

INDUSTRY, BUSINESS & LABOR COMMITTEE

MONDAY - APRIL 28, 2008



**Workforce Safety
& Insurance**

www.WorkforceSafety.com

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EMPLOYERS

The first panel on the left shows two men in business attire. One man is seated at a desk with papers, looking thoughtful with his hand to his chin. The other man stands behind him, looking at the same papers. A computer monitor in the background displays a bar chart titled 'COMPANY GROWTH'.

WORKERS

The middle panel shows a woman in a red shirt from a side profile, sitting at a desk and typing on a computer keyboard. A computer monitor is visible in front of her.

PROVIDERS

The third panel on the right shows a man in blue medical scrubs standing in what appears to be a pharmacy or medical supply room, holding and looking at a piece of paper.

WORKFORCE SAFETY & INSURANCE

Presentations to:

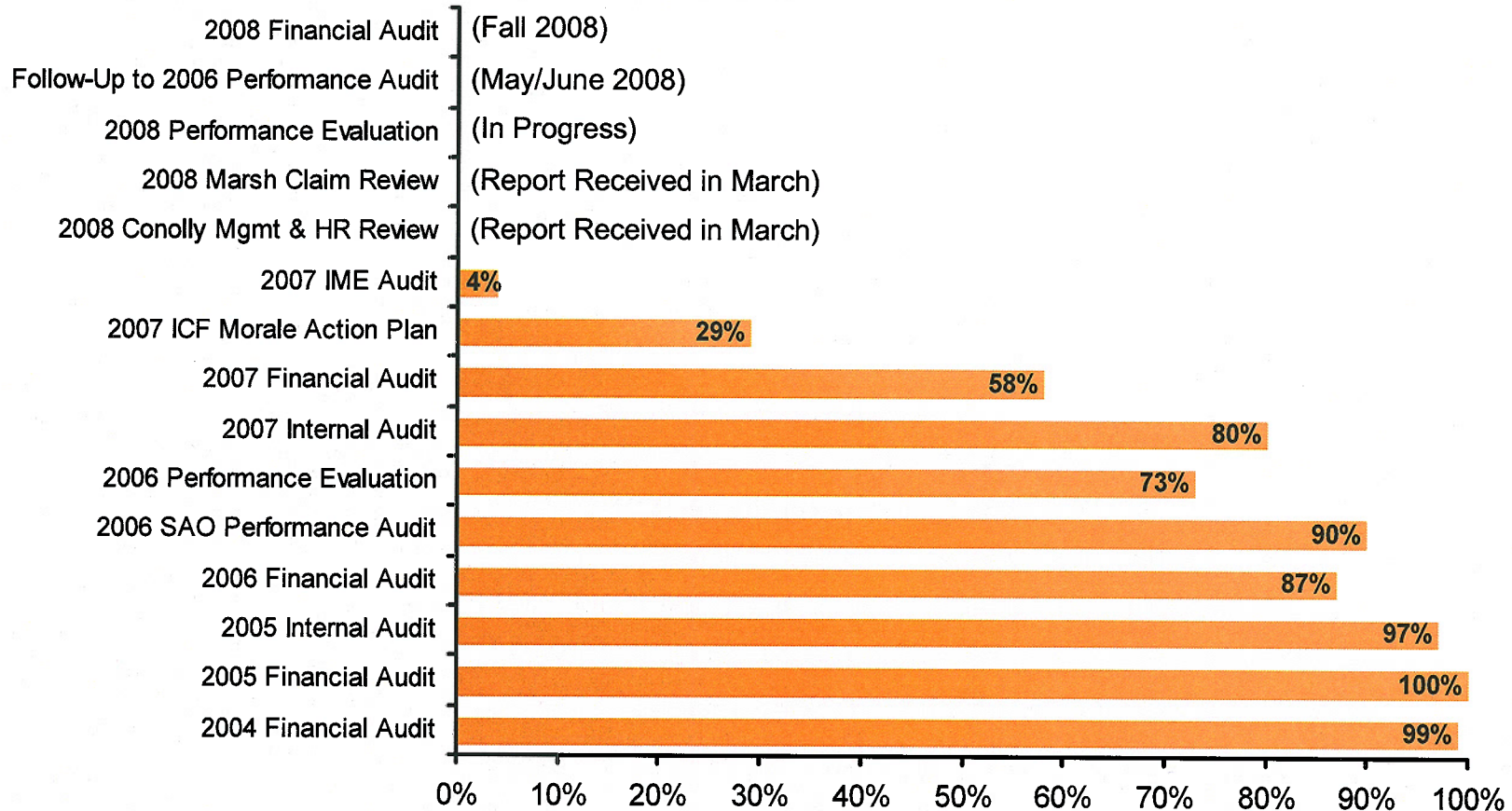
Interim Industry, Business & Labor Committee

