

BOARD OF DIRECTORS MEETING

AGENDA ITEM 16A

ATTACHMENT

CALIFORNIA COMMISSION ON HEALTH AND SAFETY AND
WORKERS' COMPENSATION

PRESENTED BY: Christine Baker and Lachlan Taylor

November 21, 2008

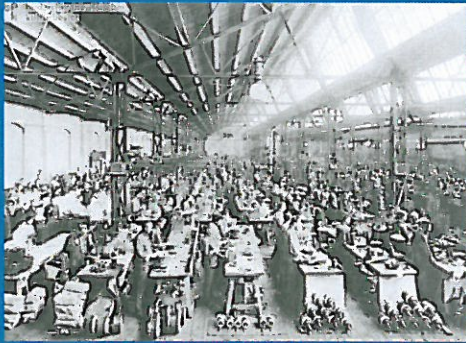


California Department of Industrial Relations
 Commission on Health and Safety
 and Workers' Compensation

CHSWC Briefing for State Compensation Insurance Fund
 November 21, 2008

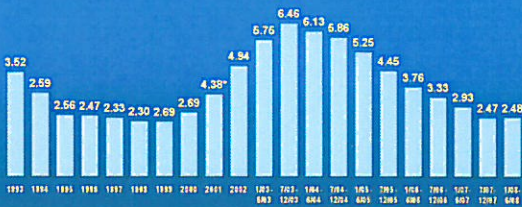
Presentation by:
 Christine Baker
 CHSWC Executive Officer
 Lachlan Taylor
 Workers' Compensation Judge

CHSWC Members
 Angie Wei, Chair
 Catherine Aguilar
 Allen Davenport
 Sean McNally
 Kristen Schwenkmeyer
 Robert B. Steinberg
 Darrel "Shorty" Thacker



Workers' Compensation Average Premium Rate

Costs for workers' compensation insurance peaked at an average of \$6.46 per \$100 of payroll in the latter half of 2003. By the end of second quarter of 2008, the average workers' compensation premium had dropped by about 62% to \$2.48 per \$100 of payroll.



Data Source: WICRB

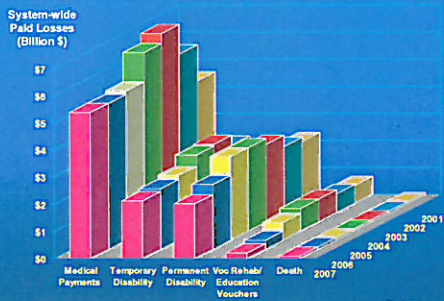
CHSWC

Commission on Health and Safety and Workers' Compensation

CHSWC: A new model for policy development in California

- ✓ Created by the 1993 Workers' Compensation reform legislation
- ✓ Labor-Employer Commission
- ✓ Works with key stakeholders
- ✓ Acts as forum for discussion of issues, ideas and recommendations
- ✓ Utilizes findings from independent research to base policy recommendations
- ✓ Many CHSWC recommendations became law in AB 749, SB 228, AB 227 and SB 899

Impact of Reforms: Paid cost (\$ Billions)

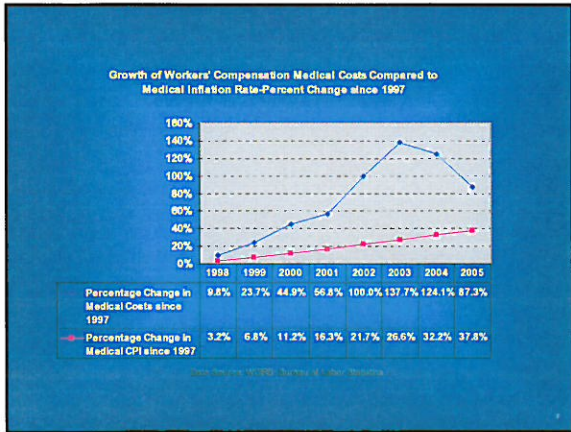


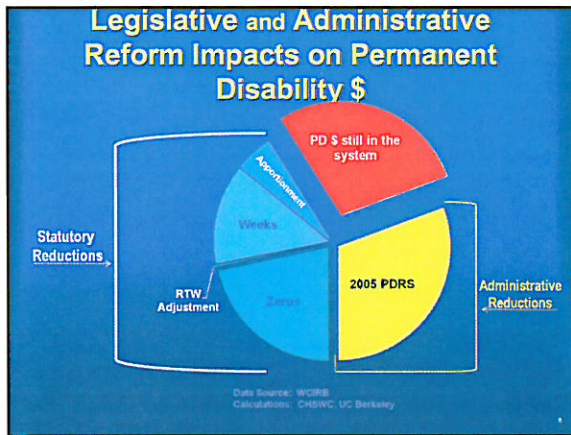
* System-wide amounts are estimated at 1.43 times the amounts reported by insurers. Data Source: WCRFB

