

Texas Workers' Comp from an Industry Perspective

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The Industry's Perspective

- And this is what some of you think is coming next....

“WAA-WAA-WAA!”



(CRY BABY ALERT)

Insurance Council of Texas



- Largest state insurance trade association in the nation
 - 395 member companies/80 company groups
- Represent our members' interests at TDI, TDI-DWC, and other regulatory agencies
- Heavily involved on WC issues
 - WC committee reviews all rules and other issues



Texas Market 2015

- 274 companies
- \$2.78B in direct written premium in 2015
- 220,000 policies



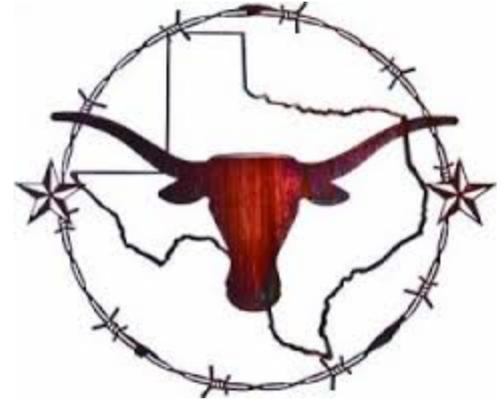
Common Misconceptions about Insurers

- Deny, deny, deny
- Treat penalties as a cost of doing business
- Control all vendor decisions
- System stacked heavily in their favor
- Control the DWC



Texas Is Unique

- WC coverage isn't mandatory- since 1913
- Oklahoma has an “opt-out” program and other states considering
- Benefits determined through administrative process
 - Not lawyer driven



Texas-A Model System?

- Other states looking to Texas' successes
 - Recent reforms mostly successful
 - Fee Schedules
 - Medical, ASC, and Hospital
 - Treatment Guidelines
 - ODG
 - Drug Formulary
 - Decreased Use of Opioids



The Texas Model

- WC Healthcare Networks
 - 40+% of new claims;
 - 29 active networks
- Improved RTW Outcomes
- WC rates decreased 50% since 2003
- Shorter dispute timeframes
- Fewer disputes
- Perfect- **NO**



What Do Insurers Worry About



- Compliance! Compliance!
And More Compliance!
 - Heavily regulated system
 - Maze of administrative rules, deadlines, forms
 - Compliance audits
 - Complaints
 - Most come from DWC
 - Potential \$25K per violation

What, Me Worry?

- How many different ways can a company violate the law?
 - Failure to pay or late payment of benefits
 - Data Submission and Accuracy
 - Incorrect wage determination
 - AWW should be easy....right?
 - Medical bill processing
 - Compliance with DWC orders
 - See Labor Code chapter 415



Challenges



- Knowledgeable and experienced claims staff
- TPA choice is very important
- Keeping up with changes in law and regulations
- Good legal counsel is a necessity



Challenges

- Employers
 - Need to coordinate with to ensure accurate and timely information to make certain benefit decisions
 - AWW
 - RTW
 - Intermittent leave
- Administrative costs
 - Pre-auth, UR, cost containment



Other Challenges

- Minimizing Mistakes
 - Complex system with multiple transactions on a daily basis
- Vendors
 - Can't watch all of them all of the time
- Technology
 - Limited resources and differing levels of tech at each company



Current Issues



- Compounded Drugs
 - Increased use and rising costs
 - Recent SOAH decision
- Accuracy of Benefit Payments
- Has Performance Based Oversight Worked?
 - Cost/benefit



Issues

- WC Fraud
 - Funding Questions
- Air ambulance charges
 - Flashback to “stop-loss” charges and litigation
- EDI (data)



Solutions

COMMUNICATION IS



- Communicate concerns to DWC
- Monitor for rulemaking and other stakeholder meetings
- Comment on proposed rules
- Legislature if necessary

Conclusions



- WC ain't easy!
- Insurers try to do their best & want to be in compliance
 - Texas is tougher to navigate than other states
 - Work with employers and vendors to be successful
- Lessen regulatory burdens where possible

