

# MAINE STATE LEGISLATURE

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# **Workers' Compensation Board**

## **Business Assessment**

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# **Workers' Compensation Board**

## **Business Assessment**

### **Executive Summary**

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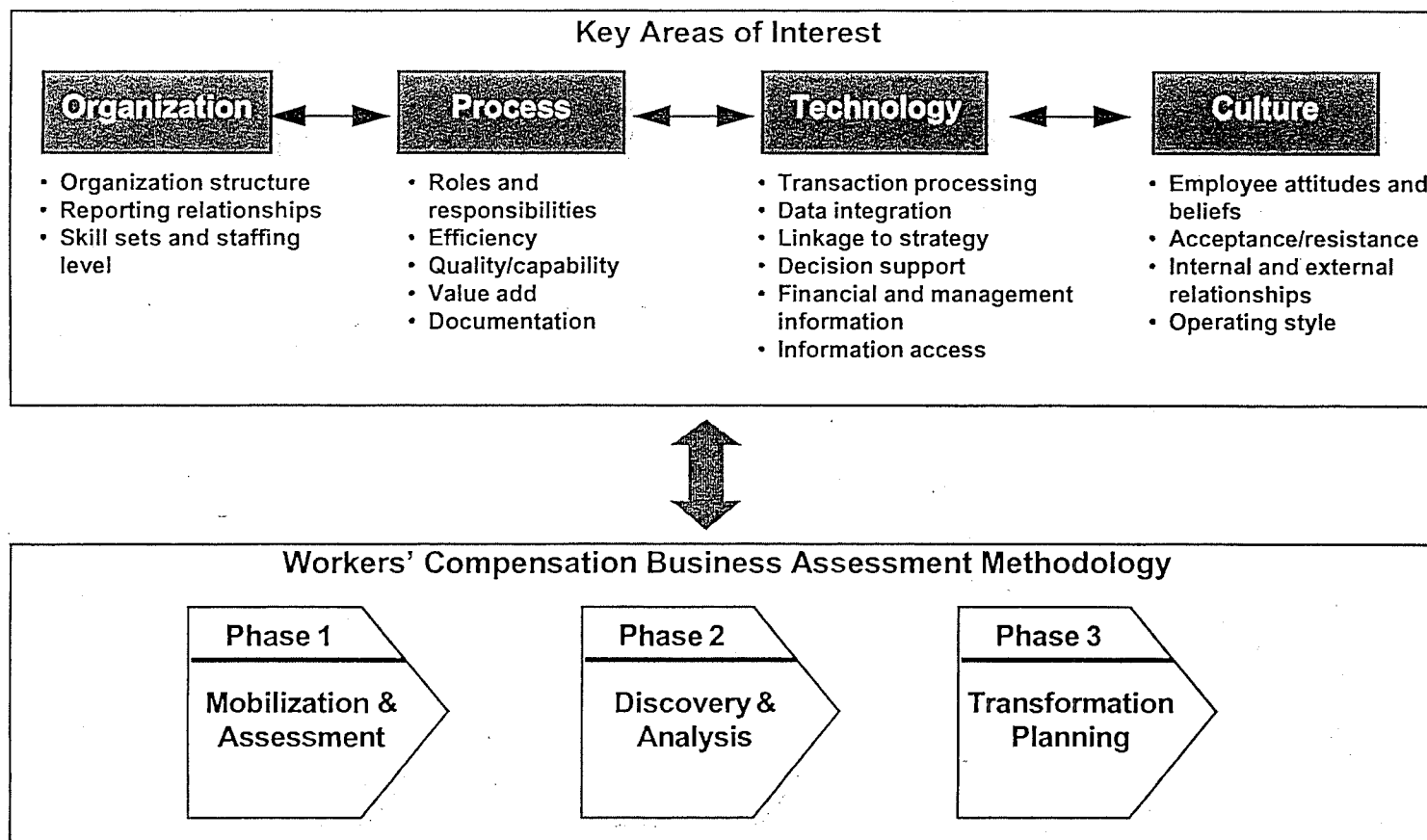
## Workers' Compensation Board Mission Statement

“The Board’s mission 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.”

Coopers and Lybrand was engaged to conduct an assessment of the business operations of the Workers’ Compensation Board to identify opportunities for improvement and to align the activities of the workers’ compensation system with the mission of the agency, as defined in PL486.

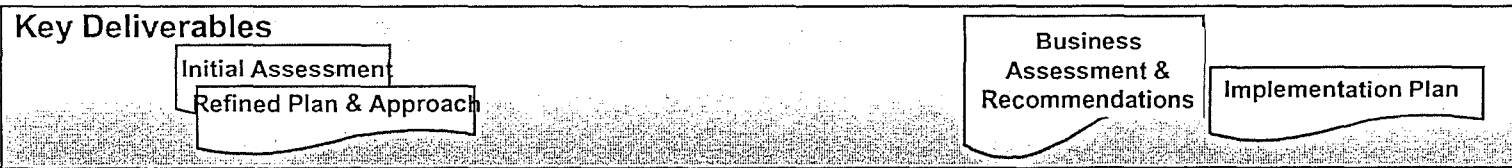
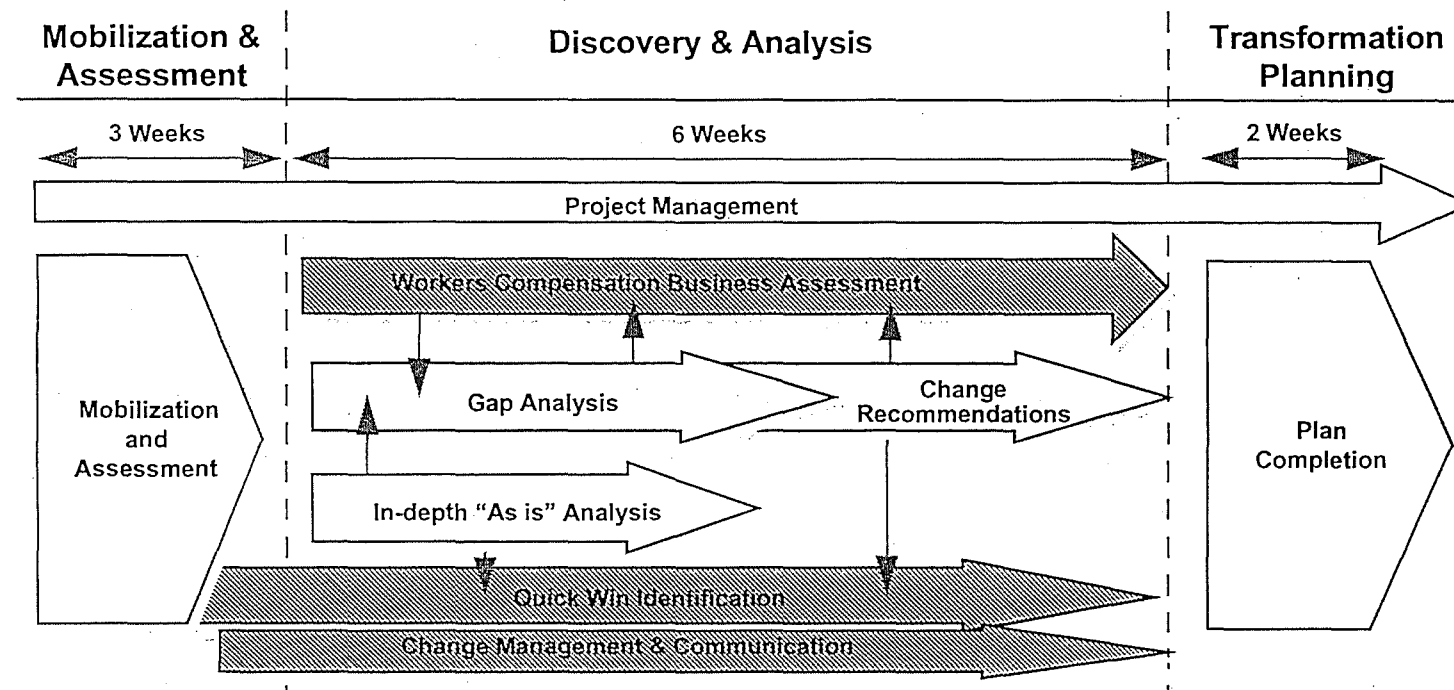


The study focused on four key areas of interest: Organization, Process, Technology, and Culture. A comprehensive, three phase analytical approach was used to conduct the business assessment and develop recommendations for change.



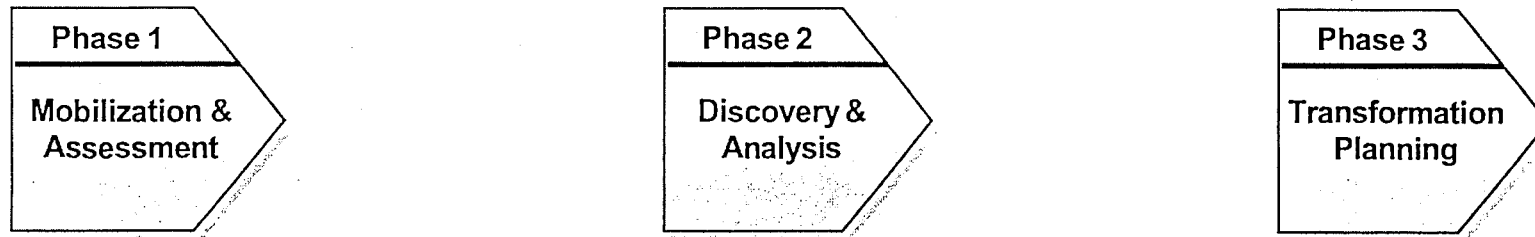


Our approach began with an assessment of the current environment to provide project focus and direction; created a detailed understanding of requirement gaps and options; validated the resulting workers' compensation business assessment with the various stakeholders; developed recommendations for change; and provided an implementation plan for the activities needed to implement the recommendations.





**Workers' Compensation Business Assessment Methodology**



**Objectives**

To rapidly compare the Workers' Compensation mission with current functions and systems to establish the focus for in-depth analysis in the next phase. To develop an initial assessment of the agency's readiness for change.

To analyze the "as-is" workflow, business interactions and information usage, identify areas of improvement and to develop a set of recommendations in the areas of organization, process, technology and culture.

To develop an implementation plan for the changes and actions required to implement the recommendations identified in the Discovery & Analysis Phase. This deliverable becomes the "blueprint for change" to fully implement the mission of the agency.

**Approach**

The approach included interviews with insurers, employers, stakeholders, and the agency's management team and staff. A Cultural Assessment Survey was conducted and a communication plan was developed and initiated to keep the agency staff informed of the project progress.

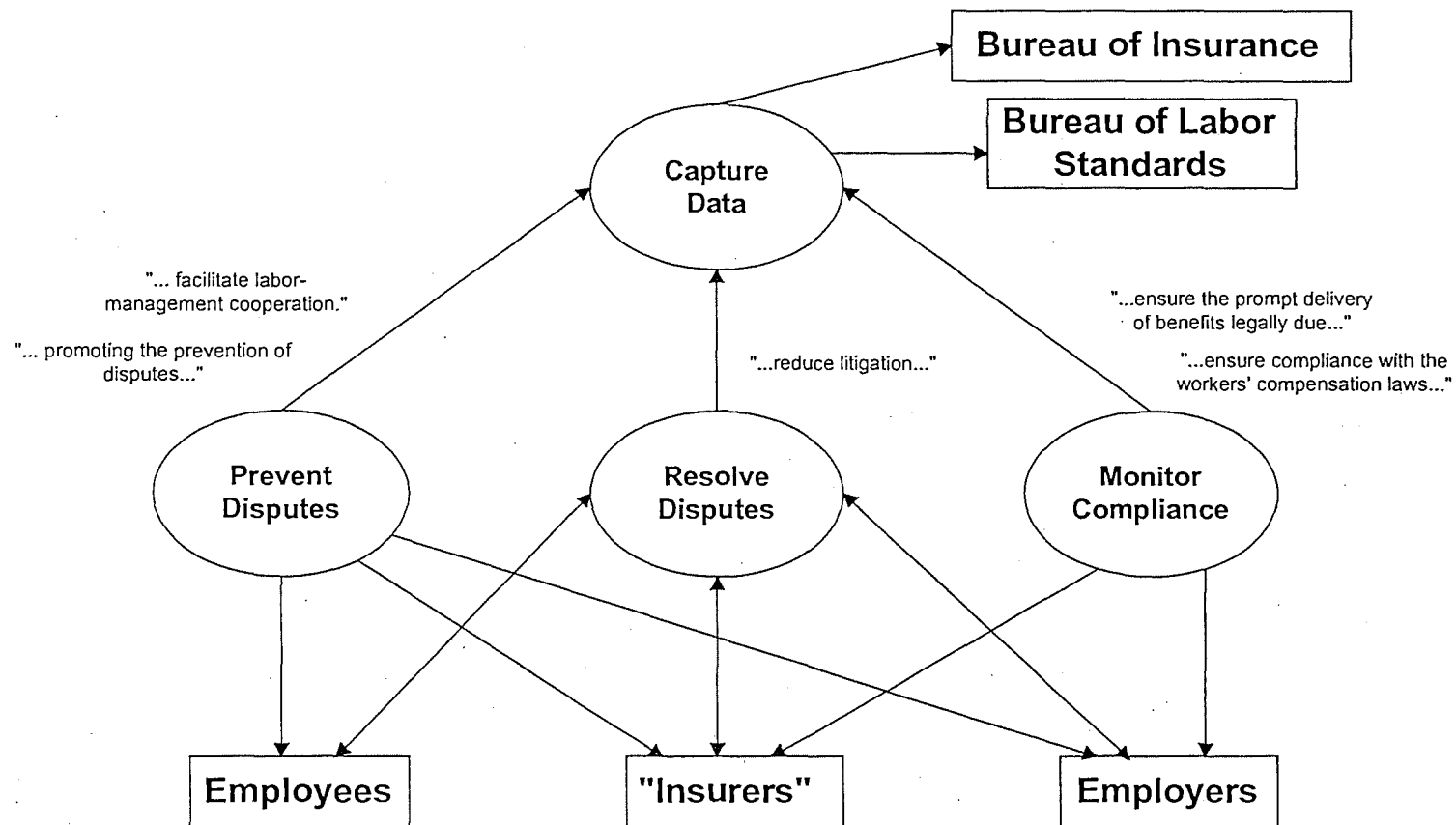
The approach included facilitated workshops, interviews with injured workers, insurers and employers, and the collection and overlay of best practices observed in workers' compensation systems of other states.

The approach included work sessions with the senior staff of the Workers' Compensation Board and others to gather the information needed to develop detailed profiles for each of the projects required to implement the recommendations made in the Discovery & Analysis Phase.

**The Business Assessment project followed a systematic, three phase process with specific objectives, approach, and deliverables for each phase.**



"...serve the employees and employers of the State fairly and expeditiously.."



The in-depth business process analysis focused on the activities which directly support the mission of the Workers' Compensation Board - Dispute Prevention, Compliance Monitoring, and Dispute Resolution.





**The following findings summarize the key areas for improvement and indicate where significant change and investment is required to address the current inefficiencies of the workers' compensation system. The following pages list the recommendations for change identified in each of the four areas of interest.**

Organization	The Board is too involved in day-to-day managerial topics and must focus on policy and legislative responsibilities. The agency must focus on its core competencies and outsource where appropriate.
Culture	Politics within the organization inhibit employees from doing their best, doing what is "right," and implementing The Act. An environment that fosters trust and employee empowerment must be created.
Process	70% of all work activities focus on an inefficient and largely manual resolution process. The resolution process must be totally redesigned and the organization must place its emphasis on dispute prevention and compliance programs.
Technology	The existing technical architecture and systems do not meet the needs of the agency, its customers or constituents. They are not a foundation for the future, and must be replaced.



## **“ORGANIZATION” RECOMMENDATIONS**

- Let the Executive Director manage the day-to-day tactical activities of the agency. The Board must focus on policy making and legislative matters.
- Outsource those functions where a vendor's unique expertise and/or independence is vital.
  - *These include the technical infrastructure, business systems, data analysis, and auditing functions.*
- Implement a “SCORE CARD” system that highlights the organization's goals and progress in order to enhance decision making and to focus tactical priorities.
  - *Measuring and publishing operating effectiveness ratios, customer satisfaction results and other metrics is a characteristic of high performing organizations.*

**Organizational performance and results must be increased by assigning accountability, focusing on core competencies, and taking action on key measurements.**

By agreement, we are not commenting on the statutory structure of the Board



## “CULTURE” RECOMMENDATIONS

- Create a sense of urgency at all functional levels throughout the Workers' Compensation Board and its Board of Directors.
  - *For example, appropriate attention has not been given to the collection of data on injuries in order to implement Subsection 213.*
- Empower the staff of the Workers' Compensation Board to enforce compliance, impose penalties, and create incentives to comply.
- Communicate... communicate... communicate.... with Workers' Compensation Board employees, injured workers, employers, insurers, the public, and other constituents.
  - *Employees often hear about Board decisions through external sources.*

**The energy within the Workers' Compensation Board must be channeled and employees empowered to do their jobs.**



## “PROCESS” RECOMMENDATIONS

- Shift focus and resources incrementally to Dispute Prevention and Compliance.
  - *Approximately 70% of the organization's human and financial resources are spent on dispute resolution.*
- Speed up the dispute resolution processes by removing large areas of “wait” time.
  - *The current process - from troubleshooting through hearing - averages 19 months, 2 months of which represent actual work time.*
- Capture the right information, at the right time, accurately, and only once.
  - *Information captured at troubleshooting is later recaptured at the beginning of the hearing process.*
  - *Data anomalies, like year “1197” and RTW dates before injury dates, are not uncommon.*
- Adopt EDI as the primary data collection mechanism.

**A total business process re-engineering effort must take place to break the dispute resolution grip, and the rally point must become “educate first, penalize second”.**



## **“TECHNOLOGY” RECOMMENDATIONS**

- Stop all investment/enhancement activities in the current system and redirect business and information system resources to acquire a new system which supports the Workers' Compensation Board and its customers.
- Integrate the development, support and operation of the business information systems with the Department of Labor.
- Outsource the technical infrastructure support functions to the Bureau of Information Services.
  - *These specialized activities are best managed and delivered from a central function.*
- Standardize all technical solutions, hardware and desktops to the State of Maine standards.
  - *There is no compelling business reason to deviate from state e-mail, desktop and other technology standards.*
- Establish a Business Analyst function at the Workers' Compensation Board to liaison between the agency and the shared service environment.

**A significant increase and realignment of resources is needed to create a technology environment that supports the needs of all stakeholders.**



## **Implementation Plan . . . . a “Blueprint for Change”**

From the recommendations for change, the Workers' Compensation Board management team and Coopers & Lybrand defined the work initiatives needed to implement the recommendations, resulting in a high level profile of each project. The project profiles describe the project, its owner, benefits, deliverables, assumptions, risks, constraints, and an effort estimate. Project effort estimates are preliminary, do not reflect the time constraints of the other responsibilities of each project member, and should be refined as further information is gathered. It is recommended that the project members begin each project with a “Plan the Project” task in which detailed scoping and estimating of the project is performed.

The inter-dependencies of the projects were defined to help in development of the implementation plan project sequence and priority. The Implementation Plan becomes the long term “blueprint for change” to improve the efficiency and effectiveness of the workers' compensation system. The majority of the work performed in each of these projects can be accomplished with existing WCB resources, however, there are certain activities which could be enhanced or jump started with the appropriate use of supplemental external resources. The Implementation Plan is a first draft and as such is a living document which is subject to change as new information and priorities come to light.

**Recommendations for change have been transformed into 20 discrete projects, scheduled over a two year timeframe in the Implementation Plan.**



## **Critical Success Factors**

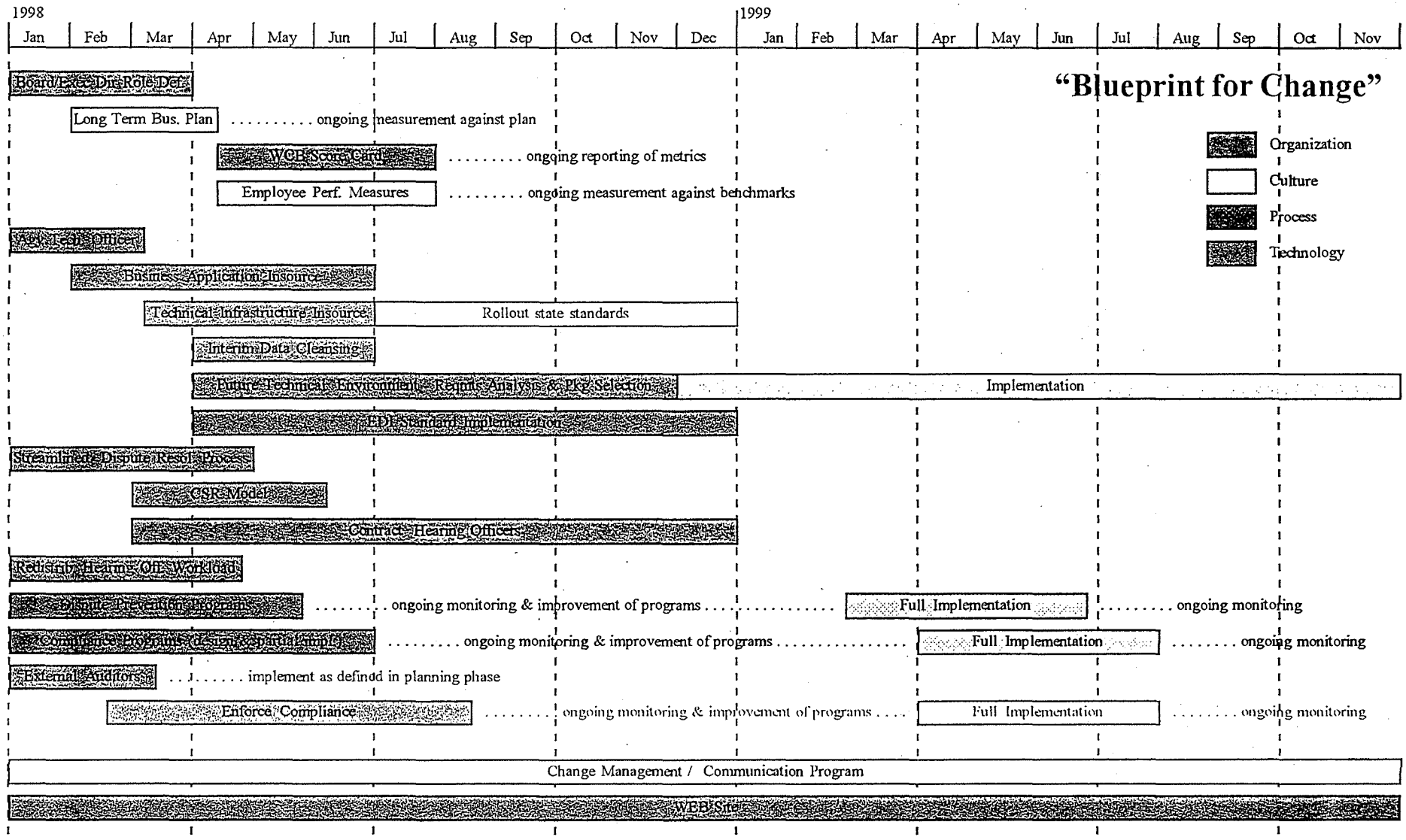
1. The Workers' Compensation Board staff and Board of Directors are focused and committed to the implementation of the recommended projects for the duration of the plan.
2. Adequate funding and planned reallocation of resources are provided at the appropriate intervals.
3. The agency staff and Board of Directors observe a structured process with a long term focus, and not allow short term priorities or crisis to supersede the long term efforts.

**Three fundamental conditions are necessary for the successful implementation of the Implementation Plan.**



# Workers' Compensation Board

## Executive Summary Implementation Plan







**Each project focuses on one aspect of the entire effort to build an efficient and effective workers' compensation system for the State of Maine.**

## **“Organization” Projects**

**Board & Executive Director Role Definition** - develop recommendations for delineation of the responsibilities and authority of the Executive Director and Board of Directors of the Workers' Compensation agency.

**WCB Score Card** - implement an organizational score card that highlights the agency's goals and progress in order to enhance decision making and to focus tactical priorities.

**Contract Hearing Officers** - evaluate the need for and develop a process for contracting Hearing Officers to reduce the current backlog; develop a profile of Hearing Officers to use in the search process, determine their compensation, and develop a training program.

## **“Culture” Projects**

**Long Term Business Plan** - develop a long term business plan with measurable goals which is reviewed and revised on an annual basis. The plan will be used to develop agendas and focus activities with regular measuring of progress against plan.

**Change Management/Communication Program** - define and develop the communication mechanisms to involve employees of the agency in the change process, and to disseminate information to WCB employees, injured workers, employers, insurers, the public, and other constituents.

**Employee Performance Measures** - develop, collect, and report on employee performance measures which will be relevant to their responsibilities, within their control to effect, and will encourage the desired result.



## **“Process” Projects**

**Streamlined Dispute Resolution Process** - develop recommendations for changing the dispute resolution process to be more responsive. Recommendations may include draft proposals for legislative change.

**CSR (Customer Service Representative) Model** - develop scripted material for general information questions to be used by all agency employees when answering questions from constituents.

**Dispute Prevention Program** - plan, develop and implement a comprehensive dispute prevention program to include dispute analysis, injury prevention, educational programs, a return to work program, compliance, and improved communications.

**Compliance Program** - plan, develop and implement a comprehensive compliance monitoring program to include forms monitoring, insurance coverage monitoring, education monitoring, formal audit program, enforcement, and compliance analysis.

**External Auditors** - define the role of the external auditor and develop a plan for the implementation of their role in the overall audit function.

**Enforce Compliance** - develop parameters, scripts, an educational program for delivery to the insurance community, a training program for internal training, and a rollout plan for implementation of compliance enforcement measures within the agency.

**Redistribute Hearing Officer Workload** - evaluate the current workload of each Hearing Officer and make a more equitable distribution of the total workload across all Hearing Officers.



## **“Technology” Projects**

**Agency Technology Officer** - establish and hire a new, high level Agency Technology Officer position in the agency. This person will be responsible for and oversee all technical projects within the agency.

**Technical Infrastructure Insourcing** - transition the technical infrastructure of the agency (network, desktop, and server operations) to the Bureau of Information Services. All technical solutions, current and future, within the agency will be standardized to the State of Maine standards (desktop suite, e-mail, future database and development tools).

**Business Application Insourcing** - transition the current system to the shared service environment (e.g. Office of Information Processing, Department of Labor)

**Interim Data Cleansing & Analysis** - define and prioritize the data cleansing and analysis needs which can be outsourced on an interim basis until the new business application is in place.

**EDI Standard Implementation** - develop an implementation plan for adopting the IAIABC EDI standard over a period of time and requiring insurers to submit required forms via EDI.

**Future Technical Environment** - design and implement the new business applications to support the Workers' Compensation Central and Regional offices.

