

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

SELECT COMMITTEE ON WORKERS' COMPENSATION

Call to Order: By CHAIRMAN CHASE HIBBARD, on January 20, 1993,
at 3:00 p.m.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Jerry Driscoll, Vice Chairman (D)
Rep. Steve Benedict (R)
Rep. Ernest Bergsagel (R)
Rep. Vicki Cocchiarella (D)
Rep. David Ewer (D)

Members Excused: None

Members Absent: None

Staff Present: Susan Fox, Legislative Council
Evy Hendrickson, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: None
Executive Action: None

Jim Tutwiler, representing the Montana Chamber of Commerce, introduced several people from Oregon. He had been contacted by a group from the private sector in Oregon regarding the workers' compensation situation in Montana. The committee had encouraged the group to come to Montana to share ideas and approaches which might help solve our state's problems with workers' compensation.
EXHIBIT 1

He then introduce Mr. Doug Reiter, Mr. Edmund Dimarco, and Mr. Bill Rudick.

Mr. Rudick thanked the committee for inviting them to appear. He said they are a group of individual consultants. The whole issue of workers' compensation and the problems associated with it have become an increasing problem, and problems are constantly being brought to us by private industry and clients. In some cases, they have been contacted by states requesting information and assistance on approaching the problem. He planned to do an overview for the committee.

He said that Montana's needs are very specific, and that committee members have a far better view of what the problems are. He will summarize what the group's services are, next steps, and some services that they offer in addition to consulting.

Mr. Rudick said the Workers' Compensation Consultant Group of Oregon started about five months ago when they started looking at the problem. They focused on controls, loss prevention, rules and regulations, legislative action, etc. They recognized that no one person, or even the three of them, can tackle all the problems and issues which must be addressed. It required going out and gathering expertise from all areas - people who were already in existing state systems, people who specialize solely in risk analysis and losses.

What they have done as a consulting group is to bring together these people and these resources. Some of them work directly with us, others are entirely different consulting groups. The service we present to the large problem is the gathering of the vast quantity of skills focused on specific problems and specific areas.

Edmund Dimarco said that he has been involved in the private sector and has his own consulting firm. His major focus was on loss prevention, risk management and inventory control for a major corporation. He moved to Portland in 1988 and assumed a position for a company with very specific problems with workers' comp, general liability along with inventory shortage control. They organized a group to address the problem and were very successful. He has recently started his own consulting firm and joined forces with these other gentlemen.

Doug Reiter said he had been an organizational consultant and executive researcher for 16 years. His background is in organization psychology, and he specializes in consulting to senior managers. He has had many sessions with clients over the years over the issue of workers' compensation. He has worked with companies in the area of workers' compensation and how to address these issues on a cost basis as well as on a safety basis. The basic principle of this group, as a direct outcome of the need to synthesize sound business principles from different disciplines, is to bring these skills to bear on this massive problem which can be related directly to what is happening in health care.

Bill Rudick said his background is primarily operational. He has been a general manager, vice president in the forest products area, machine manufacturing and related fields. He has been in individual consulting for about five years, primarily in the corporate area. Others with a specific program or a specific proposal will bring their own expertise.

In looking at the overall workers' compensation problem, they

have looked at various states' problems. They tried to get someone to do an analysis that would indicate which states exhibited a higher risk area than others, but they didn't find any commonality.

REP. COCCHIARELLA asked Mr. Rudick to explain what the index rate means. Mr. Rudick said the index rate is a rating system used by the insurance industry based on a percentage per hundred workers. It's according to how it's going to be used on this particular chart, the higher number being the worst, and the descending order being better, so it is a degree of severity of injured workers to the dollar amount that's in the system. He said an outside firm does the ranking of payment of claims, accidents and the overall performance of workers' compensation.

