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State of Maine
Department of Administrative and Financial Services
Workers' Compensation Board Governance Study

December 15, 2001



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND
FINANCIAL SERVICES
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December 17, 2001

Senator Beth G. Edmonds, Chair
Representative George H. Bunker, Chair
Members, Joint Standing Committee on Labor
120th Maine State Legislature
State House
Augusta, ME 04333

Dear Senator Edmonds, Representative Bunker and Members of the Committee on Labor:

The Department of Administrative & Financial Services was charged by Chapter 49 with administering "a feasibility study, in consultation with the advisory committee.... of the governance and administrative structure of the State's Workers' Compensation System to determine if greater efficiencies may be gained in the operational structure and processes of the Workers' Compensation Board with other agencies in State Government." The Resolve further identified a number of specific program areas for review. A total amount of \$125,000 was allocated for this purpose with any unspent balance to be returned to the Reserve.

The firm of Berry, Dunn, McNeil and Parker was selected to conduct this study. The attached report is the result of their analysis and evaluation which included an extensive interview process and comparison to other states.

I would like to compliment Berry, Dunn, McNeil and Parker (BDMP) on their process and work especially given the short timeframe. This report also builds on and tracks the implementation of the 1997 Coopers and Lybrand Report. The BDMP report addresses the concerns which prompted the legislation directing the study. The report itself, however, does not provide a definitive direction for resolution on a number of recommendations, but rather suggests possible options based upon policy decisions. Included in the recommendations are references identifying responsible parties for implementation and follow-up.

Continued follow-up and decision making will clearly be required to ensure action on any of these items. The Resolve provides that the Commissioner of the Department of Administrative & Financial Services may include implementation plans and recommended legislation. As I have just received the final report it is premature to make such proposals without further deliberation and discussion with the parties.



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GLOSSARY OF TERMS AND ABBREVIATIONS

AIU – Abuse Investigation Unit

ATO – Agency Technology Officer

BIS – Bureau of Information Services

BLS – Bureau of Labor Standards

Data – Refers to information pertaining to claims

DOL – Department of Labor

ED – Workers' Compensation Board Executive Director

EDI – Electronic Data Interchange

FAQ – Frequently Asked Question

ICBG – Insurance and Benchmark Group

MAE – Monitoring, Auditing and Enforcement Program

MHIC – Maine Health Information Center

NOC – Notice of Controversy

SOP – Standard Operating Procedure

Stakeholders – Individuals or organizations that interact with the Workers' Compensation Board

WA – Worker Advocate

WCB – Workers' Compensation Board organization

WCB Board of Directors – The eight-person board of directors of the WCB organization



EXECUTIVE SUMMARY

Berry, Dunn, McNeil and Parker (BDMP) has completed our study of the Maine Workers' Compensation Board (WCB). The purpose of our study was to assess progress the WCB has made in relation to recommendations in the Coopers & Lybrand Report of 1997 and to consider overall governance and budget mechanisms of the Workers' Compensation Board.

In conducting this project, BDMP interviewed staff and stakeholders, reviewed processes at the WCB, researched practices in other states, and analyzed our findings in an objective manner. The study objectives and our approach are described in Section 1.0 of this report. BDMP found that the WCB has made some progress toward implementing recommendations set forth in the Coopers & Lybrand Report of 1997. Noteworthy achievements have included:

- Significant reduction in "wait-time" during the dispute resolution process
- Progress toward a Scorecard to measure WCB accomplishments
- Development of a compliance component to the MAE program

Many of the issues identified in the Coopers & Lybrand Report continue to be valid; however, the approach to addressing some of the issues may have changed since 1997. The most significant findings of the BDMP study are:

- Governance of the WCB should be changed to help board members and management better focus on carrying out the mission of the WCB
- Fiscal accountability should be improved and the use of reserves should be clarified
- A more predictable revenue model for the WCB should be developed and implemented
- Efficiencies could be realized through better use of information technology
- Business process improvements should be designed and implemented to better utilize WCB staff

This report identifies 17 recommendations that will improve the effectiveness and efficiency of the WCB. These are described in Section 2.0 and further detail is presented in Section 3. Recommendations should be considered by management, the WCB Board of Directors, Legislators, and the Executive Branch. Many recommendations can be prioritized by the WCB Board of Directors and implemented by management. Other recommendations would require changes to statutes that must be enacted by the Legislature. Changes that may impact other areas of Maine state government would have to be considered in light of overall State plans and the plans of multiple agencies.

Readers of this report should be aware that the nature of this study placed greater emphasis on areas needing improvement than on strengths observed. BDMP would like to thank the Advisory Committee members, Workers' Compensation Board of Directors, management, staff, and stakeholders who participated in this study for the cooperation, courtesy, and support extended to us during the project.



PROJECT DESCRIPTION

1.1 Background

The Maine State Legislature, through Resolve 2001, Chapter 49, charged the Department of Administrative and Financial Services to administer a feasibility study of the governance and administrative structure of the State's workers' compensation system to determine if greater efficiencies may be gained in the operational structure and processes of the Workers' Compensation Board (WCB), and to identify advantages and disadvantages, if any, of a closer alignment of the WCB with other agencies in state government. The resolve established an Advisory Committee composed of ten members as follows:

1. Four members of the Maine State Legislature's Joint Standing Committee on Labor
2. The executive director of the Workers' Compensation Board or the executive director's designee
3. A labor representative of the Workers' Compensation Board
4. A management representative of the Workers' Compensation Board
5. The Commissioner of Labor or the commissioner's designee
6. The Commissioner of Professional and Financial Regulation or the commissioner's designee
7. A representative from the Office of the Governor

See Appendix A for a listing of Advisory Committee members.

The Coopers & Lybrand Report of 1997 Workers' Compensation Board Business Assessment study defined the three major functions of the WCB as: Prevent Disputes, Resolve Disputes, and Monitor Compliance. The study described and evaluated the WCB's organizational culture, business processes, technological support structures, and made recommendations for actions in each of these areas.

In September 2001, the Department of Administrative and Financial Services engaged Berry, Dunn, McNeil & Parker (BDMP) to undertake the study and prepare this report. The study was conducted during a ten-week period from September 15 to December 3, 2001.

Questions about this report should be directed to:

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Berry Dunn McNeil & Parker
PO Box 1100
Portland, ME 04104-1100
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1.2 Project Approach

This study included evaluation, analysis, and recommendations which cover the following factors:

- underlying policy considerations in the Maine Workers' Compensation Act of 1992 that led to the creation of the current governance structure;
- the need for independence in the quasi-judicial functions of the Workers' Compensation system;
- the 1997 Report's business assessment and the progress made in implementing its recommendations;
- the effect of the Board's existing governance system and decision-making process and its progress to date on the operation of the Workers' Compensation System and alternative models for structuring the governance system;
- the forms of governance and administration used by other states;
- the existence of resources and programs in other areas of State government that could be more closely aligned with the Workers' Compensation System to achieve greater capacity and to facilitate continued progress;
- whether overall safety efforts could be improved through affiliation of Workers' Compensation safety initiatives with other State safety-related programs;
- the effectiveness and adequacy of the current assessment and budgeting mechanisms, with particular attention to the adequacy of the monitoring and enforcement function; and
- methods to improve short- and long-range fiscal stability and predictability of the revenue stream.

Approach and Project Tasks

The approach, methods, and tasks BDMP performed are described below. BDMP has presented tasks in relation to objectives and relevant factors for the study.

1. *Review Board's mission and objectives* – BDMP studied the Board's mission and objectives in order to align discussions, consider findings, and develop recommendations within the context of the WCB's overall mission.
2. *Review applicable statutes* – BDMP reviewed applicable State statutes to gain an understanding of the policy considerations that govern the State's Workers' Compensation system.
3. *Meet with critical stakeholders* – Working with the Advisory Committee, BDMP identified individuals within the Workers' Compensation Board, Workers' Compensation System's staff, and external stakeholders in order to gather information and gain perspective regarding the efficiency and effectiveness of processes currently in place. Sixty-three interviews were conducted. BDMP used these information-gathering sessions to assess effectiveness and efficiency of the Board's existing governance system and decision-making process.

4. *Review forms of governance and administration in other states* – Utilizing the Coopers & Lybrand Report as a baseline and other resources, BDMP contacted and interviewed personnel in relevant states to understand how states cited in the report have continued to evolve their systems. Information on State research is described in Section 1.4 and Appendix E.
5. *Review organizational structure, staffing levels, and locations* – Utilizing the Coopers & Lybrand Report as a baseline, BDMP inventoried relevant business processes and tasks through interviews with Workers' Compensation System's staff, observation of program operations, and review of relevant documentation. During this component of our work:
 - WCB management validated the list of processes and tasks we considered.
 - BDMP reviewed the critical processes to identify inefficient tasks and tasks that may be similar to tasks performed in other agencies or departments. This review included the System's investment and use of automation, nature and extent of interaction with other State resources and agencies, and management structures as they related to the administration of the Workers' Compensation program.
 - BDMP assessed the governance structure by considering legislative mandates, the Workers' Compensation System mission, available industry information, and our professional experience.
 - BDMP reviewed the human, physical, and financial resources allocated to the Workers' Compensation System. This included the number and location of staff and the costs and funding structures required to support the program.

Fact-finding and information gathered during this task was used to complete our analysis and develop our report. This information is presented in Sections 2 and 3.

6. *Inventory other State resources regarding the benefits of alignment* – Using the Coopers Lybrand Report as a baseline, as well as our research regarding other State of Maine resources, BDMP identified and evaluated resources that might be candidates for alignment with the Workers' Compensation System, including other safety-related State resources and programs. This is described in Section 1.5.
7. *Compare recommendations in Coopers & Lybrand Report with current processes* – Once interviews and inventories were completed, BDMP assessed the progress that has been made within the Workers' Compensation System since the completion of the Coopers & Lybrand Report. BDMP compared recommendations made in the 1997 Report to current processes within the system. This comparison is organized in Section 3.

8. *Evaluate the effectiveness and adequacy of the current assessment and budgeting mechanism* – BDMP reviewed processes and practices related to the assessment and budgeting mechanisms and considered adequacy of the monitoring and enforcement function. BDMP also considered if the Board has the right data, information, and analysis capabilities to adequately carry out its mission. BDMP incorporated our experience on past projects and information from other states assembled during the project. BDMP presented our findings and recommendations to the Advisory Committee and incorporated comments into our report.
9. *Identify and assess methods to improve fiscal stability and predictability of the revenue stream* – BDMP gained an understanding of the revenue model and identified recommendations to improve short- and long-range fiscal stability, predictability, and efficiency. Conclusions and recommendations are presented in Sections 2, 3, and the Appendices.

To protect individual privacy, names of individuals BDMP interviewed have not been identified in this report. BDMP completed all tasks planned in our study and discussed our report with the Advisory Committee on December 3, 2001.