**WEB Site** - design and incrementally implement the WEB site for the Workers' Compensation Board.



## **Best Practices**

Research and analysis of the workers' compensation models of other states was conducted to identify the programs and activities which provided the most efficient and effective workers' compensation system. A strong customer service orientation and a focus on dispute prevention and compliance brought about the most significant reductions in costs and customer satisfaction with the system. The following pages provide a summary of some of the most significant findings from the best practice research.

**Best practice findings were incorporated in the recommendations for change wherever appropriate.**



**Our review of several states indicates these best practice initiatives:**

- They measure. They choose appropriate metrics and stick with them.
- They continue to evolve and improve the system.
- They speed up the cycle time, e.g., with EDI and Internet approaches.
- They work seriously on data quality issues.
- They open up access for injured workers, employers, TPAs and the general public, with claims handling guidelines, fraud detection, etc.
- They shift their focus to loss prevention.
- They fund research and education.
- They are serious about compliance.



<b>Conclusion: Focus on reducing budget dollars spent per claim</b>
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	Maine	Wisconsin	Michigan	Minnesota	Florida
<b>No. of FTE</b>	105	100	146	174	615
<b>Budget</b>	6.6 MM	6.0 MM	9.6MM	9.6MM	93.5MM
<b>No. of Lost Time Claims</b>	12,200	73,000	93,400	43,500	70,000
<hr/>					
<b>Budget \$ per FTE</b>	\$63,000	\$60,000	\$66,000	\$55,000	\$152,000
<b>Claims per FTE</b>	116	730	640	250	113
<b>Budget \$ per Claim</b>	\$540	\$82	\$102	\$220	\$1,335



<p>Maine is spending the same per FTE, but Wisconsin and Michigan spend less per claim, achieved through system efficiencies such as... web page, EDI usage, CSR model, data gathered at the initial point of contact, enforcement of compliance, serious education programs, strategic planning</p>
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**Conclusion: Focus on reducing the number of claims going to formal hearing**

	Maine	Wisconsin	Michigan	Minnesota	Florida
No. of Lost Time Claims	12,200	73,000	93,400	43,500	70,000
Hearing Officers	10	22	??	26	32
Claims per Hearing Officer	330	132	??	134	88

% of Claims to Formal Hearing	27%	4%	??	8%	4%
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Maine must reduce the number of claims that go to formal hearing by focusing on preventing disputes and solving disputes informally whenever possible.

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# **Phase I - Mobilization & Assessment**

## **Preliminary Business Assessment**

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- II. Process and Operations Analysis
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Appendix A - Change Management Survey

Appendix B - Project Calendar

Appendix C - Project Charter



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# OVERVIEW



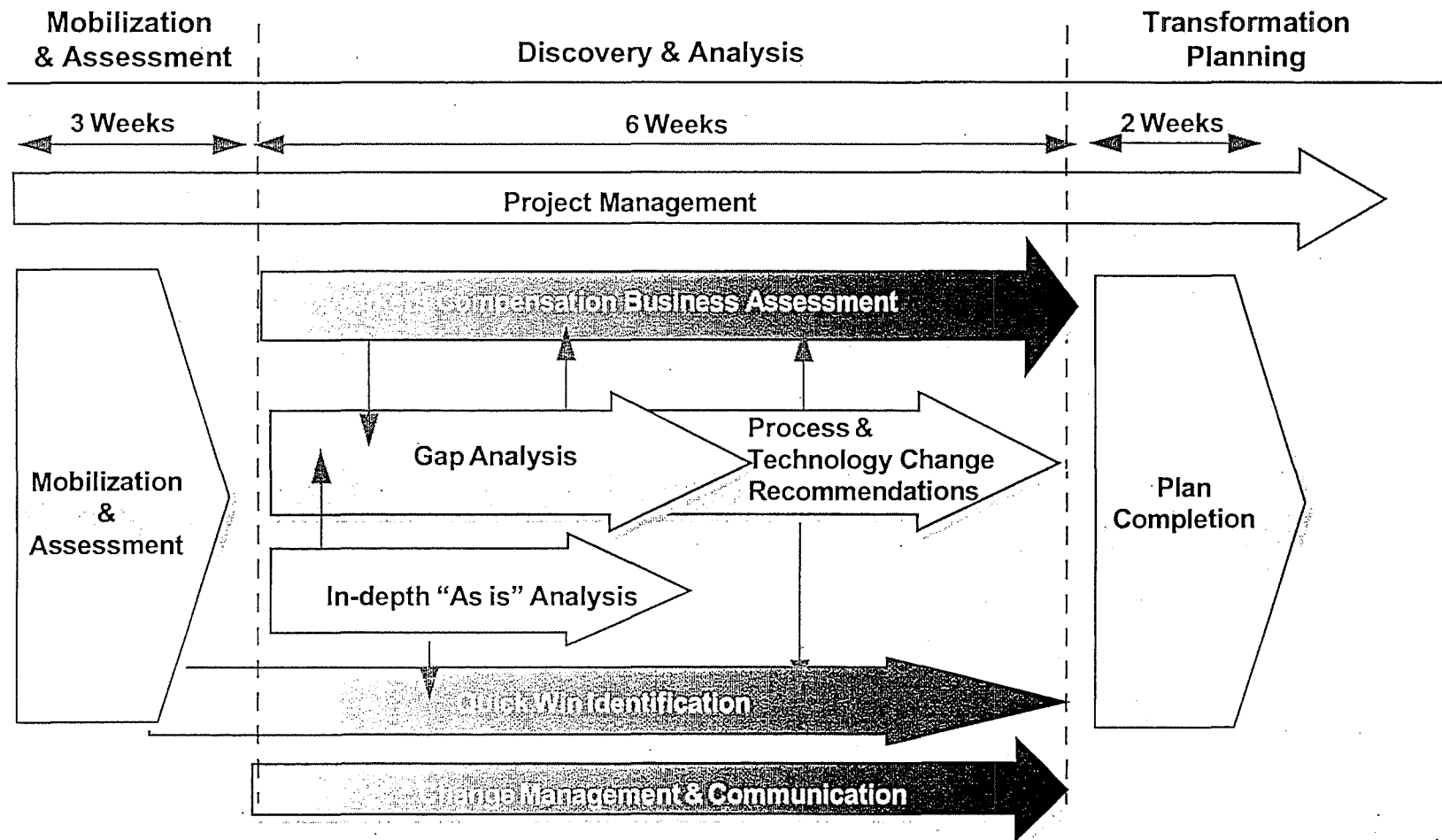
This document summarizes the result of the Mobilization & Assessment Phase of the Workers' Compensation Board Business Assessment Project. The Mobilization & Assessment Phase activities involve a rapid comparison of the Workers' Compensation mission with current functions and systems to establish a basis for focus in the next phase of the project, the Discovery & Analysis Phase. Preliminary recommendations for immediate implementation are also identified and an initial assessment of the readiness for change of the employees of the Workers' Compensation Board is developed.

The Preliminary Business Assessment focuses on four key areas of interest:

- Processes
- Technology & Systems
- Culture
- Organization & People



We have just completed the Mobilization & Assessment Phase of the project.



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# PROCESS AND OPERATIONS ANALYSIS

Key Area of Interest  
“Processes”



## **Business Process Analysis**

Business Process Analysis is a technique of evaluating and documenting the activities in an organization to promote a clear understanding of all activities, their interactions and interdependencies. Documentation represents not only the flow of information but also who is involved in performing an activity, the time it takes, the measures used to evaluate its effectiveness, and interactions with customers or other groups that rely on information from or supply information to the business.

There are several levels or iterations of process models which become more detailed as knowledge of the processes grow. There are also different focuses to the process models as required....

- A high level business process model
- Documentation model of the current “as-is” workflow, and future vision of the “to-be” workflow
- Process modeling of both manual and automated processes



## Objectives

- To develop a high level understanding of the business interactions and information usage within the Workers' Compensation Board and between the agency and its customers and stakeholders
- To identify the needs of the agency's customers and stakeholders
- To identify the functional areas in the agency which directly contribute to the mission of the Workers' Compensation Board
- To identify the functional areas within the agency which will be "drilled down" to a deeper level of understanding during the Discovery & Analysis Phase.



## **Approach**

- Conduct information gathering interviews focusing on...
  - *who are your customers and what are their needs?*
  - *who supplies information to you to conduct your function?*
  - *what is the work flow within your functional area?*
  - *what is the information / data needed?*
  - *how is the information / data used?*
  - *what tools do you use to support your activities?*
- Gather and evaluate existing materials and documentation



## Workers' Compensation Board

## Process Analysis Approach

### Interview List...

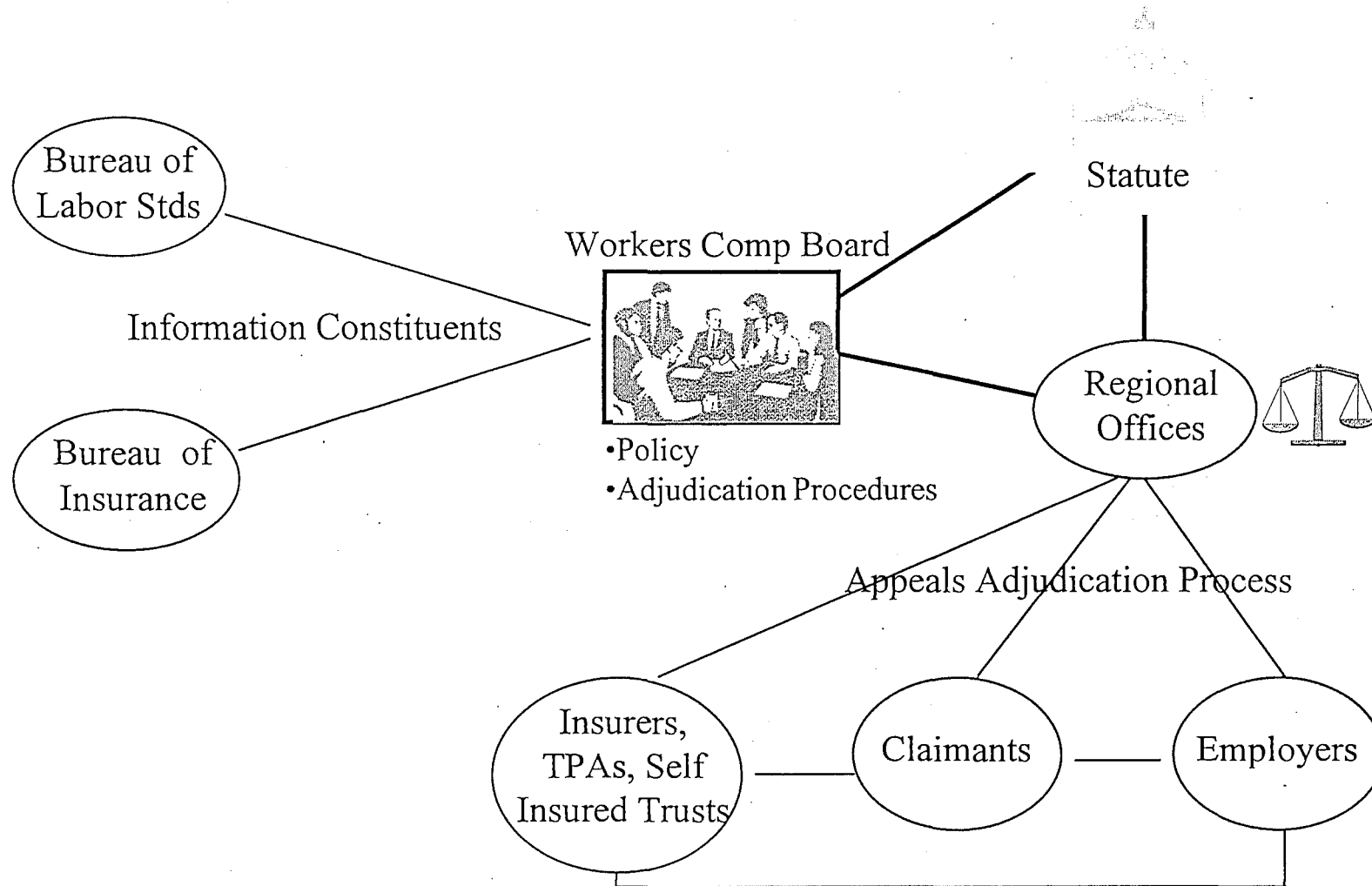
Workers' Compensation Board (Central Office)	Paul Dionne, Executive Director John Jolicouer, Deputy Director Business Services Steve Minkowsky, Deputy Director Benefits Administration Isabella Tighe, Deputy Director Medical/Rehabilitation Services Gary VanHemert, Assistant Director Data Processing
Workers' Compensation Board (Regional Office)	Richard Dunn, Assistant Director Mediation Services Sue Jerome, Hearing Officer Tom Profenno, Claims Resolution Specialist Betty Inman, Assistant Director Regional Offices
Workers' Compensation Board (Board of Directors)	Charles Weeks, Chairman (scheduled) Susan Pinette, Board Member
Bureau of Insurance	Al Iuppa, Acting Superintendent Joel Thomsen, Director of Financial Analysis & Self Insurance Richard Johnson, Property and Casualty Actuary Eric Cioppa, Workers' Compensation Division Supervisor





## Interview List...

Bureau of Labor Standards	Bill Peabody, Director Finance and Administration John Rioux, Director Technical Services Division Brad Brown, Statistical Program Supervisor Ann Beaulieu, Labor Statistics Technician
"Insurers"	
MCSI	Vincent McLaughlin, Executive Director
MEMIC	Abby Holman
BIW	Dan Ferguson, Director Workers' Compensation & Risk Mgmt
Commercial Union	Everard Stevens, Workers' Compensation Manager
Dunlap	Gard Estes, Claims Manager
Dunlap	Steve McKay, Claims Management Consultant
Dunlap	John Glover, Assistant Claims Manager
Dunlap	Barbara Gargano, Supervisor Workers' Compensation & STD
Dunlap	Gloria Gilbert, Claims Supervisor
State of Maine	Joanne Pomerleau, Workers' Compensation Coordinator
Governor's Office	Greg Nadeau, Governors' Aide



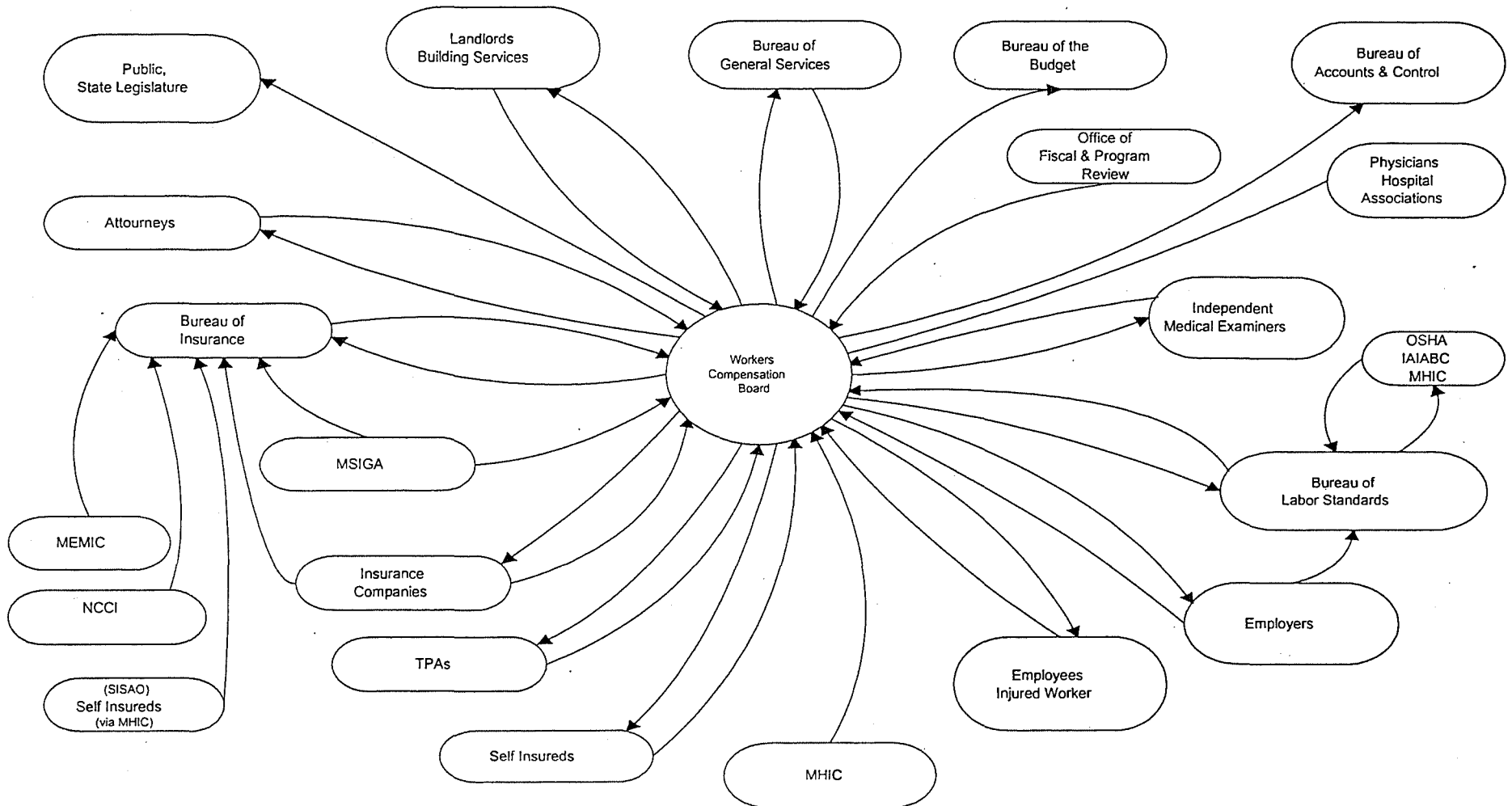
**The preliminary representation of the Workers' Compensation Board's interactions**



## Workers' Compensation Board

## Process Analysis

### Findings



A more detailed representation of the agency's interactions with its customers and other stakeholders after conducting interviews



## **Workers' Compensation Board**

### **Mission Statement**

“The Board’s mission 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.”

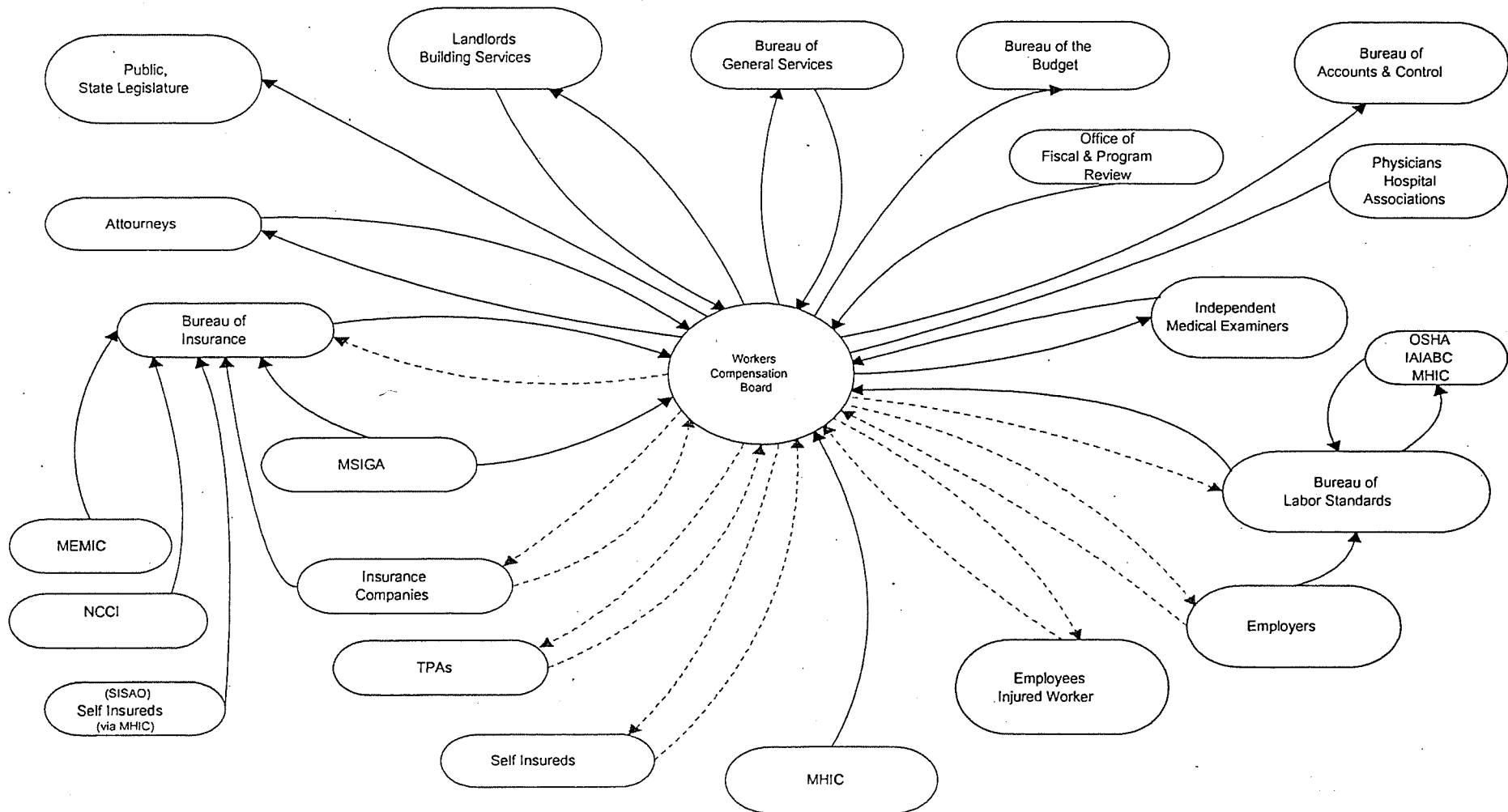
**The interactions which support the mission of the Workers’ Compensation Board - Dispute Resolution, Dispute Prevention and Compliance - will become the focus of in-depth analysis during the next phase of the project.**



## Workers' Compensation Board

## Process Analysis

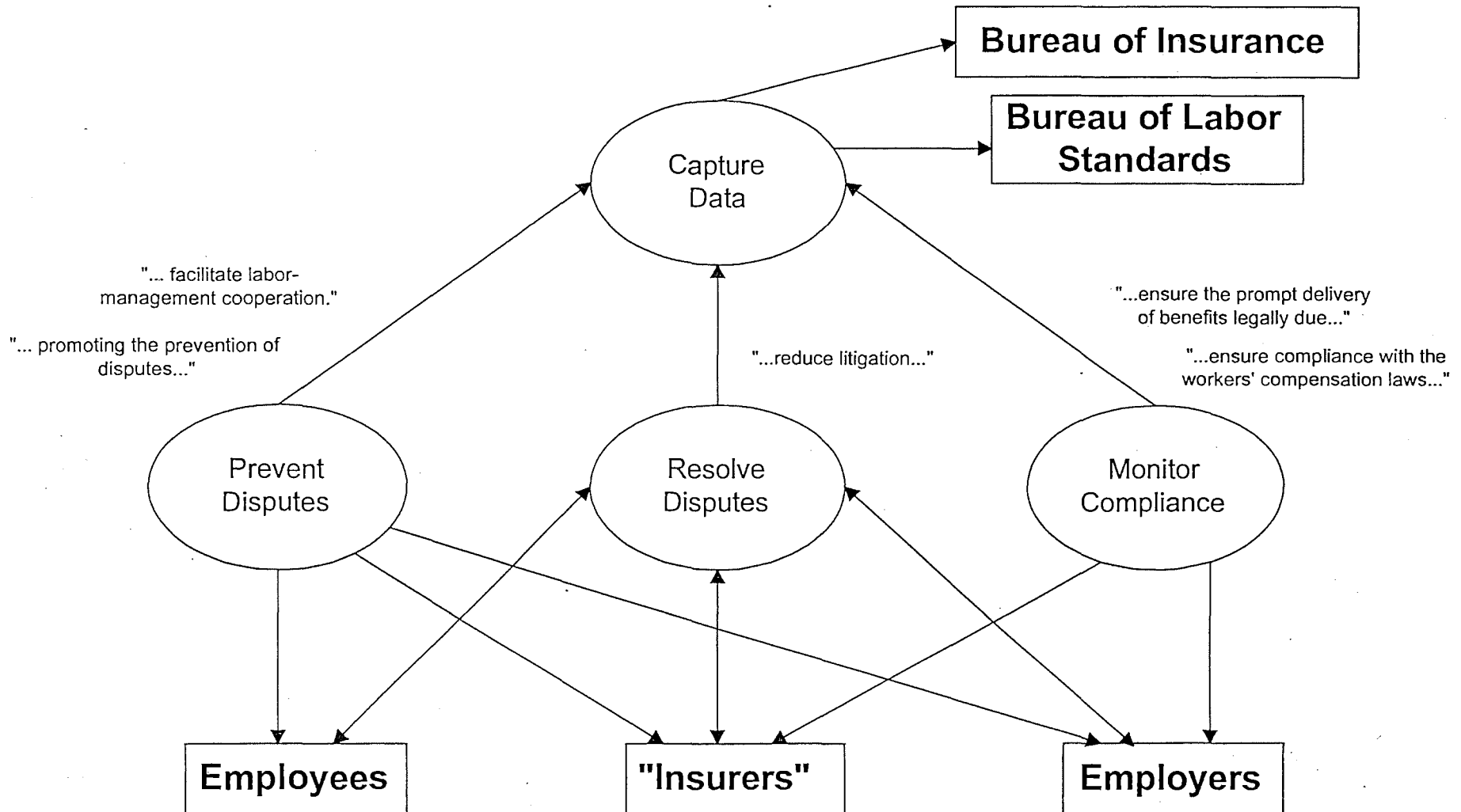
### Findings



**The interactions which support the mission of the Workers' Compensation Board will become the focus of in-depth analysis during the next phase of the project**



"...serve the employees and employers of the State fairly and expeditiously.."





Needs	Employees	Employers	"Insurers"	BOI	BLS
Personal treatment	X				
Timely resolution of disputes	X	X	X		
Clear and proactive communication of information	X	X	X	X	X
Understanding of compliance evaluation methods and measures			X		
Understanding of rights & responsibilities	X	X	X		
Single point of contact with knowledgeable source	X		X		
Accurate, complete, and timely information				X	X

**Common needs will also help us to identify areas for deeper analysis of business processes**



### **Focus for the Discovery & Analysis Phase**

- Rapidly develop a deeper understanding of the current “as-is” business activities, their information usage and flow and customer needs through focus group sessions.
- Focus will be on the three key aspects of the mission statement:
  - Dispute Resolution
  - Dispute Prevention
  - Compliance
- The finance and service support functions of Workers' Compensation Board will be reviewed in less detail
- Identify possible changes, enhancements, lower level detail, gaps of understanding, process/information hand-offs, integration with systems and other functions, including time-lines, cycle-times, quality assurance measures and performance measures.
- Develop the “to-be” business model



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# TECHNOLOGY ASSESSMENT

Key Area of Interest  
“Technology & Systems”



## **Technology Assessment**

Technological infrastructure and services are critical elements of an organization's ability to implement its strategy. The purpose of this technology assessment is to determine how well the Workers' Compensation Board's current systems and technical architecture support and enable employees to achieve the organization's mission.



