

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on February 3, 2005 in Room 241-N of the Capitol.

All members were present except:

Kevin Yoder- excused  
Patricia Kilpatrick- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department  
Norm Furse, Office of Revisor of Statutes  
Rena Jefferies, Office of Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee:

Terri Robinson, Analyst, Regulatory Services, National Council on Compensation Insurance, Inc.,  
(NCCI) St Louis, MO

Others attending:

See attached list.

The Chairman opened the meeting and said a Fiscal Note on **HB 2141** was distributed to committee members. The Chairman asked if anyone had a request for bill introductions as this was the last day for introductions.

A bill was requested concerning the deceptive use of a musical performer's name.

Terri Robinson, Analyst, Regulatory Services, National Council on Compensation Insurance, Inc., briefed the committee on an update of Workers Compensation in Kansas. Workers Compensation is compensation for work-related injuries and diseases, including wage replacement, unlimited medical costs, rehabilitation and survivor benefits. Workers compensation insurance is third party coverage. The policy covers employers' obligation to the injured worker under state law. The State Act coverage is benefits that are determined by state laws, and vary from state to state, i.e., statutes, regulations and judicial decisions. True no-fault coverage covers workers for injuries or illness arising out of or in the course of their job; exclusive remedy...no lawsuits.

NCCI is the nation's largest workers compensation data collector. They operate as a not-for-profit rating, statistical and data management services organization. They provide products and services to assist insurers, regulatory officials, lawmakers, and other stakeholders in making informed decisions that support the efficient economic functioning of the workers compensation system. They have been in business over 80 years and serve nearly 40 states.

The loss cost in Kansas has been pretty stable the last few years. Accident combined ratio results vary from state to state and in 2002 were 94% for Kansas which is good. Kansas has lower than average permanent partial disability costs, but higher than average frequency. There is higher attorney involvement in Kansas than observed countrywide.

In Kansas there is escalating average medical costs, lower than average permanent partial disability costs, but higher than average frequency and higher attorney involvement than observed countrywide. Kansas' indemnity average claim severity is the lowest in the region. Medical benefits constitute the majority of total benefit costs in Kansas.

The median age of the Kansas population is increasing in line with that of the U.S. The population mix has shifted toward the older age groupings. Older workers are away from work longer than younger workers as it takes them longer to recover.

Changes in spending reflect changes in both cost per service and utilization (quantity adjusted for changes in mix). Utilization changes account for a substantial share of the rise in medical severity. Increase in cost per service are more rapid in workers compensation than for consumers in general.

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on February 3, 2005 in Room 241-N of the Capitol.

Increases in medical care severity reflect both changes in cost per service and changes in utilization. New NCCI indexes show cost per service increases for workers compensation are greater than those for consumers in general. Adherence to medical fee schedules and substantive reforms can be effective in controlling medical cost increases. Monitoring is needed as well (Attachment 1).

The meeting adjourned at 10:30 a.m. The next meeting will be February 4.