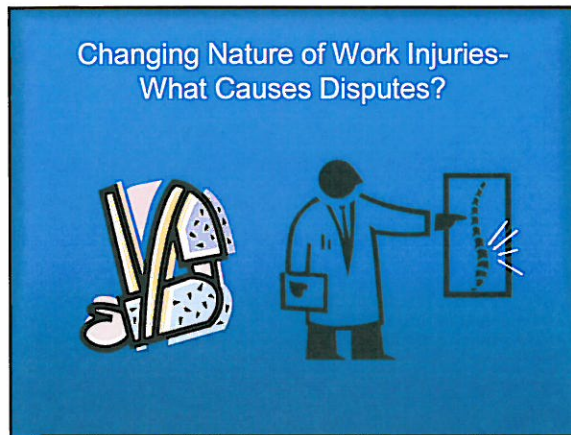
Insurers' Underwriting Experience 2007 (Million \$)

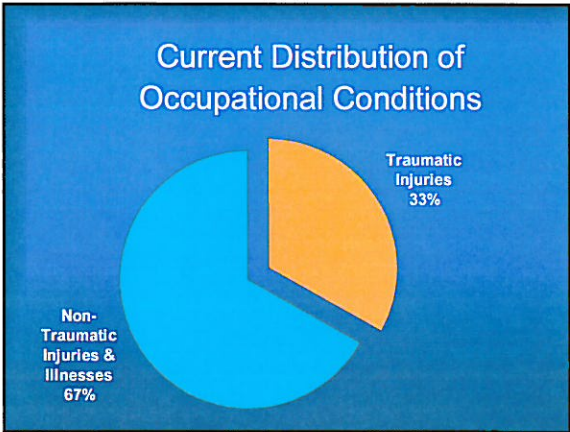


* Do not include CIGA payments. Data Source: WCRFB









CHSWC Studies

Key Research Areas

CHSWC has engaged in projects and studies to evaluate how certain areas of the California workers' compensation system have been affected by reforms, as well as other influences, such as the economy, costs, or delays in the workers' compensation systems.

Some of the key research areas are:

- *Medical Care*
- *Return-to-Work*
- *Permanent Disability*
- *Insurance Studies*
- *Anti-Fraud Studies*
- *Occupational Health and Safety*

CHSWC Medical Care Studies

- **Medical Study of Impact of Recent Reforms**
- **Quality of Care Indicators Demonstration Project**
- **Integrating Occupational and Non-Occupational Medical Treatment-Pilot Project; Union Janitors and Unionized Maintenance Building Contractors**

CHSWC Return-to-Work Studies

- Impact of Return-to-Work Reforms on Costs and Outcomes
- Best Practices Encouraging Return-to-Work
- Return-to-Work Roundtable
- Developing educational materials for return-to-work, FEHA, and ADA

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CHSWC Insurance Studies

Insolvent Workers' Compensation Insurance Carrier Study

CHSWC is conducting a study pursuant to Senate Bill 316 to examine the causes of the number of insolvencies among workers' compensation insurers within the past 10 ten years. The study will focus on:

- Developing or confirming that ongoing measurements are sufficient to preclude a repeat of the past.
- The insurance market response to system costs within the applicable time period.
- The study will be published by July 1, 2009.

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CHSWC Insurance Studies

Solvency of Self-Insurance Groups

At the request of Assemblymember Joe Coto, CHSWC is conducting a study to analyze the statutory and regulatory oversight provisions of California and New York laws and regulations with respect to self-insurance groups.

The Commission will make recommendations regarding provisions that may be required to ensure the viability of these groups.

The Commission expects to provide an analysis to the Assembly Insurance Committee on or before March 15, 2009, for incorporation into the 2009 legislation.

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CHSWC Anti-Fraud Studies

- Workers' Compensation Medical Payment Accuracy Study (Joint study with the FAC)
- Uninsured Employer Matching Project
- Estimating the Percent of the Underground Economy
- Capture-Recapture Estimates of Workplace Injury Under-reporting in California
- Estimating Fraud and Abuse related to Lack of Coverage and Premium Avoidance

CHSWC Occupational Health and Safety Studies and Projects

- Worker Occupational Safety and Health Training and Education Program (WOSHTEP)
- Public Safety Disability Retirement Study
- International Organization for Standardization (ISO) 9000