REP. BENEDICT asked if there were handouts to go along with his presentation. Mr. Rudick said he would mail a packet to the committee. He said part of the reason for that is they modified their presentation based on the discussions about what the committee is looking for in specific areas. He said this index is of the various states put out by an independent agency and the figures are from the state of Oregon. This is an indication of workers' compensation problems. Mr. Rudick said this is not a problem specifically hitting one state, but happening from Maine to Florida to Washington, and particularly in California. The same thing has happened with health care and the cost of health insurance just for a family. These costs are increasing and there is a cultural change taking place which has caught a lot of states unprepared to meet those changes.

Mr. Rudick said, according to the chart, North Dakota is the lowest rated. He said this is due to the types of industries involved.

REP. DRISCOLL asked if this is because Montana has a lot more heavy industry and riskier jobs compared to North Dakota. Mr. Reiter responded that he didn't believe so. He believes this is a nationwide statistic based on what the bottom line turned out to be. He said there are other states with heavy industry such as Montana, for example Oregon and Washington. To clarify a question, these are incidents per thousand workers and they range from 6.6 to 1.97.

REP. BENEDICT said in looking at an approach to the problem, the committee has looked at Oregon because it is close and because things that were happening in Montana weren't happening in some of the other states. One of them was that Oregon's incident rates were coming down but the number of people in the work force was growing.

Mr. Reiter said the problem in Oregon was getting very serious in early 1983-84 and the state starting having serious discussions around 1985-86. The push was spearheaded by Governor Neil Goldschmidt and was part of his drive to bring business back into

the state. Mr. Reiter said the workers' compensation reform package was developed as one of the vehicles to increase employment numbers and businesses coming into the state of Oregon.

Mr. Reiter concluded by saying they are new to the government area but they have a strong background in private industry. He said they have strength in consulting skills in this area, along with specialized skills.

REP. BENEDICT asked if they had really looked into the statutes in areas which they feel need to be addressed and if there was anything specific they would recommend to the committee. Mr. Reiter said they had a lot of information about Montana and they will review and compare the laws with the proven effective areas as a complimentary measure and let the committee know.

Mr. Reiter said they needed to know to whom they would be accountable and who has the authority to hire and fire and assess performance.

REP. BENEDICT said this committee is here to examine proposals.

Mr. Reiter said he has done work for the state of Oregon and knows this is a highly complex process and that a crisis creates the environment for change. He said this presents an opportunity for the state of Montana to do something substantive about this system. He said when Oregon did something about their problem, the crisis was substantial.

CHAIRMAN HIBBARD asked to what degree he was involved in the Oregon reforms. Mr. Dimarco said he had just moved to the state at that time within the private sector and the legislation had just been passed in mid-1988. Mr. Dimarco said everyone was thinking safety, loss prevention and loss control.

They then started working closely with the state of Oregon, occupational safety and hazard agencies specifically. Mr. Dimarco said after the first year and half it started to show in the millions of dollars in one particular company. Claims were administered better and more effectively and less people were in the system.

CHAIRMAN HIBBARD asked Mr. Dimarco what role he had in this. He said he was with the private sector. He said the vice president of public affairs was involved and he worked with her.

Mr. Reiter said he has an individual who is a member of the firm and who has been intimately involved since the inception and execution of the reformation, and continues to provide data, information and assistance.

CHAIRMAN HIBBARD asked if this committee had the power and authority to do whatever they wanted to reform workers'

compensation and we hired this group to help do this job, how would they go about doing that?

Mr. Reiter said their view on that would be very straightforward. They would look at it from a standpoint of three areas: focusing on legislation, reviewing the entire legislation package and looking specifically at the laws of empowerment, loss prevention, and at a Montana OSHA-type approach. He said the only way to reduce claims is to reduce the accidents themselves. Mr. Reiter said being able to understand data and information to determine where problems are would be a key area.

REP. BENEDICT said over the last several years various committees have done a great deal of homework on how to reform the system and there is legislation being drafted. He asked what Mr. Reiter's company could bring to Montana, in addition to what has already been looked at, in terms of what can be done for the state.

