015-Q1
2016-Q1
Measurement quarter


Durable Employment
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Share that RTW in 1st qrtr still working 12 months later - non-comp
Share that RTW in 1st qrtr still working 12 months later - comp
Share that RTW in 2nd qrtr still working 12 months later - comp
Share that RTW in 3rd qrtr still working 12 months later - comp
2002-Q1
2003-Q1
2004-Q1
2005-Q1
2006-Q1
2007-Q1
2008-Q1
2009-Q1
2010-Q1
2011-Q1
2012-Q1
2013-Q1
2014-Q1
2015-Q1
2016-Q1
2017-Q1
Measurement Quarter

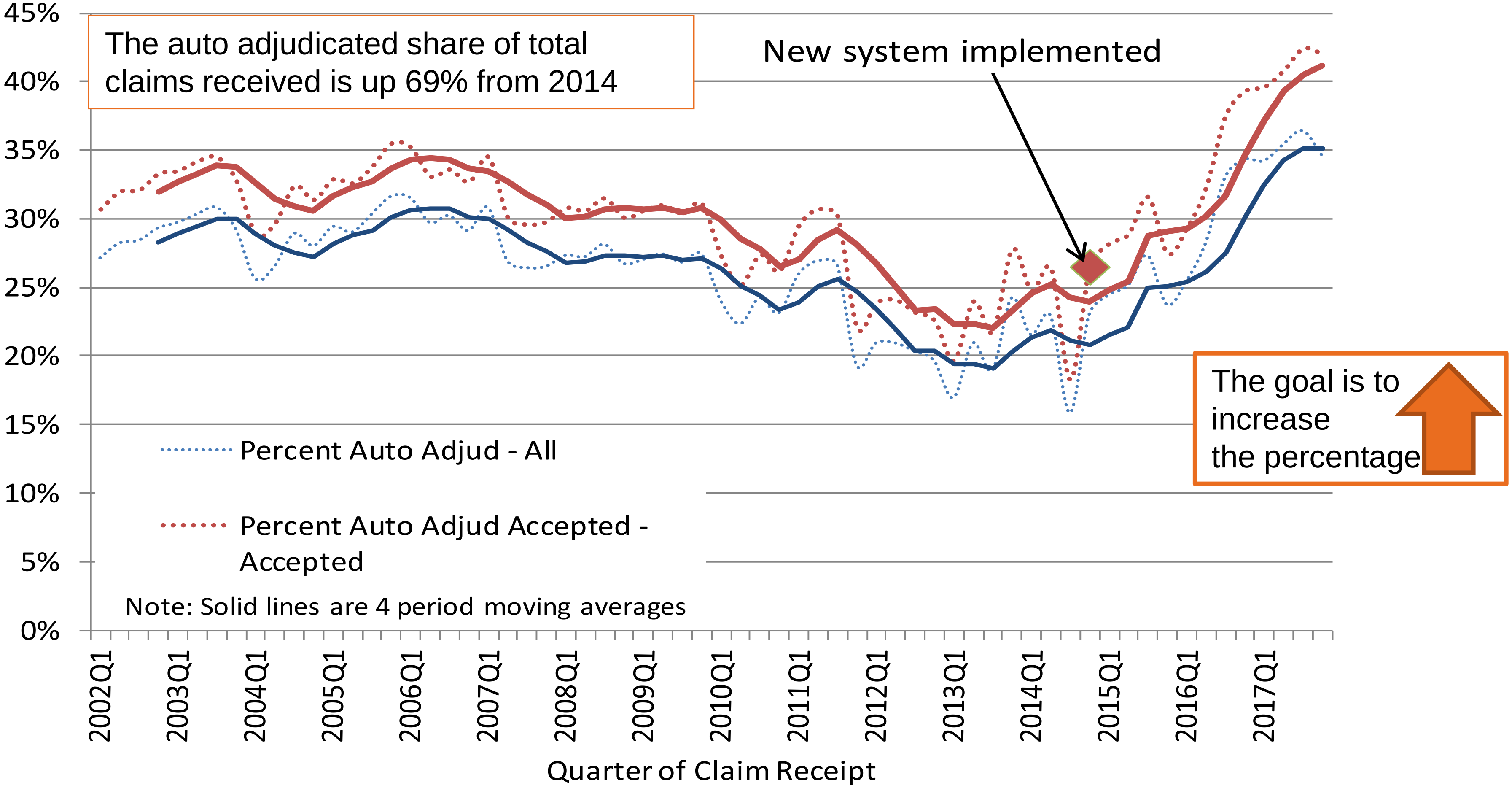
Participation in light duty job assignments helps maintain the employer/injured worker relationship.



Percentage of claims for injured workers initiated with a COHE provider continues to increase



A new auto-adjudication process was implemented in early 2015 and is showing results



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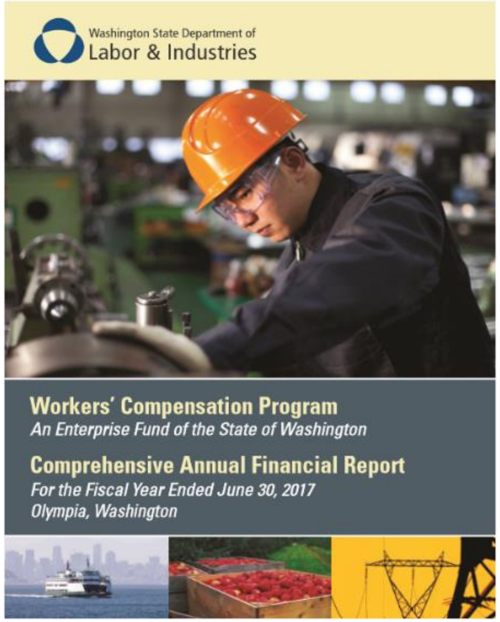
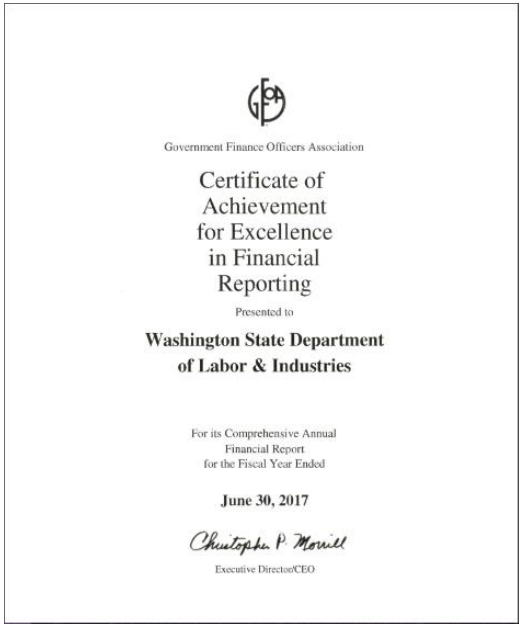
Industrial Insurance (State) Fund Financial Overview

Statutory Financial Information
Fiscal Year 2018 Through First Quarter
July 2017 – December 2017

Rob Cotton, Workers' Compensation Accounting Manager

L&I Received GFOA Certificate of Excellence in Financial Reporting for Eight Consecutive Years!





Significant Financial Highlights

July 2017 through December 2017

The contingency reserve increased $941 million, from $2,972 million on July 1, 2017 to $3,913 million on December 31, 2017.

- Favorable development on prior year liabilities accounts for more than half of the contingency reserve increase
  - Medical Aid: lower than expected claim counts and lower than anticipated medical payments
  - Accident: reduction in the number of anticipated active time-loss claims
  - Total Permanent Disability: fewer active older time-loss claims
  - Partial Permanent Disability: fewer awards
- Gains on investments
- Premiums and investment income are adequate to pay for expected costs

Change in contingency reserve by quarter for fiscal year 2018.

