

# NEGOTIATED WORKERS' COMPENSATION PROGRAMS (NWCP)

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- A win-win for Employers, Insurers, Union Employees, and their Joint Health Funds.



## Specific Statutory Authority Required

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- The following states allow for this type of Program: California, Minnesota, Hawaii, Massachusetts, Maine, Florida, Kentucky, New York, Pennsylvania, and Maryland
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# WHY NWCP's WERE CREATED

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- Reduce Premiums for Union Contractors
  - Both parties dissatisfaction with current system for its incentives to deny claims and foster litigation
  - Failure of litigation and legislation
  - “Justice delayed is justice denied”
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# BENEFITS of NWCP's

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- Improve quality of medical and rehabilitation services
  - Injured member receives all benefit dollars - faster
  - Reduced litigation costs and claim reserves
  - Coordination of Work Comp, Health, and Disability benefits
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# WHERE IT ALL BEGAN NATIONALLY

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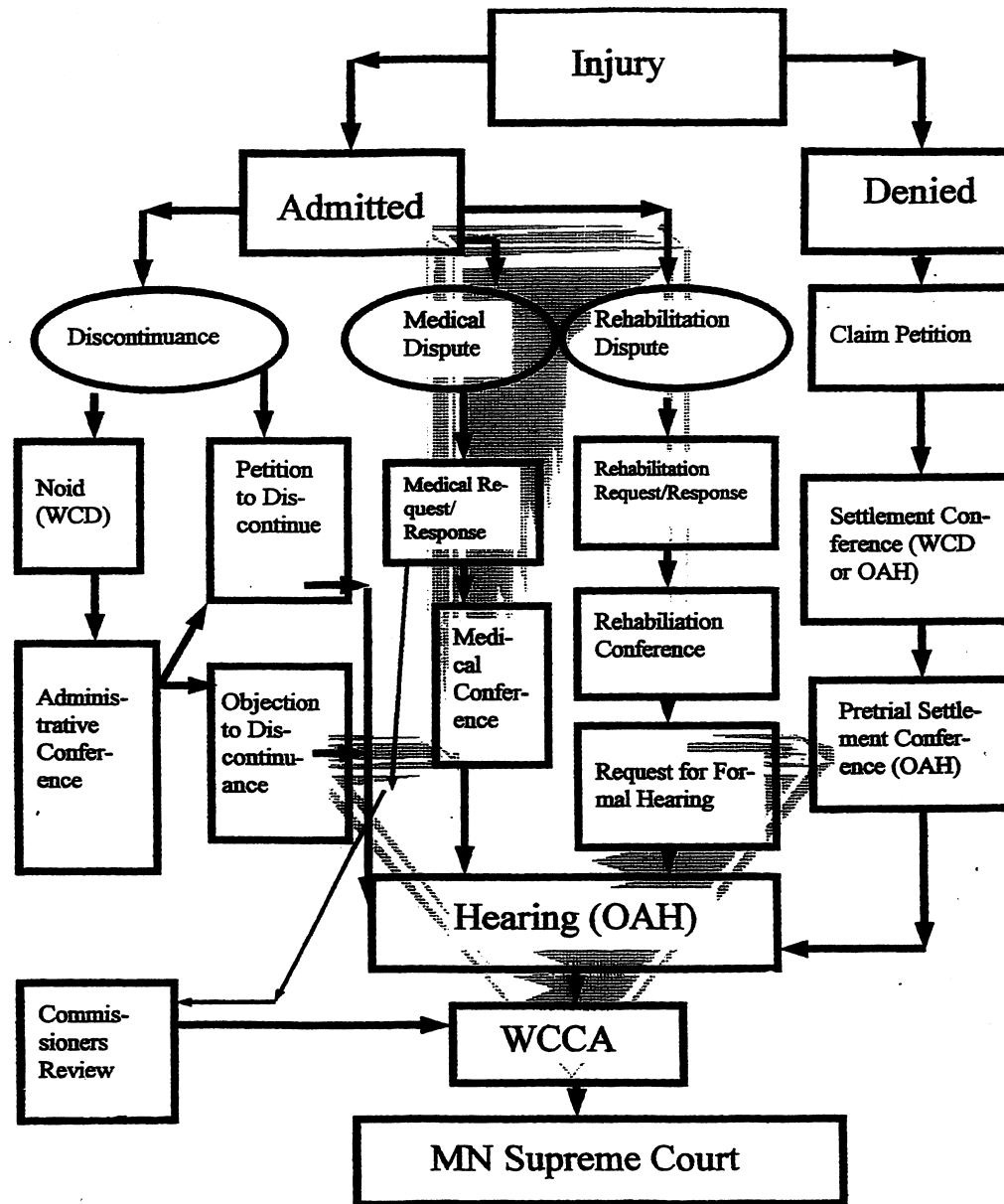
- Dialogue between National Building Trade Unions & Contractors Associations
  - First state to change law: Massachusetts
  - First Program in 1990: Pioneer Valley Building Trades and Bechtel Corporation
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# WHERE IT ALL BEGAN in MINNESOTA