1.3 WCB Processes

BDMP identified business processes of the Workers' Compensation Board and submitted the list to the executive director for verification. The processes identified were:

- Compliance/Prevention – includes the Monitoring, Auditing, and Enforcement (MAE) Program
- Dispute Resolution – troubleshooting, mediation, formal hearings
- Legal Advice
- Budgeting
- Information Services
- Administration

BDMP identified staff members responsible for each of the processes. BDMP then interviewed both management and staff to gain an understanding of the current processes. BDMP used the Coopers & Lybrand Report as a baseline but incorporated best practices and industry and management experience into our analysis. BDMP asked for an overall description of each process from the interviewee's perspective and identified inputs and outputs in the process. BDMP identified data capture points, bottlenecks, and inefficiencies, and gained an understanding of interactions with other state resources.

1.4 Research of Best Practices in Other States

BDMP considered forms of governance, operational issues, and administration in other states. Eleven other states were selected for this analysis. Our selection was based on the following criteria:

- Similarities to Maine regarding population, geography, rural nature, and similar industry specialization
- States included in the Coopers & Lybrand Report of 1997
- Suggestions by the Advisory Committee members and the Workers' Compensation Board senior staff

The states selected were: New Hampshire, Idaho, Massachusetts, Oklahoma, Minnesota, Wisconsin, Oregon, Maryland, Michigan, Florida, and Texas. Representatives from the selected states were contacted and interviewed, and documentation was requested to help us gain an understanding of the governance, operation, budget, and process for processing claims in each state. As a result of these discussions, BDMP selected six states to consider while developing our report: Idaho, Minnesota, New Hampshire, Oregon, Texas, and Wisconsin. Information gathered from these states is presented in Appendix D of this report.

1.5 Research Regarding Other Agencies in State Government

BDMP interviewed representatives from the Department of Labor, the Bureau of Insurance, the Bureau of Budget, the Bureau of Unemployment Compensation, and the Public Utilities Commission to understand opportunities for closer alignment with other agencies and to consider areas of governance, infrastructure, and processes similar to those at the Workers' Compensation Board. BDMP considered their missions, legislative mandates, budgeting, and governance structure.

1.6 Budget Review Process

BDMP conducted interviews with those involved with the budget process. Information obtained during the interview process included:

- Annual reports
- Biennial budgets
- Copies of Financial Orders and Legislative documents
- Interdepartmental memorandum between the WCB and various State agencies, offices, and representatives
- Revenue assessment calculation
- Cumulative revenue report by fiscal year
- Detailed budget items by fiscal year, including reports on the MAE and the Worker Advocate (WA) programs
- Expenditure summary reports and senior management documents



This information helped us to gain an understanding of the financial operations within the WCB and make recommendations regarding roles and responsibilities of management and Board of Directors, the budget process, the revenue stream, and expenditures and budgeting.

1.7 WCB Mission

In conducting this project, BDMP was mindful of the mission stated below:

The mission of the Workers' Compensation Board is to serve the employees and employers of the State fairly and expeditiously by ensuring compliance with the workers' compensation laws, ensuring the prompt delivery of benefits legally due, promoting the prevention of disputes, utilizing dispute resolution to reduce litigation, and facilitating labor-management cooperation.



2.0 RECOMMENDATIONS

This section organizes the individual findings and conclusions identified in Section 3 into overall recommendations. Recommendations have been numbered for readability and presented in relation to the matrix in Section 3 and in a relative order of significance. Fiscal recommendations have been grouped together. The scope of the study did not provide for BDMP to work with the Legislature or the WCB Board of Directors to prioritize recommendations.

During this study, BDMP considered all recommendations from the Coopers & Lybrand Report of 1997. Some recommendations have been fully implemented, some recommendations have been partially implemented, and some recommendations have not been implemented. The status of each recommendation is described in Section 3. Many recommendations from the Coopers & Lybrand Report were incorporated into the WCB Scorecard. However, in some instances, effective metrics have not been consistently used to measure progress. An effective metric must be quantifiable. The Coopers & Lybrand Report recommendations should be re-prioritized based on information gained from this current study and as new metrics are established to better gauge the success of implementation and change efforts.

The recommendations described herein should be considered by management, the WCB Board of Directors, Legislators, and the Executive Branch. Many recommendations can be prioritized by the WCB Board of Directors and implemented by management. Other recommendations would require changes to statutes that must be enacted by the Legislature. Recommendations that may impact other areas of Maine state government would have to be considered in light of overall State plans and the plans of multiple agencies.

To facilitate the interpretation of our report, BDMP has identified which recommendations could be addressed by the WCB Board of Directors and management, which would require Legislative action, and which may have broader impact than the WCB. We have also identified where a recommendation can be addressed in the short-term (within one year), or whether it will require a longer period of attention. Some recommendations may require further study before action can be taken.

1. The governance structure of the Workers' Compensation Board should be changed.

Issue: BDMP found that it has become increasingly difficult for the WCB Board of Directors to work effectively and that governance issues require attention. Over the past year, in particular, it has been difficult for the WCB Board of Directors to make decisions regarding issues over which management and labor have had diverse opinions. This distracts board members, senior management, and staff from effectively carrying out the WCB mission and business plan. The Board of Directors' structure of four management and four labor appointees, as directed by statute, causes gridlock on contentious issues and makes it difficult for the WCB Board of Directors to operate well.

A related governance issue is whether the WCB should continue to be independent or if it should become part of one of the branches of Maine state government. In this study, BDMP was asked to consider other resources within state government, alternative models for structuring the



governance system, and the form of governance used by other states. We identified that thirty-one states are organized under the executive branch of government, eighteen through an independent agency, and two that administer through a court within the judicial branch.

Recommendation: The governance structure of the WCB should be changed. The change can be accomplished in several ways, including: changing the composition and number of board members; changing the structure of the board; and, going further, changing the location of the WCB within State government. During our analysis, BDMP considered multiple alternatives and identified potential advantages and disadvantages of each example in light of the mission of the WCB, best practices of board governance, and successful models in other states. Four examples of how the structure could be changed are presented on the next page.

Before determining the composition and structure of the Board of Directors going forward, the positioning of the WCB within state government must be considered. The scope of our study did not include an analysis of all issues related to re-locating the WCB. Based on our research and work conducted during this project, however, two alternatives that should be considered are for the WCB to remain independent or to move under the Executive Branch within the Department of Labor.

Changes to WCB governance will require consideration by the Legislature. BDMP recommends the following points be considered:

- Many states' boards are composed of an uneven number of members to reduce the chance of gridlock and to improve the ability to make effective decisions.
- If the Legislature intends that the WCB Board of Directors' perspective represents both worker and management interests, consideration should be given to adding members such as:
 - A healthcare professional that understands injured people, represents neither labor nor management interests, and has nothing to gain as a result of decisions made by the board.
 - A member of the work force not associated with a union, since much of Maine's workforce is not affiliated with a union.
 - A member that represents small business, as many of Maine's businesses are small and have few employees.
- If the WCB should be changed from an independent board, the role of the WCB Board of Directors may change to that of an advisory committee. An advisory committee is not a governing board.

Implementation: Short-term
Responsibility: Legislature



Example 1

Remain independent.

Continue the governance structure as it now stands.

Add a healthcare professional* to the Board of Directors, for a total of nine directors.

Advantages

- Added perspective of a healthcare professional who understands injured people
- Decrease gridlock and improve decision-making processes
- Uneven board membership is a predominant organizational model
- Requires least amount of change

Disadvantages

- Not all WCB Board if Director governance issues that were often identified will be addressed by adding one board member
- There will be limited impact on the board's perspective by adding one member
- Potential for excessive pressure on the ninth board member, or a perception of power leveraging, that could limit effectiveness
- A change in statute would be required

Example 2

Remain independent.

Continue the governance structure as it now stands.

Change the composition of the WCB Board of Directors to seven members and restructure Board composition as follows: two representatives from management that are nominated by the Chamber of Commerce, two representatives from labor that are nominated by the AFL/CIO, one person to represent the interest of injured workers to be nominated and appointed by the Governor, one person to represent the interest of business to be nominated by the Governor, and one healthcare professional* to be nominated by the Governor. The appointment process could either be undertaken by the Governor or confirmation could be undertaken by the Legislature.

Advantages

- Add perspectives to better represent the people of Maine
- Decrease gridlock and improve decision-making processes
- Uneven board membership is effective in other states
- Decrease the potential for excessive pressure on one or two board members, and decrease the perception of power leveraging, as board is seen as representing diverse perspectives

Disadvantages

- Nomination by the Governor of three members could be perceived as giving undue power to the Governor
- It may be difficult to find members to serve
- A change in statute would be required

Example 3

Remain independent.

Create an administrative board to address all non-appellate issues and an appellate board, both with uneven numbers of members.

The composition of the administrative board as in Example 2.

Advantages

- The appellate board would be comprised of individuals who could focus solely on case resolution. Board selection would be based on appropriate skills to accomplish the objectives of the board.
- The administrative board would focus on policy and mission issues
- The Executive Director would report to the administrative board and have greater access because more time can be devoted to developing policy and legislation
- Fewer cases would need to be referred to the judicial system

Disadvantages

- Possible resistance to the separation of roles within the WCB Board of Directors
- A change in statute would be required
- Potential for increased cost at the WCB
- Can make operations more complex



Example 4

Place the Workers' Compensation Board as a Bureau within the Executive Branch, Department of Labor.

Change the role of the Board of Directors to that of an advisory committee.

Add a healthcare professional* to the Advisory Committee.

Change the role of Executive Director to a Bureau Director who would report to the Department of Labor Commissioner.

Advantages

- Increased accountability through the executive branch
- Ability to leverage the DOL infrastructure and resources
- The model is used in 31 other states
- Could be the greatest opportunity to increase the efficiency and effectiveness of WCB services
- WCB's mission is compatible with DOL's mission

Disadvantages

- Potential for strong opposition to the change
- Changes in the State's political environment may be perceived to have greater influence on the work of the WCB
- A change in statute would be required
- The Department of Labor could be reluctant to integrate the WCB
- Highest short-term cost

*A healthcare professional has been suggested to broaden the perspective of the WCB Board of Directors. Members from other professions could be considered as well to broaden the board's perspective.

2. WCB staff should work under the direction of the Executive Director.

Issue: The WCB Board of Directors addressed the Coopers & Lybrand Report recommendation to "let the Executive Director manage the day-to-day tactical activities of the agency," with initiatives developed at a WCB Board of Directors retreat. Interviews identified that the amount of interaction the WCB Board of Directors has with staff on a daily basis has decreased. BDMP noted, however, that the WCB Board of Directors continues to be overly involved in decisions that could be made by the Executive Director.

Recommendation: BDMP recommends policies and procedures be put in place that better enable the Executive Director to carry out the routine activities of the Workers' Compensation Board. By more clearly defining roles and responsibilities within the organization and empowering senior staff and the Executive Director, efficiencies in daily operations will be gained and the Executive Director can be more effective in carrying out the responsibilities of his role.