- July 1st to September 30, 2017 – an increase of $427 million
- October 1st to December 31, 2017 – an increase of $514 million

State Fund Results

"Net Income"

July 2017 through December 2017

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income $802 M

Insurance Operations

July through December 2017

(in millions)

		Six Months Ended	
		December 31, 2017	December 31, 2016
We took in (Premiums Earned)	+	$ 1,103	$ 1,094
We spent (Expenses Incurred)			
Benefits Incurred		548	785
Claim Administrative Expenses		86	94
Other Insurance Expenses		46	43
Total Expenses Incurred	-	680	922
Net Income Gain(Loss) from Insurance Operations	=	$ 423	$ 172

Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.

Insurance Operations + Investment Income + Other Revenues and Expenses = Net Income

Premiums Earned

July through December
(in millions)

Six Months Ended

	December 31, 2017	December 31, 2016	Difference
Standard Premiums Collected	$1,177	$1,140	
Less Retrospective Rating Adjustments	(23)	(26)	
Net Premiums Collected	**1,154**	**1,114**	
Changes in future Premium Amounts To Be Collected	16	24	
Changes in future Retrospective Rating Adjustment Refunds	(67)	(44)	
Net Premiums Earned	**$ 1,103**	**$ 1,094**	**$ 9**

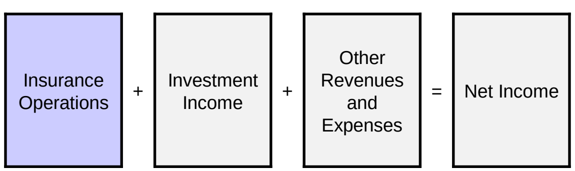
Insurance Operations + Investment Income + Other Revenues and Expenses = Net Income

Benefits Incurred

July through December

(in millions)

	Six Months Ended		
	December 31, 2017	December 31, 2016	**Difference**
Benefits Paid	$ 803	$ 798	**$ 5**
Total Change in Benefit Liabilities	(255)	(13)	**(242)**
Benefits Incurred	**$ 548**	**$ 785**	**$ (237)**



The main reason for the $237 million decrease in benefits incurred is favorable development on prior year benefit liabilities.

Investment Income

July through December
(in millions)

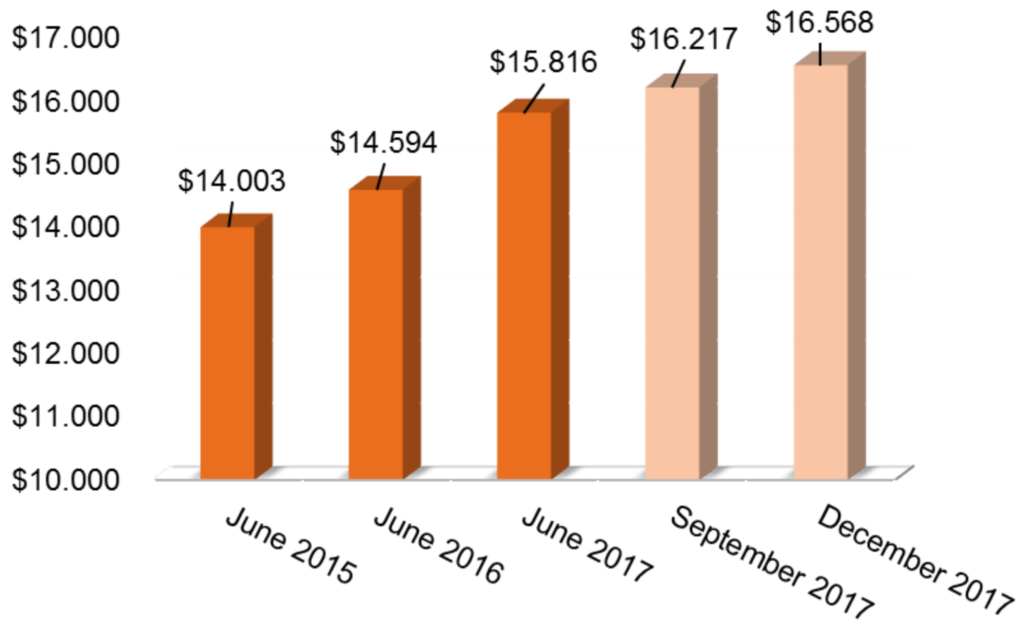
		Six Months Ended		
		December 31, 2017		December 31, 2016
Investment Income Earned from Interest on bonds	+	$ 240		$ 238
Realized Gain/(Loss) from Fixed Income Investments Sold	+	9		30
Realized Gains from Stocks (Equity Investments) Sold	+	102	*	0
Total Investment Income	=	$351		$ 268

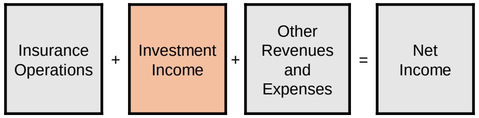
*Align with new asset allocation policy.

Insurance Operations + Investment Income + Other Revenues and Expenses = Net Income

Total Investments

(rounded to billions)





Results of Operations

July 2017 through December 2017

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income (Loss)
$423 million	+	$351 million	+	$28 million	=	$802 million

How Did Contingency Reserve Perform?

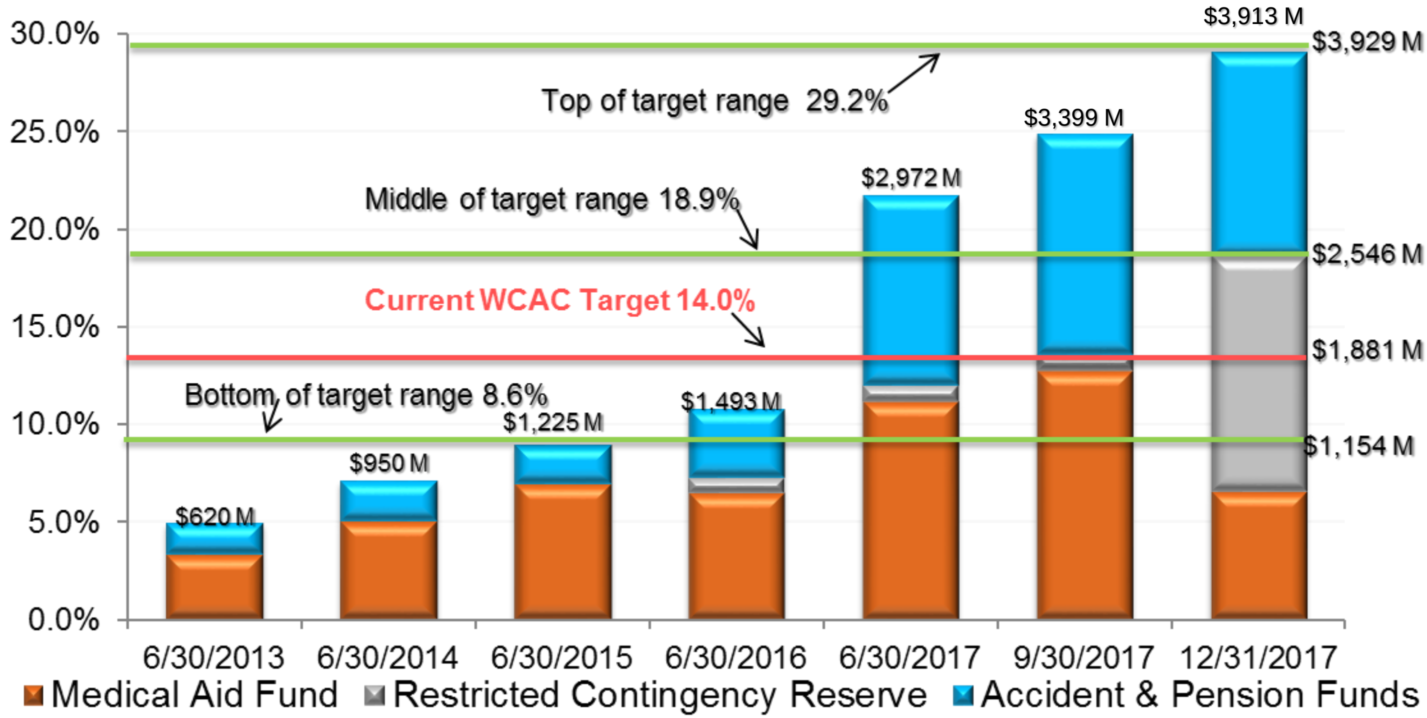
July 2017 through December 2017

Change $941 million

Beginning Contingency Reserve as of June 30, 2017	Net Income (Loss)	Unrealized Capital Gain/(Loss)	Non-Admitted Assets	New Contingency Reserve as of December 31, 2017
$2,972 million	**$802 million**	**$149 million**	**($10) million**	**$3,913 million**

