

MINUTES OF THE HOUSE COMMITTEE ON LABOR AND INDUSTRY.

The meeting was called to order by Chairman David Heinemann at 9:08 a.m. on February 23, 1993, in Room 526-S of the Capitol.

All members were present except: Representative Edlund (excused)

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

Conferees appearing before the committee:

Robert Weber, Vocational Rehabilitation Counselor, Ozawkie
Edwin H. Bideau III, Eastern Kansas Oil and Gas Association, Chanute
Jack Cowden, Collins Industries, Inc., Hutchinson

Others attending: See attached list

Robert Weber, a vocational rehabilitation counselor from Ozawkie, testified before the committee in support of vocational rehabilitation stating it was not a major cost driver in the rising cost of workers compensation. He does not feel the proposed 45 days of job placement is long enough, believing 12 weeks of job placement would be better. His concern was that people would be referred for job placement with no assessment of their strengths, abilities, aptitudes, or interests being taken into account. Mr. Weber included with his testimony a position paper on Vocational Rehabilitation and a copy of the Insurance Carrier Status Report to be submitted to the Division of Workers Compensation after the individual has been off work for 90 days. (Attachment 1)

Edwin H. Bideau III, an attorney from Chanute, Kansas, representing the Eastern Kansas Oil and Gas Association, appeared before the committee in support of HB 2354. Due to the small size of their member companies and heavy equipment involved in oil field work, high worker compensation rates and lack of an insurance market have hit their members very hard. Mr. Bideau listed the provisions of the bill they particularly liked and felt would have a special impact on small companies and their industry. He suggested a bill be drawn as tight as possible, making the legislature's intent clear, or the courts and administrative hearing judges will most likely interpret the bill far beyond what is intended. (Attachment 2)

Mr. Bideau, an attorney handling workers compensation cases, family insurance business background, and former state legislator having served on this committee, offered a few personal recommendations. For any true rate reductions, he felt we need to attract insurance carriers back into the workers compensation market. By getting insurance carriers back into the market and fewer companies in the Assigned Risk Pool, safety programs through the insurance companies would also improve. Mr. Bideau supported increased penalties for fraud. If either claimant or employer lie, which is fraud, there must be stiff penalties. Judges need to hear claimants and employers testify in person, not by deposition. Vocational rehabilitation has not worked as it was intended; in fact, it has deteriorated to the point where it almost needs to be done away with. To limit involvement of the Fund, we need to either go back to the Form 88 requirement or pre-existing condition has to be the cause of the accident.

Mr. Jack Cowden, Vice President Human Resources for Collins Industries, Inc., of Hutchinson, addressed the committee concerning the continual cost increases in workers compensation. He feels the system has lost sight of its original purpose to provide an injured worker with good medical treatment and wage supplement for periods of time when he is unable to work, with the ultimate goal of returning the injured employee to the work force. In his opinion, increased litigation and high medical costs head the list of problems associated with rising workers compensation costs. (Attachment 3)

Copies of Fiscal Notes for HB 2179 and HB 2191 were distributed to the committee members. (Attachments 4 and 5, respectively)

The meeting adjourned at 9:58 a.m. The next meeting is scheduled for February 24, 1993.