Implementation: Short-term
Responsibility: Management and Board

3. Performance evaluation policies and procedures and job descriptions need to be reviewed and updated.

Issue: Policies and procedures are not consistently developed, updated, and communicated. Senior staff and the Executive Director's job descriptions and performance evaluation policies are not consistently applied.

Recommendation: The Executive Director's performance should be evaluated on a regular schedule, using an objective, documented, evaluation process. The responsibilities of the WCB personnel committee should be clearly defined through development of an evaluation policy and procedure. The Executive Director should be responsible for evaluating WCB staff.

Implementation: Short-term
Responsibility: Management and Board

4. Process improvements would enable staff to be better utilized.

Issue: BDMP identified processes that would benefit from process improvement measures. These processes included data entry in the Claims Processing Unit and tasks performed by the troubleshooters; the Monitoring, Auditing, and Enforcement (MAE) Program; and the Abuse Investigations Unit.

Recommendation: Process re-design was beyond the scope of our review project; however, BDMP noted opportunities to improve processes which warrant pursuit. For example:

- Expand the use of Electronic Data Interchange (EDI) to further automate claims processing beyond the first notice of claim and to encourage additional insurers and injured workers to use an automated system.
- Re-allocate the troubleshooters in order to develop a customer service desk and provide additional support to the Worker Advocate Program. Combine Abuse Investigations Unit and MAE program functions in order to leverage resources, technology, and experienced staff available in both programs.

Process re-design efforts will identify savings that can be realized from implementing new and improved processes.

Implementation: Short- and long-term
Responsibility: Management and Board

5. Consider aligning hearing officer activities with other functions.

Issue: A significant portion of the WCB budget is designated to support the work of hearing officers; study interviews indicated that the hearing officers were doing their job. The location of hearing officers throughout the state is intended to provide access. However, hearing officers must often travel away from their own location to meet the needs of another location.

BDMP identified a perception that hearing officers might be unduly influenced by concerns regarding their re-appointment by the WCB Board of Directors when unpopular decisions are made, and because they are geographically located with worker advocates. Hearing officers should be perceived as independent and impartial and not unduly influenced by concerns regarding re-appointment.

Recommendation: BDMP was asked to consider alternatives for closer alignment with other state agencies and best practices in other states. BDMP identified two alternative models that could improve the efficiency of hearing officers and potentially provide savings to WCB. These two models should be considered and are described below.



1. Align hearing officer activities with other functions. For example, consider the hearing officer central panel model already used in 25 states. A central panel is a group that performs hearing services for multiple agencies within state government. Seven of the twelve states referenced in our study report they successfully utilize central panels to provide independent hearing services and, in many instances, reduce costs. This model would incorporate the WCB hearing needs with the needs of other state agencies that require hearings, resulting in a more efficient and effective model for delivering service. Integrating WCB hearing officers into a central panel would allow WCB to share the expense of hearing officers with other agencies across the state. Such a model would require a change in statute.
2. Incorporate the WCB hearing officers into the Department of Labor hearing structure to better utilize resources and provide adequate access to hearing officers throughout the state. The DOL is already providing hearing officer services to state agencies that have similar interests.

Implementation: Long-term
Responsibility: Management, Board, and Legislature

6. Continue to improve data collection to support safety and prevention efforts.

Issue: WCB provides the Bureau of Labor Standards (BLS) with claims information (data) to help identify safety issues for which the BLS could design safety and prevention programs. WCB and BLS are working together to identify needed information. BDMP identified issues surrounding the collection of appropriate data, quality of data collected, and data elements that are not being provided.

Recommendation: BDMP recommends that WCB and BLS continue to work to identify information that is needed for BLS to develop its safety and prevention programs. Closer alignment of WCB and BLS databases, monitoring of the quality of data collected, and an expanded use of EDI to collect information would enhance the quality and usefulness of the data.

Implementation: Long-term
Responsibility: Management

7. An information technology plan should be developed and implemented.

Issue: The role of an information technology plan is to guide IT management, projects, and hardware/software decisions. The WCB has difficulty funding technology initiatives, including expansion of the use of EDI and upgrading of its software and hardware. Funds budgeted for information technology initiatives have sometimes been used for other programs at WCB. There is no information technology plan in place for the WCB to support its initiatives.

Recommendation: Upon completion of the WCB strategic plan update, an information technology plan should be developed that supports the overall WCB strategic plan and considers



findings from this study. As a result of the IT planning process, a budget should be proposed that includes the resources necessary to implement and maintain the plan.

Implementation: Short-term
Responsibility: Management

8. WCB should improve the quality of claims information (data) it collects, increase use of EDI, and improve access to information.

Issue: The WCB has begun to implement some of the recommendations from the Coopers & Lybrand Report in regard to the use of EDI, including improvement in the quality of data and improved access to information. However, WCB continues the manual processing of most of its information, verbal collection of information, and the transportation of files by state delivery services among locations.

Recommendation: The WCB should continue to pursue EDI. EDI is the electronic communication of business transactions between organizations used by insurers and employers. Working in collaboration with WCB stakeholders, the BLS, and the BIS, the WCB should seek to expand its current EDI and web-based capabilities. The WCB should also develop a long-term plan to automate the claims process, including web-based inquiries from workers, access by WCB staff to electronic documents on line, and the expanded use of electronic transmission that goes beyond the first notice of injury.

Implementation: Long-term
Responsibility: Management and Board

9. Resources and infrastructure at the Bureau of Information Services and the Department of Labor should be leveraged.

Issue: Resources exist in the Bureau of Information Services, and the Department of Labor, such as a statewide infrastructure, the availability of programmer and business analysts, and expertise in information technology planning, that can support and enhance WCB operations. Management has identified the need for financial resources to support technology; however, resources planned for technology have been used for other WCB programs.

Recommendation: The information technology plan should serve as a basis for planning the resources available to WCB through BIS and the DOL. Adequate budgeting should be completed to identify the funds that will be needed. This also has implications relevant to the potential use of reserve funds. Savings can be realized from the expanded use of automation to process claims. Consider utilization of the DOL call center structure in place to address many questions that now come to the troubleshooters.

Implementation: Short-term
Responsibility: Management and Board

10. The strategic plan should be updated to reflect recommendations from this report.

Issue: The WCB strategic plan was scheduled to be reviewed and updated at the WCB Board of Directors annual retreat in October. This review was postponed to a later date. BDMP observed that the current WCB strategic plan is the basis for the construction of the WCB Scorecard which is being used by the WCB to measure progress toward its goals.

Recommendation: The current strategic plan should be updated to include recommendations from this report. The plan should include goals and objectives with clear and measurable metrics. Initiatives outlined in the strategic plan should be placed in appropriate project plans and monitored on a regular basis to measure progress and continue to evaluate priorities. The plan should be reviewed and updated at least annually. The WCB would benefit from an experienced facilitator to help develop the strategic plan in an effective manner.

Implementation: Short-term
Responsibility: Management and Board

11. Public perception should be improved and a communications program should be developed.

Issue: The WCB has not focused on improving its public perception or communicating proactively internally or externally. As a result, there is misunderstanding among some WCB stakeholders regarding WCB processes and procedures. Proactive internal communications, initiated by WCB on a regular basis to anticipate issues and questions, can help staff better solve routine problems.

Recommendation: Develop a public relations program. BDMP recommends that a person, or persons, be assigned the specific responsibility for improving public perception and communications. Measurable goals and objectives should be included in their job description and performance evaluation. WCB should continue to enhance its web presence and expand the web's functionalities. Consider other states, such as Oregon's website, for opportunities.

Implementation: Short-term
Responsibility: Management and Board

12. Fiscal accountability at the WCB Board of Directors' level should be improved.

Issue: WCB Board of Directors lack direction with regard to their roles and responsibilities. Fiscal reports reviewed by board members are not sufficient to enable board members to evaluate management or overall WCB fiscal performance. Management is not held accountable for budget shortfalls.

Recommendation: Accountability at the WCB Board of Directors level should be improved. Duties and responsibilities of WCB Board of Directors should be defined through formal policies to guide their actions. Financial reporting to the WCB Board of Directors should be improved by



increasing the level of financial detail evaluated by board members and the frequency at which the detail is monitored.

Implementation: Short-term
Responsibility: Management and Board

13. A formal policy regarding the use and maintenance of accumulated reserves should be developed. Legislation should be submitted to memorialize that policy in statute.

Issue: Assessments received above the Board's allocated budget and with a 10% margin must be used to create a reserve. The WCB desires to use the accumulated reserve funds to cover budget shortfalls. Clarity surrounding the appropriate use of board reserves appears to be missing within the current statute.

Recommendation: A reserve is important and enables the WCB to maintain a prudent level of financial resources and protect against reducing service levels or reallocating resources due to temporary budget shortfalls. A formal policy for the creation, use, and maintenance of accumulated reserves should be developed and enacted into Legislation.

Implementation: Short-term
Responsibility: Board and Legislature

14. A more predictable revenue model should be developed and implemented.

Issue: Projection of the revenue stream has not been adequate. Revenues continually change because the method used to predict revenues is unreliable. This has resulted in significant differences between initial budgeted revenue and actual revenue.

Recommendation: The WCB should formulate and implement a new revenue model. Use indemnity claims paid as a basis for determining assessments levied on employers and self-insured employers. This will enhance the predictability of the revenue stream. This model should be documented in a manual to promote a better understanding of the revenue determination process.

Implementation: Long-term
Responsibility: Board and Management

15. An in-depth understanding of revenue should be maintained by the WCB Board of Directors.

Issue: Excess assessments have been accruing and do not appear to be returned to employers in accordance with the Statute.

Recommendation: The WCB Board of Directors needs to gain and maintain an in-depth understanding of its revenue model. For example, training on this topic could be part of a new

board member orientation process. WCB Board of Directors should monitor the accumulation of excess assessment revenue collected to ensure the Board is in compliance with the Statute.

Implementation: Long-term
Responsibility: Board

16. A balanced budget should be developed.

Issue: The WCB is not operating within a balanced budget. A balanced budget is a basic budgetary constraint intended to ensure the WCB does not spend beyond the maximum assessment.

Recommendation: Biennial budgets submitted to the Bureau of Budget should not exceed the maximum assessment levied per Subsection 154 of the Statute. WCB should operate within a balanced budget. Management should monitor budget-to-actual performance monthly. Compliance with the budget policy should be reviewed periodically and during the budget process.

Implementation: Short-term
Responsibility: Board and Management

17. Program expenditures, over time, should be evaluated.

Issue: Budgeted expenditures within discretionary areas have been reallocated to cover budget shortfalls in the Monitoring, Audit and Enforcement and Worker Advocate Programs. Budgeted expenditures for these two programs appear to be based upon high-level estimates and have not been predictable. Without performing adequate program expenditure analysis regularly, decisions regarding additional revenue needs will not be substantiated.