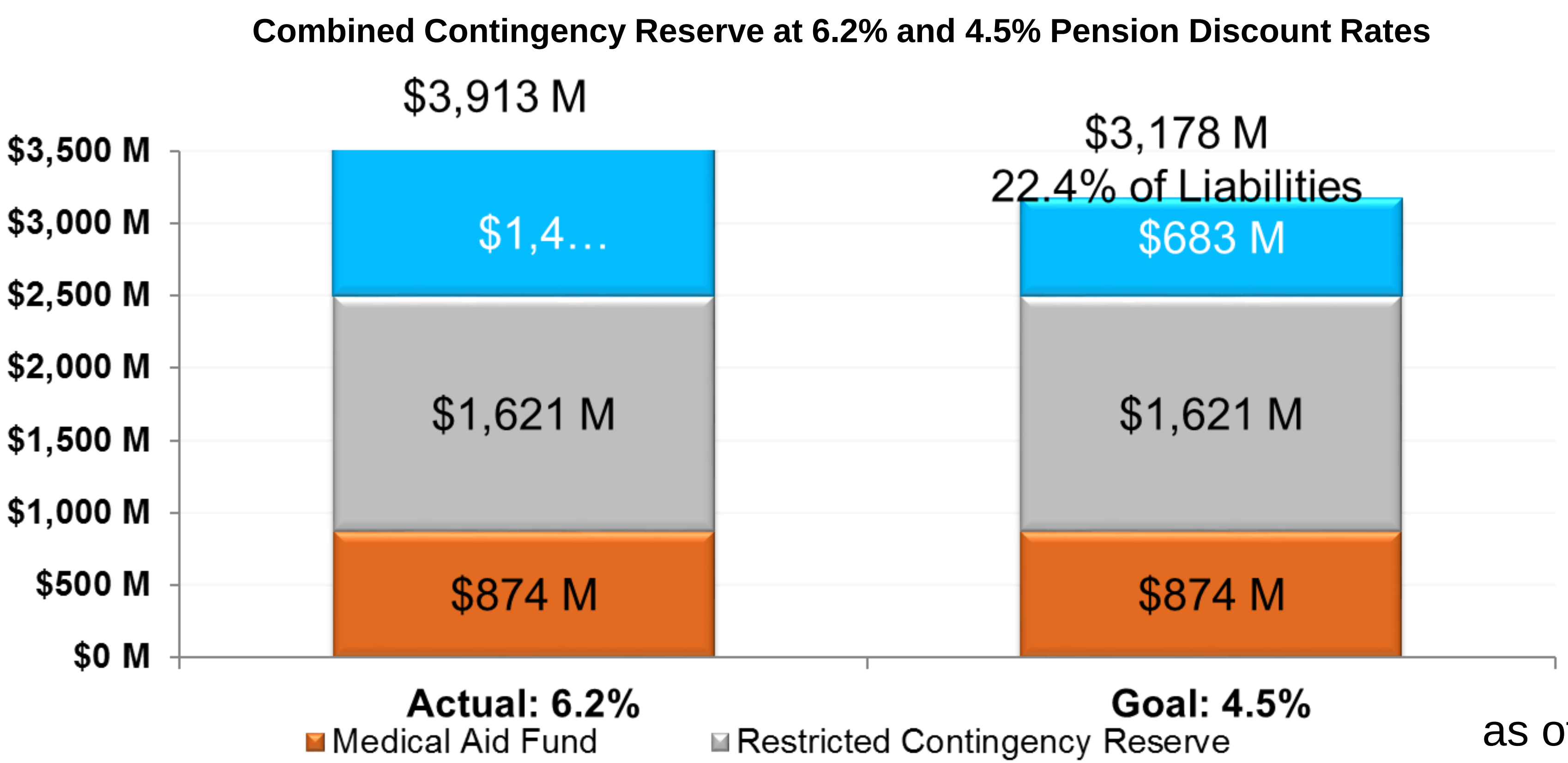
Combined Contingency Reserve vs. Targets

Combined Contingency Reserve is 29.1% of Total Liabilities



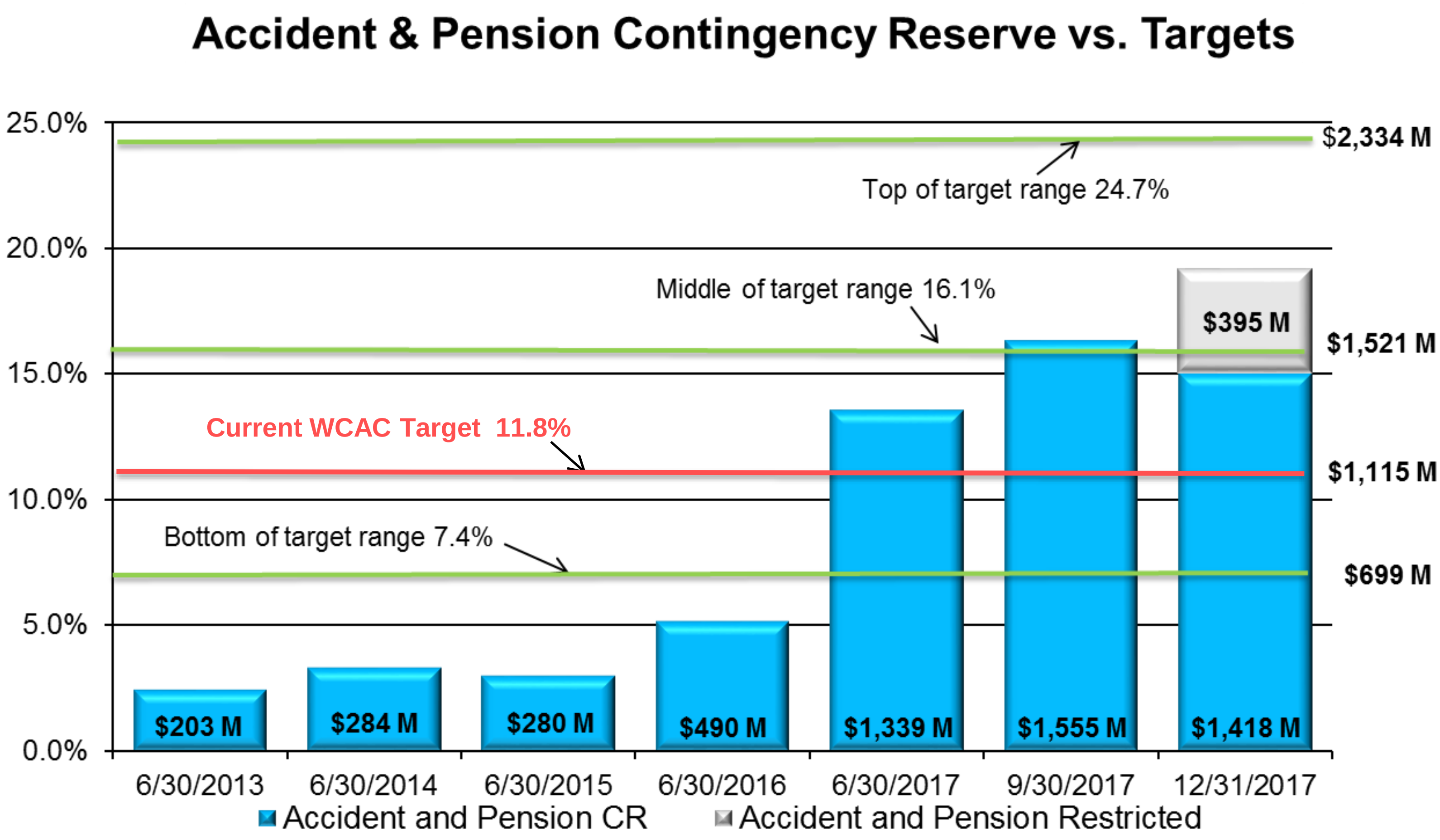
Restricted is based on final June 30, 2017 financial information and investment earnings through 12-31-17.

