

Outline For Committees

I. Good day, My name is Cheri Goldstein and I am here today with my colleagues from the Department of Risk Management. We represent over 100 years of state of Vermont service. Risk Management consists of one workplace safety coordinator (recently left), one licensed liability adjuster, 4 licensed workers' compensation adjusters, 2 licensed registered nurses and one administrative support person. I am a licensed workers compensation adjuster here on my own time.

II. The Office of Workers' Compensation investigates and determines the statutory compensability of claims made by ANY State of Vermont employee (Full time/ part time/ seasonal / temporary/ volunteer /classified / exempt / elected) who are injured or sickened while performing job related functions. We are not a part of the department of labor. We are regulated by the department of labor as all other workers compensation programs are.

III. This past summer a Request for Information was prepared and made available to third party vendors who might be interested in administering the workers compensation and liability program for the state of Vermont. It is our belief that this document had some significant errors and omission in it in regards to the amount and type of work we are currently performing The administration provided the VSEA with a letter on December 2nd stating that it

intends to issue a request for Proposal on or after January 6th . It is seeking proposals to contract out the workers compensation and liability administration services to a private organization and eliminate 9 state employee positions. In our recent informational meeting with John Berard, it was made clear that the State is not looking to provide comparable services but only very limited basic services to all claimants. Proposals were opened mid March and the following companies have bid on the contract:

- Sedewick Claims Management Services (Memphis, TN)
- Gallagher Bassett Services (Tucson, AZ)
- The Lawson Group (Concord, NH)
- CorVel Enterprise Co. (Not a VT company – no hometown listed)
- Helmsman Management Services (Boston, MA)
- PMA Management Corp of NE (Blue Bell, PA)
- Cross Insurance TPA (New Gloucester, ME)
- FutureComp & York Risk Services (Parsippany, NJ).

IV. Risk Management already has established relationships with:

- Medical providers and specialists – Triage emergencies; coordinate 2nd opinions to speed up access to prompt, appropriate care and promoting more complete recovery
- Vocational rehabilitation counselors – Support return to gainful employment when the employee can't return to his/her preinjury position. We do this in tandem with present SOV stakeholders – HR Administrators, DHR Recruitment in Medical RIF situations

- SOV Human Resource Administrators – Collaborate to get injuries reported timely, to identify safety issues and support remedial action plans, to investigate claims, to create safe return to work plans, to keep employee personnel status current in VTHR. Expand our knowledge of the jobs, the work sites, and challenges specific to each site so that any barriers can be removed.
- Insurance carriers (WC, Liability, Health Insurance) – For subrogation recovery efforts and/or addressing health insurance liens to make sure the responsible party is issuing the monies.
- Social Security Disability – To support those unable to return to work following a workplace injury/illness obtain support through additional means; especially when on-going disability is not from the vocational injury.
- Plaintiff attorneys, defense attorneys and mediators – Dispute mitigation, defense posturing, case law research, settlement negotiation.
- Private investigators – Scene investigations, asset checks for subrogation recovery efforts and surveillance if there are credibility issues
- VSEA Union and Vermont Troopers Association representatives – dispute mitigation; helping employee's understand the WC process and the overlap of WC benefit provisions to other SOV benefits such as health insurance, retirement, leave balances, etc.

- State regulator – Vermont Department of Labor (VDOL)
– Claim reporting and processing inclusive of mandatory filings. Dispute resolution through informal and formal hearing appeals process and mandatory mediations. Open communication on interpreting and applying the WC statutes and rules.
- Note: Sr. ADJ was invited to speak at the Spring 2015 VDOL Sponsored Adjuster’s continuing education conference on “Best Practice Recommendations”

V. Our understanding is that a private contractor needs to come up with at least 10% in saving for a bid to be viable. Obtaining budget numbers from the May 16, 2015 Act relating to the appropriations for support of government, it shows the budget for our department to be approximately 1.8 million dollars.

January 2015 there were four nurse case managers and 5 workers’ compensation adjusters. January 2016 there are now 2 nurses and 4 adjusters. This alone is a savings of \$184,300. The total number of case has not diminished. At this same time period the administration chose to add second level 30 exempt director as an operational director with a salary over \$95,000.

The lack of staffing and private contracts drive up the costs for taxpayers Cite: the State Auditors report -July 2013- Looked at 124 cases found that 23% didn't receive an evaluation from a risk management safety coordinator. As a result of the lack of staffing the State Auditor found that adding positions could result in significant savings. Currently there are no safety coordinators on staff.

We believe that moving ergonomic private contracts back in house could result in savings of nearly \$100,000

Our current staff does fraud prevention and managed care services as part of every claim and this is considered part of our overhead costs. The Third Party administrator will not be expected to do the same. They will charge each individual claim for these services. This is a cost shifting that also makes it appear that a savings is being created.

VI. We oppose privatization and outsourcing and we urge you to join us in opposition to the Administration's proposal. We urge you to hold the Administration to their word that they will work with us to find alternatives to privatization

VII. This is not just about our jobs. This is about the quality of service to state employees, protecting them in the health care system and getting them back to work as soon as possible insuring that they have received the care they need and deserve. Let's not repeat the mistakes of the past, or even for instance the mistakes of recent like Vermont Health Connect. State employees are a solid investment, deliver high quality service and insure Vermonters have more control than they would with a private contract likely from an out-of-state- Third Party Administrator.

VIII. Thank you and I happy to take any questions.