GUEST LIST

COMMITTEE: HOUSE LABOR AND INDUSTRY

DATE: 2-23-93

NAME	ADDRESS	COMPANY/ORGANIZATION
Jeff Grolheer	1245 N. Emporia 67244	WIBA
PAT BEULV	161 N BYRON RD	"
Bernetta Hartnett	103 N. Crestway	"
RICHARD L THOMAS	TOPEKA	DHQP/WORK UNIT
Sharon Couch	1334 A Topoka	KCHA
GEORGE KUCKETT	Wichita Topeka	KCHA
ALBERT DENNY	131 BURR OAK WICHITA KS	WIBA
DAVID T. CREWS	CLEARWATER KS	WIBA MAYOR of CLEARWATER
Delmer L PARR	2020 W 25th Wichita KS 67224	WIBA
NICHOLAS POWELL	4500 College Blvd O.P.K. #308	EKOGA
ED BIDLOU	18 N. Forest Avenue	EKOGA
RAY FATHERT	TOPEKA	KS. Ins. Dept.
Jim Allen	"	PERM 14C
LARRY MAGILL	"	PIIRIL
Roger Bowles	Wichita	WIBA.
KARLA ACKERMAN	Wichita	WIBA.
GARY ACKERMAN	Wichita	WIBA
Goly T. Brown	"	WIBA
DRAYNE SHANNON	"	WIBA
LEON LUNGWITZ	"	WIBA
Tom Stith	Topeka	AGC
Euland Angyth	Wichita	WIBA
Doug Laker	Juniper City	

GUEST LIST

COMMITTEE: HOUSE LABOR AND INDUSTRY

DATE: 2-23-93

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I thank you Chairman Heinemann and the Committee for allowing me to present on the vocational rehabilitation portion of the workers compensation laws that are before you. Representative Joann Flower, my representative, was kind enough to make arrangements for me to speak. I received my master in Vocational Rehabilitation from Emporia State University and have been assisting people with disabilities both in the public and private sector since 1973. I am a Qualified Rehabilitation Professional (QRP) under the Division of Workers Compensation.

My first concern is that often vocational rehabilitation is confused with rehabilitation physical services, i.e. hospitals. Vocational rehabilitation is a process by which an individual's strengths and abilities are assessed so that the appropriate vocational goals within a person's physical restrictions and abilities can be identified and employment sought. Rehabilitation hospitals are the medical facilities that provide physical therapy, occupational therapy, work hardening and work conditioning to an individual in order that they may reach Maximum Medical Improvement (MMI) so that they can be ready for vocational rehabilitation.

I have included in my handout the R87-1, which is titled The Insurance Carriers' Status Report. Insurance carriers are required to submit this form to the Division of Workers Compensation after they have had an individual who has lost work for 90 days. This form is only a reporting of status. It allows the Division of Workers Compensation to send material to the injured worker to apprise them of their options and to help the adjustor focus on whether a vocational assessment is needed or not. Often referrals are not made for vocational assessment until one year after the initial date of injury and the referral is made only if they are not able to be returned to work with their own employer. As you can see, we are talking about people that have a significant impairment.

When the present legislation was initially introduced, it took some time for people to understand that the 90 day trigger was not a referral for vocational rehabilitation services. Now that the learning curve has taken place, to change it, would mean people would need to relearn the system. It is appropriate to note that the longer a person remains off of work the greater their expectations for financial recovery. Literature indicates that the longer a person is off of work, the more likely they will not return to gainful employment. The 90 day trigger does keep people from falling through the cracks.

The new proposals initiate 45 days of job placement. My concern is that people are being referred for job placement with no assessment of their strengths, abilities, aptitudes, or interests being taken into account. This would be like selling everyone who came on to the car lot a Hyundi and then after 45 days of driving it, determining whether that Hyundi meet their needs. I believe it would be more appropriate to provide the assessment to determine what the individual's needs are, so that appropriate services can be delivered from day one.

Forty-five days of placement is not enough time. According to the DHR the average length of time an individual receives unemployment benefits for FY 92 is 14.5 weeks and 13.7 weeks for FY 91. For the most part, these are people without disabilities and especially not newly acquired disabilities. I believe it would be better to allow 12 weeks of job placement, since the general community takes at least 13-14 weeks without a disability. The assessment would be completed and a vocational objective set. Injured workers would have the assistance of a QRP in interviewing skills training and follow-up assessment of their interviews. They would have job leads provided by the QRP in addition to the contacts they have made on their own. The QRP can also negotiate with the employer for accommodations and or an On-the-Job Training (OJT) agreement.

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Attachment 1
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the 89,815 job related accidents for FY 92, 40,104 experienced lost time. Of the 40,104, individuals received vocational assessments, which is 3.8% of the lost time accidents that received an assessment.