Combined Contingency Reserve At Different Discount Rate Scenarios

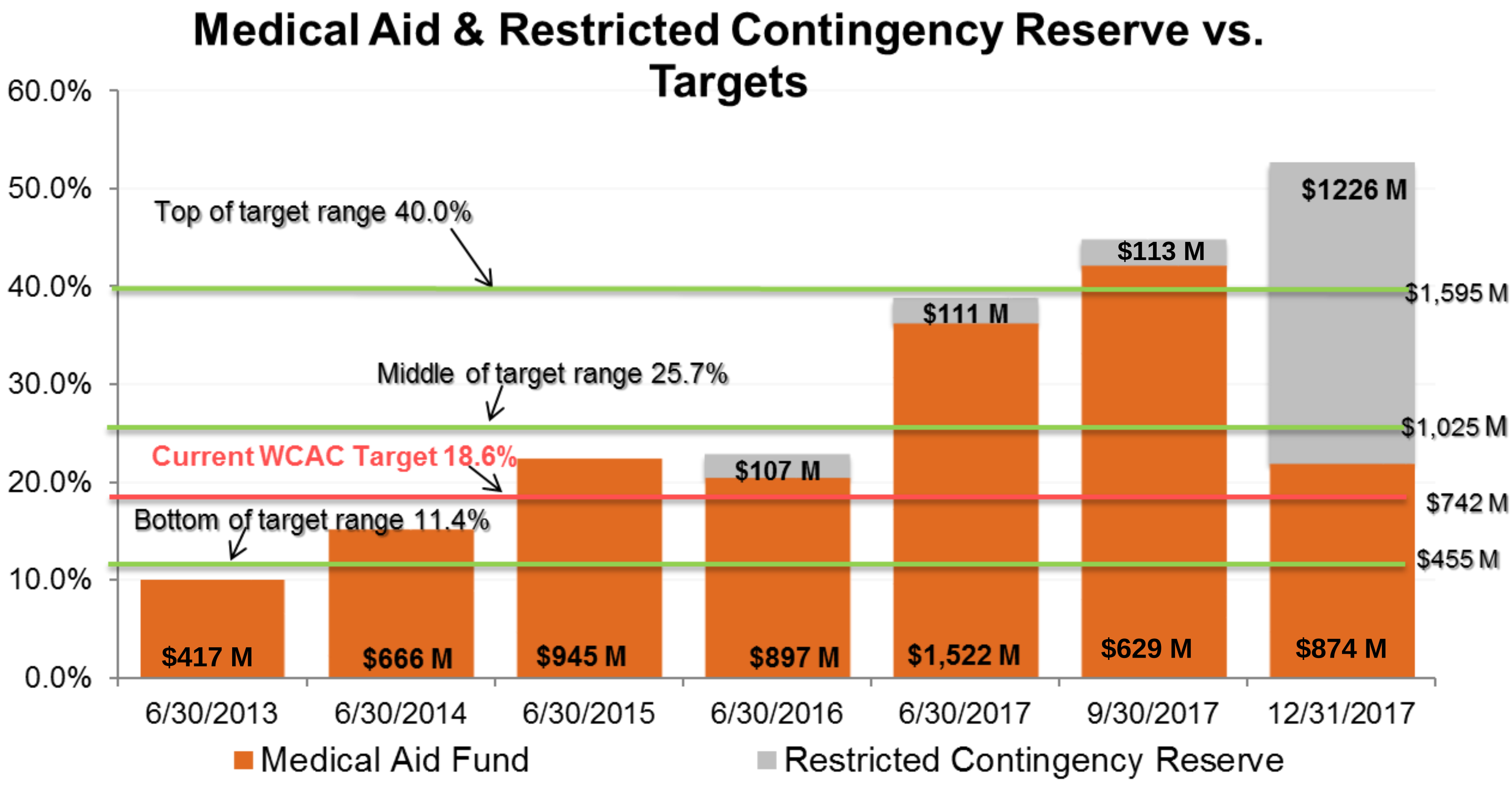


as of 12/31

Accident, Pension & Restricted Contingency Reserve is 19.2% of Liabilities



Medical Aid & Restricted Contingency Reserve is 52.7% of Liabilities



Restricted is based on final June 30, 2017 financial information and investment earnings through 12-31-17.

Key Financial Ratios

as a percentage of premium earned

Ratios	Quarter Ended Dec 31, 2017		Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
	State Fund	Industry Forecast		
Current Year Benefit (Loss Ratio)	75.2%		78.2%	83.1%
Prior Year Benefit (Loss Ratio)	(25.5)%		(13.1)%	14.0%
Total Benefit (Loss Ratio)	**49.7%**	**53.3%**	**65.1%**	**97.1%**
Claim Administration Expense (CAE) Ratio	7.8%	14.4%	7.9%	10.8%
Sub-Total: Benefit and Claim Administration Expense Ratios	57.5%	67.7%	73.0%	107.9%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	4.2%	24.8%	4.4%	4.5%
Combined Ratio (Industry omits dividends)	**61.7%**	**92.5%**	**77.4%**	**112.4%**
Investment Income Ratio	21.7%	17.9%	23.0%	25.4%
Operating Ratio	**40.0%**	**74.6%**	**54.4%**	**87.0%**

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.

Thank You!

Reconciliation of Change in Benefit Liabilities

July 1, 2017 Benefit Liability Beginning Balance	$12,726,732
Prior Year Benefit Payments	($717,388)
Prior Year Development (Favorable)	($673,620)
Self Insurance Prefunded Pension Transfers	$29,588
Discount	$362,838
Net Total Prior Year Benefit Liability as of December 31, 2017	$11,728,150
New Current Year Benefit Liabilities	$743,669
December 31, 2017 Benefit Liabilities Ending Balance	$12,471,819
Change Between Beginning and Ending Balance	**($254,913)**

Supplemental Information No. 1

Highlights of Changes in the Contingency Reserve

		FY14	FY15	FY16	FY17	FY18 Q2	Total
	Changes that increased the contingency reserve						
⇧	Operational Influences and model changes	$149 M	$543 M	$147 M	$926 M	$674 M	$2,439 M
	Rate Changes	$58 M	$59 M	$38 M	$27 M	$1 M	$183 M
	Greater than expected changes in the stock market	$279 M	N/A	N/A	$411 M	$221 M	$911 M
	Changes that decreased the contingency reserve						
⇩	Mortality table change	$0	$146 M	$0	$0	$0	$146 M
	Adjustments to avoid double counting 2011 reform savings	$130 M	$83 M	$0	$0	$0	$213 M
	Discount rate reduction	$256**M	$31 M	$31 M	$36 M	$0	$354 M
	Less than expected changes in the stock market	N/A	$29 M	$101 M	N/A	N/A	$130 M