Mr. Reiter said he could not address the legislative issue but he could address the execution, which is a big problem in the private and public sectors. He said his company could assist in administration and execution. Mr. Reiter said one of the reasons Oregon was successful was because of a rather hard-nosed approach of certain individuals in administrative capacities towards enforcement and getting labor and management to buy off, a concept which was not simple to accomplish.

Mr. Reiter said legislation is one area, and enforcement, loss prevention and management of the claims functions are separate, and there are problems in the private and public sectors. He said they would bring the ability to provide specialized, proven talent to execute these matters. He said it is their intent to be compensated on the basis of savings.

REP. BENEDICT said this committee would have the authority to recommend proposals offered; therefore, the committee would like to know some scenarios and what the percentage of savings would be. Mr. Reiter said he could not give a figure without knowing what all the dimensions are, but they could perform a review of the new laws that will be put through and send a proposal on that as well.

Mr. Dimarco said they learned a week and a half ago they were going to be appearing before the committee. If they were to leave the legislative part out, the first two places he would look would be loss control and loss prevention, with the specific purpose of keeping people out of the system. The fewer people they have deal with, the less claims costs will be incurred. Mr. Dimarco said he would also look at the claims administration as it stands now, and see how claims are administered and how it could be modified to be more expeditious. The proposal would basically be looking at the problem and then it would be operational costs plus a percentage of the savings. He said he

could not give all the specifics now. However, there would be an immediate reaction to what has transpired at this meeting today and there would be results in a relatively short period of time.

Mr. Reiter said the problems with the workers' comp system are huge and there are a lot of savings to be realized. He said conventional consultants will say for \$500,000 we will do X,Y,Z, but they may not know whether or not they can for that amount of money. He said if they are going to be involved in the comprehensive reform and execution of Montana's workers' compensation program, their model will be to charge X. He said for purposes of discussion, if it was \$500,000 the first year, they would charge a percentage of savings with the balance of the four years on a five-year term, assisting with execution, and providing a host of services and credit back to the state of Montana, the initial up front fee plus cost incremental over the balance of the four years. Mr. Reiter said that is the model they are talking about. The percentage of savings would be between 5% and 10%.

CHAIRMAN HIBBARD introduced Dale Schaefer, M.D., Neurosurgeon, Great Falls. Dr. Schaefer said the issue of patient compliance is one with which the medical profession is greatly concerned. He said he believes that reforms implemented in the State Fund must include provisions which place emphasis on patient (employee) participation and accountability. His proposals would require patients to seek appropriate medical attention early, have proper evaluation, comply with medical treatment, and participate actively in the healing process. He then went on to the initial evaluation, initial treatment plan, proper medical evaluation, elimination of lifetime benefits, termination of benefits, penalties for fraud and State Fund responsibilities.

EXHIBIT 2

Dr. Schaefer said if a patient comes to him for treatment and it is determined the patient has an injured back but doesn't need surgery, he doesn't need to see a neurosurgeon, but he needs to be evaluated by a rehab physician, then his care would be transferred and the rehab physician would become the primary care giver and run the therapy program.

The committee discussed patient referrals to other doctors and physicians' duties and accountability.

REP. DRISCOLL asked if there would be great resistance in the medical community if the law stated the patient shall follow his doctor's orders and the doctor shall notify the insurer of any violation. Indeed, would the doctor send the paperwork to the State Fund or private insurance company? Dr. Schaefer responded there would probably be people who would object but he said that is a basic minimum that is involved in an office evaluation. He said anytime he sees a workers' comp patient in his office, a letter relating to that visit automatically goes to the State Fund.