Recommendation: Program expenditures need to be monitored and evaluated as to how they change over time. This will help identify recurring and non-recurring costs, best enable management to control program costs in an ongoing and proactive manner, and substantiate decisions that will require additional funding for WCB or changes to imposed funding limits.

Implementation: Short-term
Responsibility: Board and Management

3.0 FINDINGS AND CONCLUSIONS MATRIX

The purpose of this section is to document findings, analysis, and conclusions that support our recommendations. The matrix details the observations, issues, and recommendations regarding the following areas of study:

- Organization
- Process
- Technology
- Culture
- Overall Budgeting Roles and Responsibilities
- Budget Process
- Revenue Stream
- Expenditures

The left column denotes either “1997 Coopers & Lybrand Report” recommendations or “BDMP Findings.” The center column identifies “Findings and Analysis” that were gathered from our research and interviews with management, staff, WCB Board of Directors, and stakeholders. In regard to the Coopers & Lybrand Report, the Findings and Analysis column denotes some recommendations as fully implemented. All other Findings and Analysis describe the degree to which the recommendation has been implemented. The right column identifies “Conclusions” relevant to areas of study noted above. Resulting recommendations have also been cross-referenced in this column of the matrix.

The matrix is organized differently in the Budget, Revenues, and Expenditures sections since there were no Coopers & Lybrand Report recommendations related to finance. Readers may note some redundancy in the matrix where multiple observations led to the same conclusion or recommendation. BDMP has not tried to duplicate the Coopers & Lybrand Report of 1997. Readers should refer to that report where appropriate.



3.1 Organization

1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Let the Executive Director manage the day-to-day tactical activities of the agency. The WCB Board of Directors must focus on policy making and Legislative matters.		
<p>The ED must be given full authority and accountability for:</p> <ul style="list-style-type: none"> • Administration of the agency • Hiring, firing, and managing of direct reports • Leadership • Planning and performance benchmarks 	<p>The ED is in charge of daily operations but does not have some tools in place, such as complete policies and procedures, that would allow the staff to operate under ordinary circumstances.</p>	<p>Operations should be managed by the ED who should be responsible to assign staff to fulfill specific board requests for information. Information should be disseminated under the supervision of the ED. ED should monitor and develop policies and procedures that allow staff to operate under ordinary circumstances without WCB Board of Directors' intervention. Develop and maintain an operations manual that includes policies, procedures, and job descriptions that apply to all offices. Update on a regular basis, at least annually. Recommendation 2</p>
	<p>ED looks to the WCB Board of Directors for decision-making on some issues that are more operational than policy oriented. ED is in a difficult position trying to work well with opposing forces on the WCB Board of Directors.</p>	<p>Provide the ED with leadership and change management training. Provide WCB Board of Directors policies and training to guide their actions. Recommendation 2</p>
	<p>Some of the professional staff of the WCB do not report to the ED but to the WCB Board of Directors.</p>	<p>Develop policies and procedures for management of the ED by the WCB Board of Directors to create an environment whereby the ED is able to effectively manage the operation of the WCB without fear of repercussion that could be caused by unpopular recommendations or decisions. Change reporting structure to focus WCB Board of Directors on Legislation and policy making, rather than personnel management. Recommendation 2</p>
<p>The Board has responsibility to:</p> <ul style="list-style-type: none"> • Set policy, rules, regulations, and long-term goals • Support the ED in the execution of his duties 	<p>Business plan is three years old and does not contain quantifiable goals and objectives.</p>	<p>Develop a business plan with goals and objectives that are measurable. Use these goals and objectives to construct performance benchmarks. This plan should be updated annually. Recommendation 10</p>
	<p>The WCB Directors have difficulty reaching consensus regarding contentious issues. Its inability to reach consensus sometimes results in deferring decisions to judicial or legislative branches.</p>	<p>The WCB Board of Directors' composition and appointment process should be reviewed and based upon best practices and BDMP recommendations. Recommendation 1</p>
	<p>WCB Directors do not regularly review the ED's performance.</p>	<p>An evaluation tool should be developed and a performance review schedule should be established. Recommendation 3</p>



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Outsource those functions where a vendor's unique expertise and/or independence is vital.		
Outsource technical infrastructure to the Bureau of Information Services.	Recommendation not implemented. WCB has stated that there is a lack of funding to pay for BIS services.	WCB and BIS should complete a technology plan that outlines short- and long-term strategies for leveraging statewide information services. Budget for appropriate funding. Recommendation 7
Establish a shared service environment for the agency applications with the Department of Labor/OIP.	To a limited extent, the WCB has implemented the recommendation. A Progress database is being developed to use in conjunction with BLS programs that identifies safety issues.	Formalize and expand the relationship with DOL. Develop a plan to leverage data collection and information gathering at DOL and WCB. Develop a plan to leverage the statewide services and support in place, as well as a plan to budget for use of DOL staff and services. Recommendation 8
Outsource data analysis and clean-up to MHIC.	WCB has been working with DOL to clean up the data.	Continue to work with DOL on the data analysis and clean-up. Recommendation 8
Outsource internal/external audits to a CPA audit firm.	Recommendation not implemented.	Monitor viability of using outsourcing. Consider engaging an external auditor. This would provide an independent, objective review of operations at the WCB and provide a review of the appropriateness of expenditures in relation to the WCB statutory responsibilities.
Outsource formal hearings to contract attorneys.	Recommendation not implemented.	Do not contract for attorneys outside the state structure. Consider the adoption of one of two models. <ul style="list-style-type: none"> - Example 1 – Change the statute and develop a central panel of hearing officers that would address all types of hearings across the State. This would provide an independent source for hearings. - Example 2 – Move the WCB hearing officers under the Department of Labor and leverage the hearing structure currently in place that supports Mental Health, Housing Authority, Marine Resources, and Public Safety. WCB hearing officers would have expertise in the WCB and other hearing officers would receive education. Recommendation 5
Implement a "Scorecard" system that highlights the organization's goals and progress in order to enhance decision-making and to focus tactical priorities.		
Implement a business system Scorecard to track specific performance metrics that are key to the success of the agency. <ul style="list-style-type: none"> • Internal (operating efficiency statistics, etc.) and external (compliance results, "customer" satisfaction surveys) metrics are measured and reported <i>monthly</i> 	Scorecards are developed by the WCB senior staff and recommended for acceptance by the WCB Board of Directors. Limited input is given by the WCB Board of Directors to the development of the Scorecard. The Scorecard addresses many of the recommendations in the Coopers & Lybrand Report of 1997. It does not consistently identify specific metrics that are key to the success of the agency. Results of the Scorecard are reported periodically.	WCB should develop the Scorecard based upon the business plan and the goals and objectives that are developed. It should develop metrics that can be objectively measured. A timetable for reviewing items on the Scorecard should be established and measurements should be reported monthly, including applicable monthly, quarterly, and semi-annual goals. Metrics should focus on measuring increases in efficiency, effectiveness, or customer satisfaction. Recommendation 10



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
<ul style="list-style-type: none"> Metrics will evolve and be refined – the objective is for the organization to openly report its progress toward metric goals 	The Scorecard is currently in use and has not been refined since it was developed.	
The governance structure of the Workers' Compensation Board should be changed.	It has been difficult for the WCB Board of Directors to make decisions regarding issues over which management and labor have diverse opinions. The Board of Directors' structure of four management and four labor appointees causes gridlock on contentious issues and makes it difficult for the Board of Directors to operate well.	<p>Change in structure can be accomplished in several ways, including changing the composition and number of board members, changing the structure of the Board of Directors, or changing the location of the WCB within state government.</p> <p>Consider the positioning of the WCB within State government before determining the composition and structure of the Board of Directors going forward.</p> <p>Consider examples 1 – 4 outlined in Recommendation 1. Recommendation 1</p>

3.2 Process

1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Shift focus and resources incrementally to Dispute Prevention and Compliance.		
Designate individual management team members as the Prevention and Compliance "Czars" whose responsibility will be to develop, collaboratively with other stakeholders, a comprehensive series of dispute prevention and compliance steps and programs.	The MAE program has an individual who is responsible for compliance. There has not been an individual dedicated to prevention.	<p>It should be the responsibility of an individual to develop dispute prevention as well as compliance programs.</p> <p>Develop a metric that monitors the progress of incrementally shifting focus and resources to Dispute Prevention and Compliance. Recommendation 4</p>
Develop a comprehensive Dispute Prevention Program.	Recommendation not implemented.	<p>Develop a Dispute Prevention Program and create a strategy that includes goals and objectives. A Dispute Prevention Plan will be a factor in reducing the number of claims that go to hearing. Develop an implementation plan that includes stakeholder education. Recommendation 4</p>



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Develop a comprehensive compliance program.	Elements of a comprehensive compliance program have been developed. A compliance program includes education, enforcement, or coverage elements. A coverage pilot program is in progress. Education and enforcement have not yet been addressed.	Continue working on the compliance pilot program and consider development of education and enforcement goals and objectives for inclusion in the business plan. Consider that enforcement is a role of the AIU and if the MAE and AIU programs were merged, some efficiencies might be realized. Recommendation 4
	MAE generates reconciliation reports to improve accuracy of compliance information. Interviews identified a perceived lack of follow-up regarding these reports.	Educate insurers regarding the use of the reconciliation reports. Consider utilizing EDI for notification of edits made. Recommendation 4
Speed up the dispute resolution processes by removing large areas of "wait" time.		
Adopt a Customer Service Representative "I can help" model whereby any WCB employee can handle general information calls using scripted support materials.	Scripted material has been developed to assist staff in handling general information calls. WCB staff have varying degrees of awareness regarding the existence and use of these scripts. BDMP did not identify problems with customer service.	Update scripted material where necessary and make it available via paper, the Internet, or the Intranet. Consider use of dedicated staff in a customer call center model or by using dedicated troubleshooters. Recommendation 4
Redistribute the workload to other regions as needed to eliminate backlogs. There is an immediate need to contract resources to eliminate the hearing backlog.	The backlog has been reduced and workload has been redistributed to other regions. No contract resources were utilized.	Continue to monitor the workload to ensure efficient and effective processing of cases. Recommendation 4
Adopt measurements of performance which encourage employees to resolve cases as early in the process as possible. Timebox each stage of the dispute resolution process.	Recommendation has been implemented to improve earlier resolution. Measurements of performance have been created to encourage employees to resolve cases faster. Monthly reports are generated to identify outstanding caseloads by employee, position, and region.	Consider adding a metric to measure quality of work performed as well as time to resolution. Recommendation 4
Provide information access to case files, prior decisions, state law, etc.	Some information is available electronically through the Progress database. Most of the information can only be accessed via paper files, which are located at the central office and mailed to the regional offices.	Investigate the document management system being used by the State and develop a system to image and scan all paper files so that there is immediate access to all files. Recommendation 7
Streamline the hearing process. Some suggestions are pre-hearing submission of evidence and arguments, one hearing, decision rendered at end of hearing.	Recommendation has been implemented.	No recommendation.