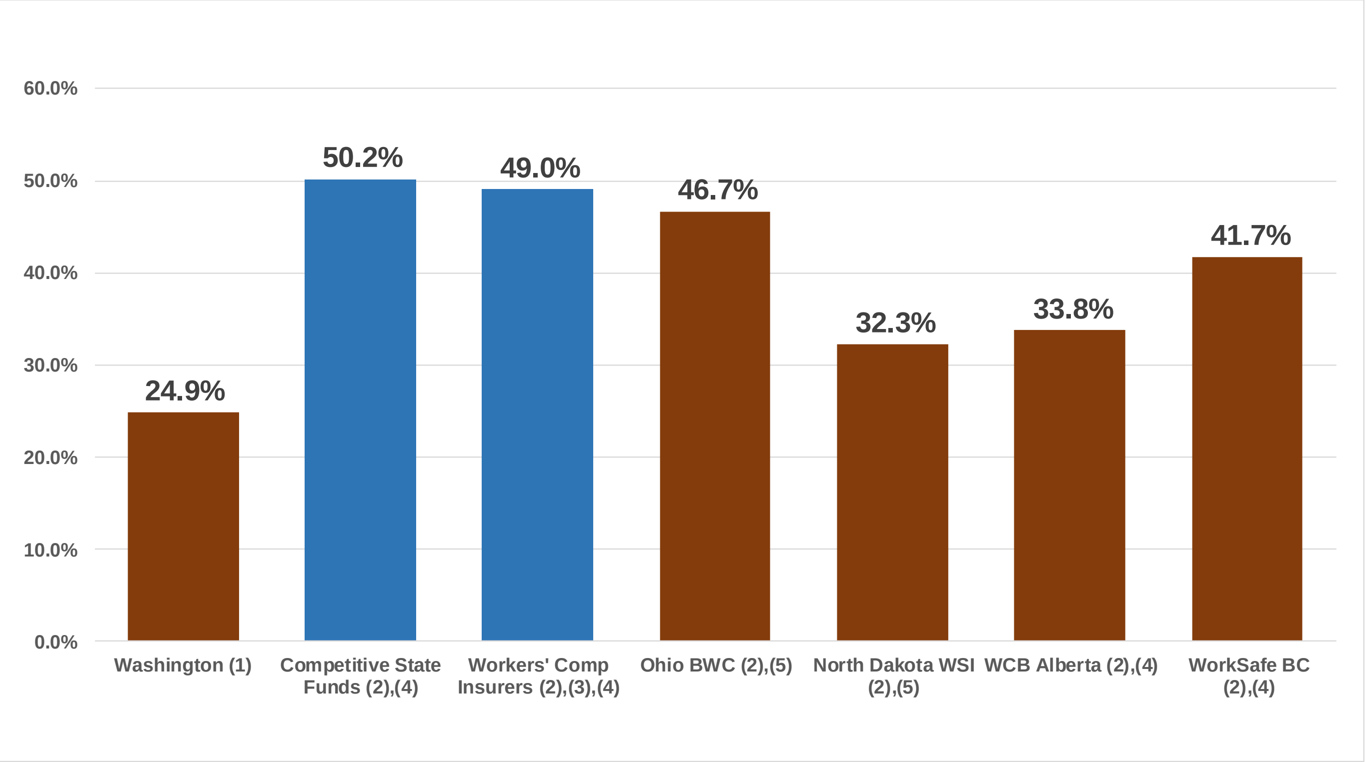
Operational Influences
FY14: $91M
FY15: $515M
FY16: $136M
FY17: $926M
FY18: $674M
Total: $2,342M

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

Supplemental Information No. 2

Washington's contingency reserve is well below other funds as a percent of liabilities

Note: at a 4.5% PDR Washington's CR ratio would be at 18.5%



(1) As of 9/30/2017

(2) Source: Conning Peer Analysis, November 2017 (http://www.lni.wa.gov/ClaimsIns/Insurance/Learn/StateFund/RelatedInfo/Default.asp)

(3) Worker's Comp Insurers—workers' compensation specialist insurers including some state funds

(4) As of 12/31/2016

(5) As of 6/30/2016

Historic Results of Operations

July through December

(in millions)

As of Quarter Ended December 31,	Insurance Operations	+	Investment Income	+	Other Revenues & Expenses	=	Net Income (Loss)
2017	423		351		28		802
2016	172		268		30		470
2015	(274)		313		30		69
2014	(196)		262		26		92
2013	(108)		273		26		191
2012	(69)		305		14		250
2011	(353)		274		36		(43)
2010	(300)		288		37		25

Supplemental Information No. 4

Historical Investment Performance

Fiscal Year Ended

	Quarter Ended December 31, 2017	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment Income	239,874,000	478,130,000	498,499,000	493,408,000	479,774,000
Realized Gain (Loss)	111,210,000	102,540,000	137,988,000	58,660,000	303,184,000
Unrealized Gain (Loss)	149,677,000	380,183,000	(181,830,000)	23,691,000	200,333,000
Total Invested Assets	16,568,247,000	15,815,997,000	14,593,530,000	14,003,302,000	13,422,957,000

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."

Supplemental Information No. 5

7-Year Reserve Benchmarks

12-31-17 update: $3,913 million contingency reserve or 29.1% of total liabilities. Pension Discount rate at 6.2%.

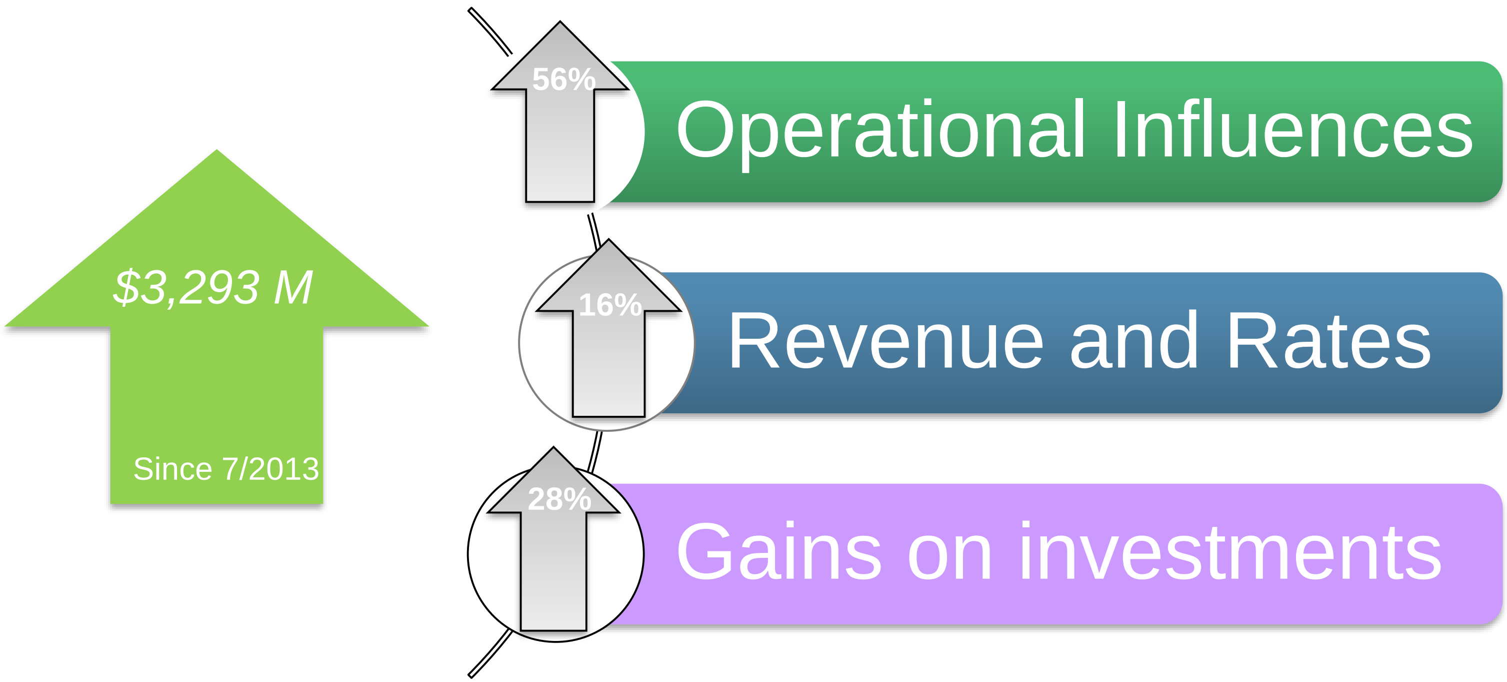
7-Year Interim Targets			
Year	**Contingency Reserve Target (range)**	**Pension Discount Rate (PDR) Target (range)**	**Contingency Reserve (CR) Yearly Goal (displays steady growth)** dollars in millions
Fiscal Year Ended June 2016	10.8%	6.3%	$1,493
2014 Target	5-7%	6.5 - 6.3%	$652 to $902
2015 Target	6-8%	6.3 – 6.2%	$797 to $1,032
2016 Target	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%

Each tenth of a percent the PDR drops, the CR could reduce between $29 to $32 million.