REP. EWER said some of the implications and remarks Dr. Schaefer made is maybe the State Fund is not doing a good job, and he asked Dr. Schaefer what difference he sees between the workers' comp fund and private insurers? Dr. Schaefer said the private insurers are much more attentive to their claims than the State Fund. He said if the doctor doesn't send the reports in, they are notified to do so. Dr. Schaefer said they are a lot quicker at trying to resolve the problem if the patient is at maximum improvement and, if not, why not, and what can be done to get him to that point.

Tape 2, Side 1

REP. EWER asked Dr. Schaefer if their ability to make a decision is based on better medical understanding than what they're seeing in the new workers' comp fund.

Dr. Schaefer said he thought the real answer is that the claims usually do not get to that point with the private insurers -- if it's being drawn out over a period of time, the claims examiner feels as though he has to make some sort of decision about either a treatment plan or whatever. The private ones move along very quickly. Treatment plans seem to be followed better, and the claims examiners are not put in that position because the patients seem to get through quicker.

REP. EWER asked Dr. Schaefer if he was a surgeon. Dr. Schaefer responded he is a neurosurgeon.

REP. EWER said the committee has heard some earlier testimony that suggests that the gatekeeper to providing medical care should be primary care physicians, i.e. family physicians, internal medicine -- the people that we customarily would see first. He asked Dr. Schaefer what his feelings were about that.

Dr. Schaefer said absolutely, and the reason is he would guess that of the patients who get referred to his office, probably 90%, or at least 80%, do not require surgery, and do not require anything more than a consultation to either say they do or do not need surgery, or potentially might need surgery. Most of these injuries can be easily managed by a primary care physician -- maybe in conjunction with a psychiatrist, rehab physician, physical therapist, things like that. Dr. Schaefer said for most garden-variety neck and back injuries, a primary care physician is perfectly capable of being a gatekeeper.

REP. EWER said he wanted to know why Dr. Schaefer singled out chiropractors as not being primary care gatekeepers. Dr. Schaefer said the main reason is he doesn't believe they have the medical knowledge to make an adequate diagnosis. Even though chiropractic treatment involves massage, electrical stimulation and ultrasound, which are in fact done in physical therapy departments, they are not equipped to diagnose these complicated medical conditions. They are not equipped to evaluate diagnostic

studies, and gave several examples.

In addition, he had been asked by the State Fund to see people for an independent evaluation who have been undergoing chiropractic treatment for 2½ to 3 years. In that course of time, a chiropractor has given that patient a disability examination based on the guidelines of the American Medical Association. The patient is now given a disability, and the note that follows is that the patient -- "you understand, of course, will require frequent chiropractic manipulations for the rest of his life in order to come through all his pain."

He had written a letter to the State Fund saying, that in his opinion, maximum medical improvement had not been achieved because no medical treatment had been instituted to this point. Although the fireworks went off a little bit with that, he believes that to be true. He has nothing against chiropractors. Some very good diagnosticians are chiropractors that refer people to my office. But there are a large number who do not understand complicated medical conditions and the interpretation of complex diagnostic tests which they are allowed to order.

REP DRISCOLL asked if Dr. Schaefer agreed there should be a primary care physician in charge of every injured worker? Dr. Schaefer said he didn't say every injured worker.

REP. DRISCOLL asked when a person has a serious injury and there would be a primary care physician, would that person write the treatment plan?

Dr. Schaefer responded no, he didn't think that should be said. He believed what should be said is that it is acceptable and laudable for primary care physicians to be the initiating treating physician. He said obviously that's not going to occur with every case. A patient who falls off a scaffold, breaks his back and is a paraplegic, is not going to be treated by a primary care physician. I think routinely, if there is such a thing, neck and back injuries are certainly capable of being treated by a primary care physician. He said he doesn't necessarily know that every single workers' comp case has to see a primary care physician first.

REP. DRISCOLL asked if the ones that are that serious would then file a treatment plan with the State Fund or the insurer? Dr. Schaefer said yes, and changes would be made in the treatment plan as well.