For FY 92, there was \$325 million dollars spent in the workers compensation system. Approximately \$15 million was spent on vocational rehabilitation, which also includes temporary total benefits. Of that sum \$6 million was paid directly to vocational rehabilitation vendors. That means that between 4 and 5 cents on the dollar that is spent in the workers compensation system goes towards vocational rehabilitation and TTD for the injured worker, while in vocational rehabilitation.

For FY 92, the Division reported that the average case cost from opening to closing, including assessment, plan and placement was \$3,703. For the first 6 months of 1993, the Division reports the average case cost for the same services \$3,300. The first six months of 1993 reflect \$2 million dollars being paid to vocational rehabilitation vendors, which would be a decrease of one-third the monies spent over the same reporting period for the previous year. Again, I point out we are talking about the more severely disabled individuals in the system who have restricted functioning or limitations because of their work related injuries.

Given this information, I think you can see for yourself that vocational rehabilitation is not a major cost driver.

The original intent of the law as I understood it was, to provide employers a savings if they return injured workers to work. However, that intent has been changed to add loss of access to potential jobs. I support a return to the original intent of the law to provide the employer an incentive instead of adding additional costs when returning an injured worker to employment. I support a change in the language of the law to read "irrebuttable presumption of no work disability when suitable/comparable wage employment is secured versus presumption of no work disability".

Vocational rehabilitation comes under strict scrutiny from the Division of Workers Compensation Rehabilitation Unit. All plans are reviewed by a rehabilitation administrator. I am unaware of other professions being monitored so closely.

I believe medical management is one form of reducing costs of the system and at the same time assuring that the injured worker gets appropriate treatment on a timely basis. If the constraints that presently exist on medical management could be eased, I believe this may be a benefit to the system.

People now understand the present vocational rehabilitation system and changes may create additional confusion, a new learning curve and potentially more litigation.

Vocational rehabilitation serves only those individuals who are the neediest and most limited from work related injuries. Every individual we return to work becomes a taxpayer rather than a tax recipient. Vocational rehabilitation is an investment in individuals rather than an expense. If you think about it, Senator Robert Dole has always been a strong advocate for rehabilitation. He does this because it makes sense.

Thank you again for your time. If you have any questions, please feel free to call me.

Robert Weber
Osawkie, KS
913/876-2112

VOCATIONAL REHABILITATION

Vocational rehabilitation is not a major contributor to the skyrocketing cost in the workers compensation industry:

- There were 89,815 job related accidents reported Fiscal Year 1992. Of these 89,815 accidents, 40,104 experienced lost time. Of the lost time cases, 1,523 received vocational assessments. Therefore, only 3.8% of lost time accidents were assessed for the need for vocational rehabilitation services.
- Of the \$325 million dollars spent in the workers compensation system in fiscal year 1992, approximately \$15 million was spent on vocational rehabilitation (this amount includes temporary total benefits). Of the \$15 million dollars, \$6 million was paid directly to the rehabilitation vendors. This means only between four and five cents of the benefit dollar goes towards vocational rehabilitation.
- In Fiscal Year 1992 the Division reported that the average case cost from opening of the case, developing a vocational assessment, developing a plan if necessary and closing the case was \$3,703. For the first six months of FY 93, the Division reports an average case cost of \$3,300. In addition, the first 6 months this fiscal year reflects only \$2 million dollars being paid to the rehabilitation vendors.

The proposed change in eliminating work disability if the employee engages in any work for wages comparable to the average gross weekly wage at the time of injury, will result in making vocational rehabilitation more effective by returning more people to work, which will result in more cost savings to the system.

The consensus within the Rehabilitation Community is that eliminating the 90 day trigger will not result in cost savings to the system by reducing the number of injured workers being provided services and re-entering the work force. It is appropriate to note that the longer a person remains off work the greater their expectations for financial recovery. A trigger upon attaining MMI and obtaining an FCA may be appropriate if the worker is aware of his/her options in a timely manner.