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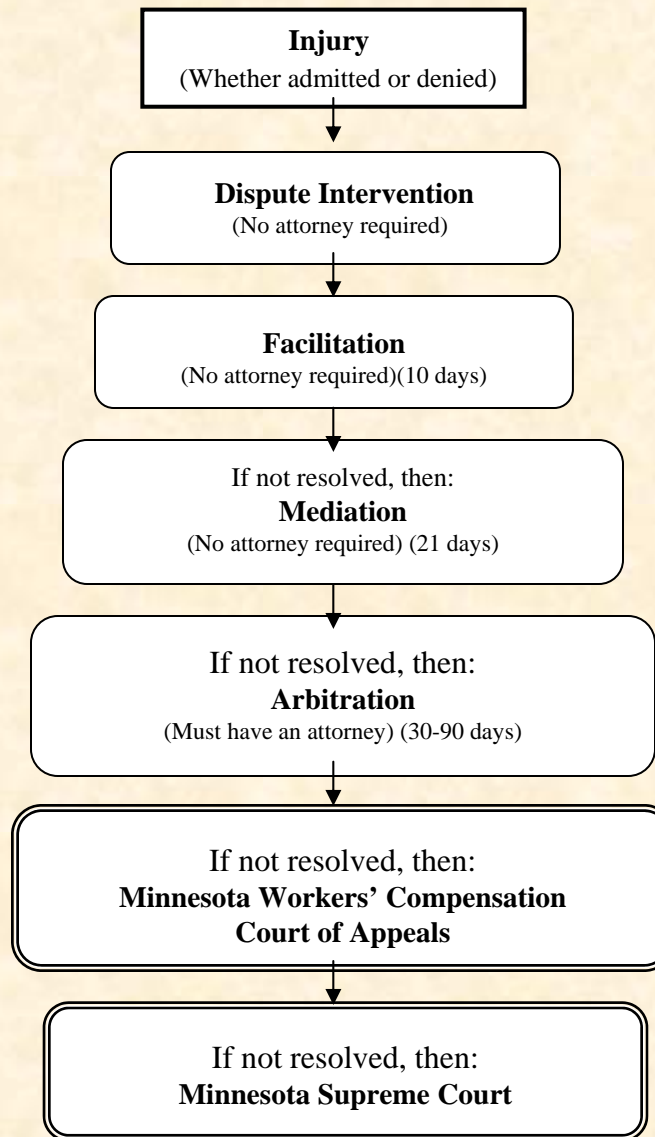
- AGC of MN Liaison Committee
  - Laborers-Employers-Cooperation & Education Trust
  - Labor-Users-Contractors Committee
  - Workers' Compensation Advisory Council
  - Chamber of Commerce & AFL-CIO
  - Legislation passed June 1995
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# Minnesota Statutory Work Comp System



# ALTERNATIVE DISPUTE RESOLUTION (ADR)

## MN Union Construction Work Comp Program





# EXCLUSIVE PROVIDER ORGANIZATION

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## Choice of Health Care Provider

- MN Law allows the MN UCWC Programs to include a provision specifying a list of health care providers that may be the exclusive providers of medical and related treatment.
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# EXCLUSIVE PROVIDER ORGANIZATION

