

**WSI Director Update****Presented by Bryan Klipfel, WSI Director****Interim Legislative Workers' Compensation Review Committee Meeting****Dickinson, ND****August 1, 2012****State's Average Weekly Wage (SAWW) Update**

Updated SAWW information was received prior to July 1. This information is used to determine the new maximum, minimum, and ppi benefit rates as well as cost of living adjustments that went into effect July 1, 2012.

The new SAWW is \$796 per week (or \$41,357 per year). This is up from \$724 per week last year, or 9.9%.

The maximum weekly wage loss benefit is 125% of the SAWW. Effective July 1, 2012, the maximum weekly benefit is \$995 per week. What this means is anyone with a gross weekly wage of \$1,493 per week (\$77,610 per year) or more would be subject to the maximum benefit.

The minimum weekly wage loss benefit is 60% of the SAWW. Effective July 1, 2012, the minimum weekly benefit is \$478 per week. An injured worker gets the minimum benefit unless the minimum exceeds his/her net wages in which case the injured worker receives net wages as a weekly compensation rate.

Permanent Partial Impairment (PPI) benefits are determined by taking 35% of the SAWW times a statutory multiplier based on the level of impairment. For impairment evaluations completed after July 1, 2012, PPI benefits are determined by taking \$279 times the relevant statutory multiplier.

Many long-term disability recipients are eligible for Supplementary benefits, or otherwise known as cost of living adjustments (COLAS). The annual cost of living adjustments take effect July 1 of each year and equate to the percentage change in the SAWW. This year the cost of living adjustment for eligible recipients is 9.9%.

**WSI Workload Assessment**

The increased economic activity within the state has resulted in increased staff workloads. WSI conducted a workload assessment for many of the departments within the agency. A sampling of workload indicator information comparing 2012 workloads to 2008 workloads is as follows:

<b><u>Workload Measures</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>% inc 08-12</u></b>
Number of Claims Filed	21,061	20,544	19,388	21,693	24,643	17.01%
Claims filed with out-of-state address	2,604	2,766	2,689	3,619	5,383	106.72%
Documents Imaged	646,082	724,036	755,471	770,864	778,175	20.45%
Total Bills Entered	168,815	173,186	180,640	188,615	217,923	29.09%
Avg. Number of Calls per Day	493	495	509	543	668	35.50%
Number Active Accounts	19,777	19,946	20,316	21,552	23,812	20.40%
New Applications Received	1,894	1,794	2,008	3,082	4,931	160.35%

*FTYD 12 figures are as of 06/30/2012*

**Status Update of AIM Project (since the last interim Legislative Workers Compensation Review Committee meeting held on March 14, 2012)**

- Software Release was received in March;
  - quality was better than previous releases but still not what we would like to see
- Ongoing negotiations with Aon regarding financial impact of schedule delays
- Tom McClure hired as Senior Advisor to Bryan to provide an outside perspective and recommendations
- Aon executives onsite for June 26 Legislative IT Committee meeting
- Significant progress made in reducing backlog of bills in SmartAdvisor from high of 43,500 bills the end of May to under 26,000 the end of July
- Since 1st of June, averaged over 7500 bills per week processed through SmartAdvisor
- Latest software release received July 6; in process of testing
- Aon has had resources onsite several times to provide testing support

The latest software release was received from Aon on July 6th and was installed in WSI's test environment and made ready for functional testing, which began on July 17th. We have changed the process used for testing on this go around from testing individual items delivered in the release to testing complete business processes beginning to end. Consequently, testing is taking longer than previous releases and results to date are inconclusive. We will have a much more solid idea on how the full application will perform and specifically the quality of the latest release towards the end of August. We are scheduled to receive an interim update (called a "rolling patch") to the software which will provide additional items not included in the latest release, on August 17th, with a subsequent interim delivery scheduled for August 31st. Over the past two weeks, Aon has had seven resources onsite to support the testing effort and address some system performance issues. Additional Aon resources will be onsite throughout August as needed.

Additional information:

- A lot of progress has been made in the past two weeks regarding correspondence / distribution and the integration with FileNet for document storage / retrieval.
- Release Testing:
  - Of 62 stories delivered, 52 are available for testing; six out of the ten that are not available are related to SmartAdvisor (SA) integration and cannot be tested until we have a SA test environment.
  - Of the 52 stories that can be tested:
    - 7 have Passed
    - 2 Failed
    - 10 are in progress
- Areas of concern
  - SA / iVOS integration; we have been unable to test this functionality because we do not yet have a SA test system which corresponds to the iVOS test system.
  - Two "rolling patches" are scheduled; one for August 17th and one for August 30th which is only a few weeks prior to the planned go-live date.
  - Large volume of activity needs to take place prior to go-live.

### **Hotline Issue Update**

On March 23, 2012 the North Dakota State Board of Medical Examiners met and one of the topics discussed was the question of whether or not the agency could require our Medical Doctors to use a certain format for completing medical reviews. We appreciate the review by the Board of Medical Examiners. It helped clarify questions that were raised regarding a draft WSI policy.

We are not surprised by the Board's conclusion. The Board confirmed that so long as our policy does not try to control the medical opinion within a medical review, our policy may guide the structure and the layout of medical review reports.

From here we will move forward with developing improved policies for medical reviews consistent with the Board's review and guidance. Overall, there was a good and thoughtful discussion by a group of people that care very much about their profession and how it is practiced.

When the allegations involving the deleted notepad entry was first brought to my attention, I had WSI Internal Audit conduct a review of the complaint. I believe the changes that have been implemented due to the review conducted are positive ones that will help alleviate the misunderstandings that have resulted.

I welcomed the review by the Bureau of Criminal Investigation. We fully cooperated with the Bureau of Criminal Investigation.

On July 27<sup>th</sup>, I received an employee grievance form alleging retaliation by individuals within WSI against the employee who filed the Hotline Tip. We are following WSI Policy in handling the allegation.

On July 31<sup>st</sup>, we received notification that Burleigh County States Attorney was not going to file criminal charges concerning the deleted notepad. I still have not received official information from the States Attorney and commenting based on information from others. I appreciate the decision and the effort of the various officials and agencies in completing their work. We take these matters very seriously and are glad they found no violations of law.