REP. DRISCOLL asked if they would also be responsible for notifying the insurer of missed appointments, changes in a treatment plan, anything that was ordered of the patient. Dr. Schaefer said he thought they should be required to submit such things.

REP. DRISCOLL asked whether the claims examiner understands the

treatment plan or not. Or whether that is as important as the fact they have something in front of them where they can see if the person is following it.

He wondered who would be responsible to notify the next doctor or who would notify the fund that the patient didn't show up.

Dr. Schaefer said the way he normally does it, and the way most people do is, if they do refer a patient to someone else, they say in their dictated office note for that date: "This patient was seen back. He is discharged from this office. Requires no treatment, but we have recommended he be evaluated by Dr. X. He was given an appointment for January 24, 1993." That way the fund would know where that patient is supposed to be.

REP. COCCHIARELLA asked Dr. Schaefer if he believes in second opinions? Dr. Schaefer responded absolutely.

REP. COCCHIARELLA asked if a person came to him as the on-call physician in an emergency room and that person has an injury and then comes to the office and he does surgery, or he recommends surgery, does he ever recommend second opinions before that surgery?

Dr. Schaefer said frequently he recommends it; if the patient asks for it, he certainly does.

REP. COCCHIARELLA asked if he believes the worker should have to pay for a second opinion out of his own pocket, or should it come out of his claim? Dr. Schaefer said if it's part of his overall injury, it should not come out of his pocket, because obviously his problem is not resolved. Now the next step to that is what happens if he's not happy with that doctor's opinion, and he gets another one, and then he's not happy with that doctor's opinion, and gets another one. There has to be a finite end to it. He believes the mechanisms currently in place for independent medical examinations are probably sufficient to deal with that kind of problem.

REP. COCCHIARELLA asked Dr. Schaefer if it's the physician's responsibility to see that the community protectiveness issue doesn't occur in that community ethically or whatever that standard is?

Dr. Schaefer said if the question is, is it wrong for doctors to cover up for other doctors who do wrong things, absolutely, without question. He said the mechanism for doing that is very poor in this state, and it's beyond the scope of the State Fund.

REP. EWER asked Dr. Schaefer his opinion about the possibility of having the patient bear some responsibility directly for paying a co-payment. Dr. Schaefer said he thought it is a wonderful idea and he believes that with workers' compensation, medicare, or private insurance, everybody ought to bear responsibility for a

certain percentage of the first portion of their medical bill. That is a very effective way to control costs.

REP. BERGSAGEL said he wanted to get back to the transferring of the patient between doctors and doesn't see where it ends. If a doctor just transfers to the next doctor, and the next doctor doesn't want to go for a partial or permanent disability, he just transfers to the next doctor, and it doesn't end and we continue on in this cycle. He wanted to know how to get a handle on the transferring of patients or how to tell it's obvious that patients are being transferred because the doctors don't want to deal with the issue.

Dr. Schaefer said he doesn't think that is a common occurrence for a patient to go from doctor to doctor to doctor, because all of them decide that this is a bad guy and they don't want to treat him. He said he has never seen that.

REP. BERGSAGEL asked what percentage of the people he treats who are in for an injury claim - workers' comp or private, - does he think receive unnecessary treatment for any reason. Dr. Schaefer said he couldn't give a percentage, but thought there is probably a large number of things being done for patients that may not be necessary, such as duplicate services. Dr. Schaefer said he has people come to his office and tell him, "My lawyer thinks that I should continue to go to physical therapy." His response to them is, "Your lawyer is not your doctor and your doctor's not your lawyer."

REP. BERGSAGEL asked if it is a significant number. Dr. Schaefer said he thinks it is significant, and it really comes down to what is meant by unnecessary treatment. There is a variety of opinions among treating doctors whether this treatment is necessary or not.

REP. EWER asked if he finds the process of workers' comp more of a hassle. Dr. Schaefer said it's hard to get treatment plans approved. He said those requests ought to be processed promptly so a treatment plan can be initiated.