## Objectives

- Assess the organizational infrastructure - technical, budget, people and the underlying databases
- Assess the network infrastructure
- Assess the development environment
- Assess the overall hardware and software configurations and constraints



## **Approach**

- Conduct discovery interviews with technical staff to assess organizational, network and human resources infrastructure
- Conduct technical interviews with constituent organizations (Bureau of Labor Standards, Bureau of Insurance) to discuss data interfaces



### Infrastructure Summary - Technical

- Server: IBM RS6000 4X SMP, AIX 4.1.2, TCP/IP, 6.6GB disk space
- Database: Progress version 8.04
- Clients: 96 PCs in 5 regional offices and central office, running Windows 3.1.1:

Location	PCs	Printers	Netware Servers	Hubs
Augusta	10	1	1	1
Bangor	11	1	1	1
Caribou	5	1	1	1
Lewiston	12	1	1	1
Portland	13	1	1	1
Central	45	4	2	1



## **Organizational Infrastructure - Technical**

- Progress Database System - v. 8.0.4
- Screen code resides on client machines in regional and central offices
- Database resides on IBM RS6000 server in central office
- Workers' Compensation Board usage configuration:
  - 8 menus
  - 50 menu items
  - 233 individual screens with GUI and trigger code
- Constituent usage configuration
  - 3 menus
  - 11 menu items



## **Organizational Infrastructure - Data Interfaces**

- Bureau of Labor Standards
  - Claim coding of previously entered claims
  - 200MB menu-based file download for statistical analysis and reporting
  - Performs extensive data cleaning, completion, validation upon download
- MEMIC (and other insurers)
  - Inbound first reports to the Workers' Compensation Board
  - Formatted ASCII flat files over email
  - Manually loaded into Progress
  - Outbound results of first report submissions and flat ASCII file
- DDP-Nexus (in testing)
  - New claims filings, matched by Social Security Number
- DHS (in testing)
  - New or Closed Payments
  - Medical payments for doctor verification
- Bureau of Insurance
  - Annual claims sampling (10%) feed requested



## Organizational Infrastructure - Budgetary

- All equipment leased from Bureau of Information Services
- Equipment lease costs approximately \$8000/month:
  - Bangor, Portland and Augusta, partial Central: \$5360
  - IBM RS6000: \$1390
  - Lewiston & Caribou: \$730
  - Central, remaining: \$555
- State of Maine WAN connection cost: \$3,000/month
- Temporary hiring freeze on IS staff





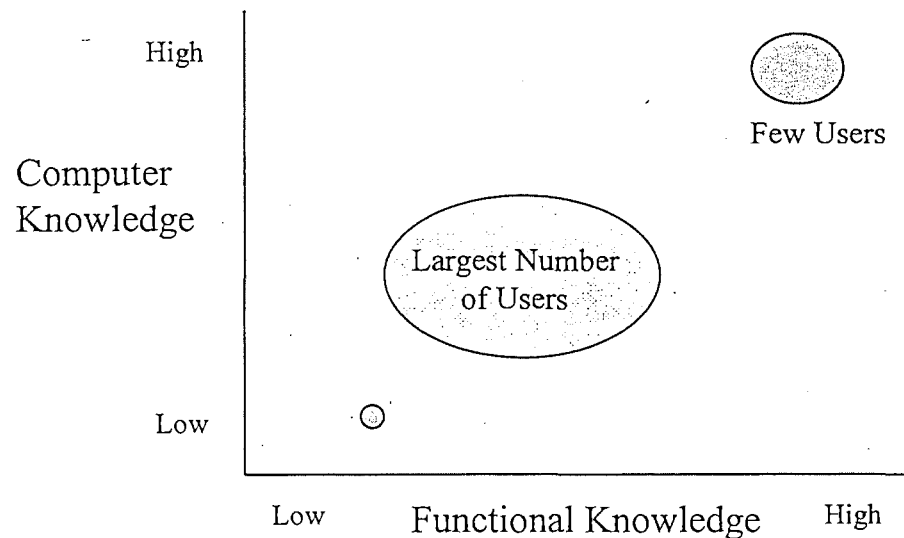
## **Organizational Infrastructure - People / Organization**

- Data Processing Services:
  - Architecture, process, systems, design, installation & setup knowledge: Adequate
  - Progress knowledge: Adequate but informal
  - Netware knowledge: Adequate
  - Networking knowledge: Limited
  - Biggest constraint: Time



## Organizational Infrastructure - People / Organization

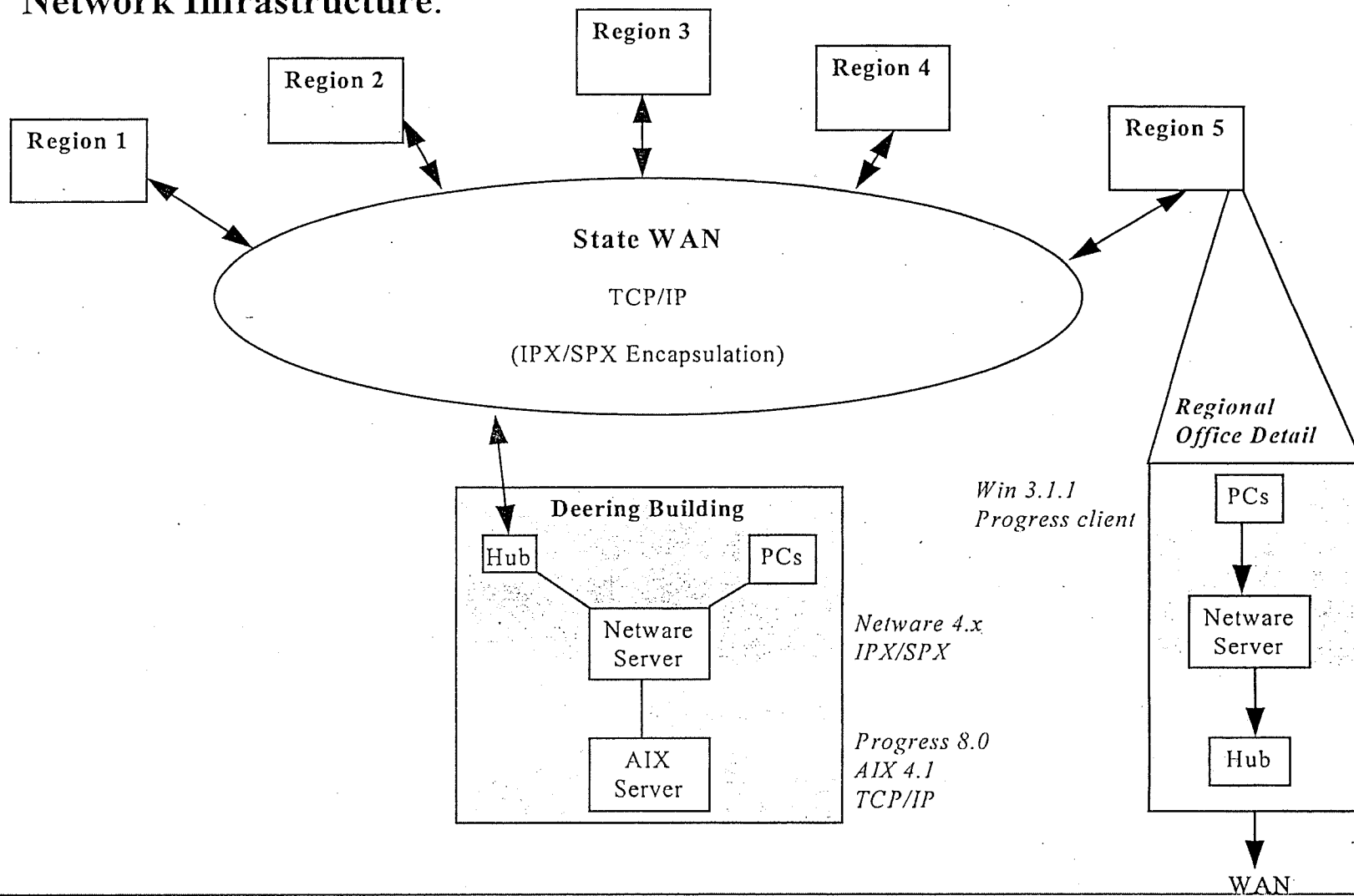
- Business Users:
  - Informal training in process and system
  - Little training given to new hires
  - Initial knowledge map:



Implication is substantial training/education is required to increase proficiency



**Network Infrastructure:**





## **Development Environment & Standards**

- There is no code management or versioning capabilities in Progress
- Frequent Progress problems, database freezes, etc.
- Bureau of Information Services has dropped support for Progress
- Future versions of Progress will not support IPX/SPX
- Informal, adhoc development standards
- No data standards or definitions documented across the enterprise and constituents
- Development & production support environments are on same server
- Adhoc change request list
- Nightly tape backups of server
- Limited system documentation
- Numerous data content and consistency errors



## Conclusions

- Database server is well positioned for current and future needs
- Netware servers and encapsulated IPX/SPX creates unnecessary complexity in software and network administration
- Progress is not the most suitable environment for the Workers' Compensation Board's enterprise system
- Enterprise data quality is suspect due to inadequate and informal training, adhoc documentation and intermittent database problems
- Data quality issues create:
  - downstream data massaging efforts in constituents work flows
  - complete data feed workarounds outside the Workers' Compensation Board
- Data Processing staff in "firefighting" mode



**Preliminary Recommendations**  
**.....for Immediate Implementation**

- Install email in all regional offices
- Restrict system work to maintenance, critical fixes and data feeds only: stop all enhancements to current system

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# CHANGE MANAGEMENT

Key Area of Interest  
“Culture” & “People”



## **Change Management**

Change Management is the process of aligning the agency's people and culture with the potential changes in the business processes, organizational structure, and technology. The activities conducted in this section provide a road map for assessing and understanding the change issues within the organization, and developing strategies to remove or minimize the impact.





### **Necessary Ingredients For Change...**

- Foster Ownership and Commitment within the agency
- Provide employees with a compelling understanding of the need for change
- Develop Change Management as core competency within the agency
- Regularly communicate organization mission, vision and strategies
- Facilitate continuous improvement to sustain change and improve capability to manage future change
- Align implementation of the eventual solution with the overall strategic direction and other corporate change programs



## Objectives

- Assess the level of understanding of the Mission Statement
- Assess the Readiness for Change of the employees throughout the Workers' Compensation Board
- Develop and initiate a communication plan
- Provide initial conclusions and recommendations



## **Approach**

- Interviewed a cross section of individuals
  - Central Office / Regional Offices
- Developed/Conducted a Cultural Assessment Survey
  - Survey Topics
    - Mission & Vision
    - Organization, Communication & Motivation
    - Tools & Training
    - Performance Measures & Targets
    - Customers & Suppliers
    - Personal Opinion & Feedback
  - Central and Regional surveyed (106 employees)
  - All feedback is confidential
- Initiated Communication Plan
  - Team Day (Paul Dionne)
  - Weekly memos to inform, raise awareness and address issues as they arise



## Assessment Survey - Distribution & Response

Distribution & Response	Sent	Returned	% Responded
Central	47	26	55%
Regional	59	29	49%
Total	106	55	52%

- All employees were sent the assessment survey
- All feedback was kept confidential
- Employees were given the option of leaving their name for further discussion



### **Assessment Survey Findings (Four key areas of focus)**

- Mission & Vision
- Communication & Motivation
- Tools & Training
- Performance Measures & Targets



## **Mission & Vision**

- 91% acknowledged the presence of “*three*” Mission Statements
- Only 27% indicated that a mission statement had been communicated to them
- There continues to be a belief that the primary role of the Workers’ Compensation Board is to “resolve disputes”

Opportunity: Clarify mission and tactical priorities for employees



## Workers' Compensation Board

## Change Management Findings

### Mission Statements, *"three in play....need only one"*

Mission Statement	Source
"The mission of the Workers' Compensation Board is to provide information, assistance, claims administration and enforcement activities in a conscientious, fair, efficient, courteous and skillful manner. Our customers include injured workers, employers, their representatives, our employees, other public service providers, and the general public."	<b>TQ Council (1994)</b>
"The Workers' Compensation Board exists to resolve disputes between employers and employees over work-related injuries since fair and effective resolution of disputes enhances Maine workplaces for all Maine's people."	<b>Performance Budgeting (January 1997)</b>
"The board's mission 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."	<b>P.L. 486 (June 11, 1997)</b>



### **Communication & Motivation**

- 85% indicated that the efficiency of the Workers' Compensation Board needs to be improved
- 26% agree that interaction with the Bureau of Insurance and Bureau of Labor Standards needs to be improved
- 65% indicated that they are motivated to become more efficient
- 47% learn of changes from their supervisor, via a meeting or memo
- 42% learn of changes by word of mouth or "through the grapevine"

Results suggest communication needs to be more formal, frequent and address broader topics within and outside of Workers' Compensation Board





## Communication Plan

Date	Message	Sponsor	Audience	Medium
9/2/97	"...systems analysis to improve the technology of this agency..."	P.Dionne	All Staff	Memo
9/11/97	"...review of procedures for adequacy, accuracy and efficiency..." Survey distributed with memo	P.Dionne	All Staff	Memo
9/12/97	"...use of C&L to review activities and recommend improvements..."	P.Dionne	All Staff ex. systems staff	Team Day
9/18/97	"...four focus areas for evaluation, <i>processes, technology, organization and culture...</i> "	P.Dionne	All Staff	Memo
9/25/97	"...must look at the 'big picture' to ensure a comprehensive solution"	P.Dionne	All Staff	Memo
9/25/97	"...thank you from the C&L team to all those who completed and returned the survey..."	C&L Team	All Staff	Memo
10/2/97	"...introduction of the C&L Team and what they will be looking for during	P.Dionne	All Staff	Memo



### **Tools & Training**

- 42% believe that they have the tools they need to perform their work
- 33% believe that they have received adequate training to perform their work

### **Performance Measures & Targets**

- 22% indicated that they established and reviewed performance measures
- 16% indicated that the targets set were within their control
- 55% indicated that they were dependent on others to perform their work

Results indicate significant training and development activities are required, and the implementation of performance management programs should be a higher priority



**Preliminary Recommendations**  
**.....for Immediate Implementation**

- Develop a plan to aggressively communicate, recommunicate the Mission Statement - PL 486
- Prominently display Mission Statement throughout the Central and the Regional Offices
- Identify a champion to take ownership of the communication plan to keep employees informed

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# **MOBILIZATION & ASSESSMENT SUMMARY**



## **Summary of Preliminary Recommendations** **.....for Immediate Implementation**

### Technology Assessment

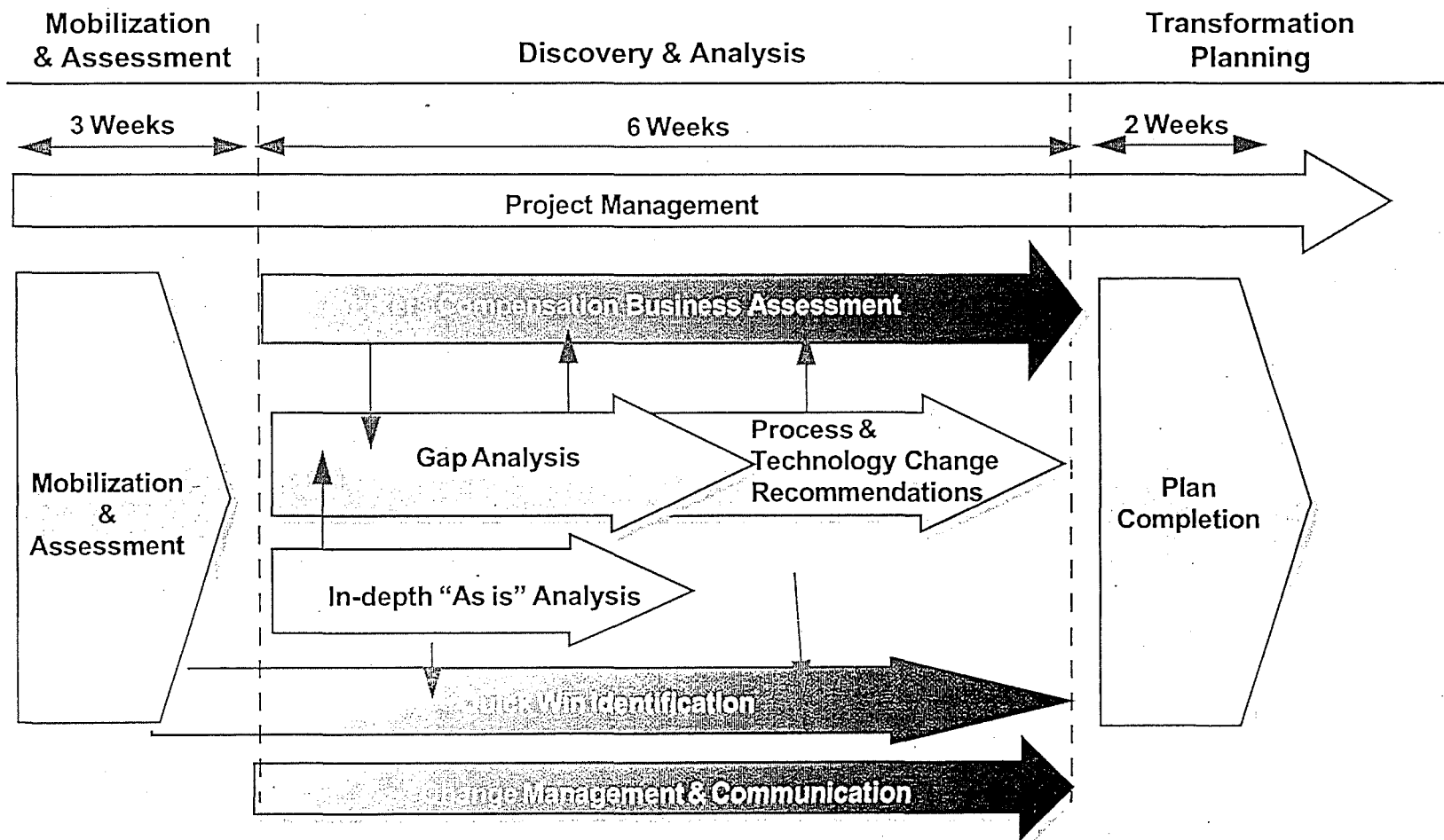
- Install email in all regional offices
- Restrict system work to maintenance, critical fixes and data feeds only: stop all enhancements to current system

### Change Management

- Develop a plan to aggressively communicate, recommunicate the Mission Statement - PL 486
- Post Mission Statement throughout the Central and the Regional Offices
- Identify a champion to take ownership of the communication plan to keep employees informed



## Schedule for the remainder of the project



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## **APPENDIX A**

### Change Management Survey

## ***Systems Analysis Study - Survey***

*Please complete and return to Catherine Murray, Coopers & Lybrand, care of the Central Office Mailroom, Augusta, by Friday, September 19, 1997, Thank you*

***Function:***

***Location:***

### **Mission & Vision:**

1. Does the Workers' Compensation Board have a mission statement ? (please attach a copy)
2. How was this mission statement communicated to you?
3. Do you agree with this mission statement for the Workers' Compensation Board?
4. Do you agree with the view that the efficiency of the Workers' Compensation Board needs to be improved?
5. Do you agree with the view that collaboration with the Bureau of Insurance needs to be improved?
6. Do you agree with the view that collaboration with the Bureau of Labor Standards needs to be improved?

### **Organization, Tools, Training, Communication & Motivation:**

7. Are you given the tools to perform your job?
8. Are you given adequate training to do your job?
9. Where do you turn when you encounter a new situation? (procedures manual?)
10. How often do you review actual performance against established targets?
11. How would you define the role of your supervisor?
12. How do you learn of changes which affect your work or those around you?
13. Do you know what the level of turnover is in your group?
14. What is the level of experience/education of the individuals joining your group?

### **Performance Measures & Targets:**

15. Do you have, or do you develop periodic (monthly, annual) performance measures (targets)?
16. What are they ? (financial, customer service, cycle-time)
17. In your opinion, are these targets realistic and within your control (please explain)?
18. Do they support / contradict the mission statement?



**Customers (claimants, insurers, employers) & Requirements**

19. Who are your key customers?

20. How do they communicate their requirements to you?

21. Can you meet these requirements with the tools you currently have?

22. How do you measure your ability to meet their requirements?

23. Which Functional Groups are you dependent on to complete your work?

24. Which Functional Groups delay or prevent you from completing your work in an efficient manner?

**Suppliers (claimants, insurers, employers) & Requirements**

25. Who are your key suppliers?

26. How do you communicate your requirements to them?

27. How do you measure their ability to meet your requirements?

28. Which Functional Groups are you dependent on to complete your work?

29. Which Functional Groups delay or prevent you from completing your work in an efficient manner?

**Personal Opinion, Input & Feedback:**

30. Do you believe that the Workers' Compensation Board needs to do things differently to be more efficient?

31. Do you feel motivated to improve the efficiency of the Workers' Compensation Board?

32. In your opinion, what could help you to do your job better?

33. How were you informed that Coopers & Lybrand Consulting would be conducting this review?

34. Any other comments, suggestions or feedback?

*If you would like to discuss any of your points in greater depth, please note your name and telephone number below and we will get back to you.*

Name:

Tel Number:

***Thank you***

---

# APPENDIX B

## Project Calendar

# August 31 - October 11, 1997

## Workers' Compensation Project Schedule

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Aug 31	Sep 1 Labor Day Holiday	Sep 2	Sep 3	Sep 4	Sep 5	Sep 6
Sep 7	Sep 8	Sep 9	Sep 10	Sep 11 Sponsor Kick-off Meeting (11.00 am)	Sep 12	Sep 13
	Mobilization Phase					
Sep 14	Sep 15	Sep 16	Sep 17	Sep 18	Sep 19	Sep 20
	Mobilization Phase					
Sep 21	Sep 22	Sep 23	Sep 24	Sep 25	Sep 26	Sep 27
	Discovery / Analysis Phase					
	Mobilization Phase					
Sep 28	Sep 29	Sep 30	Oct 1	Oct 2	Oct 3	Oct 4
	Discovery / Analysis Phase					
Oct 5	Oct 6	Oct 7	Oct 8 Sponsor Review (1:00 pm)	Oct 9	Oct 10	Oct 11
	Discovery / Analysis Phase					

July						
S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August						
S	M	T	W	T	F	S
						1
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

# October 12 - November 22, 1997

## Workers' Compensation Project Schedule

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Oct 12	Oct 13 Columbus Day	Oct 14	Oct 15	Oct 16	Oct 17	Oct 18
Discovery / Analysis Phase						
Oct 19	Oct 20	Oct 21	Oct 22	Oct 23	Oct 24	Oct 25
Discovery / Analysis Phase						
Oct 26	Oct 27	Oct 28	Oct 29	Oct 30 Sponsor Review (1:00 pm)	Oct 31	Nov 1
Discovery / Analysis Phase						
Nov 2	Nov 3	Nov 4	Nov 5	Nov 6	Nov 7	Nov 8
Discovery / Analysis Phase						
Nov 9	Nov 10 Veterans Day	Nov 11	Nov 12	Nov 13	Nov 14	Nov 15
Discovery / Analysis Phase						
Transformation Planning						
Nov 16	Nov 17 Sponsor Review (2:00 pm)	Nov 18	Nov 19	Nov 20	Nov 21	Nov 22
Transformation Planning						

September						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

# November 23, 1997 - January 03, 1998

## Workers' Compensation Project Schedule

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Nov 23	Nov 24	Nov 25	Nov 26	Nov 27	Nov 28	Nov 29
				Thanksgiving Holiday	Thanksgiving Holiday	
	Transformation Planning					
Nov 30	Dec 1	Dec 2	Dec 3	Dec 4	Dec 5	Dec 6
				Sponsor Reivew (1:00 pm)		
Dec 7	Dec 8	Dec 9	Dec 10	Dec 11	Dec 12	Dec 13
Dec 14	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20
Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27
				Christmas Holiday	Christmas Holiday	
Dec 28	Dec 29	Dec 30	Dec 31	Jan 1	Jan 2	Jan 3
				New Years Day		

October 97						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November 97						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December 97						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January 98						
S	M	T	W	T	F	S
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 98						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

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# APPENDIX C

## Project Charter

# Project Charter

## **Background**

In June 1997, the State of Maine legislated PL 486. This legislation provides enhancements to the Workers' Compensation System through balanced focus on dispute prevention, compliance and dispute resolution. It provides more equitable representation for injured workers who proceed to mediation and formal hearings through the Advocate program, and established an audit, enforcement and monitoring program to insure compliance with the requirements under the law.

The need to incorporate these new programs and an interest in finding ways to create a more efficient Workers' Compensation Board initiated this business assessment. This assessment includes the Workers' Compensation Board's business systems, its interrelationships with its customers and stakeholders, focusing on the Bureau of Insurance and Bureau of Labor Standards.

Coopers & Lybrand L.L.P. was engaged to conduct the Business Assessment of the Workers' Compensation Board and began the 10 week study on September 8, 1997.

## **Objectives**

### *Phase I*

- To develop Workers' Compensation Strategic Level "Vision" consistent with statutory mission statement contained in PL 486
- To assess current operational processes, technological architecture, and organizational and cultural readiness for change

### *Phase II*

- To develop operational level vision for Workers' Compensation by conducting an in depth "as-is" analysis, developing a "to-be" business model
- To conduct a gap analysis between the current "as-is" situation and the "to-be" model and develop change recommendations

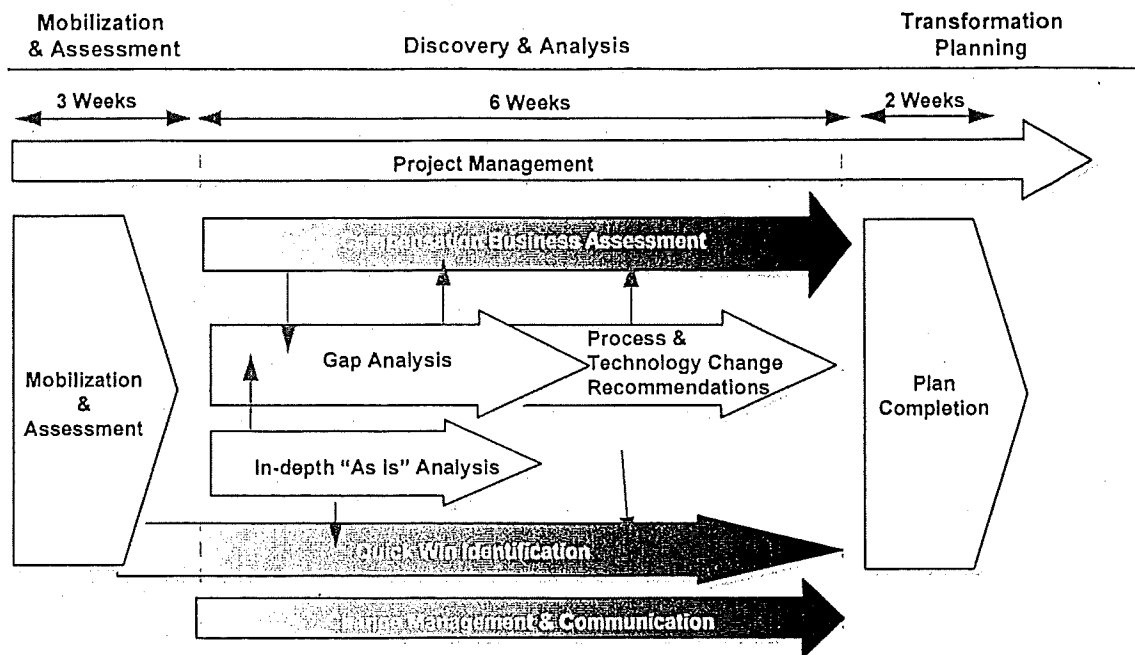
### *Phase III*

- To Develop an implementation plan, including implementation schedule, estimation of resource requirements, staffing plan and change management plan for transformation

## **Project Strategy/Methodology**

The in-depth understanding and analysis of the current situation will be achieved through the use of focus group sessions, team meetings, an employee survey, formal process flow reviews, and interviews with key individuals within the Workers' Compensation Board and between the agency and its customers and stakeholders, focusing on...

