



Wisconsin Medical Society

TO: Assembly Committee on Labor and Integrated Employment
Representative William Penterman, Chair

Senate Committee on Labor, Regulatory Reform, Veterans and Military Affairs
Senator Patrick Testin, Chair

FROM: Mark Grapentine, JD – Chief Policy and Advocacy Officer

DATE: February 8, 2024

RE: Worker's Compensation Advisory Committee "Agreed-to" bills

Thank you for the opportunity to provide testimony on this session's introduction of two worker's compensation bills from the Worker's Compensation Advisory Council (WCAC). The Wisconsin Medical Society (WisMed) is the largest physician organization in the state, representing more than 10,000 members regardless of medical specialty. We oppose the inclusion of an artificial medical services fee schedule in companion drafts LRB 5292/1 and Senate Bill 992.

We do not oppose the other companion bills, LRB 5293/1 and Senate Bill 991.

The WCAC Process was Created to Avoid Acrimonious Issues Reaching the Legislature

Before we look forward, it's a good time to look back. Wisconsin was the first state to create a worker's compensation law in 1911. The Wisconsin Legislature created an advisory committee for what was then called "workmen's compensation" in 1963, and charged the committee with recommending changes to the state's worker's compensation statutes each session. The committee's name was changed in 1967 to make it a council, keeping the same roster: five voting members each from Labor and Management, and then three non-voting members from the insurance industry. In establishing what today we call the WCAC, the legislature wasn't off-loading the ultimate responsibility of making changes to state law – the legislature rightfully retained that role. Instead, it off-loaded the likelihood of policymakers being asked to "choose sides" year after year when altering worker's compensation policy, and probably after hearing hours of acrimonious testimony. Perhaps most importantly, the WCAC could help prevent wild swings in worker's compensation-related policy – a disruptive possibility dependent upon which political party controlled the legislative and executive branches each session.

In creating what became the WCAC, the legislature essentially said "you fight it out; you figure it out" to Labor and Management. In the early 1990s the WCAC added health care liaisons to the equation – making available representatives from various health care professions to help describe any potential ramifications that could result from the Labor/Management negotiations. The Wisconsin Medical Society is one of four entities named to that group for feedback and suggestions. For decades, this process resulted in "agreed-to" bills, with all sides coming to the legislature with a finished product.

After a Century of Reasonable Updates, the 2013-14 Biennium Changed Things

That changed during the 2013-14 biennium, which was the first time the proposal included an artificial fee schedule on health care services. Health care groups stepped up, appearing before a joint hearing of legislative committees much like today's. That bill never moved forward. Since then, fee schedule proposals

have been included twice more: in 2018, resulting in no bill that session, and today. The legislature has asked and answered the question of whether there should be a fee schedule in Wisconsin, and emphatically: “No.”

Fortunately for the sake of sound public policy, the reasons the legislature rejected those past attempts remain the same in 2024: Wisconsin’s worker’s compensation system allows health care to provide top-quality care soon after a worker is injured. Workers are very satisfied with the health care they receive. This prompt service helps get the worker back on the job much faster than in other states. They are less frustrated over their situation, and therefore less likely to enter into litigation. And what does this cost Wisconsin’s businesses? According to one major study, Wisconsin’s average total cost for a worker’s compensation claim resulting in payments is **18 percent less** than the average of 17 states selected to be representative of the nation. Perhaps not surprisingly, businesses have seen worker’s compensation insurance premium reductions every year for the last eight years (see October 2, 2023 press release attached to this memo).

And all of these positive results exist despite the fact that Wisconsin’s injury rate continues to be worse than the national average.