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- The Minnesota Program sought input from:
    - **Contractors**
    - **Unions**
    - **Insurers**
    - **Insurance brokers**
    - **Healthcare providers**
    - **Clinic administrators**
    - **Nurse Case Managers**
    - **Healthcare Network consultants**
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# EXCLUSIVE PROVIDER ORGANIZATION

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## Purpose of the EPO

- Provide earlier treatment
  - Improve treatment outcomes with better-qualified primary care providers (occupational medicine specialists for union construction)
  - Faster recovery from injury and return to work
  - Faster claim resolution and settlement
  - Quicker approval and appointments for specialty exams
  - Fewer treatment and treating doctor disputes
  - Credible and consistent light-duty work restrictions
  - Monitoring of pain medication prescriptions
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# EXCLUSIVE PROVIDER ORGANIZATION

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## Treatment Protocols

- Initial exam within 24 hours
  - Specialist referral within 5 days
  - Contact employer/insurer regarding work restrictions within 24 hours
  - Understand OSHA 300 recordable injuries
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# EXCLUSIVE REHABILITATION CONSULTANTS

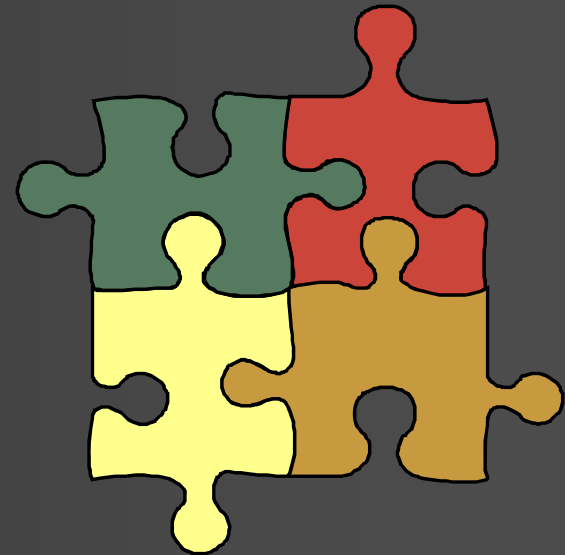
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- Services allowed by statute:
  - Medical management
  - Job modification and analysis
  - Career and Aptitude testing
  - Retraining for new career

- Program's Goal:

Return injured worker to pre-injury job at union scale with fringe benefits as soon as possible, in order to minimize the financial loss to the injured worker.

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# ADMINISTRATION

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- Oversight by Taft-Hartley Trust (Board)
  - ADR, Safety, Medical and Executive Committees
  - Day to day operations – Program Administrator
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# EXPENSE REDUCTIONS

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**All of these expenses will be reduced with a program like this, in addition to the savings from reduced indemnity expenses.**

- Attorney fees
  - Claims administration costs
  - Medical Examination costs
  - Expert Witness costs
  - Deposition costs
  - Surveillance costs
  - Medical treatment costs
  - Rehabilitation costs
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## Union Construction Workers' Compensation Program

# **PARTICIPATING CONTRACTORS**

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- 1997: Began with 4
  - 2005: Ended with 129
  - As of February of 2008: 253
  - 29 are Sheet Metal Contractors employing about one fourth of the members of local #10.
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# **Summary of Building a Negotiated Workers' Compensation Program**



## Building an NWCP

# LAYING THE FOUNDATION

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- Building a coalition
  - Passing good legislation
  - Determine program funding
  - Program administration structure
  - Selecting the Insurance Model
  - Finding a qualified Program Administrator
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Building an NWCP

## **DETERMINE PROGRAM FUNDING**

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- WC premium % paid by carrier
  - Industry fund hourly assessment
  - FMCS or State L-M Cooperation grants
  - Employer Assessments “Subscription Fees”
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# UCWCP vs. Minnesota Statutory Comparative Litigation Rates

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- UCWCP rate of arbitrations to lost-time claims is 0.7%
- Statutory system's rate of hearings to lost-time claims is 3.4%

The difference: **Almost 5 times less litigation than in the statutory system**

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# UCWCP vs. Minnesota Statutory Comparative Litigation Rates

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- 6 months to get to Arbitration
- 18 months to get to a Formal Hearing

**12 months, or 52 weeks longer to get resolution**

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**QUESTIONS?**