- who are the customers and what are their needs?
- who supplies information and to whom is information supplied?
- what the workflow is within the area?
- what information/data is needed?
- how the information/data is used?
- what tools are used to support the activities?



### Project Organization and Staffing

#### Steering Committee

- Valerie Landry, Commissioner, Department of Labor
- Catherine Longley, Commissioner, Department of Professional & Financial Regulation
- Paul Dionne, Executive Director, Workers' Compensation Board
- Charles Weeks, Chairperson, Workers' Compensation Board
- Susan Pinette, Member, Workers' Compensation Board

#### Coopers & Lybrand Project Team

- Wes Wolfertz, Project Manager
- Bonnie Beach, Project Leader
- Don Himes, National Director of Insurance Systems, C&L Center of Excellence
- Catherine Murray, Change Management
- Matt Wynne, Technology Architecture
- Carroll Piper, Finance and Best Practices

### High Level Project Schedule & Major Deliverables

<i>Phase I</i>	<b>Mobilization &amp; Assessment</b>	9/8 - 9/26
	<ul style="list-style-type: none"> <li>• Initial Assessment</li> <li>• Project Charter &amp; Schedule</li> <li>• Change Readiness Summary</li> </ul>	
<i>Phase II</i>	<b>Discovery &amp; Analysis</b>	9/24 - 11/12
	<ul style="list-style-type: none"> <li>• Future Operating Vision</li> <li>• "AS-IS" and "TO-BE" Process Models</li> <li>• Gap analysis &amp; Change Recommendations</li> </ul>	
<i>Phase III</i>	<b>Transformation Planning</b>	11/12 - 11/26
	<ul style="list-style-type: none"> <li>• Implementation Plan</li> <li>• Final Report to Steering Committee and Workers' Compensation Board</li> </ul>	



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# **Phase II - Discovery & Analysis**

## **Business Assessment**

### **TABLE OF CONTENTS**

- I. Discovery & Analysis Phase - Overview
- II. Executive Summary
- III. Organization Recommendations
- IV. Culture Recommendations
- V. Process Recommendations
- VI. Technology Recommendations

Appendix A - Dispute Resolution Time Analysis

Appendix B - Dispute Resolution Process Flow

Appendix C - Forms Compliance Requirements

Appendix D - Activity/Entity Matrix

Appendix E - Best Practice Summary

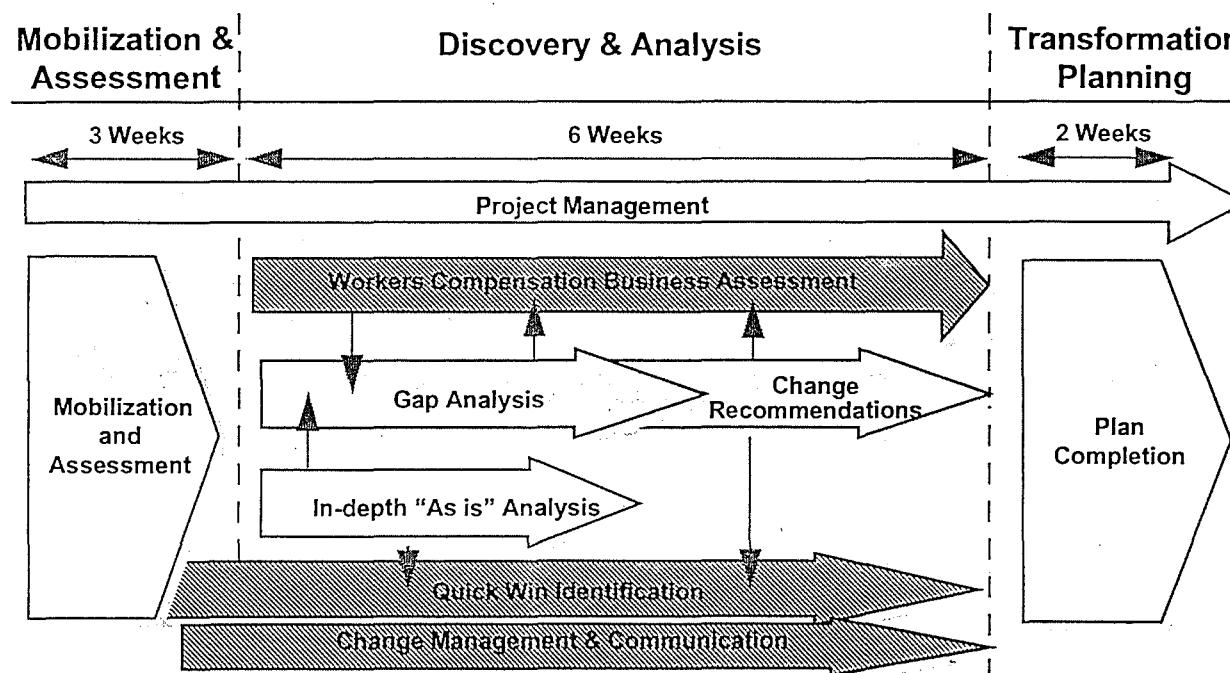
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# **DISCOVERY & ANALYSIS PHASE**

## **Overview**



**We have completed the Discovery & Analysis Phase of the project.**

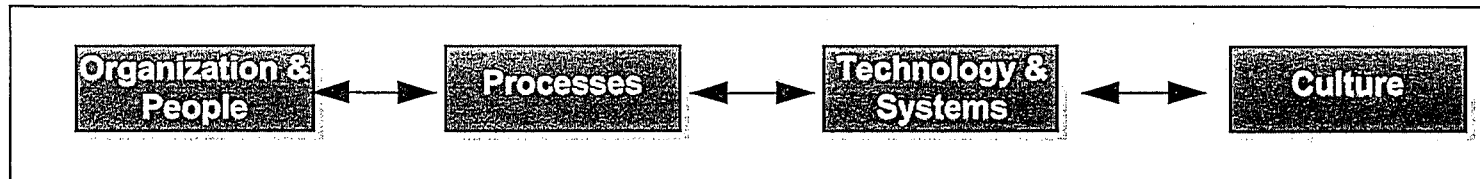


The objectives of this phase were to analyze the "as-is" workflow, business interactions and information usage, identify areas of improvement and to develop a set of recommendations in the areas of organization, process, technology and culture.

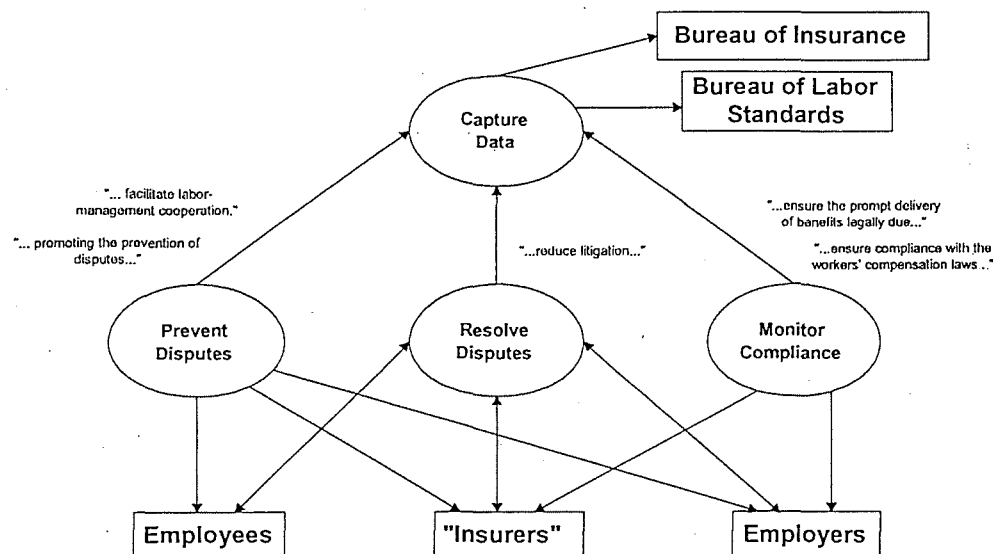
The approach entailed among other activities, facilitated workshops, interviews with injured workers, insurers and employers, and the collection and overlay of best practices observed in workers' compensation systems of other states.



The recommendations for change are focused in four key areas of interest.



"...serve the employees and employers of the State fairly and expeditiously.."



The activities embodied within the mission of the Workers' Compensation Board -

- Dispute Prevention,
- Compliance, and
- Dispute Resolution

were the focal points of the process analysis during this phase.

---

# EXECUTIVE SUMMARY



*In the four areas of interest, significant change and investment is required to address the current shortcomings and inefficiencies of the workers' compensation system.*

Organization	The Board is too involved in day-to-day managerial topics and must focus on policy and legislative responsibilities. The agency must focus on its core competencies and outsource where appropriate.
Culture	Politics within the organization inhibit employees from doing their best, doing what is "right," and implementing The Act. An environment that fosters trust and employee empowerment must be created.
Process	70% of all work activities focus on an inefficient and largely manual resolution process. The resolution process must be totally redesigned and the organization must place its emphasis on dispute prevention and compliance programs.
Technology	The existing technical architecture and systems do not meet the needs of the agency, its customers or constituents. They are not a foundation for the future, and must be replaced.



## ORGANIZATION

- Let the Executive Director manage the day-to-day tactical activities of the agency. The Board must focus on policy making and legislative matters.
- Outsource those functions where a vendor's unique expertise and/or independence is vital.
  - *These include the technical infrastructure, business systems, data analysis, and auditing functions.*
- Implement a "SCORE CARD" system that highlights the organization's goals and progress in order to enhance decision making and to focus tactical priorities.
  - *Measuring and publishing operating effectiveness ratios, customer satisfaction results and other metrics is a characteristic of high performing organizations.*

Organizational performance and results must be increased by assigning accountability, focusing on core competencies, and taking action on key measurements.

By agreement, we are not commenting on the statutory structure of the Board



## CULTURE

- Create a sense of urgency at all functional levels throughout the Workers' Compensation Board and its Board of Directors.
  - *For example, appropriate attention has not been given to the collection of data on injuries in order to implement Subsection 213.*
- Empower the staff of the Workers' Compensation Board to enforce compliance, impose penalties, and create incentives to comply.
- Communicate... communicate... communicate.... with Workers' Compensation Board employees, injured workers, employers, insurers, the public, and other constituents.
  - *Employees often hear about Board decisions through external sources.*

The energy within the Workers' Compensation Board must be channeled and employees empowered to do their jobs.





## PROCESS

- Shift focus and resources incrementally to Dispute Prevention and Compliance.
  - *Approximately 70% of the organization's human and financial resources are spent on dispute resolution.*
- Speed up the dispute resolution processes by removing large areas of "wait" time.
  - *The current process - from troubleshooting through hearing - averages 19 months, 2 months of which represent actual work time.*
- Capture the right information, at the right time, accurately, and only once.
  - *Information captured at troubleshooting is later recaptured at the beginning of the hearing process.*
  - *Data anomalies, like year "1197" and RTW dates before injury dates, are not uncommon.*
- Adopt EDI as the primary data collection mechanism.

A total business process re-engineering effort must take place to break the dispute resolution grip, and the rally point must become "educate first, penalize second".



## TECHNOLOGY

- Stop all investment/enhancement activities in the current system and redirect business and information system resources to acquire a new system which supports the Workers' Compensation Board and its customers.
- Integrate the development, support and operation of the business information systems with the Department of Labor.
- Outsource the technical infrastructure support functions to the Bureau of Information Services.
  - *These specialized activities are best managed and delivered from a central function.*
- Standardize all technical solutions, hardware and desktops to the State of Maine standards.
  - *There is no compelling business reason to deviate from state e-mail, desktop and other technology standards.*
- Establish a Business Analyst function at the Workers' Compensation Board to liaison between the agency and the shared service environment.

A significant increase and realignment of resources is needed to create a technology environment that supports the needs of all stakeholders.

---

# ORGANIZATION RECOMMENDATIONS



**Let the Executive Director manage the day-to-day tactical activities of the agency. The Board must focus on policy making and legislative matters.**

## WHAT:

The Executive Director must be given full authority and accountability for:

- Administration of the agency
- Hiring, firing and managing of direct reports
- Leadership
- Planning and performance benchmarks

The Board has responsibility to:

- Set policy, rules & regulations, long term goals
- Support the Executive Director in the execution of his duties

## WHY:

- The agency must have a “boss”.... there is a sense that there is no leader
- The Executive Director is closer to the day to day activities of the agency and can make more informed decisions regarding those matters
- Allows the Board to focus on their responsibilities



**Outsource those functions where a vendor's unique expertise and/or independence is vital.**

### **WHAT:**

Outsource the following functions to organizations which specialize in these areas:

- Technical infrastructure... to the Bureau of Information Services
- Shared service environment for the agency applications... to Department of Labor/OIP
- Data Analysis and clean up... to MHIC
- Internal/External audits... to a CPA/Audit firm
- Formal Hearings... to contract attorneys

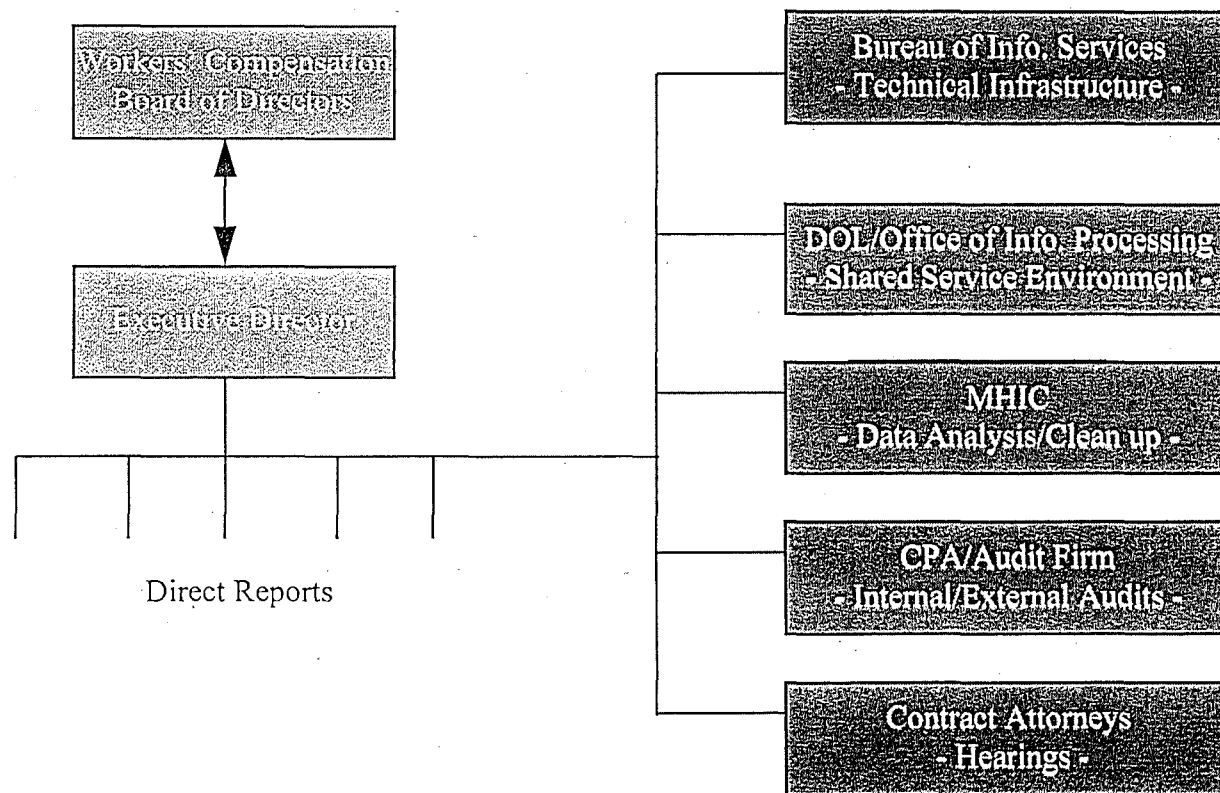
### **WHY:**

These functions require specialized skills which may not be in the best interest of the Workers' Compensation Board to cultivate from a financial and management perspective. The agency needs to focus on developing dispute prevention programs, monitoring compliance, educating, and expeditiously resolving disputes.



## Workers' Compensation Board

## Organization Recommendation



**Potential vendor relationships which would allow the Workers' Compensation Board to focus on mission critical activities.**



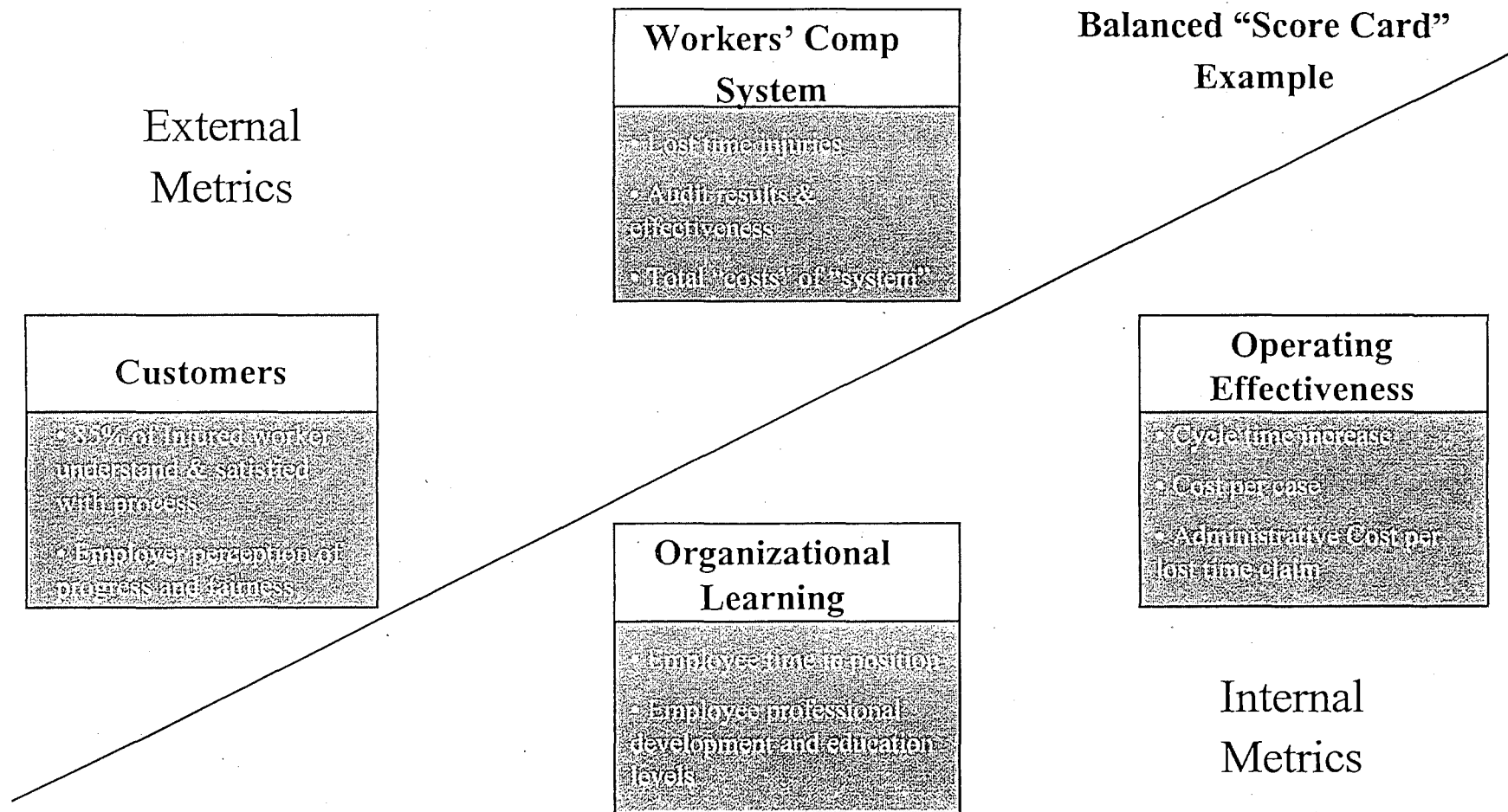
Implement a "SCORE CARD" system that highlights the organization's goals and progress in order to enhance decision making and to focus tactical priorities.

### WHAT:

- Implement a business system SCORE CARD to track specific performance metrics that are key to the success of the agency
  - Internal (operating efficiency statistics, etc.) and external (compliance results, "customer" satisfaction surveys) metrics are measured and reported *monthly*
  - Metrics will evolve and be refined - the objective is for the organization to openly report its progress toward metric goals

### WHY:

- To focus on those activities which need attention and celebrate progress
- To measure and monitor performance in an objective, regular and systematic manner



A published scorecard focuses organizational priorities.



---

# **CULTURE RECOMMENDATIONS**



**Create a sense of urgency at all functional levels throughout the Workers' Compensation Board and its Board of Directors.**

**WHAT:**

- The Board must develop a long term business plan which supports its mission
- The Board of Directors must set the example for the agency with disciplined and goal driven meetings.
- This sense of discipline must be filtered down throughout the organization

**WHY:**

- To enable the organization to focus on the most important unresolved issues facing the agency
- To speed up the decision making process and tactical implementation of these decisions



**Empower the staff of the Workers' Compensation Board to enforce compliance, impose penalties, and create incentives to comply.**

**WHAT:**

- Allow the employees to reference penalties and consequences of non-compliance when speaking with employers and insurers

**WHY:**

- Improves efficiencies by reducing hand-offs, by giving this authority to the first level of contact
- Shifts focus from dispute resolution to one of compliance and dispute prevention
- Develops a sense of ownership among employees and builds a degree of trust with their supervisors



Communicate, communicate, communicate... with Workers' Compensation Board employees, injured workers, employers, insurers, the public, and other constituents.

### WHAT:

- Improve public perception with an active public relations program to respond to criticisms and publicize “success stories”
- Implement a communication program focused on information exchange within the agency, between the Board and the agency, between the agency and Bureau of Insurance/Bureau of Labor Standards, and with the public

### WHY:

- Correct public perception of the agency of being too lenient, not enforcing the law, protective of insurers, and not supportive of injured worker
- Create a sense of “teamness” in the Workers' Compensation Board
- Proactively share information so that employees learn internally before they learn “the wrong message” through outside or informal channels

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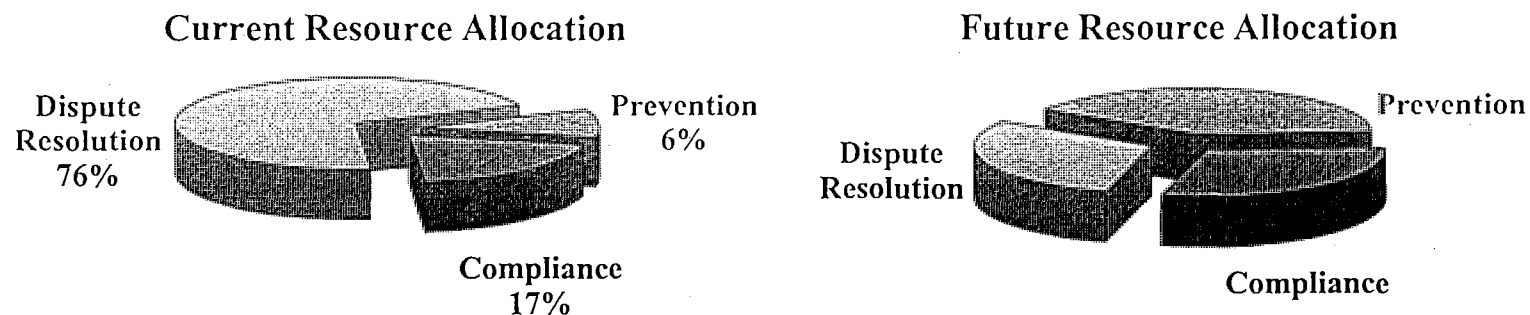
# PROCESS RECOMMENDATIONS



**Shift focus and resources incrementally to Dispute Prevention and Compliance.**

**WHAT:**

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.