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Current metrics do not provide adequate incentive to resolve disputes early in the process.	Recommendation has been implemented. Metrics are in place to communicate to employees the status of caseload. Reports are made available on a regular basis and employees measure their own progress based upon these reports. Employees are evaluated, in part, by their ability to resolve cases as early in the process as possible. There is no measurement of quality in place.	Continue to improve by considering adding a metric to measure quality as well as timeliness. Recommendation 4
Leverage better and best practices from the hearing process to change behaviors. Reduce average disposition of 15 months.	Recommendation has been implemented. The hearing process has been reduced from an average of 15 months to an average of 7 months. This compares favorably with other states.	No recommendation.
	Recommendation has been implemented. Periodic meetings are scheduled for hearing officers to discuss developments in the law and best practices.	Continue to hold periodic meetings and update the hearing officers. Recommendation 11
	Recommendation has been implemented. A project is in progress to make case decisions available on the web using InforME.	Continue the work of making hearing decisions available on the web using InforME. Recommendation 7
The mediation and hearing processes must aggressively drive the schedule.	Recommendation has been implemented.	No recommendation.
Capture the right information, at the right time, accurately, and only once.		
Develop an enterprise data model collaboratively with the Bureau of Insurance, Bureau of Labor Standards, and insurers.	Recommendation has not been implemented.	Implement recommendation to make certain that the data needs of those dependent upon WCB are met. Budget appropriately to implement recommendation. Recommendation 7
Redesign forms and adopt an Electronic Data Interchange (EDI) standard, which meets everyone's needs.	WC has adopted a proprietary standard EDI solution, which is meeting some needs.	Adopt a standard EDI solution, which is not proprietary. Consider automating additional forms and work with BLS to define what information should be included to increase efficient processing of information. Staff from BLS and WCB should meet to recommend to the ED what information should be included on the forms and implement those changes. Consider use of the DOL browser solution to make forms readily available to everyone. Recommendation 8



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Adopt a set of business procedures and data capture points, leveraging the work of the Insurance Compliance and Benchmark Group (ICBG).	The Insurance Compliance and Benchmark Group has assisted WCB in redesigning various forms. This group assisted in defining new forms and reports. The group recently has had difficulty arriving at consensus regarding form re-design. This lack of consensus delays recommendations that are sent to the WCB Board of Directors for action.	Continue to work with the Insurance Compliance Benchmark Group to finalize the redesign of WCB forms and develop recommendations regarding the frequency of form redesign. Recommendation 4
Penalize insurers and employers for incomplete or late information.	Recommendation has been implemented. Disputes arise because of inconsistent interpretation regarding receipt of first reports.	Develop and communicate, externally and internally, a policy that defines how receipt dates are determined and how to accurately complete a first report. If needed, propose Legislation that will further define the 14-day requirement in Chapter 1, Section 1, of the Statute. Recommendation 4
Develop procedure manuals and a comprehensive training program for all employees.	Some SOPs are available to support various functions, some are not comprehensive, and some are not presented in a consistent format.	Identify all policies and procedures that need to be developed or reviewed. Create a comprehensive procedure manual and provide continuing education for all employees. Recommendation 4
Adopt EDI as the primary data collection mechanism.		
Adopt the IAIABC EDI standard.	Recommendation has not been implemented. The IAIABC EDI standard has not been made available. The solution may not be available for use for up to two years. No one is able to predict with certainty when it will be available.	Adopt a standard EDI solution which is not proprietary. Proprietary solutions are developed by a single organization and are more difficult to integrate with others' software. Consider adopting the IAIABC EDI model when it is available. Recommendation 8
Require EDI submission of forms.	Recommendation has not been implemented. EDI submission is allowed on an optional basis.	Consider implementation of the recommendation in order to process information more efficiently. Recommendation 8
	Current EDI solution only accepts filing of first reports of injury.	Further develop EDI to allow all forms to be available via EDI. Information regarding missing or incomplete data should be sent electronically back to the filer. Recommendation 8
	Twenty to twenty-five staff members are dedicated to forms data entry of the Progress database. Staff do some work manually and some work is performed via telephone	Once EDI is fully implemented, review the reallocation of staffing resources. Recommendation 4



BDMP Findings	Analysis	Conclusions
Troubleshooters	Troubleshooters, also known as claims resolution specialists, attempt to resolve disputes by contacting the employer and employee to identify issues. Additional information (such as medical reports) must be obtained in order to discuss possible resolutions. Troubleshooters' time is divided almost evenly between answering questions and addressing NOCs. Some troubleshooters are already informally assisting the Worker Advocate Program by answering questions. The WCB has already moved one troubleshooter to the Worker Advocate Program.	<p>BDMP has identified opportunities to continue to improve the process by reallocating some troubleshooters to better support the process. For example, designate two troubleshooters as customer relations/help desk representatives and to assist with general questions in cases that have not been sent to an advocate. These troubleshooters should receive training and SOPs and be provided with scripts and responses to frequently asked questions. Reallocate two troubleshooters to act as assistants to the advocate. Realign the troubleshooters with the Workers Advocate Program because the troubleshooters are already answering questions once a case has been passed on to the Advocate Program. A process re-design project should be undertaken to identify new processes to support movement of some troubleshooters. These processes should result in improved efficiencies and increased effectiveness.</p> <p>Increase efficiency by determining why NOCs are filed, and develop a plan with stakeholders to resolve this problem. Recommendation 4</p>
Worker Advocate Program	All cases must be accepted by an advocate unless the worker's advocate determines that a case will not be accepted based upon the screening mechanism in the rules and regulations.	<p>Create an SOP to empower troubleshooters to recommend whether or not a case should be given to an advocate based on the screening rules and regulations.</p> <p>There are benefits to redesigning the process. For example, create a metric whose goal is to identify types of cases that should have been resolved prior to the advocate's involvement. Recommendation 4</p>
	SOPs dictate the sharing of medical information with all parties. The information is not consistently being shared.	<p>Develop and utilize a checklist to make sure that all medical information is available to both parties prior to mediation. Recommendation 4</p>
	SOPs require that phone calls from clients are returned by the worker's advocate within 48 hours of receipt. Often, clients call the troubleshooter instead of the worker's advocate.	<p>Refer to troubleshooter recommendation #1. Calls could be made more efficiently if some troubleshooters were supporting the worker advocates. Recommendation 4</p>
Mediation	The statute requires that all cases go to mediation. In some cases both parties can identify when a case cannot be solved at mediation.	<p>Consider creating a mechanism where parties can mutually agree to waive mediation or consider creating a screening mechanism where certain types of cases would be exempt from the mediation process. Both instances would require a change in statute. Recommendation 4</p>



BDMP Findings	Analysis	Conclusions
Hearing Officer	<p>Although hearing officers have been effective in reducing the amount of time needed to process a claim to its conclusion, BDMP identified potential for more improvement in the efficiency of regional hearing officers. The caseload of hearing officers is dependent, to some extent, on their regional location. Hearing officers sometimes are sent to other regional locations to provide services.</p> <p>BDMP identified a perception that hearing officers might be influenced by concern regarding re-appointment by the WCB Board of Directors when unpopular decisions are made and because they are geographically located with worker advocates.</p>	<p>The State should consider the hearing officer central panel model already used in 25 states. This model would incorporate the WCB hearing needs with the needs of other state agencies that require hearings, resulting in a more efficient and effective model for delivering services. Benefits include independence and fairness, pooling of resource to increase staff utilization, and hearing officers are trained to hear a variety of cases and charged to individual agencies. State research identified Minnesota as a good example of a state that utilizes the central panel model. Such a model would require a change in statute.</p> <p>An alternative model would incorporate the WCB hearing officers into the DOL hearing structure to better utilize resources and provide adequate access to hearing officers throughout the state.</p> <p>Recommendation 5</p>
Abuse Investigation Unit	The generation of letters regarding no coverage and late filing of first reports has led to an increase in phone inquiries, which require investigator response. This leaves less time to focus on fraud and late payment cases.	<p>Develop an SOP and train support staff to answer questions that are generated from the late report and no-coverage letters. Develop an escalation policy for investigators to address more difficult questions. Consider working more closely with the MAE program to leverage resources.</p> <p>Recommendation 4</p>
	<p>There is no procedure to guide response time. Cases are typically handled on a first-in, first-out basis.</p> <p>There are not enough resources to respond to investigation requests in a timely fashion.</p>	<p>Develop management system to log cases and place them into a tickler file so that action is required by the AIU. Create a metric to measure the response time.</p> <p>Recommendation 4</p> <p>Consider merging the AIU into the MAE program. The programs have similar goals although they are achieved by different means. Policies and procedures should be developed to assure that each unit continues to carry out its responsibilities, while leveraging the resources available. A process re-design project should be implemented to achieve maximum efficiency and effectiveness as the two programs are merged. This project would also identify additional resources that might be required.</p> <p>Recommendation 4</p>



BDMP Findings	Analysis	Conclusions
Monitor Audit Enforcement Program	Public Law 1997, Chapter 486, Audit and Enforcement states "The program must be coordinated with the abuse investigation unit." Some informal collaboration takes place, but there is not a coordinated structured effort with the AIU. MAE is working effectively and efficiently and PL 486 states they work together.	Consider merging AIU into MAE. This merger could result in a much closer coordination between AIU and MAE. In addition, information systems, staff, services, the coordination of functions and responsibilities, and the process of tracking payments could be shared. The benefits would be shared administrative service, staff, and information. Recommendation 4

3.3 Technology

1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Stop all investment/enhancement activities in the current system and redirect business and information systems resources to acquire a new system, which supports the Workers' Compensation Board and its customers.		
Data is electronically submitted from "suppliers" through one standard interface – increases data quality, reduces manual steps	There is a standard EDI interface that is proprietary and limited in the amount of information that it can accept. It is being used by some suppliers.	Develop a plan to address the implementation of a standard software that will interface with supplier systems and will be accepted for use. This solution will increase claims data quality and reduce manual steps. Recommendation 8
Core claim data is accessible with analytical and ad hoc query tools – enhances data analysis	Recommendation has been implemented.	Consider requests from end users to have access to the query tool. Recommendation 8
Scheduling and case management functions support advocates, trouble shooters, mediators, and hearing officers – reduces time lags, enhances productivity	Recommendation has been implemented.	No recommendation.
Case law of prior decisions is available through Intranet – expedites decision process, enhances quality	Recommendation has not been implemented No Intranet solution is available.	Consider using InforMe as a mechanism to implement this recommendation. Recommendation 7
On-line document management function makes information available to all – reduces time, paper	Recommendation has not been implemented.	Discuss document-imaging solutions with BIS, as other state agencies are currently using this technology and a statewide solution could be leveraged. Continue to work with InforME to increase the number of documents that are available via the web. Recommendation 8