Supplemental Information No. 6

Contingency Reserve Drivers



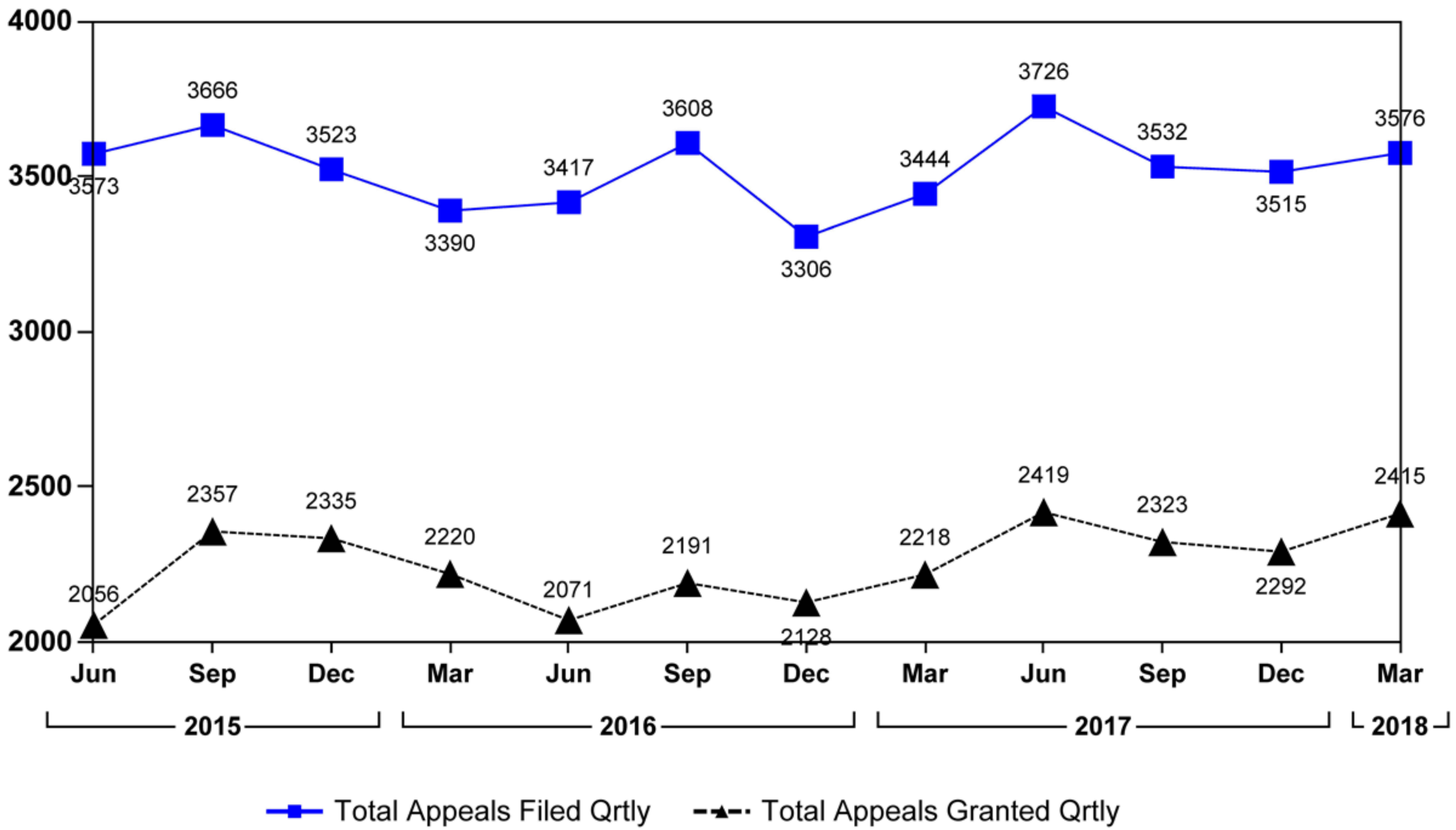
As of 12/31/2017 the CR is at $3,913 M

Board of Industrial Insurance APPEALS (BIIA) Update

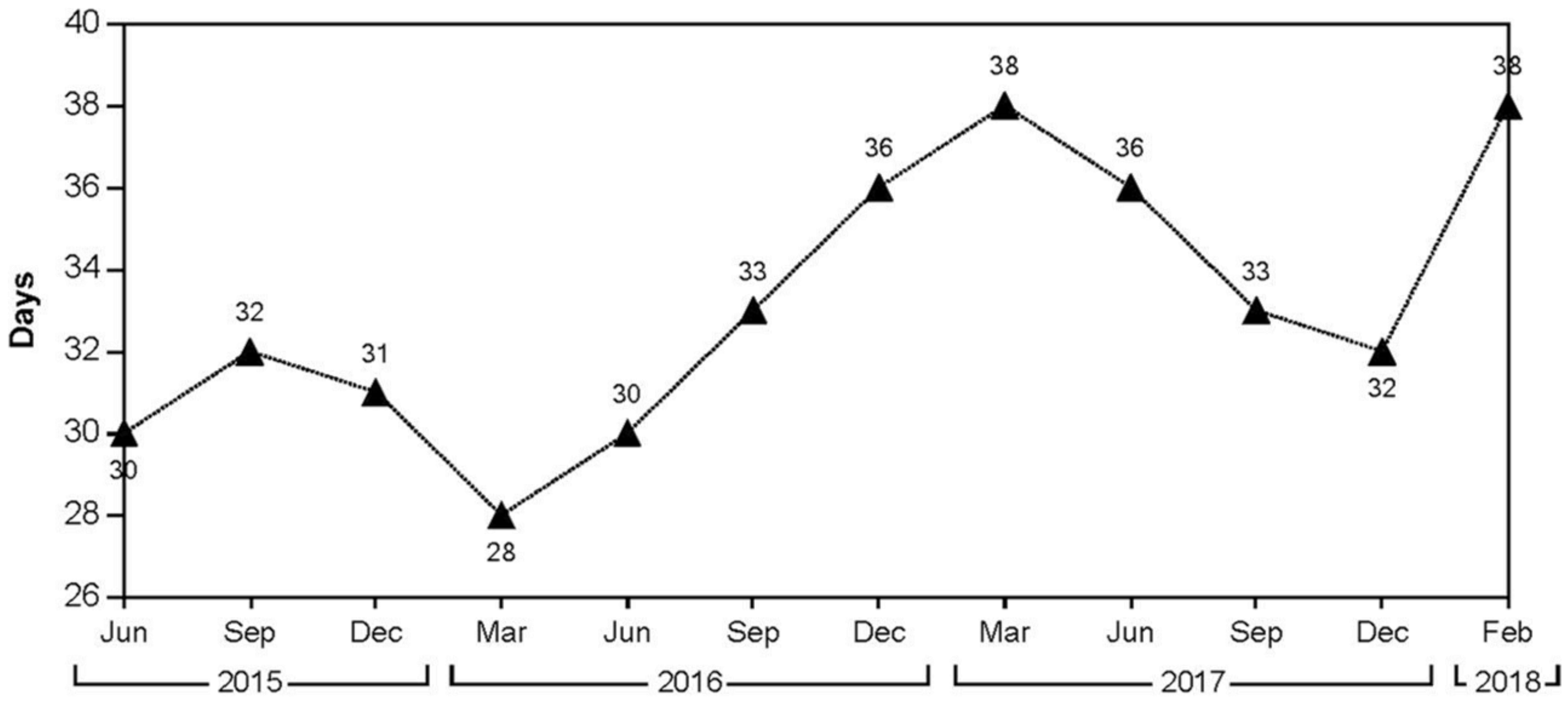
Linda Williams, Chair

Washington State Department of Labor & Industries