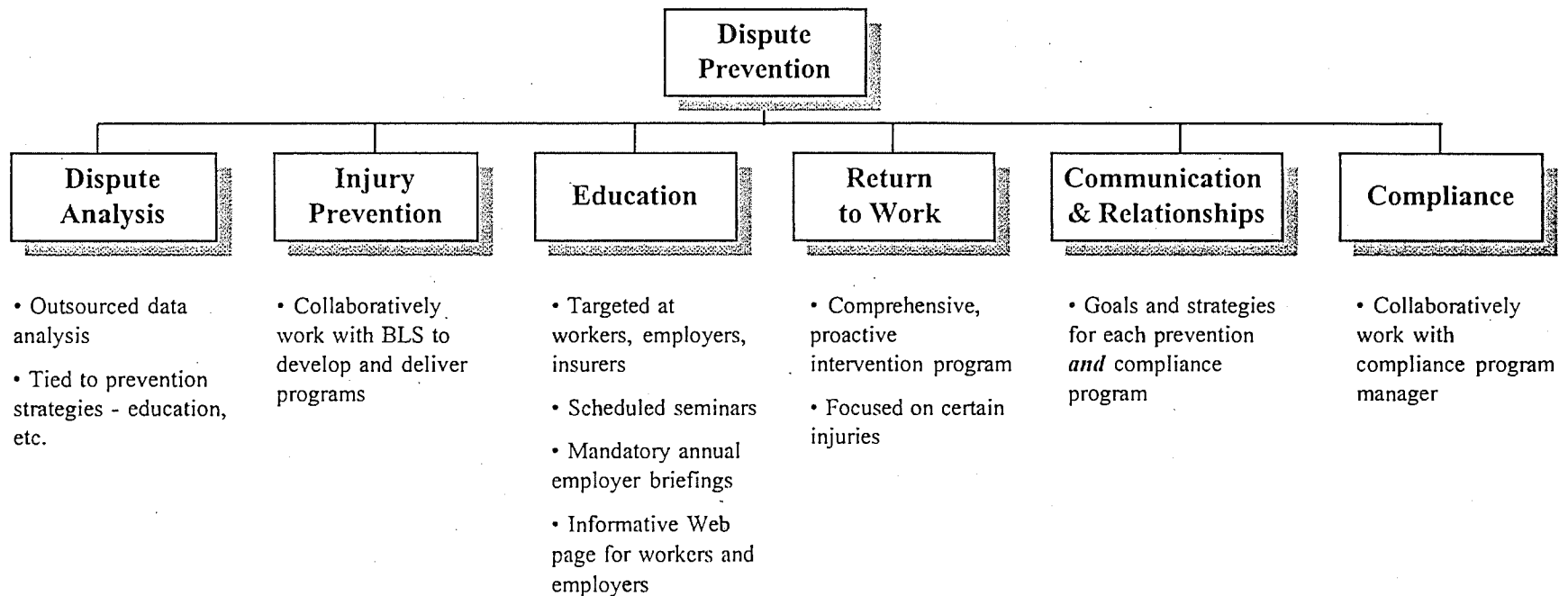


**WHY:**

- To reduce the number of cases that are disputed
- “... serves the employees and employers of the State fairly and expeditiously”
- One of the steps toward reaching the goal of becoming a “no injury state”



**These are the suggested components of a comprehensive dispute prevention program**

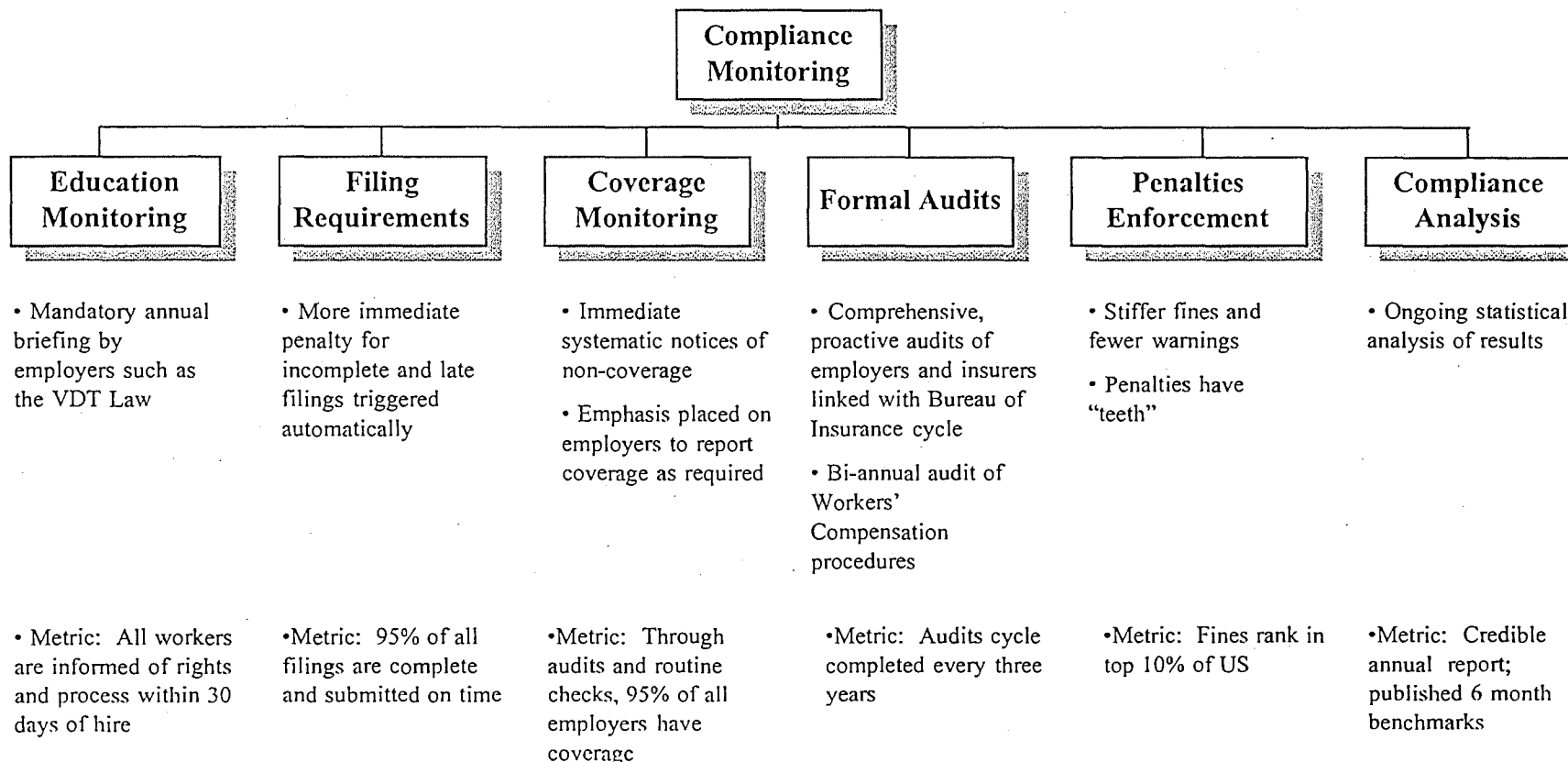


Metrics: Elapsed days in each dispute stage declines by 30% over present levels; 60% of all workers, employers and insurers are “reached” educationally every year; partial disability, light duty and RTWs increases by 10%

**Other states focus substantial resources in these areas. Performance data for all dispute prevention efforts must be adopted and monitored to measure program effectiveness.**



These are the suggested components of a comprehensive compliance program



Compliance metrics and actions must be mapped to regulations for proper interpretation and to focus future enforcement efforts. The Insurance Compliance and Benchmarking group has performed much of this analysis already.





Speed up the dispute resolution processes by removing large areas of wait time.

### WHAT:

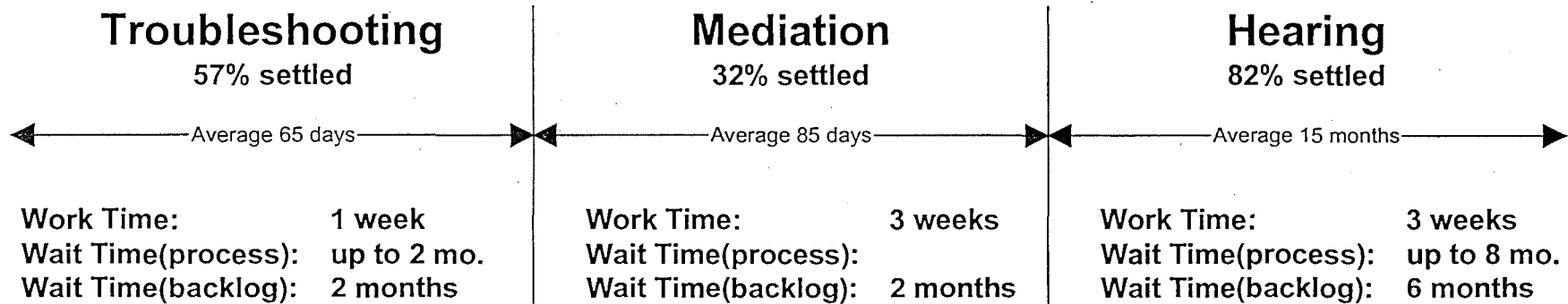
- Adopt a Customer Service Representative “I can help” model whereby any Workers’ Compensation Board employee can handle general information calls using scripted support materials
- Redistribute the workload to other regions as needed to eliminate backlogs; There is an immediate need to contract resources to eliminate the hearing backlog.
- 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.
- Provide information access to case files, prior decisions, state law, etc.
- Streamline the hearing process. Some suggestions are: pre-hearing submission of evidence and arguments, one hearing, decision rendered at end of hearing.
- Leverage better and best practices from the Hearing process to change behaviors, and reduce average disposition of 15 months.
- The mediation and hearing processes must aggressively drive the schedule.

### WHY:

“to serve the employees and employers of the State fairly and expeditiously..., utilizing dispute resolution to reduce litigation and facilitate labor-management cooperation”



## Dispute Resolution Process



## Suggestions to Reduce Elapsed Time

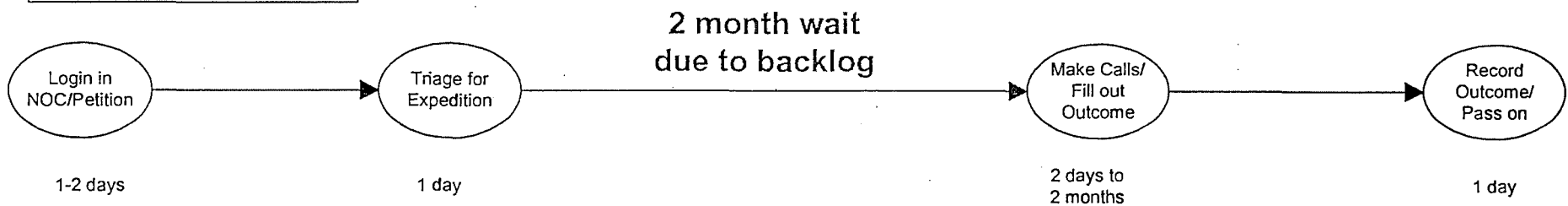
- Scheduler/Tickler
- Customer Service Rep
- Phone Scripts

- Scheduler/Tickler
- Access to case files
- Formal information exchange process instituted
- Penalize for incomplete information

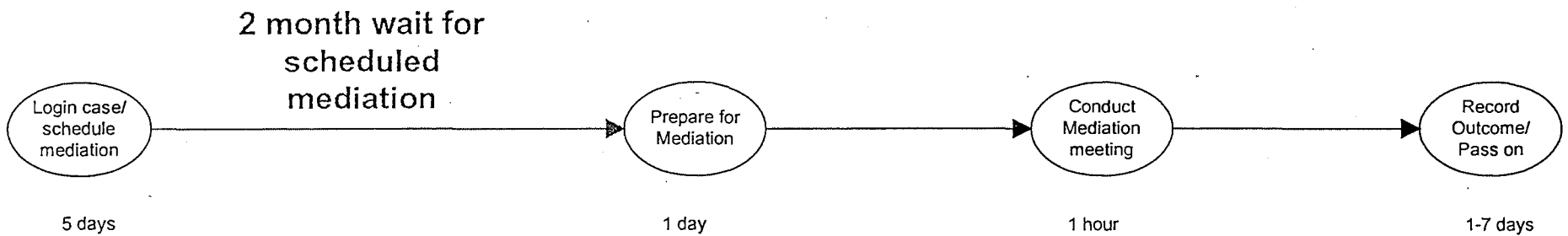
- Cases, laws, prior decisions on-line
- Hearing Officer drives the schedule and process
- All evidence and arguments submitted before hearing
- One hearing only
- Decision made at hearing



**Troubleshooting**

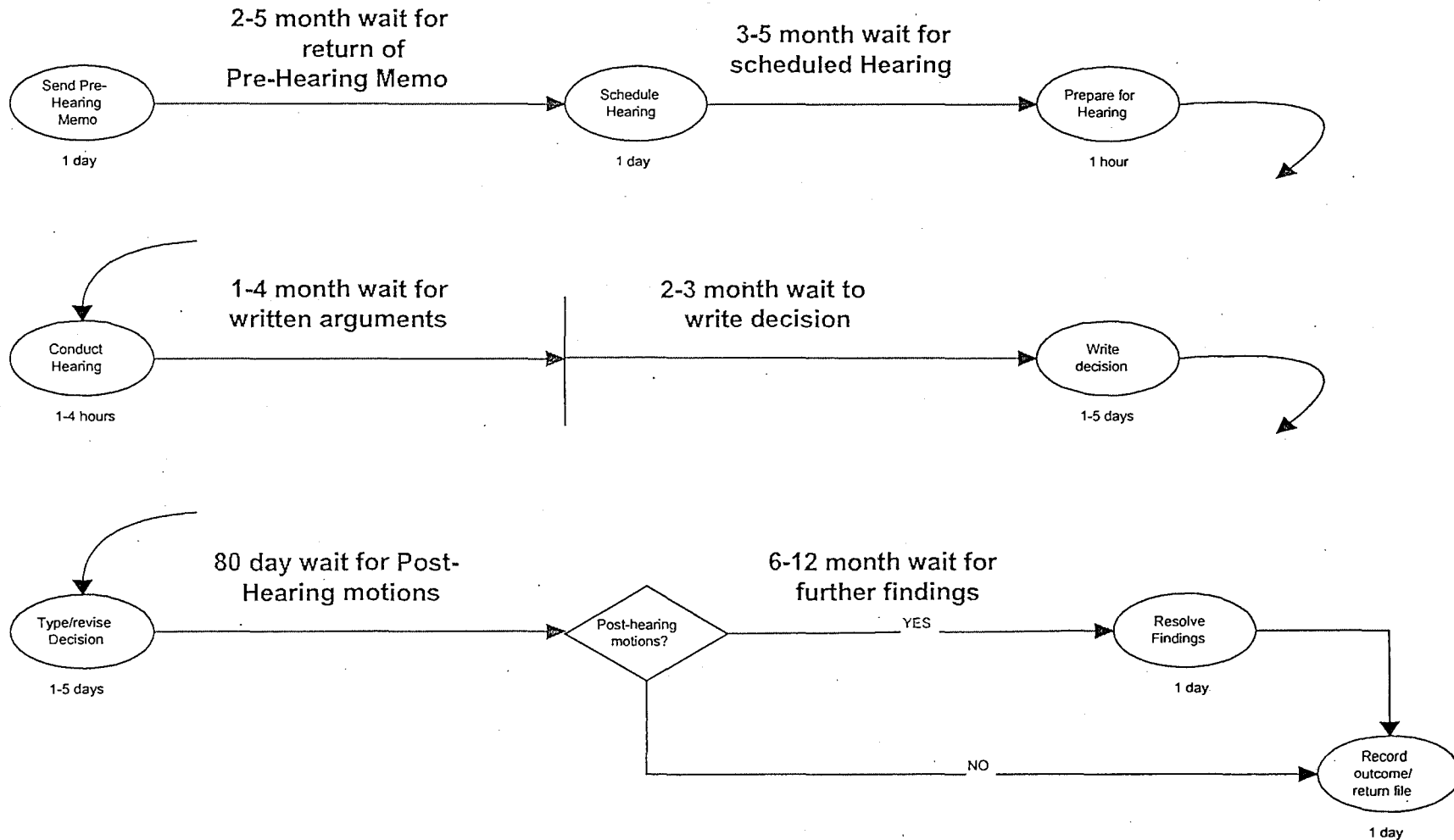


**Mediation**





**Formal Hearing**





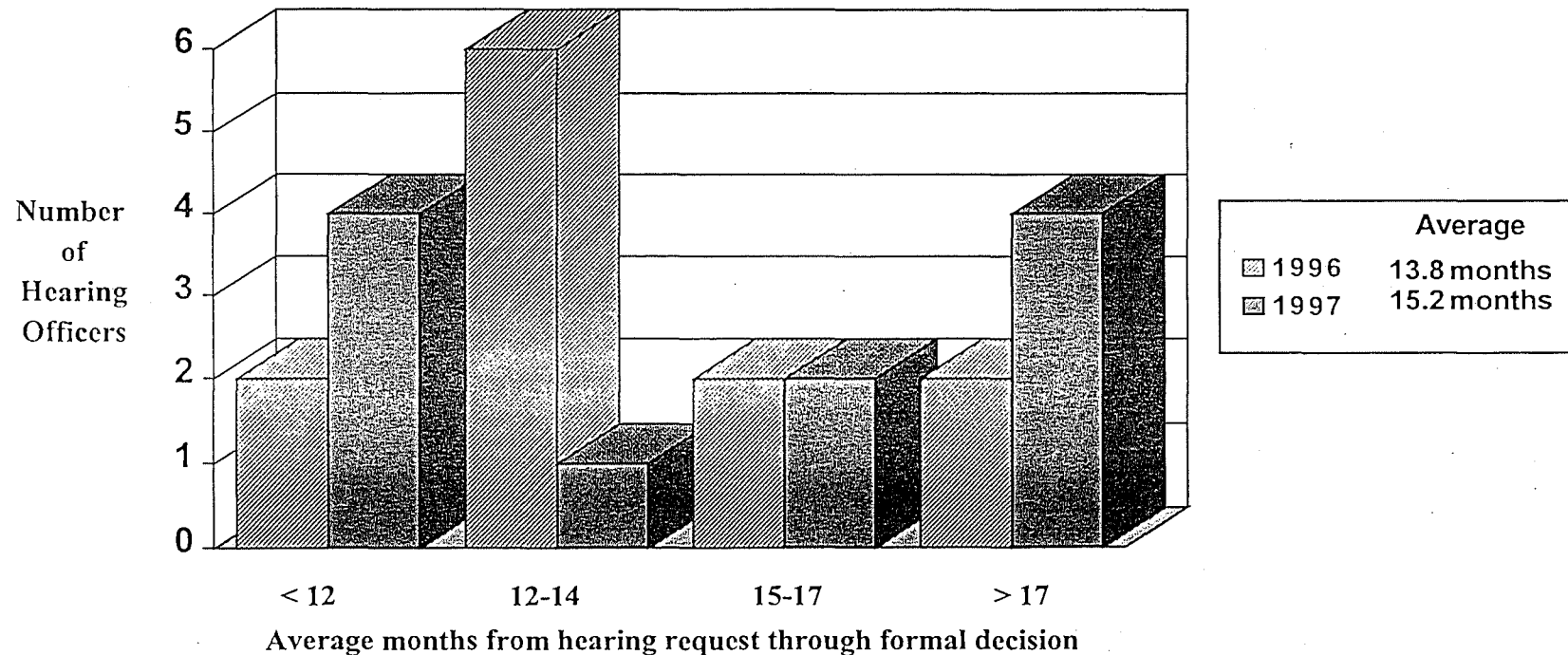
*Current metrics do not provide adequate incentive to resolve disputes as early in the process as possible.*

	Current	Future
Troubleshooter	Number of cases handled per month	<ul style="list-style-type: none"><li>• Number of cases <b>resolved</b> per quarter</li><li>• Average number of days to resolve</li><li>• Quality of case file information</li></ul>
Mediator	Number of cases handled per month	<ul style="list-style-type: none"><li>• Number of cases <b>resolved</b> per quarter</li><li>• Average number of days to resolve</li><li>• Quality of case file information</li></ul>
Hearing Officer	Number of decisions per month	<ul style="list-style-type: none"><li>• Number of cases <b>resolved</b> per quarter</li><li>• Number of days to resolve</li></ul>

Measures that are integrated with performance plans, employment agreements or contracts provide employees with clear expectations, and address organizational priorities.  
Thus metrics will evolve and change over time.



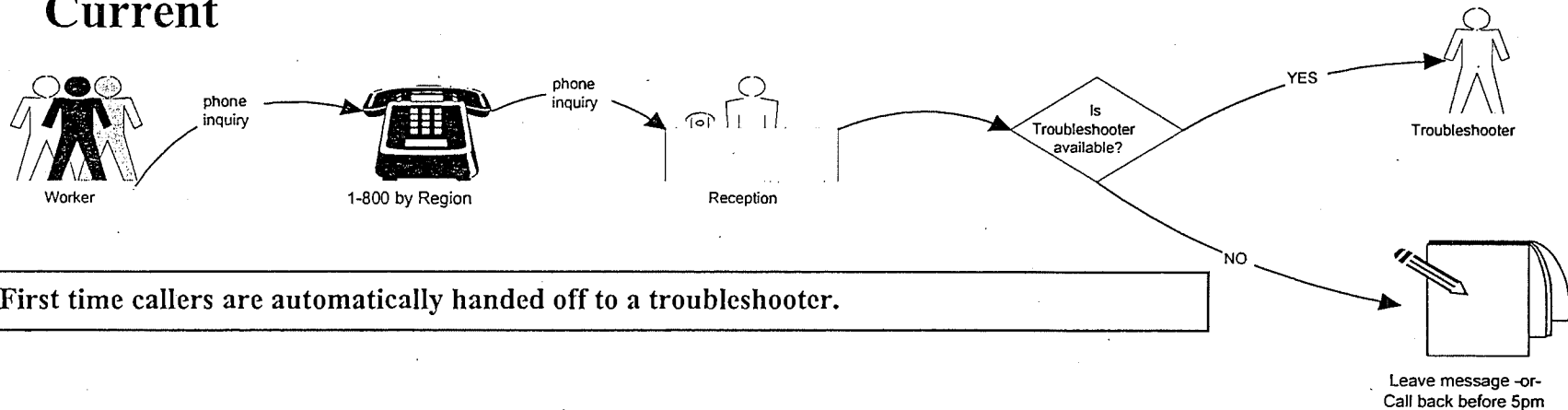
Leverage the experiences and practices of those Hearing Officers who are consistently maintaining their “time to resolution” at under 12 months.



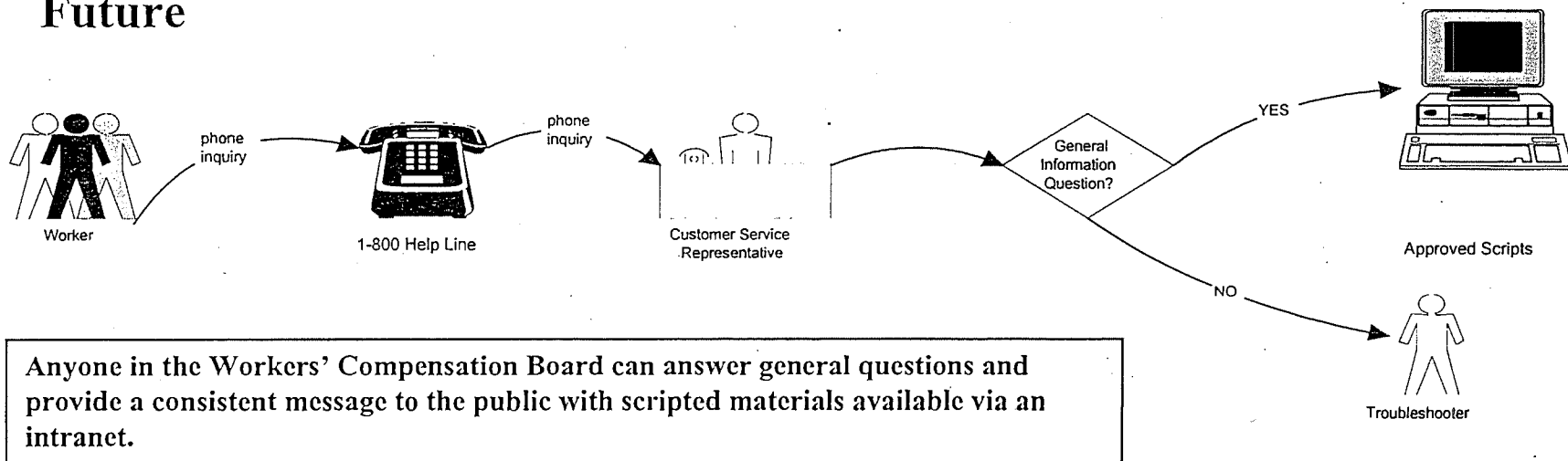
The officers with lower resolution times also have less backlog.



## Current



## Future





**Capture the right information, at the right time, accurately, and only once.**

## **WHAT:**

- Develop an enterprise data model collaboratively with the Bureau of Insurance, Bureau of Labor Standards, and insurers. Redesign forms and adopt an Electronic Data Interchange (EDI) standard which meets everyone's needs.
- Adopt a set of business procedures and data capture points, leveraging the work of the Insurance Compliance and Benchmark Group
- Penalize insurers and employers for incomplete or late information
- Develop procedure manuals and a comprehensive training program for all employees

## **WHY:**

- Improved data accuracy and reliability
- Provide a database of information from which to develop meaningful metrics and analysis and to support the resolution process





**Adopt EDI as the primary data collection mechanism.**

**WHAT:**

- Adopt the IAIABC EDI standard.
- Require EDI submission of forms.

**WHY:**

- Leverages the best thinking of the industry.
- Reduces administrative paperwork.
- Provides consistent, credible information to aide in identifying and measuring the factors which drive costs of the workers' compensation system higher
- Provides uniformity of information which allows Maine to compare its experiences and metrics against other states.

**50% of all states have adopted or are piloting the IAIABC EDI standard.  
24% are in the process of implementing the standard into their systems.**

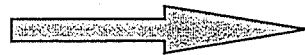
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# TECHNOLOGY RECOMMENDATIONS



Stop all investment/enhancement activities in the current system and redirect business and information system resources to acquire a new system which supports the Workers' Compensation Board and its customers.