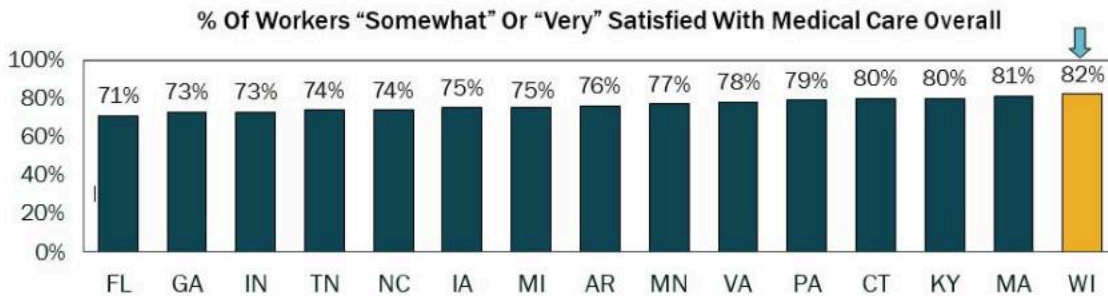
To Summarize: Quick access to high quality care. Good outcomes. Fast return to work. Low litigation. Lower than average cost per claim. We ask you to again send an emphatic “No”.

Data Points

At Labor’s request, the Workers Compensation Research Institute (WCRI) addressed the WCAC in June 2021 to discuss medical utilization and worker outcomes in Wisconsin. That presentation shows the data behind the statistics cited above:

Wisconsin Injured Worker Satisfaction with their Health Care Overall

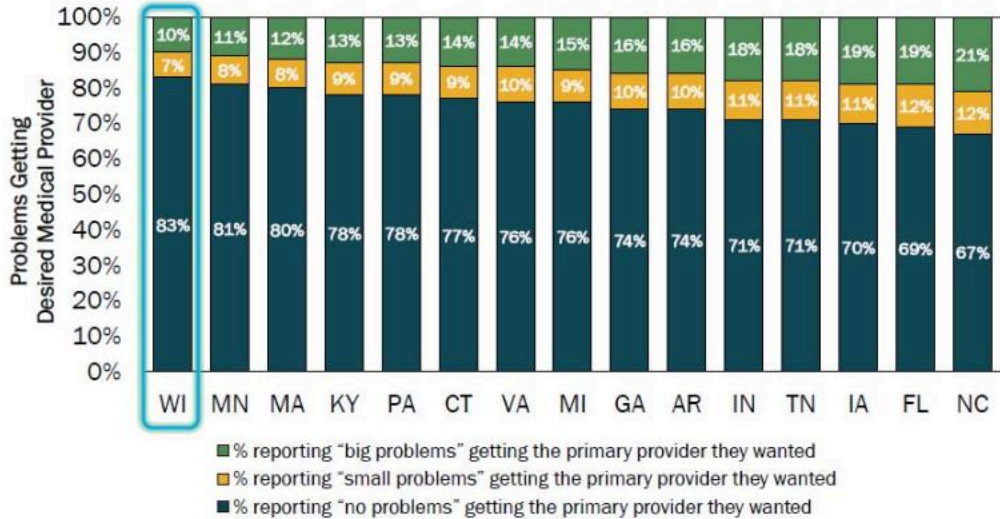
Wisconsin Workers Reported Higher Satisfaction With Medical Care Overall



Workers With > 7 Days Of Lost Time, Survey Conducted About 3 Years After An Injury, Case-Mix Adjusted
 Source: *Comparing Outcomes For Injured Workers In Wisconsin, 2016 Interviews (2017)*

Ease of Access to Health Care = Injured Worker Satisfaction

Fewer Workers Reported "Big Problems" Getting Desired Medical Provider In Wisconsin



Workers With > 7 Days Of Lost Time, Survey Conducted About 3 Years After Injury, Case-Mix Adjusted
 Source: Comparing Outcomes For Injured Workers In Wisconsin, 2016 Interviews (2017)