There needs to be some type of transferrable job skills assessment component built into the job placement referral process. This assessment is necessary in order to determine an appropriate job placement plan. The fact that the job placement referral shall be made prior to the adjudication of PPD should streamline the vocational process a great deal.

The 45 days for job placement is not realistic. The average length of time reported by DHR Employment Security for all individuals receiving unemployment benefits for FY 92 was 14.5 weeks and 13.7 weeks for FY 91, for the most part, these are not people with disabilities, especially not newly acquired disabilities. It would be better to state the time period in weeks to coincide with the weeks of benefits. We strongly recommend a minimum of 12 weeks. No where is the most effective job placement tool addressed and that is On-The-Job-Training.

Based on research of several Kansas Board of Regents' schools performed by the Rehabilitation Administrator's office, it is recommended that \$7,500 be allotted for a two year program, particularly if transportation is to be included.

As a Fee Schedule will soon be adopted by the Director's office, it does not appear that a cap on job placement is necessary.

KANSAS DEPARTMENT OF HUMAN RESOURCES
DIVISION OF WORKERS COMPENSATION

INSURANCE CARRIER STATUS REPORT

TO: Division of Workers Compensation
Rehabilitation Administrator
600 Merchants Bank Tower
800 SW Jackson
Topeka, KS 66612-1227

From (Insurance Carrier): _____
Address: _____
City, State: _____ ZIP: _____
Adjustor: _____ Ins Ca File No _____
Phone(____) _____

Re: Claimant: _____ SSN: _____
Street: _____
City, State : _____ ZIP _____
Phone: (____) _____ - _____ Date of Birth _____
Employer: _____
Job description: _____

Accident date: _____

Claimant has lost _____ days as of _____ 199__.
(DATE FORM COMPLETED)

=====

We have referred claimant on _____ 199__ to _____
(vendor) for medical management to assist claimant
in obtaining maximum medical improvement.

We have referred claimant on _____ 199__ to _____
(vendor) to determine whether
vocational rehabilitation services are needed.

=====

We have not made a referral because:
_____ Claimant returned to work on _____ 199__.

_____ The claim is being denied as not compensable.

_____ Claimant's medical condition has not stabilized.
_____ Prognosis as to when condition will stabilize _____ 199__.
_____ Temporary total compensation (is) (is not) being paid. (Circle one)
_____ Claimant will return to work for the same employer when released by
attending physician. Estimated return to work date _____.
_____ Other _____

Eastern Kansas Oil and Gas Association
Testimony of Edwin H. Bideau III,
Co-Chair, Legislative Committee to
House Labor and Industry Committee
in Support of H.B. 2354
February 23, 1993

Mr. Chairman and members of the committee. I appreciate the opportunity to appear before you for Eastern Kansas Oil and Gas Association in support of H.B. 2354. My name is Ed Bideau, I am an attorney from Chanute, Kansas. I am currently serving as a board member for EKOGA and co-chair of the legislative committee. All of our board members and legislative committee members are volunteers that are interested in improving a vital part of the Eastern Kansas economy. In my law practice our office handles a wide variety of worker's compensation cases, including cases for employers, insurance carriers, claimants and the Fund. My family runs an independent insurance agency in Chanute that has focused on oil and gas insurance for over fifty years. I served in the legislature as a member of this committee from 1985 through 1988 when the last reform effort on worker's compensation was made.

EKOGA is an association of small independent oil producers located in the Eastern Kansas. Our members are mostly small independent oil companies which are run as family businesses, producing shallow stripper wells with low per day production levels. Almost all of the speculators and promoters left the Eastern Kansas oil patch after the oil crash of the early 80s. The oil producers who are still in business are local citizens who are committed to the area and to the industry. In some instances our members might be described as farming oil instead of farming crops.