### **“As-Is” Environment**



### **“To-Be” Environment**

- Current system was ported from one technology to another without business redesign
- Modifications have been “on-the-fly” and are not documented
- Information is not accessible to everyone who needs it
- Data needs and functional needs of users are not supported
- Weak referential integrity, editing and security has lead to fundamental data quality issues
- System is not year 2000 compliant

- Data electronically submitted from “suppliers” through one standard interface - increases data quality, reduces manual steps
- Core claim data accessible with analytical and ad hoc query tools - enhances data analysis
- Scheduling and case management functions support advocates, trouble shooters, mediators and hearing officers - reduces time lags, enhances productivity
- Case law, prior decisions available through intranet - expedites decision process, enhances quality
- On-line document management function makes information available to all - reduces time, paper,

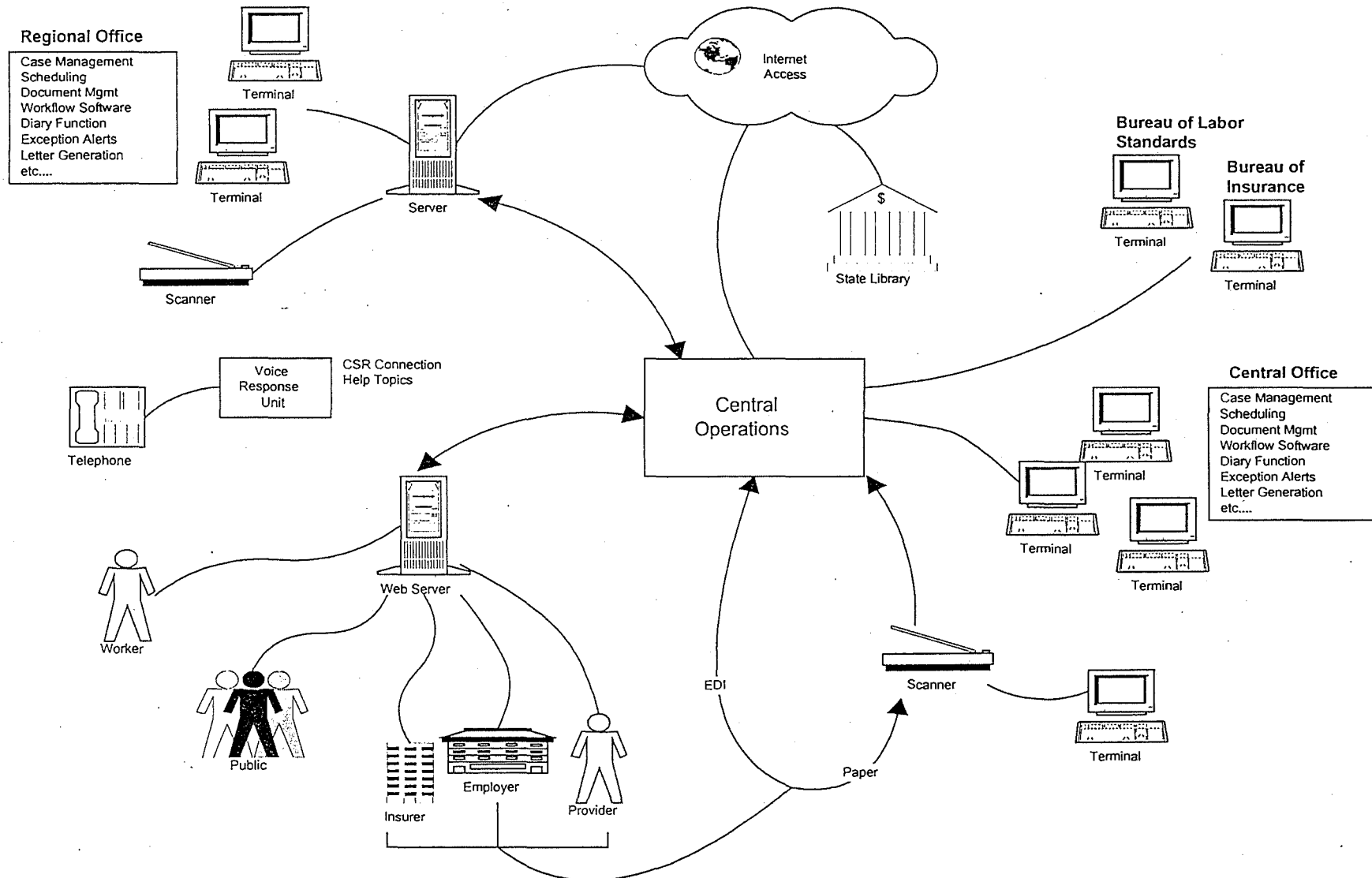
**... a repository**

**... a business tool**



## Workers' Compensation Board

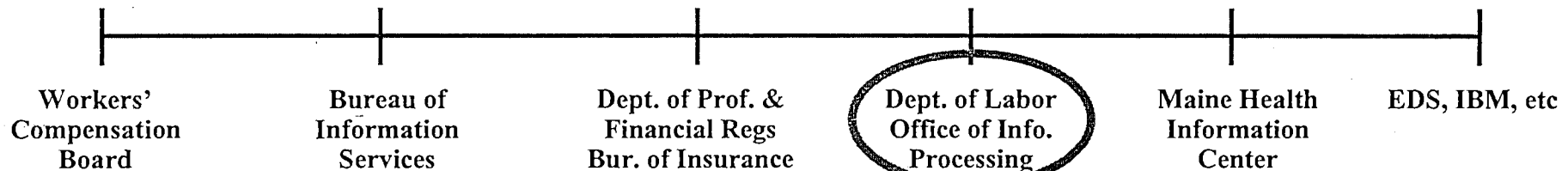
## Technology Recommendation





Integrate the development, support, and operation of the business information systems with the Department of Labor/Office of Information Processing

### Solution Alternatives



- Higher risk in attracting and retaining qualified resources
- Smaller resource pool limits flexibility

#### Internal Shared Service Options

- Discipline and resource leveling inherent with larger IS organizations
- Promotes collaboration and minimizes "stove piped" systems
- Established process for change and communication

- All other criteria equal, more expensive
- May not deploy state technical standards

Department of Labor is the best choice because of the larger vested interest in and need for workers' compensation data, thereby offering solution with lowest risk, cost and fastest transition.



**Outsource the technical infrastructure support functions to the  
Bureau of Information Services.**

**WHAT:**

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.

**WHY:**

- Technical infrastructure skills are highly specialized
- Bureau of Information Services has skill resources in place who are familiar with State standards
- Workers' Compensation Board staff must focus on their core competencies and mission

**The Workers' Compensation Board will be unable to attract and retain qualified staff in this area.**



**Standardize all technical solutions, hardware, and desktops to the State of Maine standards.**

**WHAT:**

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, network hardware and software.

**WHY:**

- Leverage existing experience and resources in the State of Maine
- Provide a seamless and compatible environment for accessing workers' compensation data throughout other state agencies

**There is no compelling business reason to deviate from state standards.**



**Establish a Business Analyst function at the Workers' Compensation Board to liaison between the agency and the shared service environment.**

### **WHAT:**

The responsibilities of the Business Analyst position will include

- In-depth understanding of the business process of workers' compensation system
- Business design of the business information system
- Liaison with the shared service environment from a business process and requirements perspective

### **WHY:**

Need someone who understands the business process and technical application to provide direction and vision.

**At this time, a substantial and dedicated focus on process and technology improvements is required.**



---

# **APPENDIX A**

## **Dispute Resolution Time Analysis**

## Dispute Resolution Time Analysis

Activity	Role	Actual Time to Perform Activity	Time Waiting for Information	Time Waiting Due to Backlog
<b>Troubleshooting:</b>				
• Login NOC/Petition & distribute	Clerk	1 - 2 days		
• Triage (review for expedition)	Troubleshooter	1 day		
• Wait to reach top of workload				2 months
• Make calls, fill out outcome form	Troubleshooter		2 days - 2 months	
• Record outcome form & pass case on	Clerk	1 day		
<b>Mediation:</b>				
• Login case & schedule mediation	Mediation Secretary	5 days		
• Wait for scheduled mediation				5 weeks
• Send notice of mediation to parties	Mediation Secretary	1 day		
• Wait for scheduled mediation				3 weeks
• Prepare for mediation	Mediator	1 day		
• Conduct mediation meeting	Mediator	1 hour		
• Record outcome, dismiss petitions, process petitions, pass case on or return to Central Office (if NOC)	Mediation Secretary	1 - 7 days		
<b>Formal Hearing:</b>				
• Send Pre-Hearing Memo or schedule Pre-Hearing Conference (w/o attny)	H.O. Legal Secretary	1 day		
• Wait for Pre-Hearing Memo to return	H.O. Legal Secretary		2 - 5 months	
• Schedule Hearing & enter in computer	H.O. Legal Secretary	1 day		
• Wait for scheduled hearing				2 - 4 months

## Dispute Resolution Time Analysis

Activity	Role	Actual Time to Perform Activity	Time Waiting for Information	Time Waiting Due to Backlog
• Sent notice of hearing to parties	H.O. Legal Secretary	1 day		
• Wait for scheduled hearing				1 month
• Prepare for hearing	Hearing Officer	1 hour		
• Conduct formal hearing & schedule 2nd hearing if needed	Hearing Officer	1 - 4 hours		
• Wait for 2nd scheduled hearing				1 - 2 months
• Conduct 2nd formal hearing	Hearing Officer	1 - 2 hours		
• Wait for written argument			1 - 4 months	
• Wait to write decision • (case is "ready for decision")				2 - 3 months
• Write/revise decision	Hearing Officer	1 - 5 days		
• Type/revise decision	H.O. Legal Secretary		1 - 5 days	
• Wait for Post Hearing Motions				80 days
• Wait for further findings			6 - 12 months	
• Resolve findings	Hearing Officer	1 day		
• Record outcome & return file to Central Office	H.O. Legal Secretary	1 day		

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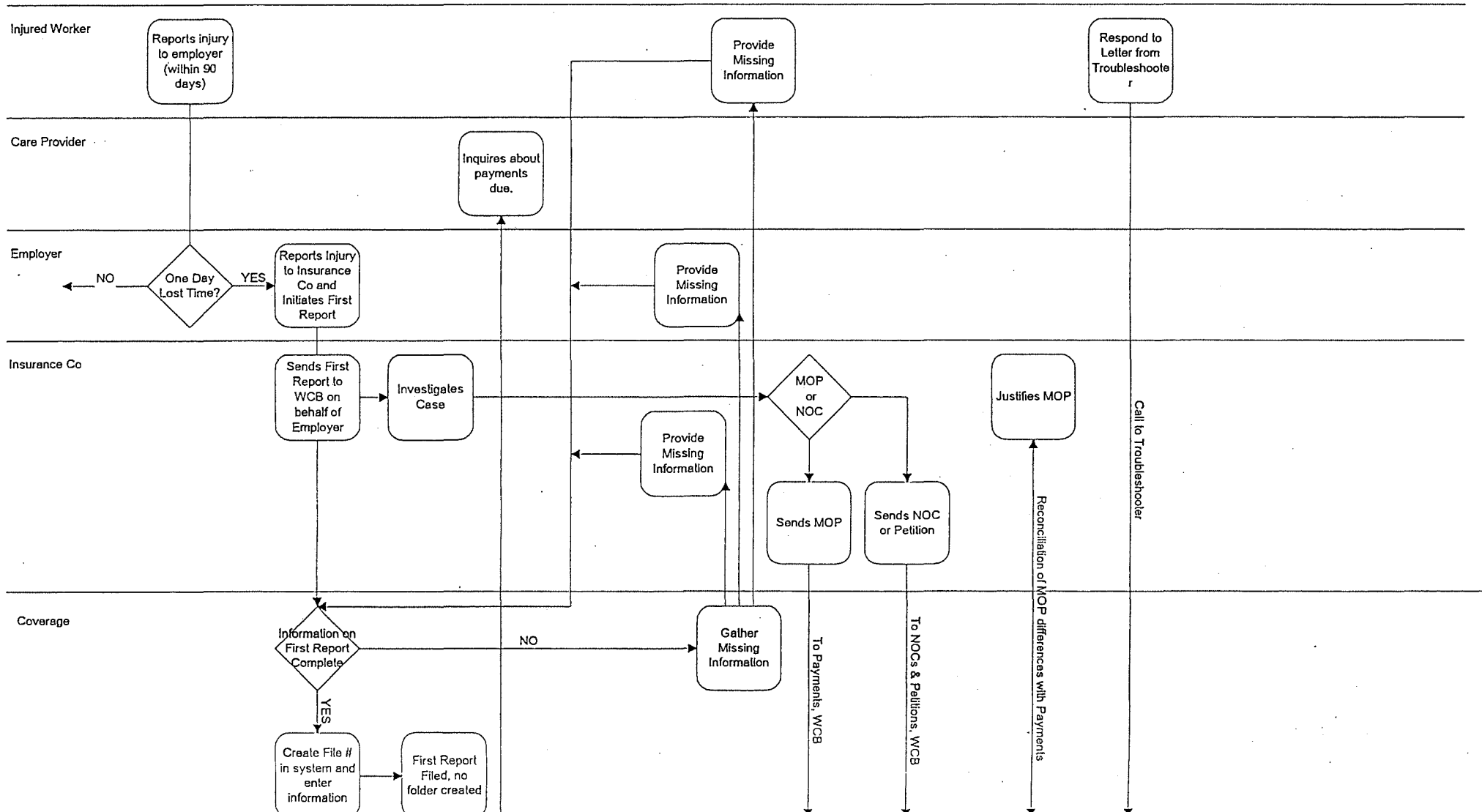
# **APPENDIX B**

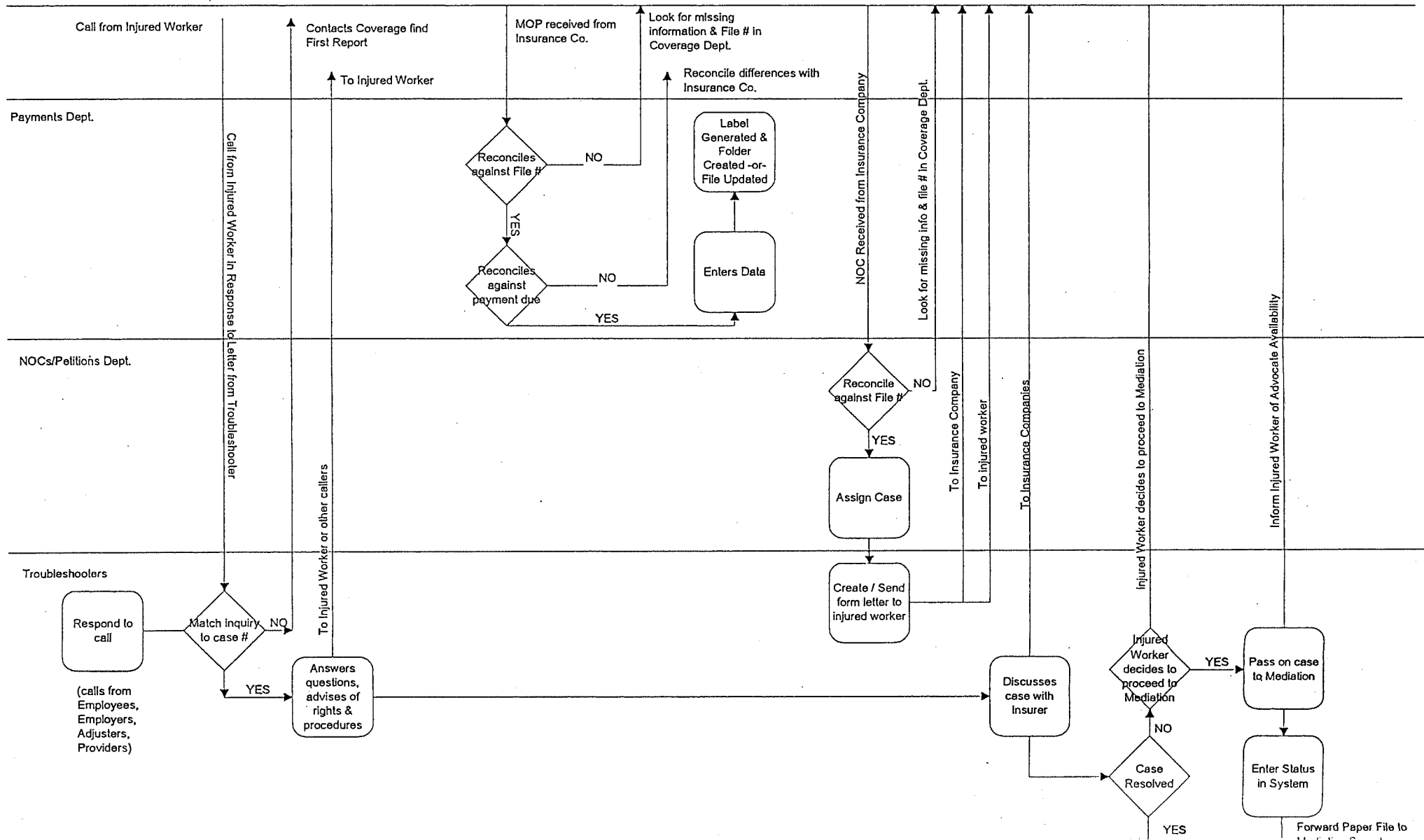
## **Dispute Resolution Process Flow**

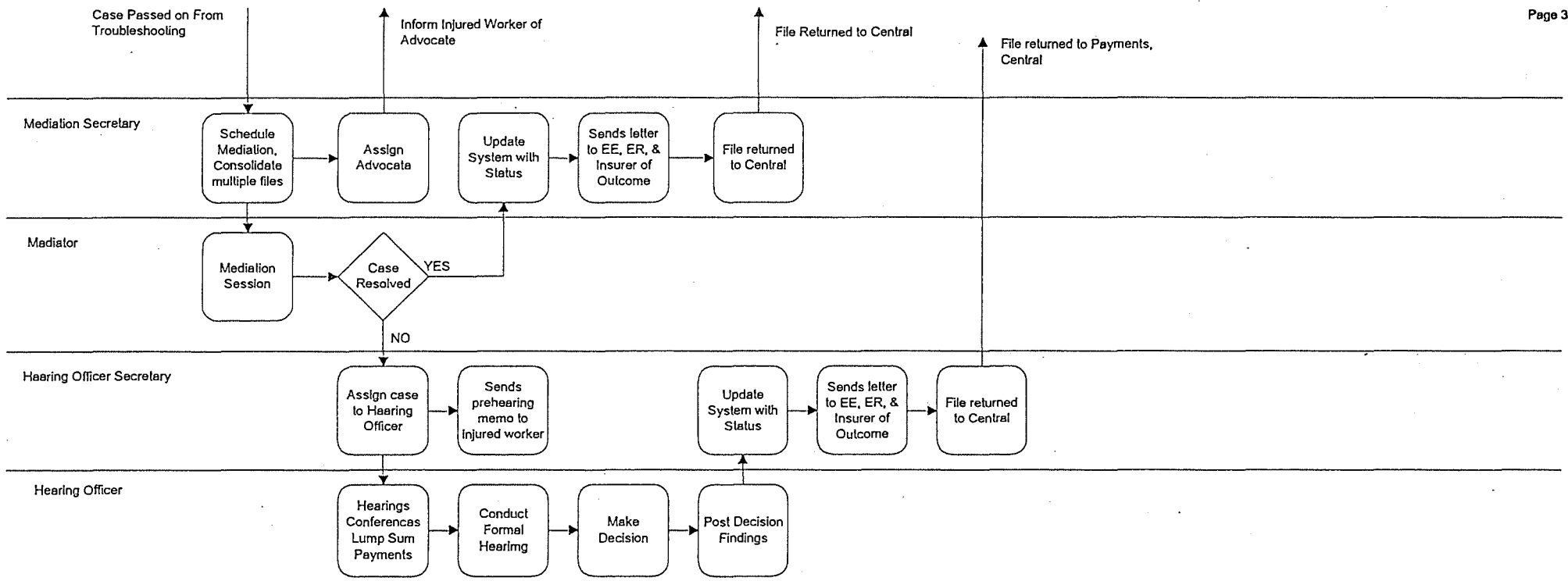
# Dispute Resolution Process

Page 1

Time Line







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# **APPENDIX C**

## **Forms Compliance Requirements**



## Forms Compliance Requirements

Required Form	Submitted by	Received by	Timing
1st Report of Injury (WCB-1)	Insurer Employer Employee	Coverage	within 7 days of notification of injury
Statement of Wages (WCB-2)	Insurer Employer	Payments	within 30 days of initial benefit payment
Schedule of Dependents and Filing Status Statement (WCB-2A)	Insurer Employer	Payments	within 30 days of initial benefit payment
MOP (WCB-3)	Insurer	Payments	within 14 days of notification of injury
NOC (WCB-9)	Insurer	NOCS/Petitions	within 14 days of notification of injury or dispute (medical only claims)
Discontinuance or Modification of Compensation (WCB-4)	Insurer	Payments	when employee returns to work or receives an increase/decrease in compensation
Consent Agreement (WCB-4A)	Insurer	Payments	None - not a required form; However, if this form is used, WCB-3, WCB-4, WCB-8 are not required.
Certificate of Discontinuance or Reduction of Compensation (WCB-8) (21 day certificate)	Insurer	Payments	when it is determined that the employee is not eligible for compensation or full compensation
Lump Sum Settlement (WCB-10)	Regional Offices	Payments	when Hearing Officer approves a lump sum settlement payment request

## Forms Compliance Requirements

Required Form	Submitted by	Received by	Timing
Interim and Final Statement of Compensation Paid (WCB-11)	Insurer	Payments	when compensation extends beyond 6 months from initial payment; report required at 6 month intervals and at final payment of compensation; the Final statement is always required.
Employer's Supplemental Report (WCB-12) or Corrected 1st Report (WCB-1) (contains employee back to work date)	Insurer Employer	Coverage	when employee has 7 or less days of lost time which did not result in a MOP or NOC; report required within 7 days of employee's return to work or periods of subsequent disability
Employee's Return to Work Report (WCB-231)	Employee	File Room	within 7 days of returning to work with a new employer
Proof of/Changes in Insurance Coverage (1AWC)	Insurer	Coverage	within 30 days of change in coverage or issuance of coverage
Waiver Form	Insurer Employee	Coverage	None - not a required form
Predetermination of Independent Contractor Status	Landowner, forester, etc.	Coverage	None - not a required form

## Forms Compliance Requirements

Required Form	Entered in Computer?	Passed to Whom?	Time Spent on Form
1st Report of Injury (WCB-1)	Yes	- sent to file room - create label/file - Regional Office.	heavy data entry (4 screens)
Statement of Wages (WCB-2)	Yes	Same as above	minimal data entry; recalc payment amount (6-7 min +)
Schedule of Dependents and Filing Status Statement (WCB-2A)	Yes	Same as above	
MOP (WCB-3)	Yes	Same as above	depends - if wage not agree with data previously entered, then have to pull file and investigate
NOC (WCB-9)	Yes	Same as above	heavy data entry; must verify coverage, dates of injury, rates, etc.
Discontinuance or Modification of Compensation (WCB-4)	Yes	Same as above	
Consent Agreement (WCB-4A)	Yes	Same as above	
Certificate of Discontinuance or Reduction of Compensation (WCB-8) (21 day certificate)	Yes	Same as above	
Lump Sum Settlement (WCB-10)	Yes	Same as above	
Interim and Final Statement of Compensation Paid (WCB-11)	Yes	Same as above	Final statement is sent back most often because of mismatched data after review of data previously entered.
Employer's Supplemental Report (WCB-12) or Corrected 1st Report (WCB-1) (contains employee back to work date)	Yes	Same as above	
Employee's Return to Work Report (WCB-231)	No	Same as above	

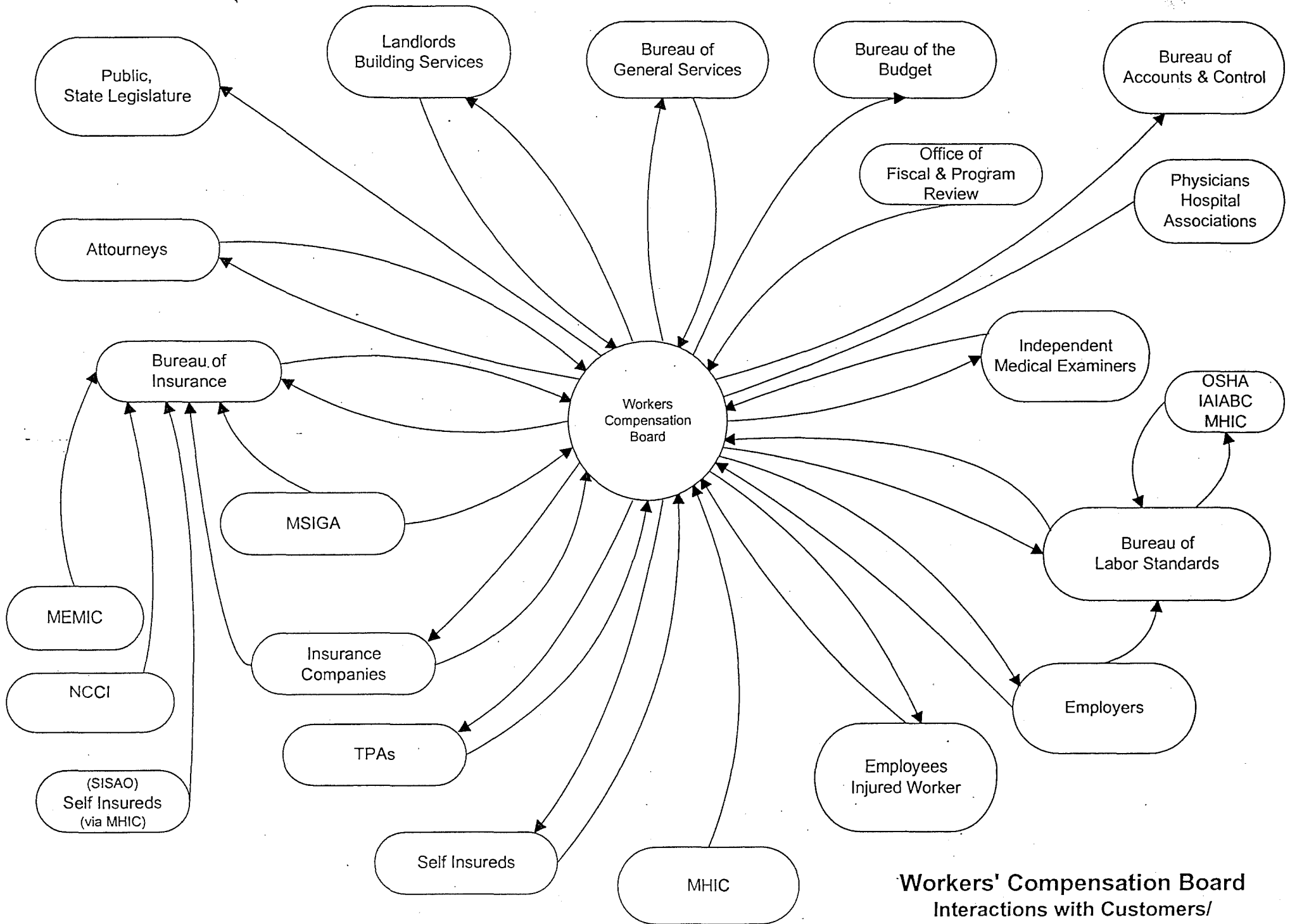
## Forms Compliance Requirements

Required Form	Entered in Computer?	Passed to Whom?	Time Spent on Form
Proof of/Changes in Insurance Coverage (1AWC)	Yes	Coverage files	
Waiver Form	No	Coverage files	
Predetermination of Independent Contractor Status	No	Coverage files	

---

## **APPENDIX D**

### **Activity/Entity Matrix**



# Activity/Entity Matrix

ENTITY	ACTIVITY																
	To WCB:	Required Forms	Medical Exam Request	Process/Rights Questions	Utilization Information	# Disabling Cases (for Assessment)	Codified Workers' Comp Claims	Unemployment Insurance #	Medical Decision	Input to Fee Schedules	Input to Protocols	Fiscal Impact of Legislation	Draft Leases for Regional Offices	Leases/ Contracts/ Services	WC Case Information Request	Non-Compliant Insurers	Self-Insured Groups
Insurance Company		x	x							x					x		
3rd Party Administrator		x	x							x					x		
Self-Insured		x	x							x					x		
Employer		x	x	x													
Employee			x	x											x		
MEMIC																	
NCCI																	
MHIC					x												
MSIGA																	
Bureau of Labor Standards						x	x	x									
Bureau of Insurance																x	x
Independent Medical Examiner									x								
Physicians				x						x	x						
Hospital Associations				x						x	x						
Attorney															x		
Public																	
State Legislature																	
Landlord														x			
Building Service Provider														x			
Bureau of General Services													x				
Bureau of the Budget																	
Office of Fiscal & Program Review												x					
Bureau of Accounts & Controls																	

## Activity/Entity Matrix

ENTITY	Self-Insured / TPA Status Changes	New Licensed Carriers	Prem Written/ Benefits Paid (for Assessment)	Market Analysis	Unfunded, Open Claims	Employers Covered by Insurer	Assessment Checks	Reconciliation Reports	From WCB:	Dispute Resolution Discussions	Penalties	Correspondence	Vocational Rehab Plans	Procedures/Rights Assistance	Workers' Comp Claims Data	Training	Medical Exam Requests
Insurance Company				x		x	x	x		x	x	x				x	
3rd Party Administrator						x		x		x	x	x					
Self-Insured						x	x	x		x	x	x					
Employer										x	x	x	x	x			
Employee										x		x		x			
MEMIC																	
NCCI																	
MHIC																	
MSIGA					x												
Bureau of Labor Standards															x		
Bureau of Insurance	x	x	x	x											x		
Independent Medical Examiner																x	x
Physicians														x			
Hospital Associations														x			
Attorney																	
Public																	
State Legislature																	
Landlord																	
Building Service Provider																	
Bureau of General Services																	
Bureau of the Budget																	
Office of Fiscal & Program Review																	
Bureau of Accounts & Controls																	



## Activity/Entity Matrix

ENTITY	Expenses/Deposit of Revenue	Budget	Suggested Regulatory Changes	WC Case Info	Qtrly Notification of Assessment	Annual Reconciliation Notification	Audits	Certifications	Non-compliant Insurers
Insurance Company				x	x	x	x	x	
3rd Party Administrator				x			x	x	
Self-Insured				x	x	x	x	x	
Employer				x					
Employee				x					
MEMIC									
NCCI									
MHIC									
MSIGA									
Bureau of Labor Standards									
Bureau of Insurance									x
Independent Medical Examiner									
Physicians									
Hospital Associations									
Attorney				x					
Public			x						
State Legislature			x						
Landlord									
Building Service Provider									
Bureau of General Services									
Bureau of the Budget		x							
Office of Fiscal & Program Review									
Bureau of Accounts & Controls	x								

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# **APPENDIX E**

## **Best Practice Summary**

**We compared Maine to five states across six areas:**

	<b>Availability of Key Contact Info</b>	<b>Employee Assistance</b>	<b>Mediation Mandatory</b>	<b>Internet Access</b>	<b>Internet Claims</b>	<b>Performance Data On-Line</b>
<b>Florida</b>	World Wide Web Phone book	Telephone E-mail	Yes. 30-day mandatory informal resolution period	Yes. FAQs, How-to File a Claim, What to Do Next	No	Yes. Full reports available on-line
<b>Michigan</b>	World Wide Web Phone book C.O. only	Telephone	Optional	Yes General Info	No	No
<b>Minnesota</b>	World Wide Web Auto attendant Phone book	24-hour Hotline	Voluntary	Yes. FAQs, How -to File a Claim	Yes (First Report Only)	Yes. Full reports available on-line
<b>Texas</b>	World Wide Web Phone book	Ombudsman Hotline	Unknown	Yes FAQs & Rules Links to WC sites	No	No
<b>Wisconsin</b>	World Wide Web Phone book	How-to Guide on-line Telephone	Unknown	How -to File a Claim, What to Do Next	Yes Reports for all carriers	Yes. Full reports available on-line
<b>Maine</b>	Phone book Posters	800 call by Region	Yes	No	No	No

Best practice research indicates increased satisfaction with responsive and accessible customer service
---



## We compared metrics from four states against Maine:

	Maine	Wisconsin	Michigan	Minnesota	Florida
No. of FTE	105	100	146	174	615
Budget	6.6 MM	6.0 MM	9.6MM	9.6MM	93.5MM
No. of Lost Time Claims	12,200	73,000	93,400	43,500	70,000
No. of Workers	564,000 .0216	2.3MM .0317	4.8 MM	3.1 MM	5.8 MM
Population	1.1MM 51.27	5.2 MM 44.23	9.6 MM	4.4 MM	15 MM
% of Claims to Formal Hearing	27%	4%	??	8%	4%
Hearing Officers	10	22	??	26	32

Best practice research indicates that focusing on informal dispute resolution is highly effective in reducing cost.