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Integrate the development, support, and operation of the business information systems with the Department of Labor.	There has been minimal integration of BLS and WC development or support. Lack of funding to accomplish integration has been given as the reason for not accomplishing this goal.	Develop a plan and budget for integration of information. Consider integrating the BLS Progress database, rather than maintaining two databases. Include in the plan policies who will collect and enter the information and be responsible for its integrity. Recommendation 7
Outsource the technical infrastructure support functions to the Bureau of Information Services.		
The Bureau of Information Services would provide technical infrastructure, network, and desktop support to the Workers' Compensation Board and must be responsible for maintenance and enhancement of the infrastructure components.	This recommendation has not been implemented. The reason given for not implementing the recommendation was lack of adequate funding for a service contract with BIS.	Develop a technology plan, using the WCB Strategic Plan as a basis for technology planning, and work with BIS to develop a budget that will fund the plan. Recommendation 7
Standardize all technical solutions, hardware, and desktops to the State of Maine standards.		
All components of the future technical environment of the Workers' Compensation Board are standardized, including electronic mail, desktop hardware and software, application development and production environments, databases, and network hardware and software.	Recommendation has been implemented.	No recommendation.
Establish a Business Analyst function at the Workers' Compensation Board to liaison between the agency and the shared service environment.		
Liaison with the shared service environment from a business process and requirements perspective.	One of the agency technology officer's responsibilities is as a liaison with the BLS. A limited amount of time is spent in the liaison role. Weekly meetings take place between the DOL systems analyst and the WCB, and monthly meetings occur between the ATO and DOL.	Formalize the liaison structure and staffing. Examine the responsibilities of the ATO to determine how much time he is able to devote to this role. Recommendation 9
The business analyst will have an in-depth understanding of the workers' compensation system's business processes.	It is among the ATO's responsibilities to serve as a business analyst. The role of the business analyst is important to determine the information needs of the WCB.	Examine the responsibilities of the ATO to determine what roles he is able to fulfill. Consider business analysts available through BIS. If use of a BIS analyst is desirable, include the position in the budget and technology plan. Recommendation 9



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
The business analyst will create a business design of the business information system.	Recommendation has not been implemented.	Create a technology plan to guide development of WCB business information systems. Also, see above recommendation. Recommendation 7

3.4 Culture

1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Create a sense of urgency at all functional levels throughout the Workers' Compensation Board and its WCB Board of Directors.		
The board must develop a long-term business plan which supports its mission.	Recommendation has been implemented. The board is completing the third year of its business plan and was scheduled to begin a new planning process in October 2001. The schedule has been delayed.	Develop a strategic business plan using proven planning methods and facilitation. Identify mission, vision, values, goals, objectives, and metrics to measure achievement of objectives. Recommendation 10
	The current business plan incorporates many recommendations of the Coopers & Lybrand Report of 1997.	The business plan should continue to incorporate recommendations from the Coopers & Lybrand Report of 1997 and this report. The plan should also reflect the vision of the WCB Board of Directors for the WCB going forward. Recommendation 10
The Board of Directors must set the example for the agency with disciplined and goal-driven meetings.	At the present time, WCB Board of Directors meetings lack some discipline in reaching decisions regarding contentious issues. Meetings occur twice a month. Agendas are used. Meetings often begin late and are long in duration. The discussion of contentious issues often results in gridlock or tabling of topics to be discussed at a later meeting. Meetings sometimes deteriorate through lengthy and numerous caucus sessions and lengthy discussions. It is difficult for the Board of Directors to operate well.	Addressing the following topics can help the WCB Board of Directors to operate well: <ul style="list-style-type: none"> • Methods for moving meetings forward and accomplishing the goals and objectives for a meeting • Consensus building • Change management • Goals related to improving the effectiveness of WCB Board of Directors during board meetings Design a Scorecard for the WCB Board of Directors to measure effectiveness in conducting disciplined and goal-driven meetings. Recommendation 1
A "sense of discipline" must be filtered down throughout the organization.	It does not appear that a "sense of discipline" has been filtered down.	A "sense of discipline" needs to be filtered down through the organization.
Empower the staff of the Workers' Compensation Board to enforce compliance, impose penalties, and create incentives to comply.		
Allow the employees to reference penalties and consequences of noncompliance when speaking with employers and insurers.	Recommendation has been implemented. The Claims Management Unit uses the statute to answer questions posed by constituents related to policy and regulations. The statute is readily available to staff.	No recommendation.



1997 Coopers & Lybrand Report	Findings and Analysis	Conclusions
Allow the employees to reference penalties and consequences of noncompliance when speaking with employers and insurers.	Staff do not uniformly have easy access to fans and policies and procedures to answer questions.	Develop policies and procedures that can be easily accessed and used to answer questions and make appropriate decisions. The Intranet would support information availability. Recommendation 4
Communicate with Workers' Compensation Board employees, injured workers, employers, insurers, the public, and other constituents.		
Improve public perception with an active public relations program to respond to criticisms and publicize "success stories."	Recommendation has not been fully implemented. The ED responds to requests for information but does not have a proactive public relations program.	Consider working with State resources to develop a public relations program and policies and procedures to operationalize the program. A staff member should be identified as the public relations representative, and responsibilities should be formalized and made part the individual's evaluation process. Recommendation 11
Implement a communication program focused on information exchange within the agency, between the Board and the agency, between the agency and the BIS/BLS, and with the public.	Recommendation has not been implemented.	Meet more frequently to talk about common areas of interest, leverage resources, and determine how to work more collaboratively together. Recommendation 11

3.5 Budgeting Roles and Responsibilities

Findings	Analysis	Conclusions
The board does not appear to hold management accountable for budget shortfalls.	Effective board policies provide direction for the WCB Board of Directors. Without a written policy, duties and responsibilities of board members are not defined, communicated, or discharged.	Duties and responsibilities of WCB Board of Directors should be defined through formal policies to guide their actions. Recommendation 12
	The WCB Board of Directors should be responsible for establishing performance standards for the ED and the Deputy Directors. Without such standards, the WCB Board of Directors cannot adequately assess management's performance.	Financial performance standards for the ED and management team members should be developed and implemented by the WCB Board of Directors to enhance accountability of management and to serve as a tool to assess management and the agency's performance in comparison to the budget. Recommendation 12



Findings	Analysis	Conclusions
Summary year-to-date, monthly, and quarterly budget-to-actual performance reports are generated by the Deputy Director of Business Services, but are not reviewed by the WCB Board of Directors. Fiscal reports reviewed by board members consist of a high level summary as opposed to a detailed budget analysis.	WCB Board of Directors have general supervision over the administration of the statute and responsibility for the efficient and effective management of the WCB and its employees. General supervision necessitates that WCB Board of Directors become involved to ensure that issues are thoroughly analyzed before corrective actions are approved, and to see that these actions are implemented by the ED. Without sufficient usable fiscal information, WCB Board of Directors are not equipped to evaluate management or overall board performance.	A formal board policy should be developed and implemented that reflects the mission of the WCB. WCB Board of Directors should receive orientation and training in responsibilities and policies. Recommendation 12
	Monitoring the WCB operations and performance on a regular basis is implicit in the duty of reasonably supervising WCB management and employees. Generally, monitoring should occur through management reporting at regular board meetings.	The WCB should evaluate its financial performance relative to the budget on a monthly, quarterly, and yearly basis to supervise the administration of the statute, increase accountability of management, and monitor changes in operations as they occur. By increasing the level of detail evaluated as well as the frequency, board decisions relative to financial performance will be more timely and appropriate. Recommendation 12
Budget information made available to the WCB Board of Directors does not enable them to adequately monitor board performance.	Best practices suggest that key fiscal data presented should emphasize performance accompanied by summary comments. Key fiscal data will enable the WCB Board of Directors to easily compare WCB performance against its fiscal goals.	Each month, the WCB Board of Directors should review the budget. Budget performance reports should be concise, accurate, and timely. Budget reports should help directors assess the financial condition of the WCB and identify adverse trends. Financial data for board review should include comparisons of the prior period's actual results-to-current period budget. Budget-to-actual performance results and variances should be reported and explained by the ED, including corrective actions that are required. Recommendation 12
WCB Board of Directors do not appear to monitor their own expenditures in comparison to the budget.	Without accountability, WCB Board of Directors do not appear to meet their implicit duty of responsibility for the efficient and effective management of the WCB and its employees.	WCB Board of Directors should lead by example. Recommendation 12



3.6 Budget Process

Findings	Analysis	Conclusions
Biennial budgets submitted to the Bureau of Budget have exceeded the maximum assessment levied per Subsection 154.6 of the statute. The budgets submitted take into consideration investment income, fees, and other miscellaneous revenues. The board does not currently budget for annual contractual personnel increases. The Bureau of Budget has experienced untimely budget information in the form of additional Financial Orders from the board.	A balanced budget is a basic budgetary constraint intended to ensure the WCB does not spend beyond the maximum assessment.	The WCB should develop a written budget policy. This policy should define a balanced operating budget, commitment to budget, and provide for disclosure when a deviation from a balanced budget occurs. Compliance with the policy should be reviewed periodically and disclosed during the budget process. Recommendation 16
The WCB Board of Directors believes the accumulated board reserves are available to them to cover increasing expenditures and any potential budget shortfalls. Clarity of the current statute wording regarding the appropriate use of board reserves appears to be subject to interpretation.	A formal policy developed to guide the creation, maintenance, and use of accumulated reserves will enable the WCB to maintain a prudent level of financial resources to protect against reduced service levels or reallocating resources because of temporary budget shortfalls.	A policy for the creation, use, and maintenance of accumulated reserves should be established and the purpose for which they may be used should be identified. Legislation should be submitted to memorialize that policy in statute. Development of maximum and minimum accumulated reserve amounts may be advisable. Recommendation 13
Budgets for the MAE and WA programs consist of high level estimates, which are not quantifiable. This has resulted in budget shortfalls and the need to re-allocate expenditures. A detailed expenditure analysis of both programs appears not to have been undertaken. Board members, the ED, and the Deputy Director believe the reserve account is available to cover these shortfalls.	Expenditure analysis and projections provide critical information to WCB Board of Directors and stakeholders about whether projected expenditure levels can be sustained, and whether a program's current and future costs are acceptable as compared to benefits and future revenues. Without performing adequate expenditure analysis, decisions regarding future program revenue and overall board revenue needs will not be substantiated.	Expenditure projections should be developed and prepared on a multi-year basis for each program. Costs need to be evaluated on how they change over time, to isolate non-recurring costs or savings, and to understand the implications of all costs once the program is implemented. Expenditure estimates should identify service level assumptions and key issues that may affect actual expenditures. Projections should be made available to stakeholders and WCB Board of Directors prior to making budget decisions. Recommendation 17