Due to the small size of our member companies and the nature of oil field work involving heavy equipment, recent rate increases and lack of an insurance market hit our members very hard. Our members do not have the resources which large employers have available to deal with claims and they usually are not large enough to self insure. Oil field insurance of all types has historically been hard to obtain and is priced high when available. Most companies that focus on personal lines and small business insurance are not interested in writing oil risks. Only a few insurance companies have been interested in writing oil field business in the past and many of these companies have withdrawn from the market. Due to the limited market we had for the oil industry in the first place, the recent price increases and lack of market have been particularly devastating to this industry. It is making it impossible for many operators to continue in business.

EKOGA supports the concepts in H.B. 2354 as the best proposal to try and stop the crisis in worker's compensation. We feel that other bills that have been introduced have some good points but either do not go far enough or have provisions that would increase costs. Our industry must have worker's compensation at

.easonable cost and an available market to exist. No solution will provide true relief until the insurance companies come back to the market at reasonable cost.

We particularly support the following provisions of the bill that would have a special impact on small companies and our industry.

- Eliminate mandatory vocational rehabilitation.
- Reduction of assigned risk plan assessment.
- Social Security retirement benefit set-off.
- Increase payroll exemption to \$20,000.
- Employer right to intervene.
- Exemption for salaried executives.
- Reversal of Hughes decision.
- Strict notice of injury requirement.
- Limits on attorney fees.

A problem that is not addressed in any of the bills that have been presented to you is how to make sure that your intentions are followed. This is perhaps the most perplexing problem of all. If we learned anything after the last set of reforms, it is that the courts and the administrative hearing judges will most likely interpret your work far beyond what you intend. The Hughes decision itself and various "task analysis" theories that have been advanced are ample indication of this problem. We now have voc rehab "experts" testifying on work disability with very thin support to their theories. We also have hearing judges that are rendering decisions when they have never seen the claimant or the employer testify in person, although they are supposed to weigh their credibility. Our association would ask that you make your intent as clear as possible, force the agencies to follow it, and that you keep in mind the small business and small employer in your decisions.

Thank you for the opportunity to appear before you today.

Edwin H. Bideau III
Co-Chair, Legislative Committee
Eastern Kansas Oil and Gas Association



HOUSE COMMITTEE TESTIMONY

Collins Industries, Inc., headquartered in Hutchinson, Kansas, has three operating subsidiaries with four plants in Kansas, employing a total of approximately 500 people. We started operations in Kansas over twenty years ago and have a strong commitment to Kansas, as evidenced by the growth of our local operations and the decision to move our World Trans bus operation from Florida to Newton, Kansas in 1989.

We would like to continue our growth and commitment to Kansas. However, like most companies, we are feeling the adverse impact of a workers' compensation system that has lost sight of its original purpose. That purpose was to provide injured workers with good medical treatment and wage supplement for periods of time that a worker was unable to work, with the ultimate goal of returning the injured employee to the work force as soon as possible. What has evolved as a result of a series of court decisions and legislative changes is a maze of litigation and arguments over the degree of a worker's entitlement.

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We have situations where fraudulent claims can be pursued without threat of repercussion; attorneys taking cases before there is a report to the Company; medical treatments or procedures costing significantly more when associated with a work injury; arguments between doctors and lawyers about the degree of disability; claimants pursuing case after case at different employers and totaling more than 100 percent disability; being held liable for injuries after work that clearly were not work-related; and paying totally for unknown preexisting conditions. Without significant legislative changes, there is no end in sight for the continual cost increases associated with the above problems.

Because we want to continue our commitment in Kansas and because we care about our current and future employees, we are solidly behind the reform proposals of Representative Mike O'Neal. We, like many other employers, cannot keep absorbing these cost increases and remain competitive in the marketplace. Like many manufacturers, we have idle plants and/or manufacturing capabilities in other states. While we would never take a position of threatening to move jobs from one state to another, we have to constantly be aware of our costs to do business and overall competitiveness in our

markets. If we lose sight of these facts, we can threaten the well-being of the entire Company. If we are faced with significantly different operating costs in one area versus another, you can easily determine where any future expansion may go.

In summary, we must see some cost relief and any proposal that would in any way add to the current costs must be rejected.