Monday, April 28, 2008

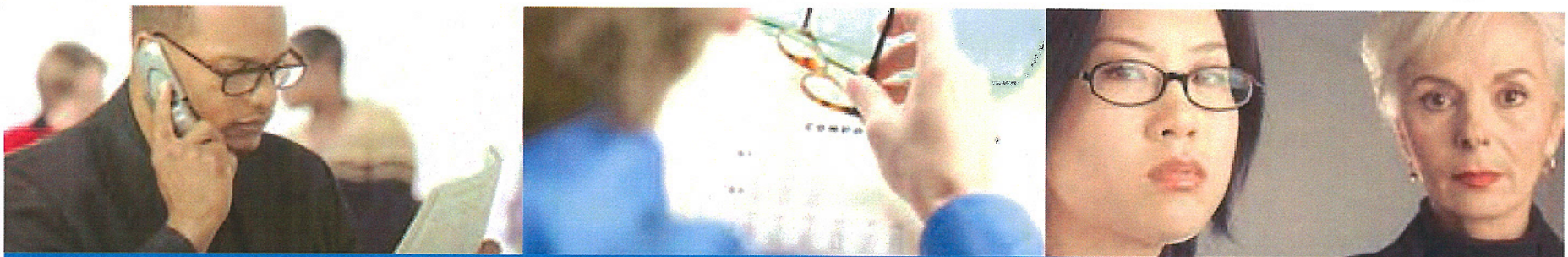
Evaluation/Audit Progress

Percent of Work Completed on Recommendations

As of March 31, 2008



Calculations are based on an estimate of the percentage of work completed on each recommendation



CONOLLY REPORT

RECOMMENDATION

1. Hire an Interim CEO
2. Restructure of Senior Management
3. Strengthen Human Resource Leadership
4. Re-Establish Independence of Internal Audit function

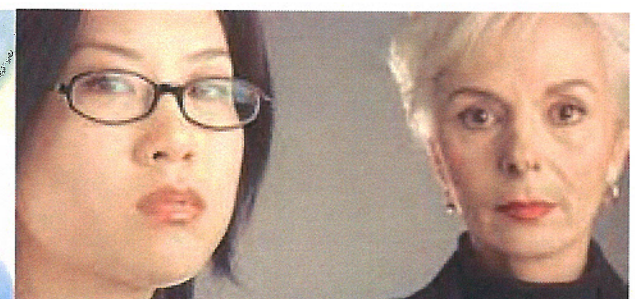
STATUS

Done - 3/26

Done - 4/24

Interviews
Completed - 4/25

Interviews
Completed - 4/28



CONOLLY REPORT

RECOMMENDATION

5. Adopt Performance Benchmarks
6. Monitor Claims Issues
7. Have CEO Monitor Hardship Cases
8. Restructure
Review/Hearing/Appeal Process

STATUS

Reviewing Current
Benchmarks

All Claims/Legal/
Medical Staff met
3/14 to initiate

Pending

Discussing
with OAH



CONOLLY REPORT

RECOMMENDATION

9. Mandate CEO Review of IT Project

10. Restructure

Board Meeting/Compensation

**11. License/Exam/Regulate WSI by
Department of Insurance**

STATUS

**Response
Prepared/Reviewed
with ITD and
Conolly Consultant**

**Discussion at May
Board Meeting**

**Initial Contacts
made with
Insurance Comm.**

MARSH UPDATES

Claims/Process Review

Why?

- Allegations
 - Wrongfully denying claims
 - Purposeful process
- Eroded public confidence
- Eroded internal confidence

Task:

- Review claims processing procedures
- Conduct claims file audit

Results

Of Process Review

1. Very complimentary of multidisciplinary approach to claim management
 - Encouraged broader implementation
2. Complimentary of initial training programs
3. Overall gave WSI B to B+ in this area

Claims

Audit Highlights

- Selected 475 claims from 2005 - present
- 364 wage loss
 - ✓ 273 wage loss accepted
 - ✓ 91 wage loss denied
- 111 medical only
(34 of those auto adjudicated)

Claims Audit Highlights

Criteria	Goal	Compliance	Exceeded/ Met/ Opportunity
1. New Claim Processing	85 to 90%	97%	Exceeded
2. Timeliness of Payments	85 to 90%	93%	Exceeded
3. Medical Cost Containment	85 to 90%	91%	Exceeded
4. Communication	85 to 90%	93%	Exceeded
5. Medical Only Claim Processing	85 to 90%	90%	Met Standard
6. Investigation	85 to 90%	86%	Met Standard
7. Denied or Withdrawn Claims	85 to 90%	89%	Met Standard
8. Disability Management	85 to 90%	87%	Met Standard
9. Reserving	85 to 90%	86%	Met Standard

Claims Audit Highlights

Criteria	Goal	Compliance	Exceeded/ Met/ Opportunity
10. Three-Point Contacts	85 to 90%	75%	Opportunity
11. Subrogation/Recoveries	85 to 90%	35%	Opportunity
12. Action Plans	85 to 90%	77%	Opportunity
13. Supervision	85 to 90%	82%	Opportunity
14. Litigation Management	85 to 90%	67%	Opportunity