

MINUTES OF THE HOUSE COMMITTEE ON LABOR AND INDUSTRY.

The meeting was called to order by Chairman David Heinemann at 9:10 a.m. on February 17, 1993, in Room 526-S of the Capitol.

All members were present except:

Committee staff present: Jerry Ann Donaldson, Legislative Research Department  
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Murlene Priest, Legislative Division of Post Audit

Others attending: See attached list

Murlene Priest, Auditor with the Legislative Division of Post Audit, reviewed the Performance Audit Report, "Reviewing Selected Issues Related to Workers Compensation," just completed, February, 1993. Legislative questions have been raised about how workers compensation benefits and premiums in Kansas compare with other states, and what can be done to help control the rising cost of workers compensation insurance. The Legislative Post Audit Committee authorized a performance audit to answer the following questions about workers compensation in Kansas:

1. How do Kansas' workers compensation benefits and premiums compare with other states?
2. Have changes in federal or State law over the years contributed to the rising cost of premiums?
3. What cost-containment measures have other states enacted to help control the rising costs of workers compensation insurance?
4. What types of management information systems have other states implemented to help identify and control workers compensation costs?

Their conclusions and recommendations are covered in the report which can be obtained from the Legislative Division of Post Audit. Ms. Priest left six thoughts with the committee on controlling workers compensation costs. (Attachment 1)

Representative Smith moved the minutes of January 20 through February 4, 1993, be approved.  
Representative Webb seconded. Motion carried.

The meeting adjourned at 10:00 a.m. The next meeting is scheduled for February 18, 1993.

# GUEST LIST

COMMITTEE: HOUSE LABOR AND INDUSTRY

DATE: 2-17-93

| NAME                    | ADDRESS            | COMPANY/ORGANIZATION          |
|-------------------------|--------------------|-------------------------------|
| Lisa Uhrh               | Topeka             | DOB                           |
| <del>Shelby Smith</del> | Wichita            | EL-II                         |
| Bill Benton             | Topeka             | Fleming Co.                   |
| Hal Hudson              | Topeka             | NFIB Kansas                   |
| Bill Morrissey          | "                  | DHR/Work Comp                 |
| Maria Auman             | "                  | Lt. Gov.                      |
| Billy Newman            | "                  | State Self Ins. Fund          |
| GEORGE WELCH            | "                  | STATE SELF INS. FUND          |
| Bill Meeder             | Prairie Village Ks | Self                          |
| Barb Hinton             | Topeka             | Post Audit                    |
| J.P. SMALL              | "                  | LEARJET / KUCH                |
| Joseph L. Peterson      | "                  | Ks Food-For-Med. Care         |
| Larry Shaffers          | Topeka             | Kns. Hosp Assoc.              |
| DON BRUNER              | TOPEKA             | K D H R                       |
| RAY RATHERT             | TOPEKA             | KS. Ins. Dept                 |
| James A. Zell           | Wichita            | KS FFA                        |
| ALAN COBB               | Wichita            | ISS Assoc. For Small Business |
| LARRY MAGILL            | TOPEKA             | PROF. IND. INS. AGENTS        |
| RICHARD BODWALL         | EUDORA             | TAXPAYERS                     |
| Thurman                 | Topeka             | KTZA                          |
| Dave Frankel            | Lawrence           | KTZA intern                   |
| Cameron Bruner          | Topeka             | KTZA                          |
| Elsie Bailey            | PV, Ks             | Senior citizen day            |

[illegible]

Presentation to the House Labor and Industry Committee, February 17, 1993, by Murlene Priest.

You are probably wondering "so what is the bottom line of this 60-some page report--how do we control workers' compensation costs?" There are six thoughts Legislative Post Audit would like to leave you with about the report you have in your hands.

1. Tinkering with the basic benefits will not control Workers' Compensation Costs in Kansas.
2. Vocational Rehabilitation, on the other hand, is not a basic benefit and many people believe it is unnecessary and not cost-effective, nor does it get people back to work.
3. There does not appear to be a cause effect relationship between the level of benefits offered by a state and the amount of premiums in the state.
4. Some costs, like medical care, appear to be growing at a phenomenal rate and should be the focus of your attention if you want to attempt to control a cost area.
5. Nothing will truly control workers' compensation costs, unless you start at the root of the problem--workplace safety. This is the only area where you can actually reduce claims and this translates into lower costs and eventually lower premiums.
6. There are no quick fixes here, and you lack the basic information system to assess the cost-benefits of any changes you do manage to make.

A number of the bills you and your colleagues have introduced so far this session address the various issues discussed in this report.

*House Labor and Industry  
Attachment 1  
2-17-93*