Total Appeals Filed and Granted

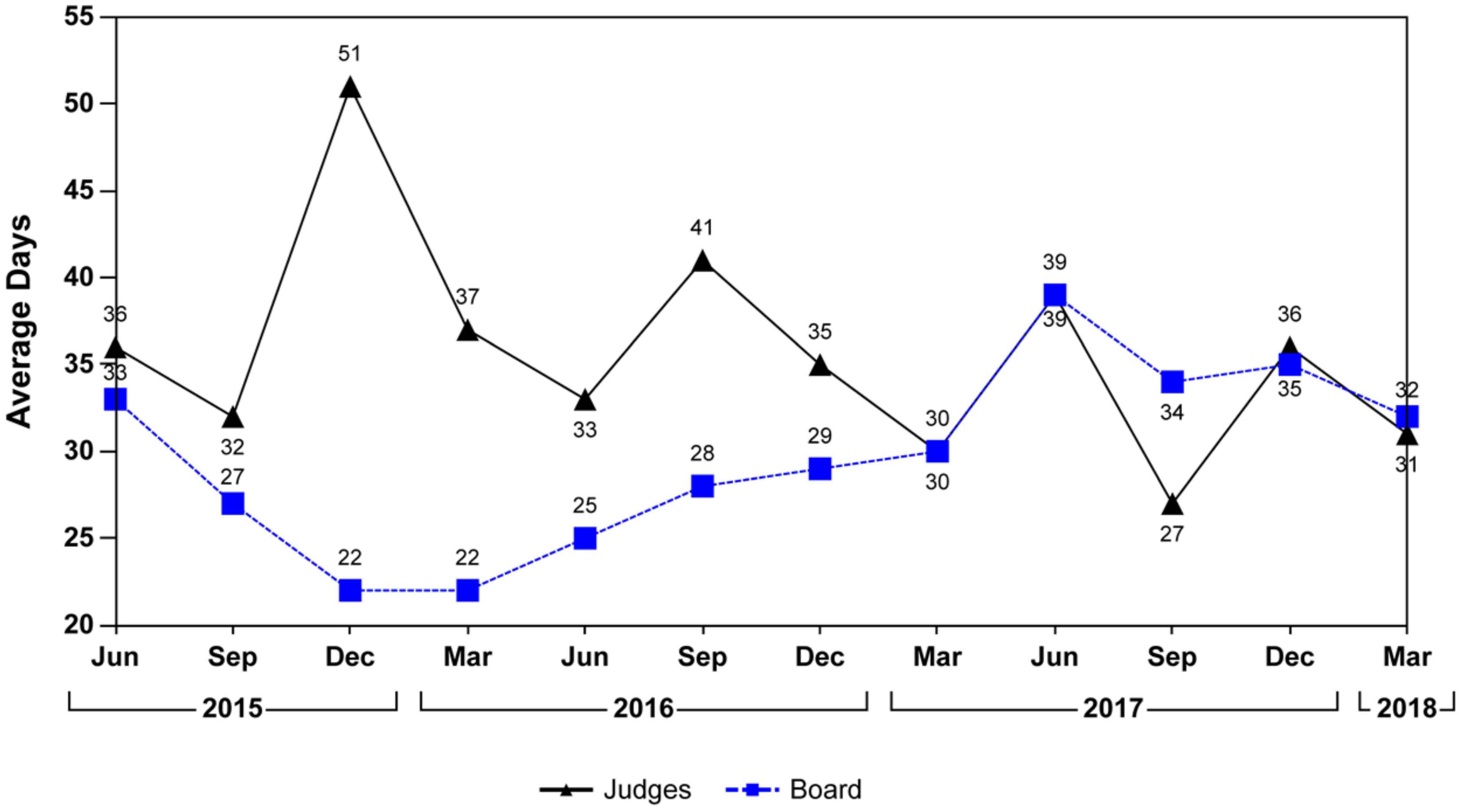


Average PD&O* Time-lag by Quarter for Hearing Judges



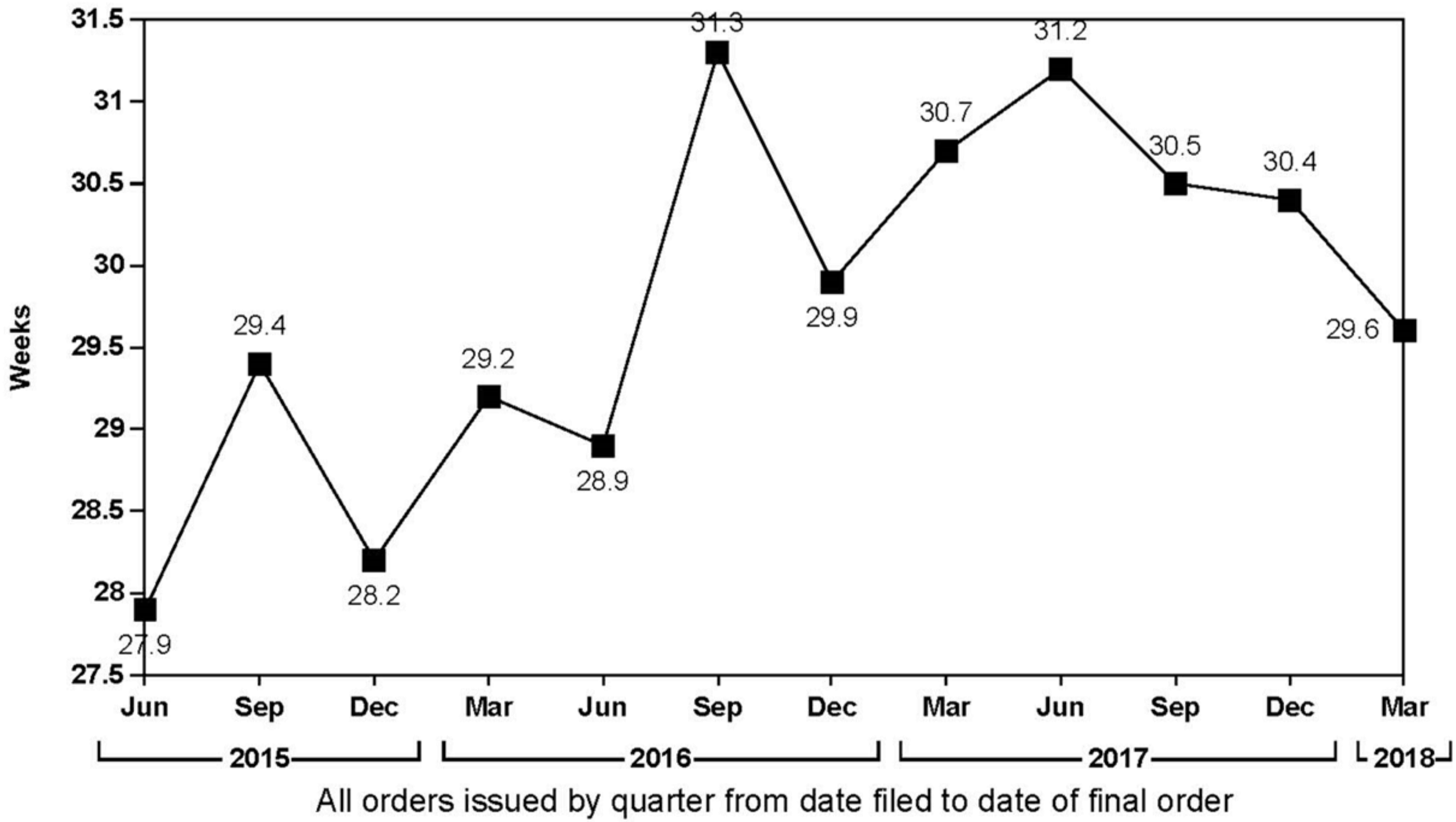
*Proposed Decision and Order

D & O* Time-Lag by Quarter

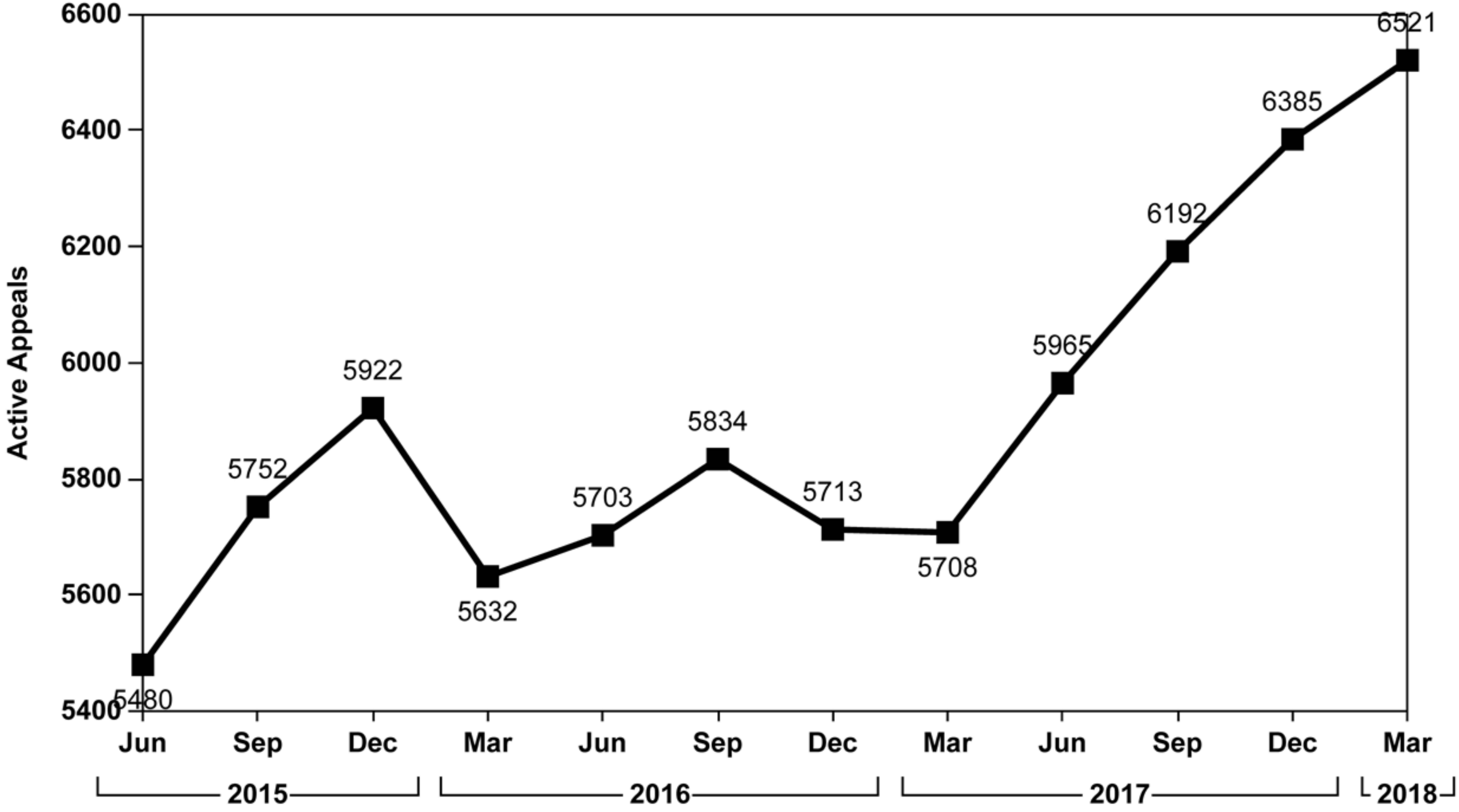


*Decision and Order

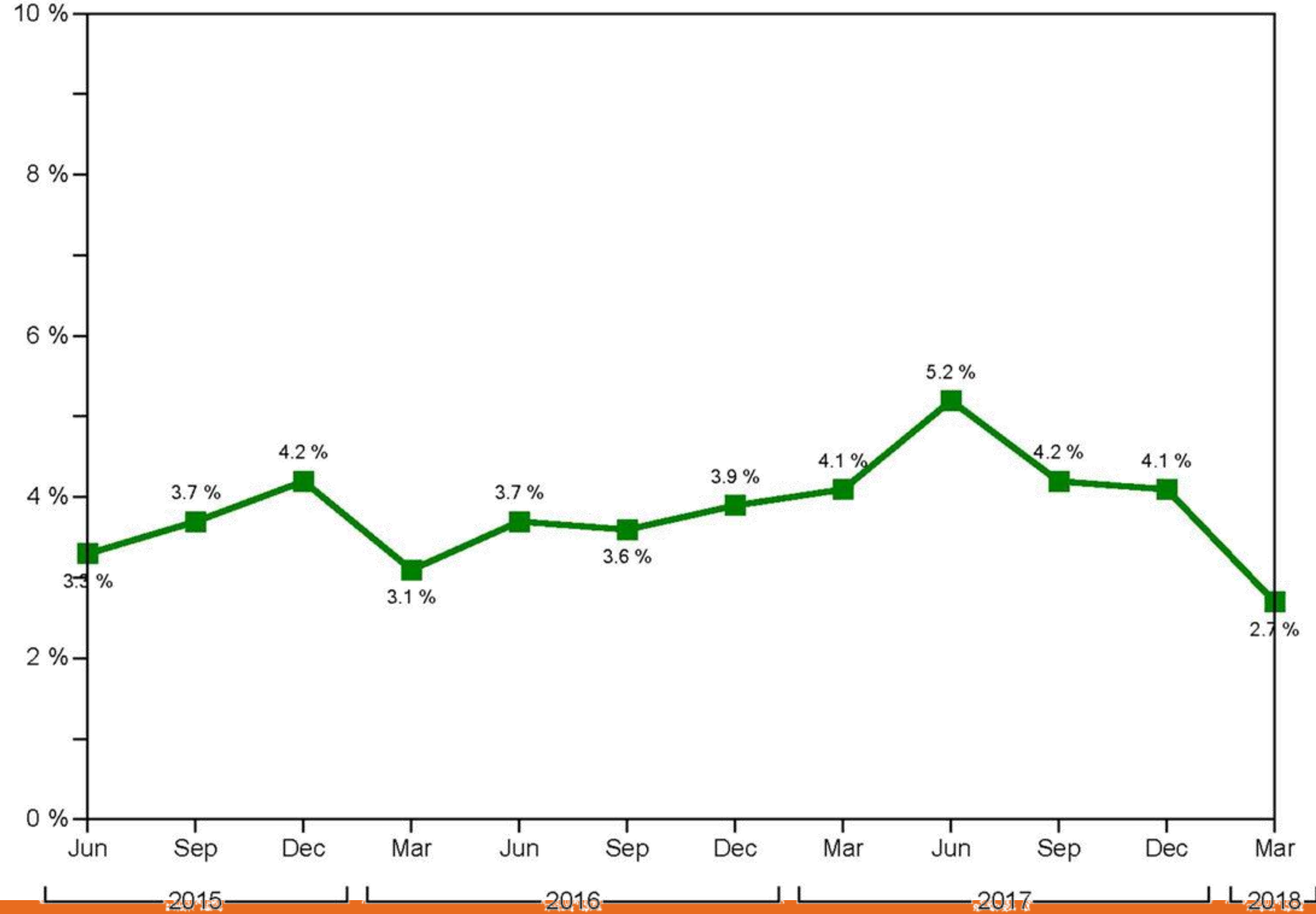
Quarterly Average Weeks to Completion



Caseload at End of Quarter



Percentage of Final Orders Appealed to Superior Court - Quarterly



Washington State Department of Labor & Industries

Closing Comments & Adjourn

Vickie Kennedy, Assistant Director for Insurance Services

Joel Sacks, Agency Director