Dr. Schaefer said the legal aspect of it is a lot more exasperating than private medicine and many workers' comp patients are already involved with a lawyer.

CHAIRMAN HIBBARD thanked Dr. Schaefer for taking time to address the committee with his concerns and comments.

HOUSE SELECT WORKERS COMPENSATION COMMITTEE

January 20, 1993

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ADJOURNMENT

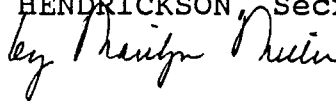
Adjournment: 5:30 p.m.



REP. CHASE HIBBARD, Chairman



EVA HENDRICKSON, Secretary



CH/ev

HOUSE OF REPRESENTATIVES
William C. C. Comp-

W. R. Rouse Corp. COMMITTEE

DATE _____

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SECTION

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SUNDAY,
JAN. 17, 1993

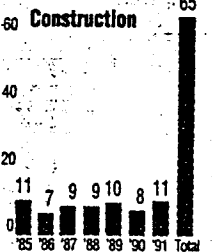
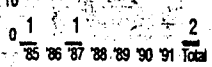
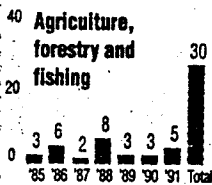
EXHIBIT 1

DATE 1-20-93

The Sunday Oregonian

BUSINESS

OREGON WORK-RELATED FATALITIES BY INDUSTRY 1985-1991



MANUFACTURING: Logging

ARE YOU SAFE AT WORK?

Oregon companies use sticks and carrots to drive down on-the-job injury and fatality rates. The payoff? Millions of dollars in reduced worker's compensation costs

By KEN HAMBURG
of The Oregonian staff

Managers at WTD Industries Inc. take safety seriously.

This document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

Dr. Schaffer

Proposals to assist with the reform of the State Worker's Compensation Fund.

Main thrust of proposal

The issue of patient compliance is one with which the medical profession is greatly concerned. We believe that reforms implemented in the State Fund must include provisions which place emphasis on patient (employee) participation and accountability. These proposals will require patients to seek appropriate medical attention early, have proper evaluation, comply with medical treatment, and participate actively in the healing process.

Initial Evaluation

Each worker who is injured in a job related accident should be required to seek a medical opinion soon after the injury. It is reasonable to expect that an employee should seek evaluation by a physician within one week of the time that he is aware that an injury has taken place. This would avoid employees seeking to claim a worker's compensation injury months after a work event has taken place. It should be understood that this provision would require only the act of making an appointment, not the actual act of attending the appointment, since it may not be possible to obtain an appointment within the one week time frame.

Initial treatment plan

At the time of the first appointment, the physician must spell out a diagnostic and/or treatment plan in as specific a form as possible. Clearly early diagnosis and treatment offer the best chance for recovery from any injury.

Physician duties:

- Proper evaluation including history of the injury.
- Adequate examination.
- Order diagnostic studies as indicated.
- Initiate a treatment plan, or refer to specialist as indicated.
- Identify complicating conditions even if they are not work related, e.g., depression, psychosis, chemical dependency, obesity, etc.
- Follow up should initially be frequent to assess efficacy of treatment, and make necessary adjustments to treatment or diagnostic plan.

Patient duties:

- It is the patient's responsibility to initiate medical evaluation within the prescribed time
- If a patient fails to make arrangements for medical evaluation within the prescribed time period set forth, all compensation benefits should be denied from the time that he or she has discontinued work until an appointment is made for medical evaluation.
- If the patient refuses diagnostic tests to evaluate his condition, benefits should be terminated.
- If a treatment plan is not adhered to strictly, all benefits should be terminated. This would include missed doctor's appointments, missed physical therapy appointments, or refusal to participate in any therapeutic modality advised by the physician. If surgical treatment is recommended by a physician, it should be the right of the patient to request a second opinion. If surgical treatment is recommended by more than one physician, and the patient refuses surgery, his benefits should be terminated.
- It is our belief that when a worker claims a work related injury from which he is unable to work, he must participate in the recovery from that injury. Simply put, while a treatment plan is in place, that treatment should be considered the patient's full time occupation. In the

