



August 12, 2013

Jeffrey Beiriger, Member
Wisconsin Workers' Compensation Advisory Council
Mail to: Association Management Services, Inc.
P. O. Box 594
Menasha, WI 54952

Dear Jeff,

Thank you for sharing your views and experience as a member of the Wisconsin Workers' Compensation Advisory Committee with members of The Alliance Health Policy Committee. We appreciate the candid discussion and look forward to working with you and other members of the Council to achieve meaningful workers' compensation reform this session.

Since our meeting, we've had discussions with our employer members, our internal provider contracting experts and other stakeholders. From those discussions we have developed the following suggestions that we believe are in the best interests of businesses and employees alike:

1. **Employers ask management representatives on the Wisconsin Workers' Compensation Advisory Council to aim high on cost containment.** Conversations with Advisory Council members and provider organizations involved in the Advisory Council process reveal a widely-held belief that businesses must always pay more for Workers' Comp claims than they do for group health claims. On the contrary, The Alliance has negotiated prices for employers on workers' compensation claims that are equal to the prices we've negotiated on behalf of employers for health benefits. This benefits both employers and their employees, and so we believe it is right that the Council use group health payment rates as a yardstick to evaluate proposed reforms.

The Alliance has the data to help the council understand whether any proposed fee schedule or other arrangement is "in the ballpark." We offer to be a resource to the Council in this area.

2. **We agree that significant attention should be paid to eliminating the "hassle factor" that providers believe justifies higher payment rates.** Payers, workers and providers would all benefit from rooting out this waste and inefficiency as quickly as possible. A formal process should be established to work specifically on these issues in the near term, with a report due by a realistic date.
3. **We ask the Workers' Compensation Advisory Council to play a role in publicly identifying and rewarding high-value providers.** Employers and employees alike have an interest in identifying and utilizing health care providers that provide high quality care at a reasonable cost. In regard to Workers' Comp, the most relevant measure of quality may be a high return-to-work rate. We believe that providers who are

successful in returning injured workers to their jobs should be rewarded with higher payment rates and larger market share. Publicly reporting this information would go a long way in promoting value and encouraging improvement.

4. **Despite statements to the contrary, we find no correlation between the cost and quality of medical care delivered in Wisconsin.** The lack of correlation is evident in transparency initiatives run by The Alliance and well documented in several studies. A recent analysis of data by a company called Castlight confirms this as well. If payers had the ability to reward high-quality providers with greater market share through employer directed care, it should not be assumed that employees would view this as a negative. We understand through our work that employees value information and assistance from their employers when making decisions about their health care.
5. **We ask the Council to take care to avoid fee schedule pitfalls.** We applaud members of the Advisory Council that recognize the importance of analyzing the total cost of care versus a per-claim figure. If a fee schedule is implemented in Wisconsin, it is important to monitor provider billing practices to ensure that costs per episode do not increase at the same time per-claim costs decrease. Also, we see a possible scenario where a fee schedule imposed by the state on all workers' comp claims may increase rates for self-funded plans, assuming they were included in the fee schedule. While we welcome a fee schedule for self-funded employers when it delivers lower costs, we believe any fee schedule should be viewed as a "ceiling" so employers can continue to take advantage of more beneficial agreements that their networks may be able to negotiate.
6. **We support efforts to reduce the statute of limitations on workers' comp claims.** Wisconsin's twelve year claim window is clearly an outlier that puts employers at risk for claims for an excessively long period of time. We agree with management representatives and many others that the statute of limitations should be reduced to three years.
7. **Keeping employees safe is the best way to tackle workers' compensation costs.** Several Alliance members mentioned initiatives by their companies and insurers aimed at preventing workplace injuries in the first place. For example, some of our members are rewarding workers based on their safety records. Unfortunately, these initiatives have run into resistance from OSHA regulators that view them as method to suppress reports of workplace injuries. Regulators should recognize that the true intent behind these programs is to incentivize employees to keep safety foremost in their minds at all times. Our state should work to remove regulatory hurdles at the state and federal levels and encourage these types of initiatives to continue and grow.

Again, thank you for meeting with us and being open to these suggestions. We look forward to providing assistance to the council where we can and working with you to improve the workers' compensation environment for employers and employees alike.

Kind Regards,



Cheryl DeMars
President and CEO