Thank you for the opportunity to testify here today.



Jack Cowden
Vice President Human Resources

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1504
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FAX (913) 296-0231

Joan Finney
Governor

Gloria M. Timmer
Director

February 19, 1993

The Honorable David Heinemann, Chairperson
Committee on Labor and Industry
Statehouse, Room 112-S
Topeka, Kansas 66612

Dear Representative Heinemann:

SUBJECT: Fiscal Note for HB 2179 by House Committee on Labor
and Industry

In accordance with KSA 75-3715a, the following fiscal note
concerning HB 2179 is respectfully submitted to your committee.

HB 2179 would require all insurance companies and group-funded self-insurance plans that provide workers compensation coverage in Kansas to maintain accident prevention services for their insureds. Any company or group-funded pool which fails to provide safety services would be fined by the Commissioner of Insurance. Field safety representatives who work for carriers and group-funded pools must meet the bill's specific qualifications or complete a certified training program. Policies issued by insurance carriers or group-funded pools would bear notice of the availability of safety services. The bill also outlines the type of accident prevention services to be provided as follows:

1. On-site safety surveys with recommendations
2. Training programs
3. Consultations
4. Accident cause analysis.

Under HB 2179, the Secretary of Human Resources would approve the training programs of field safety representatives and would oversee inspections at job sites to determine the adequacy of the safety services provided to insureds by carriers and pools.

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For FY 1994, HB 2179 would increase state expenditures for safety inspection services within the Department of Human Resources by \$289,444 from all fund sources and would likely decrease expenditures for claims against the Workers Compensation Fund by an unknown amount. Because the bill's provisions would apply to municipal group-funded pools, local governments may incur some additional costs for safety programs; however, the municipal group-funded pools would also benefit from any reductions in claims because of decreased accidents.

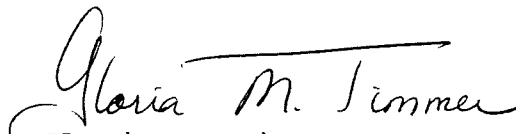
Expenditures for the new safety services could be made from the State General Fund or the Workmen's Compensation Fee Fund. Currently, the Department's Industrial Safety subprogram is funded through a contractual agreement with the federal Occupational Safety and Health Administration and through State General Fund appropriations. However, the Division of the Budget believes that any safety inspection program included within the Workers Compensation Act could be funded from the Workmen's Compensation Fee Fund.

Under HB 2179, the Department of Human Resources would plan to inspect annually 20.0 percent of the 600 insurance companies and group-funded pools offering workers compensation coverage. To accomplish this task, the Department would need the following FTE positions:

2.0 Industrial Hygienists II (Range 25)
2.0 Industrial Inspectors III (Range 23)
2.0 Office Assistants III (Range 13)
1.0 Administrative Officer III (Range 26)

For FY 1994, the Department of Human Resources estimates a total salaries and wages expenditure of \$228,644, which includes \$170,778 for base salaries, \$40,142 for fringe benefits and \$17,724 for allocated personnel services. The total other operating expenditure for FY 1994 is estimated to be \$60,800, including \$15,000 in one-time capital outlay purchases.

Sincerely,


Gloria M. Timmer
Director of the Budget

cc: Sid Snider, Human Resources
Dick Brock, Insurance Department

2179.fn

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STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E
State Capitol Building
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Joan Finney
Governor

Gloria M. Timmer
Director

February 19, 1993

The Honorable David Heinemann, Chairperson
Committee on Labor and Industry
Statehouse, Room 112-S
Topeka, Kansas 66612

Dear Representative Heinemann:

SUBJECT: Fiscal Note for HB 2191 by House Committee on Labor
and Industry

In accordance with KSA 75-3715a, the following fiscal note
concerning HB 2191 is respectfully submitted to your committee.

