NEGOTIATED WORKERS’ COMPENSATION PROGRAMS (NWCP)

- A win-win for Employers, Insurers, Union Employees, and their Joint Health Funds.
Specific Statutory Authority Required

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

- 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”
BENEFITS of NWCP’s

- 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
WHERE IT ALL BEGAN NATIONALLY

- 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
WHERE IT ALL BEGAN in MINNESOTA

- 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
MN Union Construction Work Comp Program

**Injury**
(Whether admitted or denied)

**Dispute Intervention**
(No attorney required)

**Facilitation**
(No attorney required) (10 days)

If not resolved, then:
**Mediation**
(No attorney required) (21 days)

If not resolved, then:
**Arbitration**
(Must have an attorney) (30-90 days)

If not resolved, then:
**Minnesota Workers’ Compensation Court of Appeals**

If not resolved, then:
**Minnesota Supreme Court**
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.
EXCLUSIVE PROVIDER ORGANIZATION

The Minnesota Program sought input from:

- Contractors
- Unions
- Insurers
- Insurance brokers
- Healthcare providers
- Clinic administrators
- Nurse Case Managers
- Healthcare Network consultants
EXCLUSIVE PROVIDER ORGANIZATION

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
EXCLUSIVE PROVIDER ORGANIZATION

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
EXCLUSIVE REHABILITATION CONSULTANTS

- 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.
ADMINISTRATION

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

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
Union Construction Workers’ Compensation Program

PARTICIPATING CONTRACTORS

- 1997: Began with 4
- 2005: Ended with 129
- As of February of 2008: 253
- 29 are Sheet Metal Contractors employing about one forth of the members of local #10.
Summary of Building a Negotiated Workers’ Compensation Program
Building an NWCP
LAYING THE FOUNDATION

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

DETERMINE PROGRAM FUNDING

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

- 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
UCWCP vs. Minnesota Statutory Comparative Litigation Rates

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

12 months, or 52 weeks longer to get resolution
QUESTIONS?