3.7 Revenue Stream

Findings	Analysis	Conclusions
Revenues continually change for prior fiscal years, which has resulted in significant differences between initial budgeted revenue and actual surcharge revenue received. Predictability of the final revenue amount for any given fiscal year has not been accurate.	State research conducted indicates that assessments for similar state boards or workers' compensation administrative programs are based upon indemnity claims paid in the prior year. The amount assessed employers and self-insured employers in the current year is a function of total indemnity claims paid in the prior year rather than using a percentage of estimated premiums. For each state that utilized this formula, the revenue stream was found to be predictable.	<p>The WCB should formulate a revenue model for assessment determination, projection, and budgeting that incorporates indemnity claims paid as an assessment base for both employers and self-insured employers. Indemnity claims paid by insurance companies is a determinable amount, which would not be subject to future adjustment, unlike premium audit adjustments. Assessments based upon indemnity claims paid would enhance the predictability of the forecasted revenue for a given fiscal year.</p> <p>This model should be documented in a manual to promote a better understanding of the revenue determination process. By enhancing the predictability of the estimated revenues, stakeholders will have increased confidence in overall revenue projections.</p> <p>Recommendation 15</p>
Excess assessments revenue has accumulated and resulted in the corresponding significant reduction in an assessment rate in recent fiscal years. Excess assessments for fiscal year 1997 appeared not to be returned to employers of the State of Maine until fiscal year 1999 and into 2000.	Assessments collected above the allowed reserve must be used to reduce the assessment for the following fiscal year.	<p>The accumulation of revenues collected above the WCB's allowed reserve for a given fiscal year must be monitored by WCB Board of Directors and management in order to ensure the WCB is in compliance with provisions of the Act.</p> <p>Analyzing forecasted revenue variances should be performed by WCB Board of Directors and management on a regular basis to enable the WCB to improve projections for the future.</p> <p>Recommendation 15</p>
The reduction of fiscal year 1999, 2000, 2001, and 2002 assessments by \$250,000, \$1,500,000, \$1,735,000, and \$2,000,000 is not quantifiable. The basis for the reduction in the assessments is an estimate and appears to exceed excess assessments received from prior fiscal years.	Without WCB Board of Directors maintaining a full understanding of the revenue projection process and the inherent variability in the projection of revenues, issues may not be uncovered in a timely manner. This can impede WCB Board of Directors from developing options and taking actions in an effective manner.	<p>WCB Board of Directors and management should maintain an in-depth understanding of board revenue. An analysis of revenue projection and variances will increase the WCB Board of Directors' ability to predict changes which will be less disruptive to the fiscal budget going forward.</p> <p>Recommendation 15</p>



Findings	Analysis	Conclusions
The breakdown of total excess assessments revenue received and the total board accumulated reserve dollars is not easily identifiable.	Documentation surrounding assessments received for any given fiscal year used to create a reserve and amounts above the reserve are important to the administration function of the WCB and the overall predictability of revenue projections.	Develop and maintain a revenue manual that documents revenue sources and factors relevant to present and future revenue sources. The document will promote a better understanding of resources and will assist with the administration of the budget process. Recommendation 15

3.8 Expenditures

Findings	Analysis	Conclusions
Budgeted expenditures have been re-allocated amongst individual line items within discretionary budget areas to cover shortfalls in the MAE and WA programs. As a result, additional Financial Orders for previously budgeted expenditures have been requested of the Bureau of Budget.	WCB Board of Directors and management should periodically evaluate the performance of the programs and services the board provides. Programs and activities should be reviewed to determine whether they are accomplishing intended program goals and making efficient use of resources. A performance evaluation provides both accountability and information on which to base improvements. Program performance information should be available during the budget process.	Performance measures, including efficiency and effectiveness measures, should be presented in basic budget materials. Measures should document progress toward achievement of goals and objectives. Recommendation 10
Board expenditures paid include costs associated with a law clerk position which does not appear to be a WCB position. Expenditures for this position have not been allowed to be built into the Biennial budget at the State level.	Budgetary results should be analyzed by the WCB Board of Directors on a monthly, quarterly, and yearly basis to monitor expenditure results and make appropriate planning decisions.	WCB Board of Directors should regularly monitor detailed expenditures. This provides an early warning of potential problems and enables the WCB Board of Directors to take action in a timely manner. Recommendation 17

APPENDICES



Appendix A
State of Maine
Workers' Compensation Board Governance Study

List of Advisory Committee Members

Name	Title
Senator Betheda Edmonds	Senate Chair, Joint Standing Committee on Labor
Rep. George Bunker, Jr.	House Chair, Joint Standing Committee on Labor
Senator Karl W. Turner	Joint Standing Committee on Labor
Rep. Russell Treadwell	Joint Standing Committee on Labor
Janet Waldron	Commissioner, Department of Administrative and Financial Services
Valerie R. Landry	Commissioner, Department of Labor
S. Catherine Longley	Commissioner, Department of Professional and Financial Regulation
Paul Dionne	Executive Director, Workers' Compensation Board
David M. Gauvin	Director, Workers' Compensation Board
Anthony Monfiletto	Director, Workers' Compensation Board
Greg Nadeau	Senior Policy Advisor, Office of the Governor
Lars Rydell	Management Analyst



Appendix B
State of Maine
Workers' Compensation Board Governance Study

List of WCB Board of Directors

Name	
John Cooney	Management Representative
David Gauvin	Management Representative
Frederick Hayes	Labor Representative
Joan Kirkpatrick	Labor Representative
Gary Koocher	Management Representative
Patricia Lemaire	Labor Representative
Barbara Longfellow, Chair	Management Representative
Anthony Monfiletto	Labor Representative



Appendix C
State of Maine
Workers' Compensation Board Governance Study

List of Program Stakeholders

Representation	Stakeholder
Workers' Compensation Board	Board of Directors
	Managers
	Staff
Bureau of Budget	Director
Bureau of Insurance	Commissioner
Department of Labor	Bureau of Labor Statistics
	Commissioner
	Administrative Hearings
	Unemployment Commission
Department of Administrative and Financial Services	Commissioner
Employees	Maine AFL-CIO
	Injured Workers of Maine
Employer	Five Employers Represented
Insurance	Seven Insurance or Self-Insured Employer Represented
Attorney	Two Attorneys Represented
Legislator	Democrat
	Republican
Other	State CIO
	Public Utility Commission
	Maine Occupational Research Agenda



Appendix D
State of Maine
Workers' Compensation Board Governance Study

Processes Associated with Workers' Compensation Board

Process Name	Description
Compliance/Prevention	Supervision of the Abuse Investigation Unit
	Monitor compliance
	Audit compliance
	Enforce compliance
	Administers the Abuse Investigation Unit
	Medical Fee Schedule
Dispute Resolution	Troubleshoots disputes
	Mediates disputes
	Administers formal hearing process
	Supervise Hearing Officers
	Adjudicates disputes
	Liaison between Hearing Officers and Workers' Compensation Board
	Supervises Worker Advocate Program statewide
	Represents employees at mediation and formal hearing
	Provides training and education for Worker Advocates
	Provide legal advice to Worker Advocates on issues and strategy
Legal Advice	Independent medical examinations
	Assist the General Counsel in handling litigation
	Legal counsel
Budget	Promulgate rules and regulations
	Provide assistance in budgetary and assessment processes
Information Services	Maintain technology for Board statewide
	Provide for programming needs of Board – directly and with contract employees
	Oversee electronic transfer of information
	Miscellaneous interface with other agencies, i.e., ISMG
Administration	Supervise day-to-day operations
	Liaison between Board and Governor's Office/Legislature/State agencies/other jurisdictions
	Human resources
	Monitor compliance with state and federal safety, health, and anti-discrimination laws



Process Name	Description
Administration (con't.)	Supervises claims, coverage, and business departments
	Administers space and equipment needs of agency
	Generates reports relating to dispute resolution and worker advocates
	Provides data for other state agencies, actuarial studies, and users of system
	Records Officer for agency
	Supervises all processes - Director of WCB
	Constituent complaints
	Supervision of regional offices (5)



Appendix E
State of Maine
Workers' Compensation Board Governance Study
State Research

	Maine	Wisconsin	Minnesota	New Hampshire	Oregon	Idaho	Texas
STATISTICS							
Organizational structure (branch, department)	Independent	Executive, Department of Workforce Development	Executive, Department of Labor and Industry	Executive, Department of Labor	Executive, Department of Consumer and Business Services	Idaho Industrial Commission	Independent, Department of Labor
Budget	6.75 MM	9 - 10 MM	11.4 MM	5 MM	15 MM	13 MM	27 MM
Population	1.3 MM	5.3 MM	5 MM	1.2 MM	3.5 MM	1.5MM	16.9MM
# of workers in the state	.6 MM	2.7 - 2.8 MM	2.8 MM	.6 MM	1.6 MM	.64MM	10MM
# of FTE	118.5	108	161.5	75	99	Approximately 130, half of staff is Rehabilitation Staff	Information not available
# of hearing officers	10	25	Centrally located in office of Administrative Hearings	7	5	5	6
# of lost time claims	16,000	55,000	34,300	Information not available	25,365	8,000	150,000
% claims to formal hearing	25%	8%	1.2%	15%	2.4%	10%	5%
What % of claims accepted electronically?	29% of First Reports	40-45% of First Reports	6% of First Reports	Under 5%	None	Information not available	87%
COMPONENTS OF PROGRAM¹							
Advocate program?	Yes	No	No	Yes, Provided by State Bar Association	Yes	No	Yes
Prevention program?	Yes	Yes, Provided by Department of Safety	No	Yes	Yes	Yes	Yes

¹ These programs denote differences within the dispute resolution process among states



	Maine	Wisconsin	Minnesota	New Hampshire	Oregon	Idaho	Texas
COMPONENTS OF PROGRAM (con't.)							
Monitoring program?	Yes	Yes	Information not available	Information not available	Yes	Yes	Information not available
Mandatory mediation?	Yes	No	No	No	No	No	No
GOVERNANCE							
Voting members of Board or Commission/Committee	8 Board	10 Advisory, 3 Board	None	9 Advisory Committee, 33 Board	5 Board	3 Commissioners	6 Advisory Board
Appointment process.	Nominated by AFL-CIO and Chamber of Commerce, Appointed by Governor	Appointed by Secretary of State	Appointed by Governor and confirmed by Senate	Appointed by Commissioner and confirmed by Governor	Appointed by Governor	Appointed by Governor	Appointed by Governor with consent of the senate
REVENUE CHARACTERISTICS							
How predictable has the revenue model been?	Not very predictable	Predictable	Predictable	Predictable	Predictable	Not as predictable due to implementation of discounted premiums	Predictable
Revenue model.	Assessment	Indemnity claims paid	Indemnity claims paid	Indemnity claims paid	Assessment	Assessment	Information not available
Budget cap?	Yes	No	Information not available	No	Yes	No	Information not available

***Information from other states was generated through interviews with other state workers' compensation systems and other state research as described in Section 1.4.**