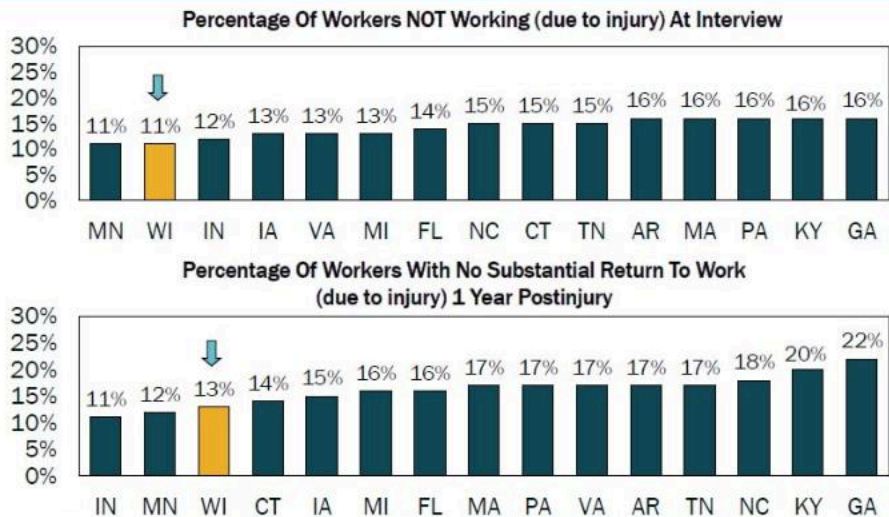
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Fewer Wisconsin Workers Miss Work Post-Injury

Self-Reported Return To Work: Results For Wisconsin Were Somewhat Lower Than Other States



Workers With > 7 Days Of Lost Time, Survey Conducted About 3 Years After Injury, Case-Mix Adjusted
 Source: Comparing Outcomes For Injured Workers In Wisconsin, 2016 Interviews (2017)

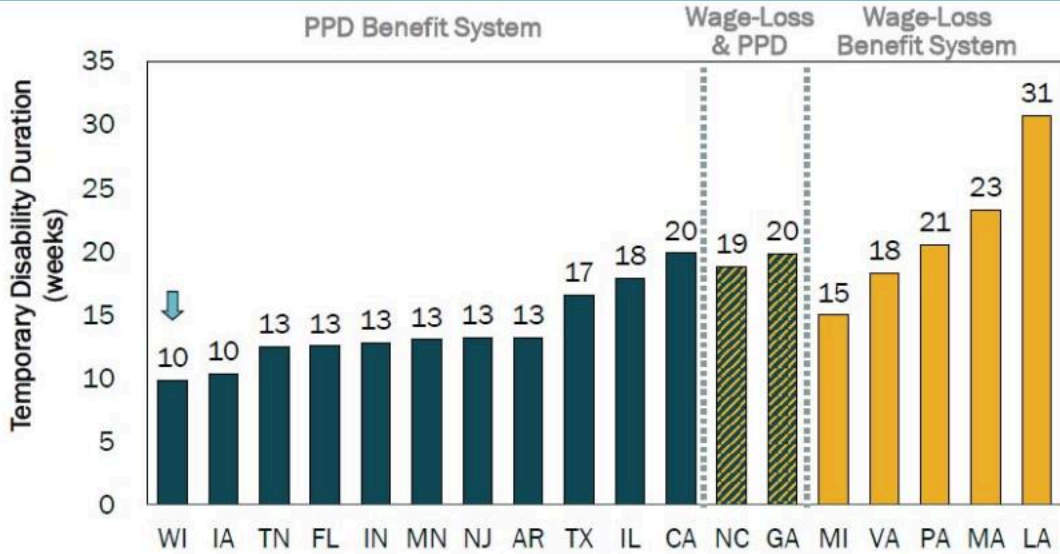
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Wisconsin: Best in Workers Avoiding Long Stretches of Temporary Disability

Wisconsin Duration Of Temporary Disability Per Claim Was The Shortest Of All Study States



2017/20 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages
 Sources: *CompScope™ Benchmarks For Wisconsin, 21st Edition (2021)*
 PPD: Permanent partial disability