**Conclusion: Focus on reducing budget dollars spent per claim**

	Maine	Wisconsin	Michigan	Minnesota	Florida
<b>No. of FTE</b>	105	100	146	174	615
<b>Budget</b>	6.6 MM	6.0 MM	9.6MM	9.6MM	93.5MM
<b>No. of Lost Time Claims</b>	12,200	73,000	93,400	43,500	70,000
<hr/>					
<b>Budget \$ per FTE</b>	\$63,000	\$60,000	\$66,000	\$55,000	\$152,000
<b>Claims per FTE</b>	116	730	640	250	113
<b>Budget \$ per Claim</b>	\$540	\$82	\$102	\$220	\$1,335

Maine is spending the same per FTE, but Wisconsin and Michigan spend less per claim, achieved through system efficiencies such as... web page, EDI usage, CSR model, data gathered at initial point of contact, enforcement of compliance, serious education programs, strategic planning



**Conclusion: Focus on reducing the number of claims going to formal hearing**

	Maine	Wisconsin	Michigan	Minnesota	Florida
No. of Lost Time Claims	12,200	73,000	93,400	43,500	70,000
Hearing Officers	10	22	??	26	32
Claims per Hearing Officer	330	132	??	134	88

% of Claims to Formal Hearing	27%	4%	??	8%	4%
-------------------------------	-----	----	----	----	----



Maine must reduce the number of claims that go to formal hearing by focusing on preventing disputes and solving disputes informally whenever possible.



**Our review of several states indicates these best practice initiatives:**

- They measure. They choose appropriate metrics and stick with them.
- They continue to evolve and improve the system.
- They speed up the cycle time, e.g., with EDI and Internet approaches.
- They work seriously on data quality issues.
- They open up access for injured workers, employers, TPAs and the general public, with claims handling guidelines, fraud detection, etc.
- They shift their focus to loss prevention.
- They fund research and education.
- They are serious about compliance.



**Michigan: Strong Customer Service Orientation**

- All staff are capable of answering generic telephone inquiry
- Mediators/Claims Specialists do not deal with telephone inquiry
- Only Central Office telephone number listed
- Initial Inquiries handled at the lowest possible level
- Data is gathered at initial inquiry to determine compliance of employer -  
Penalty for non compliance - \$50/day up to \$1500
- Very strongly in favor of injured worker
- 24 Regional Offices





**Minnesota: Strong Customer Service Orientation**

- All staff are capable of answering generic telephone inquiry
- All data stored on optical disks and available to all staff, except as follows:
  - only those involved may access details of open cases
- At inquiry, adequate directions are given to injured worker on how to navigate the system
- Compliance unit assesses very serious fines: \$1,000 per week per uninsured employee, with no limit
- Orientation is in favor of protecting the injured worker from receiving further injury to their financial situation



**Wisconsin: Strong Customer Service Orientation**

- Strictly enforce penalties for non-compliance
- Carriers have access to claims reports via internet
- Their policy is “educate first, enforcement second”
- A serious education program has been implemented
- Revise their strategic plan every two years
- The Workers' Compensation Advisory Council works closely with the legislature to implement changes to the system



**Maine:                      Serious reform begun... but still a ways to go**

- Initial inquiry automatically passed to Troubleshooter
- All data stored in Augusta office
- Only those involved may access details of open cases
- Orientation is toward Dispute Resolution
- Fines for non-compliance are not very serious or enforced

---

# **Phase III - Transformation Planning Implementation Plan**

## **TABLE OF CONTENTS**

- I. Transformation Planning Phase - Overview
- II. Implementation Plan
- III. Project Profiles

Appendix A - Recommendation & Project Lists

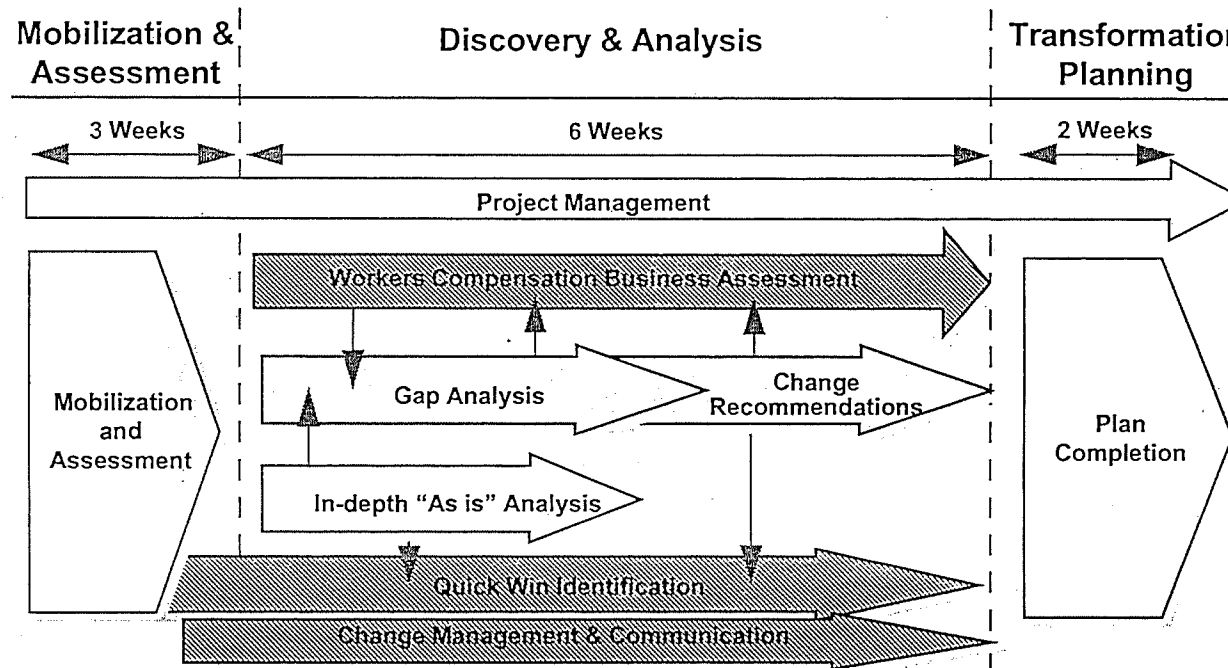
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# **TRANSFORMATION PLANNING PHASE**

## **Overview**



We have completed the Transformation Planning Phase of the project.



The objective of this phase was to develop an implementation plan for the changes and actions required to implement the recommendations identified in the Discovery & Analysis Phase. This deliverable becomes the "blueprint for change" to fully implement the mission of the agency.

The approach included work sessions with the senior staff of the Workers' Compensation Board and others to gather the information needed to develop detailed profiles for each of the projects required to implement the recommendations made in the Discovery & Analysis Phase.



## Implementation Plan . . . . a “Blueprint for Change”

From the recommendations for change identified in the Discovery & Analysis Phase, the Workers' Compensation Board management team and Coopers & Lybrand defined the work initiatives needed to implement the recommendations, resulting in a high level profile of each project. The project profiles describe the project, its owner, benefits, deliverables, assumptions, risks, constraints, and an estimate of the effort required. Project effort estimates are preliminary, do not reflect the time constraints of the current responsibilities of each project member, and should be refined as further information is gathered. It is recommended that the project members begin each project with a “Plan the Project” task in which detailed scoping, estimating, and scheduling of the project is performed.

The inter-dependencies of the projects were defined to help in the development of the Implementation Plan project sequence and priority. The resulting Implementation Plan becomes the long term “Blueprint for Change” to improve the efficiency and effectiveness of the workers' compensation system. The majority of the work performed in each of these projects can be accomplished with existing WCB resources. However, there are certain activities which could be enhanced or “jump started” with the appropriate use of supplemental external resources. The Implementation Plan is a first draft and as such is a living document which is subject to change as new information and priorities come to light.

**Recommendations for change have been transformed into 20 discrete projects, scheduled over a two year timeframe in the Implementation Plan.**



## Critical Success Factors

1. The Workers' Compensation Board staff and Board of Directors are focused and committed to the implementation of the recommended projects for the duration of the plan.
2. Adequate funding and planned reallocation of resources are provided at the appropriate intervals.
3. The agency staff and Board of Directors observe a structured process with a long term focus, and not allow short term priorities or crisis to supersede the long term efforts.

**Three fundamental conditions are necessary for the successful implementation of the Implementation Plan.**



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# **IMPLEMENTATION PLAN**



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## Implementation Plan

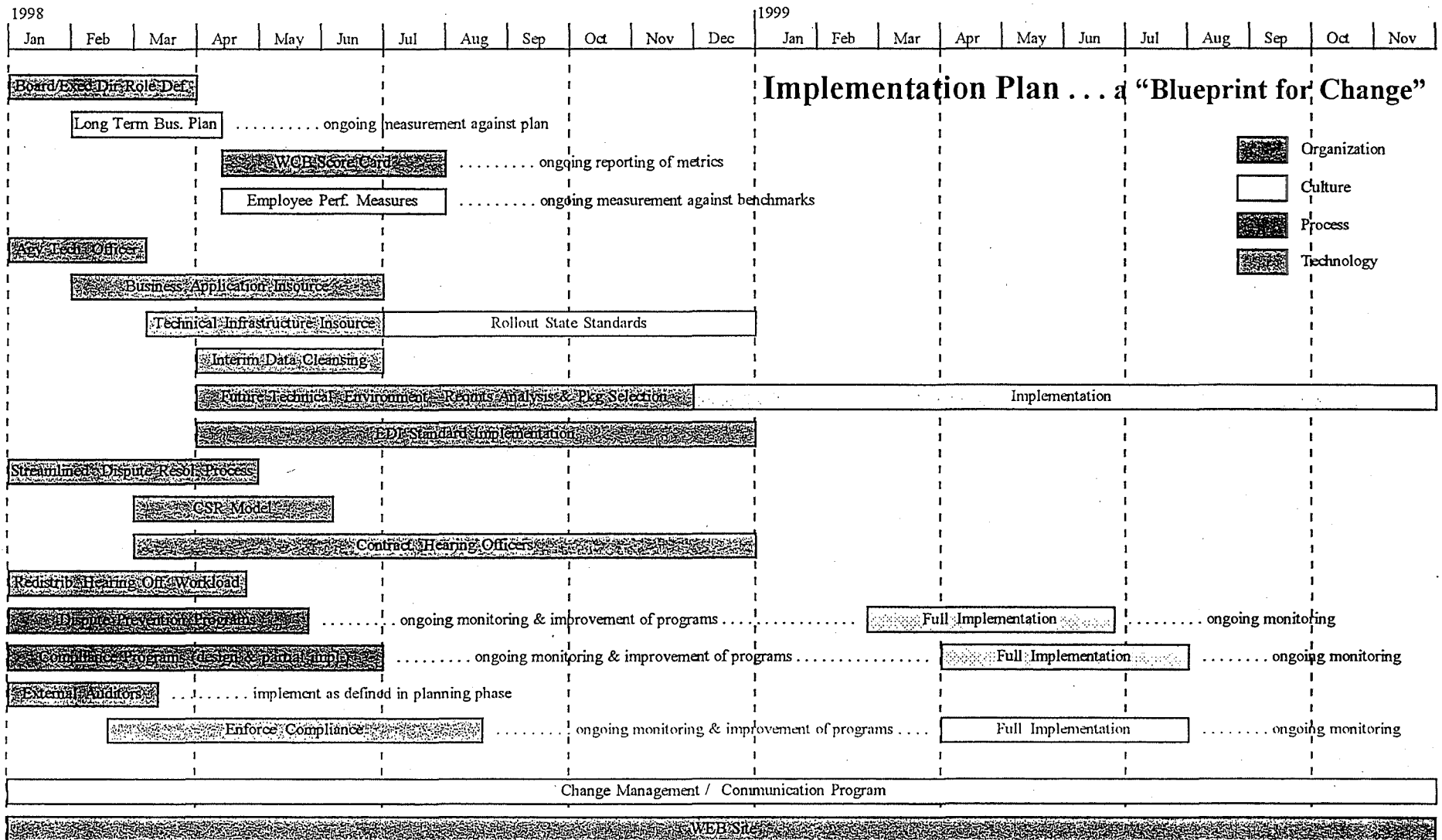
The following page is a graphical representation of the Implementation Plan in a diagram called a Gantt Chart. The bars represent the individual projects, placed along a timeline at the top of the diagram. The projects are color coded to identify the area of interest in which they fall: Organization, Culture, Process, and Technology.

The project durations represent preliminary effort estimates and do not reflect the time constraints of the current responsibilities of each project member. These estimates and start times should be refined as further information is gathered and priorities are assessed. Details of the effort estimates, project scope, and project members involved can be found in each of the Project Profiles in the following section.



# Workers' Compensation Board

## Implementation Plan Gantt Chart





## **Implementation Plan - Project Dependencies**

There exist logical dependencies between some of the projects. A few projects must be completed before others can logically begin, while others may be performed in parallel. These logical dependencies are graphically shown in the following Project Dependency Diagram.

Some of the more significant dependencies are:

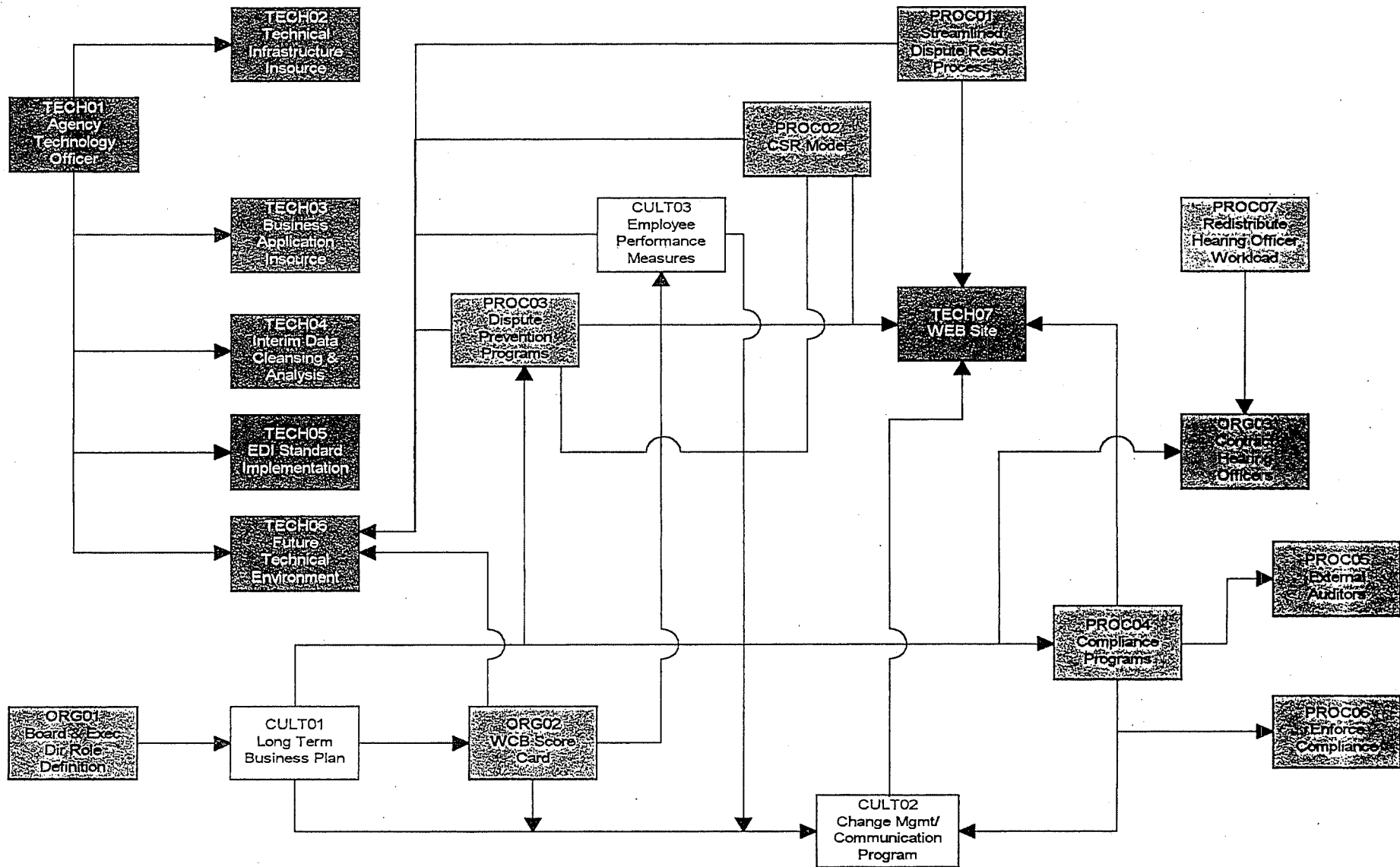
- “Agency Technology Officer” selection must precede the technology projects
- “Board & Executive Director Role Definition” project should precede the “Long Term Business Plan” project
- The “WCB Score Card” will require input from the “Long Term Business Plan” project to identify the important metrics to report in the score card.
- The “WEB Site” project requires input from all projects
- “Change Management/Communication Program” will interact with all projects

**Project dependencies do not necessarily denote priority, but imply the logical order in which the projects should be initiated to achieve the best results.**



## Workers' Compensation Board

## Implementation Plan Project Dependencies





## **Implementation Plan - Resource Reallocation**

The following charts begin to identify the impact of implementing the “process” projects on resource allocation within the Workers' Compensation Board. As the process improvements are made and the Dispute Prevention and Compliance Monitoring programs are put in place, the agency can expect to find a marked increase in the efficient handling of cases within a shorter timeframe and a decrease in the number of disputed cases.

As fewer cases are disputed and handled more efficiently, there will be less need for the current level of staff focused on Dispute Resolution. The resources gained from an efficient Dispute Resolution process can then be shifted to Dispute Prevention and Compliance Monitoring.

**With a more efficient Dispute Resolution process resources will be available for Dispute Prevention and Compliance Monitoring. No additional FTEs are anticipated.**



# Workers' Compensation Board

## Implementation Plan Resource Reallocation

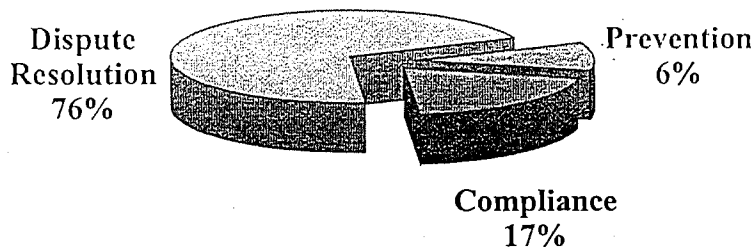
<b>"Process" Project</b>	<b>Assumptions</b>	<b>Current FTE</b>	<b>Potential Increase in Efficiency</b>	<b>Future FTE</b>	<b>Available FTE</b>
CSR Model (PROC02)	<ul style="list-style-type: none"> <li>- 50% decrease answering non-case related questions by Troubleshooters</li> <li>- Current case load remains constant</li> </ul>	14.8 (Troubleshooters, Secretaries)	100%	7.5	7.3
Dispute Resolution (PROC01, PROC07)	<ul style="list-style-type: none"> <li>- Reduce process from 18 to 13 months</li> <li>- More disputes resolved informally</li> <li>- Process benchmarks are standardized</li> <li>- Current case load remains constant</li> </ul>	46.5 (Mediators, HO, Advocates, Secretaries)	30%	32	14.5
Compliance (PROC04, PROC05, PROC06)	<ul style="list-style-type: none"> <li>- Current staff empowered and trained</li> <li>- Shift roles from Coverage &amp; Payments to audit &amp; proactive compliance functions</li> <li>- Current case load remains constant</li> <li>- Technology improvements are made</li> </ul>	23	0%	23	0
Dispute Prevention (PROC03)	<ul style="list-style-type: none"> <li>- Focus heavily on education/training and dispute analysis</li> <li>- Technology improvements are made</li> </ul>	5	100%	10	0

**With effective Compliance Monitoring and Dispute Prevention programs, the current case load will reduce, thus improving the workers' compensation system efficiency even more.**

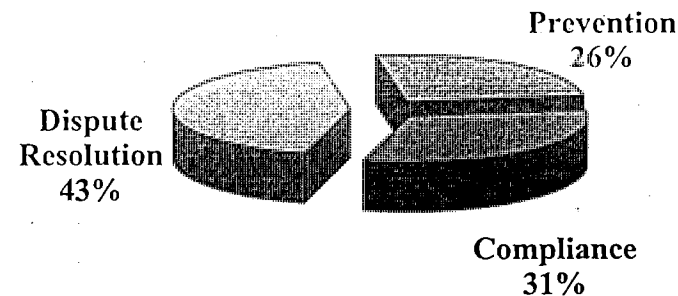


With the streamlining of the Dispute Resolution process, resources can be shifted to Dispute Prevention and Compliance Monitoring to provide a balanced focus on the activities which directly support the mission of the Workers' Compensation Board.

Current Resource Allocation



Future Resource Allocation



With the successful implementation of technology and process changes, no additional FTEs are anticipated. There will be a gradual shift in job classification and skill requirements.



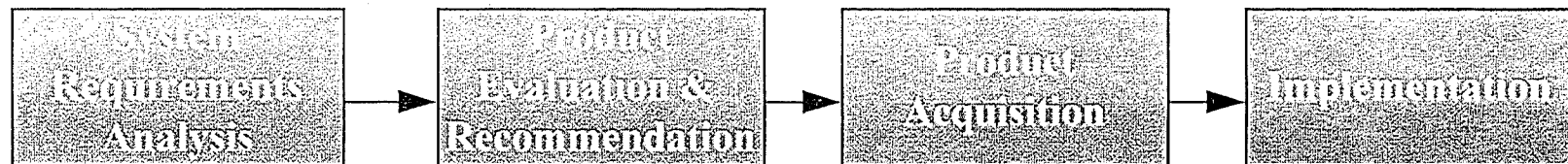


## **Future Technical Environment Project**

Many of the recommendations rely on the development of an integrated and comprehensive business system which supports all the functions and activities of the Workers' Compensation Board, and provides consistent, credible information for use by the Workers' Compensation Boards' customers and stakeholders and for the management of the agency's business. This project is a critical component of the successful implementation of the long range Implementation Plan. Without it, many of the anticipated efficiencies will not be obtained. The following page defines the phases of the Future Technical Environment Project and an estimate of the potential costs for each of those phases.



Project Phases



Purpose:

Analyze the technical, functional and data requirements of the proposed system, including development of an enterprise data model.

Evaluate and recommend product(s) to meet the system requirements.

Purchase the recommended product(s).

Install the product(s) and technical environment, convert data, test the system, and train staff.

Range:

\$110 - 150,000

\$60 - 80,000

\$100 - 150,000 (estimate)

\$300 - 700,000

Cost Dependencies:

Depth of the data modeling effort.

Number of alternatives considered; Number of applications; site visits to vendors.

Product market

Scope of the customization required, conversion effort and number of selected packages.