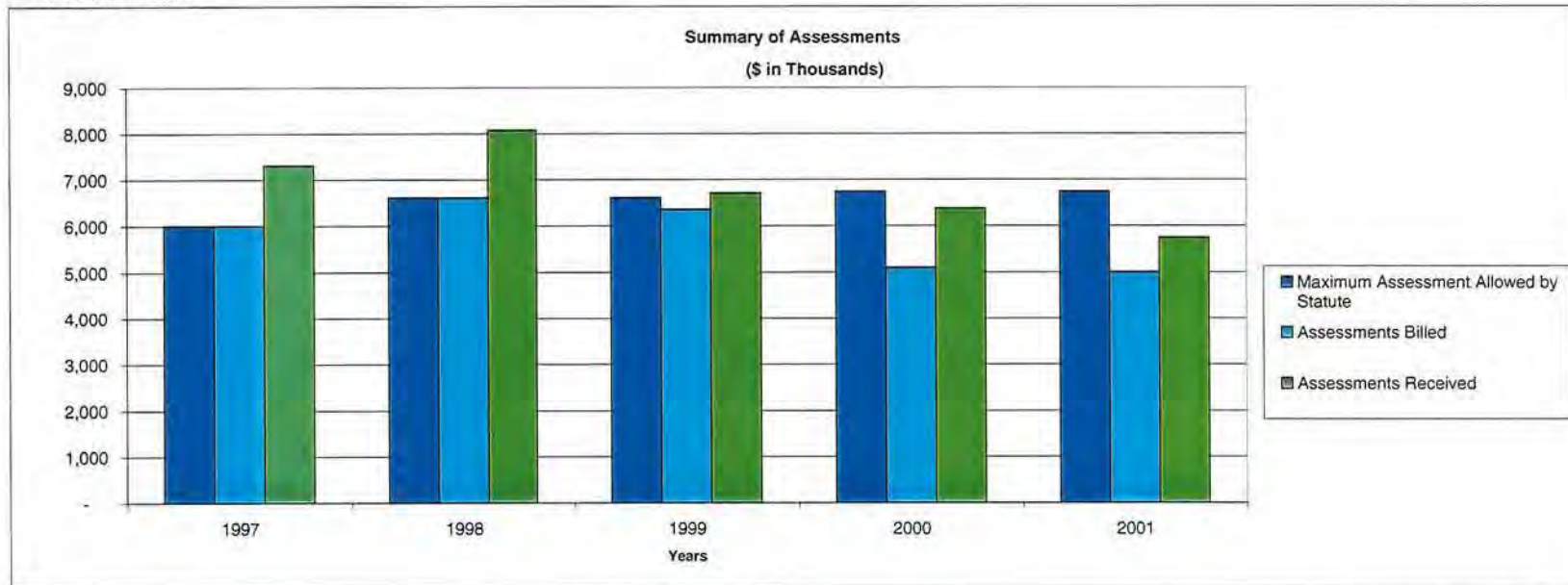
Appendix F
State of Maine
Workers' Compensation Board Governance Study

Summary of Assessments

Fiscal Year	1997	1998	1999	2000	2001
Maximum Assessment Allowed by Statute	\$ 6,000,000	\$ 6,600,000	\$ 6,600,000	\$ 6,735,000	\$ 6,735,000
Assessments Billed	\$ 6,000,000	\$ 6,600,000	\$ 6,350,000	\$ 5,100,000	\$ 5,000,000
Assessments Received	\$ 7,299,290	\$ 8,068,110	\$ 6,704,416	\$ 6,371,085	\$ 5,737,940

* Source for data is the Workers' Compensation Board

* All data is unaudited



Appendix F
State of Maine
Workers' Compensation Board Governance Study

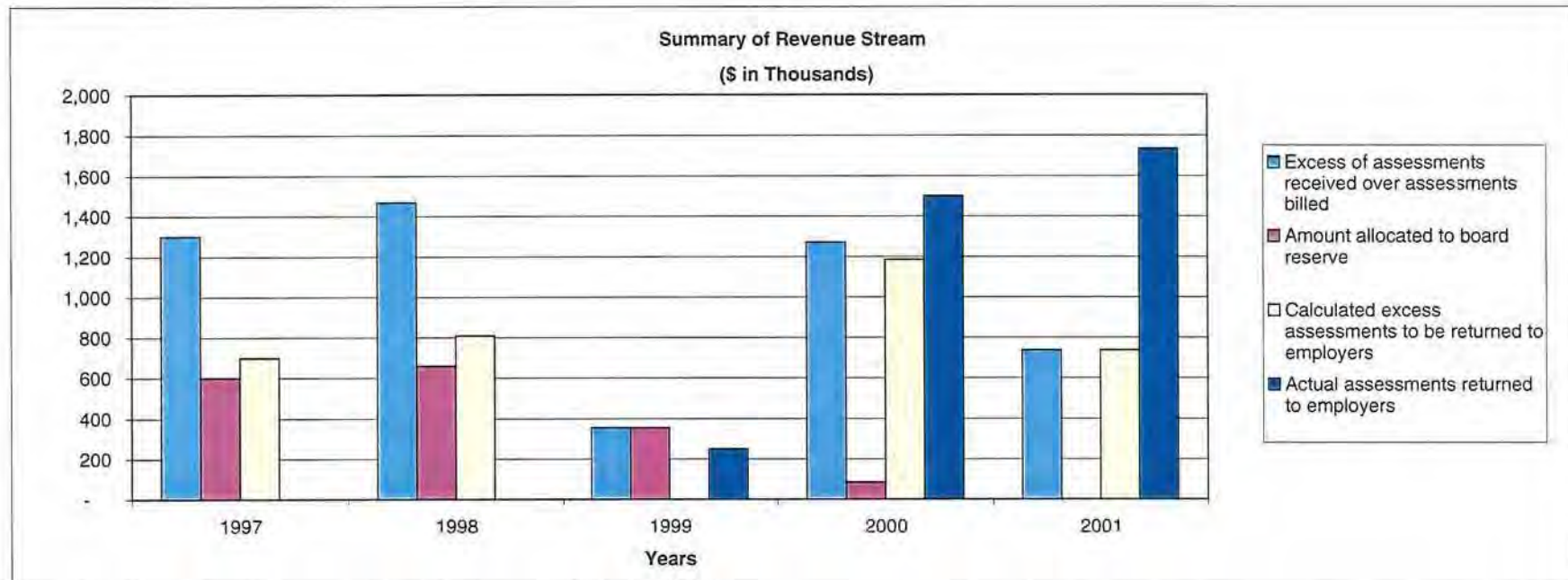
Summary of Revenue Stream

	1997	1998	1999	2000	2001	Total
Assessments billed	6,000,000	6,600,000	6,350,000	5,100,000	5,000,000	
Assessments received	7,299,290	8,068,110	6,704,416	6,371,085	5,737,940	
Excess of assessments received over assessments billed	\$ 1,299,290	\$ 1,468,110	\$ 354,416	\$ 1,271,085	\$ 737,940	
Amount allocated to board reserve	600,000	660,000	354,416	85,584	-	1,700,000 **
Calculated excess assessments to be returned to employers	\$ 699,290	\$ 808,110	\$ -	\$ 1,185,501	\$ 737,940	
Actual assessments returned to employers			250,000	1,500,000	1,735,000	

* Source for data is the Workers' Compensation Board

* All data is unaudited

** Maximum accumulated assessment is \$1,700,000



Appendix F
State of Maine
Workers' Compensation Board Governance Study

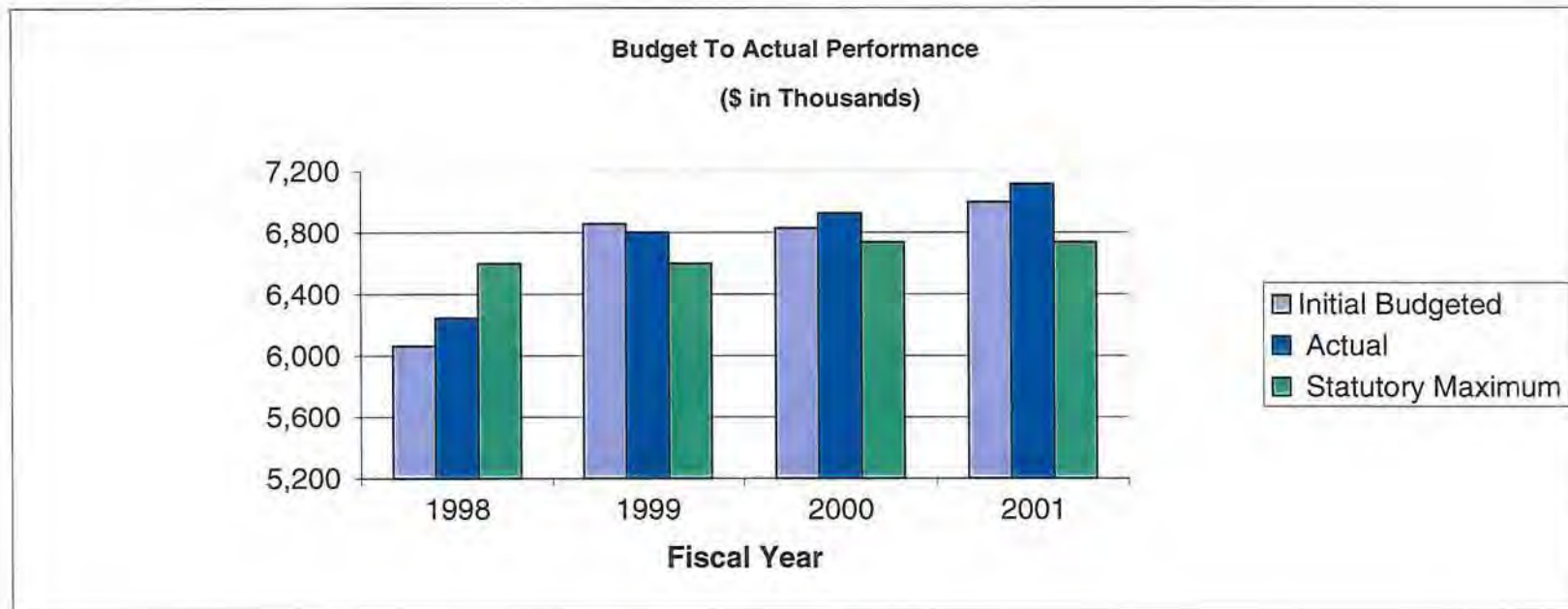
Expenditures

Fiscal Year	Initial Budgeted	Actual	Statutory Maximum
1998	\$ 6,060,687	\$ 6,244,676	\$ 6,600,000
1999	\$ 6,855,515	\$ 6,799,166	\$ 6,600,000
2000	\$ 6,827,879	\$ 6,926,392	\$ 6,735,000
2001	\$ 6,999,165	\$ 7,117,125	\$ 6,735,000

*Source for data is the Workers' Compensation Board

*All data is unaudited

*The budgets submitted take into consideration investment income, fees, and other miscellaneous revenues



Workers' Compensation Board Organizational Chart (July 2001)

Appendix G