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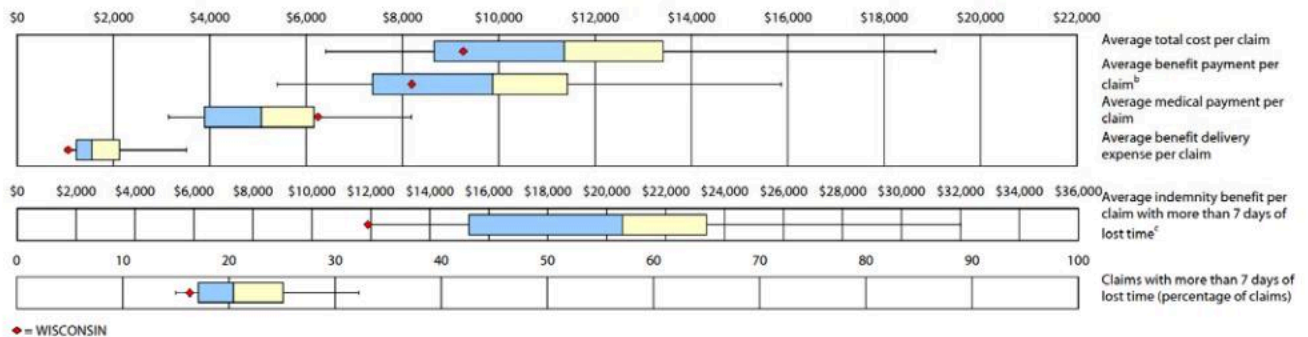
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Wisconsin's System Promotes BELOW Average Costs (per WCRI)

COMPSCOPE™ BENCHMARKS FOR WISCONSIN, 23RD EDITION

Figure 2 Average Costs for All Paid Claims at 36 Months' Average Maturity,^a 2019/2022



| Performance Measure, 2019/2022 Claims | AR | CA | FL | IA | IL | IN | LA | MA | MI | MN | NC | NJ | PA | TN | TX | VA | WI | 17-State Median ^d |
|------------------------------------------------|---------|----------|----------|----------|----------|---------|----------|----------|---------|---------|----------|----------|----------|---------|---------|----------|---------|------------------------------|
| Average total cost per claim | \$7,118 | \$15,126 | \$13,467 | \$10,484 | \$17,691 | \$8,299 | \$19,070 | \$13,097 | \$6,408 | \$9,415 | \$13,351 | \$15,938 | \$13,345 | \$7,547 | \$8,932 | \$11,356 | \$9,262 | \$11,356 |
| Average benefit payment per claim ^b | \$6,011 | \$11,533 | \$11,330 | \$9,014 | \$15,195 | \$7,171 | \$15,861 | \$11,408 | \$5,403 | \$7,637 | \$11,422 | \$12,661 | \$11,366 | \$6,315 | \$7,379 | \$9,868 | \$8,194 | \$9,868 |
| Average medical payment per claim | \$3,439 | \$4,479 | \$6,165 | \$5,288 | \$7,605 | \$5,069 | \$8,185 | \$3,865 | \$3,149 | \$4,020 | \$3,894 | \$7,781 | \$5,329 | \$3,512 | \$4,222 | \$5,505 | \$6,247 | \$5,069 |
| Average benefit delivery expense per claim | \$1,105 | \$3,519 | \$2,128 | \$1,468 | \$2,479 | \$1,125 | \$3,167 | \$1,672 | \$1,000 | \$1,446 | \$1,915 | \$3,276 | \$1,969 | \$1,231 | \$1,552 | \$1,459 | \$1,061 | \$1,552 |

