2010 Performance Evaluation
Presented by Bryan Klipfel, WSI Director
Interim Legislative Workers' Compensation Review Committee
August 13, 2010

Introduction

Good Morning Chair Ruby and members of the Committee. My name is Bryan Klipfel, Director of WSI. I was appointed WSI Director by the Governor and assumed those responsibilities in March 2009.

Since assuming administrative management of the agency just over a year ago, WSI has been working hard to take an approach that is more responsive to the needs of workers and their families. We are doing more personalized follow-up on claims, and making efforts to make the claims process more streamlined and easier for workers to access. With these and other efforts of this kind, we hope to make WSI a more accessible, more responsive resource for all North Dakota workers and their families.

With that said, I would like to provide a few brief comments regarding the 2010 Performance Evaluation. I would like to thank Malcolm Dodge and the rest of the Sedgwick team for their level of professionalism throughout the course of the review. Our philosophy from the start was that this evaluation would make us a better organization. We would also like to thank the WSI staff for their time and effort throughout this process. Their cooperation, professionalism, and overall responsiveness were superb: specifically the internal Auditors, Micole and Krisi, Clare Carlson, John Halvorson, Jodi Bjornson, Tim Wahlin, Barry Schumacher, Harvey Hanel, Michele Blumhagen, Jolene Rhode and a number of other staff.

The report contained 50 recommendations. We concurred with all the recommendations. (partially concurred with four recommendations: Recs 6.1, 6.7, 6.9, and 7.2).

Report Positives

The report outlined many positives with our current program. Some of these include:

- The reaffirmation of sound WSI practices regarding claims decisions (p. 10).
- Good procurement practices (p. 10).
- Substantially improved internal audit performance (p. 11).
- The high degree of reliability of ND PPI Ratings (p. 13). This is largely attributable to Jolene Rohde, WSI PPI auditor.
- A claim denial rate lower than the national average (p. 15). Initial claim denial rates declined in 2009 (p. 20) and overall denial reversals has increased significantly in each of the last two years (p. 21). WSI ultimately accepts 92% of all claims.
- Claim decisions are in accordance with state law, admin code, and WSI policy (p. 17).
- Indemnity decision date meets national average (p. 27).
- Vocational rehab outcomes have improved (p. 46).
- WSI employee turnover has been reduced from 15.8% in 2008 to 3.6% in 2009 (p. 46).
- Significant favorable changes in the deployment of return to work case management firms (p. 53).
- The Safety Learning Management System (LMS) is more extensive than is currently being offered in any other state (p. 74).
- The existing Additional Benefit Payable (ABP), or post-retirement benefit, is unique and appears to be a reasonable way to supplement retirement income (p. 86).
- North Dakota's definition of compensable injury is in standard with other states (p. 88).
- Greater consistency with the recommendation implementation process (p.127).

We continue to work to improve services to injured workers and others with whom we work. It is our goal to continue to build on these positives moving into the future.

Legislative Issues

Many of the recommendations relate to legislative and policy issues. Some of the items that would require legislation include:

- Moving vocational rehabilitation services in-house (Rec 2.1).
- Modifications to the existing Additional Benefit Payable statute (Rec's 4.2 and 4.3).
- Review of the Aggravation statute (Rec 5.5).
- Narcotics administration and dispense as written (DAW) medications (Element 6).
- Moving to the current edition of the AMA Guides to Permanent Partial Impairment (PPI) and PPI Threshold review (Element 7 and Rec 1.9).

We look forward to working with the legislature and other stakeholder groups to identify solutions.

WSI staff will work towards implementation of the remaining recommendations that are more administrative in nature with the intent of improving the overall service that we provide to our customers.

That concludes my report. WSI staff and I are available to answer any questions that you may have.