Proper Medical Evaluation

For back and neck injuries, and headaches, proper medical evaluation consists of evaluation and treatment that is under the guidance of a doctor of medicine or osteopathy. Chiropractic evaluation and treatment should not be considered adequate medical treatment on it's own. Chiropractic treatment should only be covered under the State Fund if it is prescribed or approved by a doctor of medicine or osteopathy.

Elimination of lifetime benefits

For back and neck injuries, lifetime benefits for continued or "open ended" treatment should not be allowed. If, after an appropriate treatment course a patient continues to demonstrate objective evidence of injury, then an appropriate disability determination should be made an a settlement agreed on. Because back and neck injuries are so common in the course of normal daily activities, it is virtually impossible to causally relate the onset or aggravation of back or neck pain to an injury that occurred 5 years in the past. Exceptions to this rule would be conditions which cause permanent injury to the nervous system, e.g., spinal cord injury or traumatic brain injury, or permanent nerve root or peripheral nerve injury. The concept of aggravation of pre-existing injury should be severely curtailed. Most injuries are usually new events and should be treated as such, unless a patient returns to work with objective findings that wax and wane on a predictable basis.

Termination of benefits

In the event a patient continues to complain of pain or disability from a back or neck injury for six months, and there are no objective findings on neurologic, orthopedic, radiographic, or electrophysiologic examination a community based assessment should be performed. This would take the form of undercover assessment of the patient as he performs activities of daily life. Since it is very difficult to prove that a patient does not have pain in a physician's office, these assessments would be beneficial in separating those patients who are physically impaired from those who are guilty of fraud. If no evidence for disabling pain is identified on these investigations, the patient's benefits should be terminated. This assessment could be recommended earlier if a discrepancy between objective findings and subjective complaints is demonstrated. This is not cruel or inhuman treatment and should not be feared by the truly injured, impaired, or disabled patient.

Penalties for fraud

If it is determined that fraud has occurred, the patient should be responsible for reimbursing the State Fund an amount triple the benefits that he has been paid. This should be over and above any criminal penalties assessed. He should also be made to reimburse to his employer the cost of his worker's compensation premiums for one full year. The patient should also be held responsible for the cost of investigation of his claim and all medical expenses related to the claim.

event that a physician's appointment be missed, or any other appointment for treatment or evaluation be missed, e.g., physical therapy session, the State Fund should be required to reimburse the physician or other agent for the normal cost of that visit. The cost of this reimbursement would be deducted from the patients benefits. In addition, no benefits should be given to the patient until such time as he resumes treatment. The patient should also be required to reimburse to the employer a prorated portion of the worker's compensation premiums paid by that employer on behalf of the employee.

State Fund responsibilities

- All claims should be processed in timely fashion
- Claims examiners should not be placed in position of making medical decisions without proper training or experience.
- The State Fund may wish to consider paying for treatment of complicating conditions described above, e.g., depression, psychosis, etc. on a time limited basis to facilitate treatment of the underlying medical condition.
- Claims examiners must be accessible to physicians in order to facilitate treatment.
- Adequate fraud investigation must be performed by the State Fund. Pain is largely a subjective complaint, and it must be realized that it is very difficult to disprove pain and pain behavior in the setting of the physician's office. In the event that fraud is suspected by the physician, it is imperative that undercover investigation be available to the State Fund, and be carried out in timely fashion.

EXHIBIT 2
DATE 1-20-93

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Select Workers Comp

COMMITTEE

BILL NO. _____

DATE 1-20-93 SPONSOR(S) _____

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PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.