The Best Way to Avoid Worker's Comp Health Care Costs: Prevent Injuries

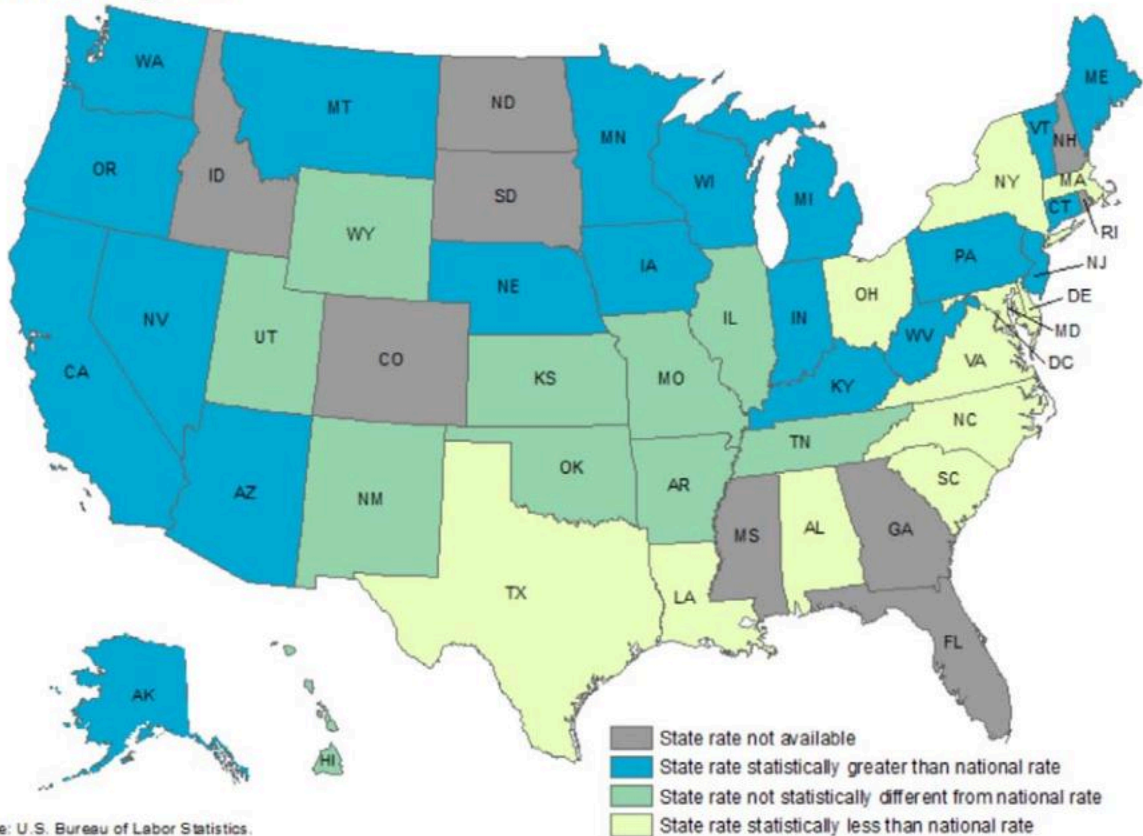


U.S. BUREAU OF LABOR STATISTICS

Employer-reported workplace injuries and illnesses in Wisconsin — 2020

Private industry employers reported 59,900 nonfatal workplace injuries and illnesses in Wisconsin in 2020, resulting in an incidence rate of 3.1 cases per 100 full-time equivalent workers, the Bureau of Labor Statistics reported today. (See [table A](#).) Regional Commissioner Jason Palmer noted that Wisconsin was among 20 states that had an incidence rate of total recordable cases (TRC) significantly greater than the national rate of 2.7. (See [Technical Note](#) at the end of this release for more information about the Survey of Occupational Injuries and Illnesses.)

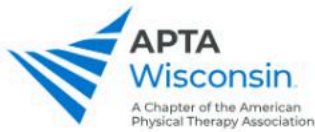
Chart 1. State nonfatal occupational injury and illness measures of incidence rate significance, private industry, 2020



Source: U.S. Bureau of Labor Statistics.

Source: BLS press release, 01.26.22

Thank you again for this opportunity to testify. Please feel free to reach out with any questions or for more information.