HB 2191 would require the Director of Workers
Compensation to establish an ombudsman program and a new dispute
resolution process called a benefit review conference. The
ombudsman program outlined by the bill would assist workers
compensation claimants by providing information, investigating
complaints and representing claimants during benefit review
conferences. The ombudsman program would also be charged with
improving communication between employees, employers and health
care providers.

Under HB 2191, a new alternative to the litigation of disputed
claims would be implemented. Benefit review conferences, in which
the disputing parties meet informally to discuss conflicts, could
be required by the Director of Workers Compensation upon receipt of
an application for a hearing or a written request of any party.
During a benefit review conference, claimants would be represented
by an ombudsman or a person who is not an attorney. The bill would
allow insurance carriers to be represented by an adjuster who is
not a regularly practicing attorney.

If the benefit review conference fails to resolve a disputed
claim, the Director would be required to schedule a preliminary
hearing within 60 days of the conference date. If a benefit review

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conference resolves all or part of a disputed claim, the benefit review officer would set the agreement in writing. Any such agreement would require the signatures of all parties involved and the approval of the Director or an administrative law judge. Once approved, the agreement would be binding on the insurance carrier and claimant unless the Director or courts would find just cause, such as new evidence or proof of fraud, to terminate the agreement. A partial resolution would require the benefit review officer to write a statement detailing the resolved issues, the issues still in conflict, and any interlocutory orders the benefit review officer issued pending a formal hearing.

For FY 1994, the full cost of implementing HB 2191 would be \$1.54 million from the Workmen's Compensation Fee Fund. This amount would be in addition to the expenditures included in the *FY 1994 Governor's Budget Report*, as amended.

The Department of Human Resources anticipates the need for 33.0 additional FTE positions and \$455,513 in other operating expenditures in order to implement the ombudsman and benefit review conference programs. The specific resources needed to implement each program are discussed below.

Ombudsman Program

The Division of Workers Compensation currently has a Claims Advisory Section staffed by 3.0 Claimant Advisors and 1.0 Office Assistant III. On average, this section handles 2,000 brief telephone contacts per month. The Division foresees the need to add 12.0 Insurance Claims Investor II positions, 2.0 Attorney I positions and 4.0 Office Assistant III positions, whose responsibilities would include advising, assisting and investigating complaints of claimants more thoroughly.

In determining the adequate level of staff, the Division assumed a contact rate of 100 calls per day and the need to devote one hour per contact. The 2.0 Attorney I positions would also be called upon to represent claimants during benefit review conferences. The total salary and fringe benefit expenditure would be \$583,316 from the Workmen's Compensation Fee Fund. The estimated other operating expenditures from the Workmen's Compensation Fee Fund for an ombudsman program would be \$253,068. Costs for the ombudsman program are broken down in the attached Table 1.

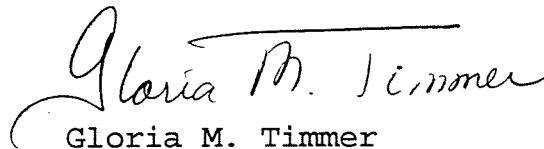
Benefit Review Conferences

HB 2191 would implement a new dispute resolution process called benefit review conferences. The Division of Workers Compensation reports that benefit review officers may be able to reduce the requests for a preliminary hearing from 6,800 to 5,800, assuming an average of four hours staff time per review. The

The Honorable David Heinemann, Chairperson
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Division reports that to meet this level of productivity would require the addition of 10.0 Attorney I positions to act as benefit review officers and 5.0 Office Assistant III positions to provide support services. The total salary and fringe benefit expenditure would be \$505,260 from the Workmen's Compensation Fee Fund. The total other operating expenditure for the new dispute resolution process is estimated to be \$202,445 from the Workmen's Compensation Fee Fund. A more specific expenditure breakdown for benefit review conferences is provided on the attached Table 2.

Sincerely,

A handwritten signature in cursive script that reads "Gloria M. Timmer". The signature is written in dark ink and is positioned above the printed name and title.

Gloria M. Timmer
Director of the Budget

cc: Sid Snider, Human Resources

2191.fn