FOR IMMEDIATE RELEASE: October 2, 2023

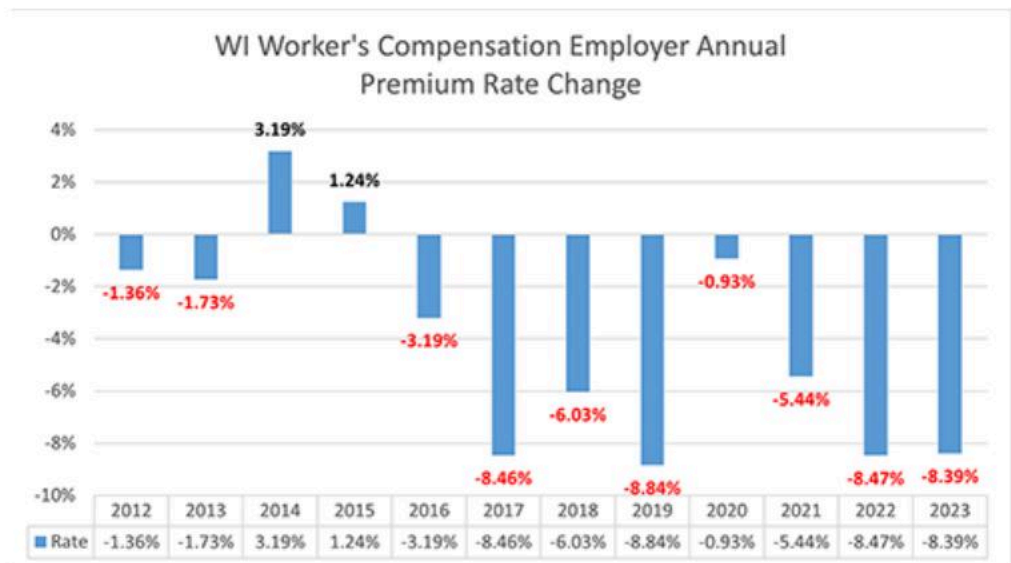
State Businesses See Another Worker’s Comp Premium Drop

Significant reduction is 8th straight annual savings; 10th in the last dozen years

Madison, WI – Wisconsin businesses are enjoying an eighth straight year of savings in their worker’s compensation insurance premiums as of yesterday, October 1. The latest substantial rate reduction is an 8.4% drop, which the Wisconsin Department of Workforce Development (DWD) [estimates](#) is worth nearly \$150 million in premium savings for state businesses.

The Worker’s Compensation Ratings Bureau (WCRB), an unincorporated association of insurers recognized in Wisconsin law, proposes rate adjustments each year, and those proposed rates are reviewed and approved by the Wisconsin Commissioner of Insurance. In the WCRB’s [2022 State of the State](#), WCRB President Bernard Rosauer touted the announcement of the rate reduction taking effect: “The consecutive worker’s compensation rate decreases are remarkable and are partially driven by important factors in which Wisconsin excels compared to many other states. Wisconsin’s results are partially driven by superior return to work, low litigation rates, low benefit delivery expenses, and superior (injured) worker satisfaction.”

“Wisconsin’s worker’s compensation system continues to shine as a national success story for both businesses and workers,” said Wisconsin Medical Society Chief Policy and Advocacy Officer Mark Grapentine, who is one of four health care liaisons to the Worker’s Compensation Advisory Council (WCAC). “Despite having a workplace injury rate worse than the national average, Wisconsin



workers who get hurt doing their jobs return to the workplace quickly and satisfied with their care. That’s a win-win for everyone in the system.”

Despite the latest in a long string of cost reductions—the 10th drop in the last 12 years—business interest representatives to the WCAC are once again proposing a simplistic health care fee schedule as a “cost savings.” Artificially reducing appropriate health care fees for services will make it much harder for the state’s healers to take care of worker’s compensation patients.

“There are reasons why Wisconsin’s work comp system is a national model,” said Wisconsin Hospital Association President and CEO Eric Borgerding. “Instead of copying systems like Medicaid that actually cause hospitals and providers to lose money on every patient visit, Wisconsin’s system has remained much more fair for all involved: injured workers can get care quickly, health care providers are paid fairly, and businesses enjoy reductions in their premiums.”

“We hear from our patients who were injured on the job that they are grateful for the excellent health care available to them through the worker’s compensation program,” noted John Murray, CEO of the Wisconsin Chiropractic Association. “Policymakers should be very wary of another government rate-setting process designed to shift money to business despite their reduced premium costs.

“Tinkering with health care payments will cause some providers to reduce their participation in the program,” Murray said. “That’s what the data from other states show so clearly.”

“Rolling the dice with a system that works doesn’t make sense,” added Annie Early, government affairs consultant for the Wisconsin Chapter of the American Physical Therapy Association. “Especially when it puts at risk injured workers’ treatment and care, worker satisfaction, and Wisconsin’s excellent return to work rates.”

The Wisconsin Legislature is expected to consider changes to the Worker’s Compensation program before they adjourn the current legislative session in spring of 2024.

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