**Industry rule of thumb: Implementation costs, using appropriate external support, are typically 3 to 7 times the software cost.**

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# PROJECT PROFILES



## **Cross-Reference & Project Profiles**

The following pages provide a cross-reference of the recommendations for change identified in the Discovery & Analysis Phase to the resulting projects required to implement the changes. The Workers' Compensation Board management team and Coopers & Lybrand worked closely to develop a high level profile for each project. The project profiles in this section provide a preliminary definition for each project which should be refined and expanded as the project is initiated. Project effort estimates are preliminary, do not reflect the time constraints of the current responsibilities of each project member, and should be refined as further information is gathered. It is recommended that the project members begin each project with a "Plan the Project" task in which detailed scoping and estimating of the project is performed.



Area of Interest	Recommendation	Project
Organization	REC01 - Let the Executive Director manage the day-to-day tactical activities of the agency. The Board must focus on policy making and legislative matters.	ORG01 - Board & Executive Director Role Definition
	REC02 - Outsource those functions where a vendor's unique expertise and/or independence is vital.	TECH02 - Technical Infrastructure Insourcing TECH03 - Business Application Insourcing TECH04 - Interim Data Cleansing & Analysis PROC05 - External Auditors ORG03 - Contract Hearing Officers
	REC03 - Implement a "Score Card" system that highlights the organization's goals and progress in order to enhance decision making and to focus tactical priorities.	ORG02 - WCB Score Card
Culture	REC04 - Create a sense of urgency at all functional levels throughout the Workers' Compensation Board and its Board of Directors.	CULT01 - Long Term Business Plan
	REC05 - Empower the staff of the Workers' Compensation Board to enforce compliance, impose penalties, and create incentives to comply.	PROC06 - Enforce Compliance
	REC06 - Communicate... communicate... communicate... with Workers' Compensation Board employees, injured workers, employers, insurers, the public, and other constituents.	CULT02 - Change Management/Communication Pgm

Cross-Reference of Recommendations to Projects



## Workers' Compensation Board

## Project Profiles Cross-Reference

Area of Interest	Recommendation	Project
Process	REC07 - Shift focus and resources immediately to Dispute Prevention and Compliance.	PROC03 - Dispute Prevention Program PROC04 - Compliance Program PROC05 - External Auditors PROC06 - Enforce Compliance
	REC08 - Speed up the dispute resolution processes by removing large areas of "wait" time.	PROC01 - Streamlined Dispute Resolution Process PROC02 - CSR Model PROC07 - Redistribute Hearing Officer Workload TECH06 - Future Technical Environment TECH07 - WEB Site CULT03 - Employee Performance Measures
	REC09 - Capture the right information, at the right time, accurately, and only once.	TECH05 - EDI Standard Implementation TECH06 - Future Technical Environment
	REC10 - Adopt EDI as the primary data collection mechanism.	TECH05 - EDI Standard Implementation TECH06 - Future Technical Environment
Technology	REC11 - Stop all investment/enhancement activities in the current system and redirect business and information system resources to acquire a new system which supports the Workers' Compensation Board and its customers.	TECH06 - Future Technical Environment
	REC12 - Integrate the development, support and operation of the business information systems with the Department of Labor.	TECH03 - Business Application Insourcing
	REC13 - Outsource the technical infrastructure support functions to the Bureau of Information Services.	TECH02 - Technical Infrastructure Insourcing
	REC14 - Standardize all technical solutions, hardware and desktops to the State of Maine standards.	TECH02 - Technical Infrastructure Insourcing TECH06 - Future Technical Environment
	REC15 - Establish a Business Analyst function at the Workers' Compensation Board to liaison between the agency and the shared service environment.	TECH01 - Agency Technology Officer



## Recommendations

## Projects

	REC01	REC02	REC03	REC04	REC05	REC06	REC07	REC08	REC09	REC10	REC11	REC12	REC13	REC14	REC15
ORG01	x														
ORG02			x												
ORG03		x													
CULT01				x											
CULT02						x									
CULT03								x							
PROC01								x							
PROC02								x							
PROC03							x								
PROC04							x								
PROC05		x					x								
PROC06					x		x								
PROC07								x							
TECH01															x
TECH02		x											x	x	
TECH03		x										x			
TECH04		x													
TECH05									x	x					
TECH06								x	x	x	x			x	
TECH07								x							

Cross-Reference of Recommendations to Projects

## **Workers' Compensation Board Board & Executive Director Role Definition**

### **Project Description:**

#### **ORG01 - Board & Executive Director Role Definition**

This project will develop recommendations for delineation of the responsibilities and authority of the Executive Director and Board of Directors of the Workers' Compensation agency.

Project Owner: Paul Dionne

Project Members: WCB Management Team, WCB Board representatives

### **Purpose/Objectives:**

- To clearly define the Executive Director and Board of Directors
  - roles
  - responsibilities
  - authority
- To distinguish strategic activities from tactical activities
- To distinguish policy making activities from day-to-day activities

### **Expected Benefits:**

- Provides a framework for a more efficient, flexible, and responsive organization
- Provides the employees of the agency with one boss, instead of nine
- Provides better and faster decisions regarding day-to-day matters because the Executive Director is closer to these activities
- Enables the Board of Directors to focus on policy making, long term goal setting, development of rules and regulations, and legislative initiatives



## Workers' Compensation Board Board & Executive Director Role Definition

**Expected Deliverable(s):**

- Recommendations for delineation of responsibilities and authority, defining expected benefits and impact on the agency, and recent examples of success
- Presentation to the Board of Directors
- Communication plan to inform the agency employees of the new roles

**Assumptions:**

- Political agendas will remain under control
- The Board of Directors will support the recommendations
- The agency employees will support the new roles

**Risks/Constraints/Issues:**

- Political agendas will make the process controversial and contentious
- The Board of Directors will listen to the presentation but may perceive acceptance of the recommendations as losing control
- If nothing is done, the status quo is maintained
- Legislative changes to statutes may be required to implement the recommendations developed as a result of this project

**Resources:****Effort Estimate:**

- 3 months, consisting of several meetings to develop recommendations
- 1 day for presentation to the Board of Directors
- Implement recommendations as agreed

## Workers' Compensation Board WCB Score Card

### Project Description:

#### **ORG02 - WCB Score Card**

This project will implement an organizational score card that highlights the agency's goals and progress in order to enhance decision making and to focus tactical priorities.

Project Owner: Isabella Tighe

Project Members: Paul Dionne, Betty Inman, Dick Dunn, Tony Peverada, Steve Minkowsky, Frank Richards, Hearing Officers, John Rohde, John Jolicoeur

### Purpose/Objectives:

- To implement a business system score card to track specific performance metrics that are key to the success of the agency
- To measure and report internal and external metrics
- To refine the metrics

### Expected Benefits:

- Provides a focus on those activities which need attention and demonstrate progress
- Provides a means to measure and monitor performance in an objective and systematic manner.

### Expected Deliverable(s):

- Recommendations for measuring operating effectiveness on a quarterly basis
- Recommendations to measure injured workers understanding and satisfaction with the process
- Recommendations to effectively monitor statistics on lost time injuries cost and audit results

## Workers' Compensation Board WCB Score Card

**Assumptions:**

- Political agendas will remain under control

**Risks/Constraints/Issues:**

- Political agendas will make the process controversial
- If nothing is done, the agency will continue to be criticized for high administrative costs and poor performance standards

**Resources:****Effort Estimate:**

- 1 month planning
- 1 month to collect data
- 1 month to ratify
- On-going quarterly reporting

## Workers' Compensation Board Contract Hearing Officers

### Project Description:

#### ORG03 - Contract Hearing Officers

This project will evaluate the need for and develop a process for contracting Hearing Officers. There is an immediate need for Hearing Officers to help in permanently reducing the current backlog of cases. Some of the components of the project will include developing a profile of Hearing Officers to use in the search process, determining how they will be compensated, and developing a training program for the contracted Hearing Officers.

Project Owner: Paul Dionne, Julia Finn

Project Members: 1 or 2 Hearing Officers, 2 Board Members, John Rohde

### Purpose/Objectives:

- To permanently reduce the backlog at formal hearing
- To set a goal of 6-8 months at the formal hearing level.

### Expected Benefits:

- Employees, employers, etc. will receive decisions faster in cases that do not resolve voluntarily
- The agency will have an improved public image

### Expected Deliverable(s):

A plan for a one-time temporary push to get cases decided and reduce or eliminate the "backlog". This plan should include time frames for

- hiring,
- training, and
- accomplishing the work

Costs should be estimated and specific goals set.

## Workers' Compensation Board Contract Hearing Officers

**Assumptions:**

- There are high quality candidates for this work that have some knowledge of workers' compensation law and practice
- These candidates are interested in performing the work at the offered price

**Risks/Constraints/Issues:**

- Funds are not adequate or available
- Board of Directors does not agree with the plan

**Resources:****Effort Estimate:**

- 2 months to plan
- 8 - 10 months to implement

**Cost Estimate:**

- unknown, but important
- difficult to estimate until specific goals are set

## Workers' Compensation Board Long Term Business Plan

### Project Description:

#### **CULT01 - Long Term Business Plan**

This project will develop a long term business plan with measurable goals which is reviewed and revised on an annual basis. This plan will be used to develop agendas and focus activities with regular measuring of progress against the plan.

Project Owner: Paul Dionne

Project Members: Deputy Directors, General Counsel, 2 Board Members

### Purpose/Objectives:

- To develop a long term (3 year) business plan which is updated annually by the WCB and senior staff.
- To set measurable goals for the three major areas of responsibility: dispute prevention, compliance and dispute resolution

### Expected Benefits:

The agency will focus on activities which will have the anticipated result of

- Improving efficiency of the organization
- Improving collaboration between WCB and the Bureau of Labor Standards and Bureau of Insurance
- Improving timeliness and accuracy of payments to injured employees
- Preventing disputes and reducing the number of disputes entering the system
- Improving compliance

### Expected Deliverable(s):

A three year plan presented to the Board of Directors

## Workers' Compensation Board Long Term Business Plan

**Assumptions:**

- The Board of Directors supports long term planning

**Risks/Constraints/Issues:**

- Agendas are set on many of the major issues

**Resources:****Effort Estimate:**

- Scheduled long term planning by Board and staff
- 2 months to develop the initial plan

**Cost Estimate:**

- Funds needed for management and tracking software

## Workers' Compensation Board Change Management/Communication Program

### Project Description:

#### **CULT02 - Change Management/Communication Program**

This project will define and develop the communication mechanisms to involve employees of the agency in the change process, and to disseminate information to WCB employees, injured workers, employers, insurers, the public, and other constituents.

Project Owner: Isabella Tighe

Project Members: Bonnie Harris, Labor, Management, Insurers

### Purpose/Objectives:

- To improve public perception of the Workers' Compensation Board with an active public relations program to respond to criticisms and publicize "success stories"
- To implement a communication program focused on information exchange within the agency, between the Board and the agency, with the public, Bureau of Insurance, and Bureau of Labor Standards

### Expected Benefits:

- Improve public perception of the agency
- Create a sense of "teamness"
- Proactively share information so that employees learn internally before they learn the wrong message through outside or informal channels

### Expected Deliverable(s):

- Public relations plan
- Mechanisms to disseminate information to all
- Implementation of communication mechanisms as defined and agreed to by employees, injured workers, and insurers



**Workers' Compensation Board  
Change Management/Communication Program**

**Assumptions:**

- All parties will enthusiastically participate in the planning and implementation of this project

**Risks/Constraints/Issues:**

- Mistrust on the part of some

**Resources:**

**Effort Estimate:**

- 2 months to plan and develop
- On-going execution and revisions of the communication mechanisms

## Workers' Compensation Board Employee Performance Measures

### Project Description:

#### **CULT03 - Employee Performance Measures**

This project will develop, collect, and report on employee performance measures which will be relevant to their responsibilities, within their control to effect, and will encourage the desired result.

Project Owner: Paul Dionne, Julia Finn

Project Members: Hearing Officers, Dick Dunn, Betty Inman, Bonnie Harris

### Purpose/Objectives:

- Adopt measurements of performance which encourage employees to resolve cases as early in the process as possible and informally when feasible.

### Expected Benefits:

Employees will focus their efforts on resolving disputes as early in the process as possible, with the anticipated result of

- timely payments to employees
- a fair and expeditious resolution process for employers and employees of the State

### Expected Deliverable(s):

- Measurement standards and benchmarks for all employees

### Assumptions:

## **Workers' Compensation Board Employee Performance Measures**

### **Risks/Constraints/Issues:**

- Outside parties, i.e. doctors and attorneys, are a large constraint in informal resolution or in keeping to a timeboxed process

### **Resources:**

#### **Effort Estimate:**

- 2 months to develop the performance measures and benchmarks
- 1 month to develop the data collection mechanisms and verify the data
- On-going monthly reporting of results against benchmarks

## Workers' Compensation Board Streamlined Dispute Resolution Process

### Project Description:

#### **PROC01 - Streamlined Dispute Resolution Process**

This project will develop recommendations for changing the dispute resolution process to be more responsive. Recommendations may include draft proposals for legislative change.

Project Owner: Julia Finn, Paul Dionne

Project Members: Dick Dunn, Betty Inman, Hearing Officers (Rules committee being formed with 3 Hearing Officers and Julia Finn should be combined with this effort)

### Purpose/Objectives:

- To shorten the time frames at all three levels of dispute resolution, i.e. troubleshooting, mediation, and formal hearing, through the timeboxing of each stage of the process
- To develop a more efficient process
- To more efficiently use the agency's resources

### Expected Benefits:

- More manageable caseloads (internal)
- Better customer satisfaction (external)
- A fair and expeditious process for employees and employers of the State
- More cases are resolved in a more timely manner

### Expected Deliverable(s):

- Shorter dispute resolution process
- Adopted rule incorporating recommended changes
- A dispute resolution work flow which controls the flow of cases through the three phases

## Workers' Compensation Board Streamlined Dispute Resolution Process

**Assumptions:**

- Chapter 12 will need updating

**Risks/Constraints/Issues:**

- Attorneys on both sides will be very resistant to this effort
- Board approval of the rule may be difficult
- Outside parties, i.e. doctors and attorneys, are a large constraint in informal resolution or in keeping to a timeboxed process
- Timeboxing each stage of the process may have the effect of clogging the formal hearing process

**Resources:****Effort Estimate:**

- 3 months

**Additional Ideas:**

- Allow mediation to be waived in cases where provisional order entered
- Revise exchange of information questions

## Workers' Compensation Board CSR Model

### Project Description:

#### **PROC02 - CSR (Customer Service Representative) Model**

This project will develop scripted material for general information questions to be used by all agency employees when answering questions from constituents

Project Owner: John Rohde

Project Members: Betty Inman, Julia Finn, Dick Coty, 1-2 troubleshooters (Larry Brann?), 1-2 Clerk Ivs in Regional Offices

### Purpose/Objectives:

- To answer questions received over the telephone from stakeholders more promptly and more consistently
- To free up the troubleshooters' time so that they may get to their disputed claims more quickly

### Expected Benefits:

- Increased customer satisfaction
- Shorter timeframes at troubleshooting (before file is picked up for the first time)

### Expected Deliverable(s):

- Script
- Contact list for more complicated questions
- Training and implementation plan

### Assumptions:

- Trained agency staff will be able to answer questions effectively, guided by the script

## Workers' Compensation Board CSR Model

### Risks/Constraints/Issues:

- Risk of giving out false/inaccurate information
- Risk that questions will be misunderstood or not stated clearly enough to enable a correct answer to be given
- It is premature to assume that this will lighten the load of troubleshooters. Many questions may end up with them anyway.

### Resources:

#### Effort Estimate:

- 2 months to plan
- 1 month to implement

## Workers' Compensation Board Dispute Prevention Program

### Project Description:

#### **PROC03 - Dispute Prevention Program**

This project will develop and implement a comprehensive dispute prevention program.

Project Owner: Isabella Tighe

Project Members: WCB Management Team

### Purpose/Objectives:

- To plan, develop and implement a comprehensive dispute prevention program to include dispute analysis, injury prevention, educational programs, a return to work program, compliance and improved communications.

### Expected Benefits:

- Reduction in the number of cases that are disputed
- Moving toward the goal of becoming a “no injury” state
- Service to employees and employers that is fair and expeditious

### Expected Deliverable(s):

- A plan for implementation of a comprehensive dispute prevention program
- Adoption of performance data for all dispute prevention efforts. Monitor effectiveness of the program.

### Assumptions:

- Everyone will work collaboratively to implement a sound dispute prevention program



## Workers' Compensation Board Dispute Prevention Program

### Risks/Constraints/Issues:

- If nothing is done, there will be a constant criticism from stakeholders

### Resources:

#### Effort Estimate:

- 2 months to plan and develop
- 2 months to implement

## Workers' Compensation Board Compliance Program

### Project Description:

#### **PROC04 - Compliance Program**

This project will develop and implement a comprehensive compliance program.

Project Owner: Steve Minkowsky

Project Members: Paul Dionne, Auditor II, John Rohde, Julia Finn, John Jolicoeur

### Purpose/Objectives:

- To shift focus from dispute resolution to compliance, audit, and prevention programs
- To create a comprehensive compliance and audit program
- To establish benchmarks and thresholds which are communicated to agency staff and the workers' compensation community
- To develop program procedures
- To establish stiffer fines and penalties, fewer warnings

### Expected Benefits:

- To ensure that 95% of all filings are complete and timely
- Create a competitive environment that rewards quality claims adjusting
- Promote comprehensive, proactive audits linked with the Bureau of Insurance cycle
- Increase the number of employers with workers' compensation insurance

## **Workers' Compensation Board Compliance Program**

### **Expected Deliverable(s):**

A comprehensive compliance program which produces the following outcomes:

- Reduces the number of controverted cases that go through the dispute resolution process
- Increases the number of cases which are paid timely and accurately
- Improves employee and employer satisfaction with the workers' compensation administration
- Reduces the formal hearing backlog
- Makes quality compliance reports available to policymakers

### **Assumptions:**

- The agency will make the mindset change from dispute resolution to compliance and prevention
- Funding will be available for potential job reclassifications
- There is qualified staff in Payments and Coverage to fill upgraded positions
- There will be computer services program support

### **Risks/Constraints/Issues:**

- Computer support does not improve
- Board of Directors is unsupportive of the required changes

### **Resources:**

#### **People Involved in Implementation:**

- Front line staff in Payments and Coverage
- Computer Services
- Audit unit
- Human Resources for potential job reclassifications

## **Workers' Compensation Board Compliance Program**

### **Effort Estimate:**

- 4 months to plan and develop
- 1 month to train
- 1 month to pilot
- Full implementation

## Workers' Compensation Board External Auditors

### Project Description:

#### **PROC05 - External Auditors**

This project will define the role of the external auditor and develop a plan for the implementation of their role in the overall audit function.

Project Owner: Steve Minkowsky

Project Members: Paul Dionne, 2 auditors on staff

### Purpose/Objectives:

- Design the role of the external audit partner, i.e. how often used, scope of work, etc.
- Provide periodic review of internal auditors work and guidance/support as a supplement to the internal auditors
- Develop a plan to implement the external auditors role in the overall audit function

### Expected Benefits:

- Audit independence
- Additional resources when needed for large audits or heavy workload
- Independent audits will validate the WCB audit program

### Expected Deliverable(s):

- Request for Proposal for services
- Defined scope of services, i.e. Rider A of the state contract

## **Workers' Compensation Board External Auditors**

**Assumptions:**

- There are accounting firms available with workers' compensation expertise to conduct the audits

**Risks/Constraints/Issues:**

- Funding and support for use of external auditors is not available

**Resources:****Effort Estimate:**

- 1 month to develop RFP (independent audit is conducted every two years)

## Workers' Compensation Board Enforce Compliance

### Project Description:

#### **PROC06 - Enforce Compliance**

- This project will develop parameters, scripts, an educational program for delivery to the insurance community, a training program for internal training, and a rollout plan for implementation of compliance enforcement measures within the agency.

Project Owner: Steve Minkowsky

Project Members: Paul Dionne, Auditor II, John Rohde, Julia Finn

### Purpose/Objectives:

- To define Payments and Coverage staff roles, responsibilities and authority
- To develop compliance parameters and scripts
- To create ongoing educational programs
- To establish benchmarks and thresholds for claims adjusting
- To define acceptable/unacceptable claims handling techniques

### Expected Benefits:

- The workers' compensation community has full awareness of the consequences of non-compliance
- Insurers and employers are penalized for late or incomplete data
- There is an increase in timely and accurate payments to injured workers
- Front line staff is empowered to ensure and enforce compliance in a fair, firm and uniform manner within pre-defined parameters. Compliance complaints outside the parameters are filed with the Abuse Investigation Unit.

## **Workers' Compensation Board Enforce Compliance**

### **Expected Deliverable(s):**

- Procedural guidelines for compliance staff and the workers' compensation community
- Educational programs and schedule for delivery
- Benchmarks and thresholds

### **Assumptions:**

- The agency will make the mindset change from dispute resolution to compliance and prevention
- Funding will be available for potential job reclassification
- There will be computer services support
- More complaints will be filed with the Abuse Investigation Unit

### **Risks/Constraints/Issues:**

- Board of Directors is not support of the required changes
- Computer support does not improve

### **Resources:**

#### **People Involved in Implementation:**

- Front line staff in Payments and Coverage
- Computer Services
- Abuse Investigation Unit
- Human Resources for potential job reclassifications



## **Workers' Compensation Board Enforce Compliance**

### **Effort Estimate:**

- 4 months to plan and develop with community and agency staff
- 1 month to train
- 1 month to pilot
- Full implementation

## Workers' Compensation Board Redistribute Hearing Officer Workload

### Project Description:

#### **PROC07 - Redistribute Hearing Officer Workload**

This project will evaluate the current workload of each Hearing Officer and make a more equitable distribution of the total workload across all Hearing Officers.

Project Owner: Julia Finn, Paul Dionne

Project Members: 3 Hearing Officers - Glen Goodnough, Evelyn Knopf, Sue Jerome; Frank Richards

### Purpose/Objectives:

- To equalize the caseloads of Hearing Officers, thereby reducing the waiting times in some areas

### Expected Benefits:

- Waiting periods for hearings and decisions will become equivalent throughout the state

### Expected Deliverable(s):

The following timeframes will become uniform:

- waiting for hearing
- waiting for decision

### Assumptions:

- This task will not be difficult to accomplish
- Individual Hearing Officers will not protest

## **Workers' Compensation Board Redistribute Hearing Officer Workload**

### **Risks/Constraints/Issues:**

- Technical issue - how will this be accomplished systematically? (Frank Richards)

### **Resources:**

#### **Effort Estimate:**

- 2 months to assess and implement (this effort is already under way)

## Workers' Compensation Board Agency Technology Officer

### Project Description:

#### **TECH01 - Agency Technology Officer**

This project will establish and hire a new, high level Agency Technology Officer position in the Workers' Compensation Board. This person will be responsible for and oversee all technical projects within the WCB. The WCB Personnel Officer, in conjunction with the Bureau of Human Resources will establish the position, and an interview team will be put together to interview the viable candidates.

Project Owner: Isabella Tighe, John Jolicoeur

Project Members: Paul Dionne, Bonnie Harris

### Purpose/Objectives:

The Workers' Compensation Board needs a technical/business process employee capable of

- understanding all business and technical process needs of the agency,
- recommending and creating a new business design of the required information system, and
- working as a liaison within the newly created shared service environment.

### Expected Benefits:

- Increased focus of the Workers' Compensation Board administration on business issues vs. technical issues, concerns, and problems
- An employee capable and willing to
  - provide up-to-date direction/vision regarding technology and business process needs of the agency
  - obtain the agreement/cooperation of the agency
  - expeditiously and properly implement all agreed upon recommendations

**Workers' Compensation Board  
Agency Technology Officer**

**Expected Deliverable(s):**

- A qualified candidate who is hired and on board

**Assumptions:**

- A qualified group of candidates will emerge
- The appointing authority will support the recommendation
- The best person will be selected
- Funding for the position will be identified

**Risks/Constraints/Issues:**

- A qualified Agency Technology Officer may take some time to find and hire

**Resources:**

**Effort Estimate:**

- 2 months to hire

## Workers' Compensation Board Technical Infrastructure Insourcing

### Project Description:

#### **TECH02 - Technical Infrastructure Insourcing**

This project will transition the technical infrastructure of WCB (network, desktop, and server operations) to Bureau of Information Services. All technical solutions, current and future, within the agency will be standardized to the State of Maine standards (desktop suite, e-mail, future database and development tools)

Project Owner: Agency Technology Officer

Project Members: Ellen Lee (BIS Network Services); Mary Silver (Production Services); Isabella Tighe, John Jolicoeur, WCB staff/administrative employees

### Purpose/Objectives:

- Develop and implement the transition plan
- Develop and implement the desktop conversion and rollout plan

### Expected Benefits:

- Increased quality of support from centralized BIS staff
- Increased focus of WCB administration on business issues vs. technical issues
- Centralized communications

### Expected Deliverable(s):

- Service level agreement between BIS and WCB, defining the roles and responsibilities of each agency
- A transition plan
  - BIS handles all infrastructure maintenance and operation
  - Desktop hardware and software come into alignment with state standards

## Workers' Compensation Board Technical Infrastructure Insourcing

**Assumptions:**

- Economic resources are there to upgrade and convert
- BIS resources are in place to provide highest quality support
- All WCB employees will have a PC which will meet State of Maine technical standards

**Risks/Constraints/Issues:**

- Funding and resources are not in place
- Service levels don't improve

**Resources:****Effort Estimate:**

- Planning - 1 month
- Transition support - 3 months
- Rollout state standards - 6 months (e-mail, desktops)

## **Workers' Compensation Board Business Application Insourcing**

### **Project Description:**

#### **TECH03 - Business Application Insourcing**

This project will transition the current system to the shared service environment (e.g. Office of Information Processing, Department of Labor)

Project Owner: Agency Technology Officer

Project Members: Steve Campana, OIP, Isabella Tighe, John Jolicoeur, Steve Minkowsky, Betty Inman

### **Purpose/Objectives:**

To develop and implement the transition plan of the current WCB business application (Progress system) to the Office of Information Processing within the Department of Labor or other suitable entity.

- What type/quantity of resources are required?
- How will FTEs and dollars be managed? Appropriated?
- What will the service level agreement look like?

### **Expected Benefits:**

- Leverages discipline and infrastructure of a larger information systems organization
- Promotes collaboration between two agencies with vested interest in the data, and minimizes "stove pipe" applications/systems
- Larger organization more able to attract, train, retain and allocate resources
- Frees the WCB to focus on their core competencies and mission

### **Expected Deliverable(s):**

- A transition project plan
- A service level agreement, including measures of performance
- Improved system efficiencies, fewer system failures, better use of shared information



## **Workers' Compensation Board Business Application Insourcing**

### **Assumptions:**

- OIP will be able to add additional FTEs to support the current system
- The customer is the WCB management group
- OIP upholds the service level agreement and effective performance measures are established to monitor their performance

### **Risks/Constraints/Issues:**

- OIP resources are diverted from WCB system issues. This situation must be covered in service agreement.
- This project is the first priority of the WCB Agency Technology Officer (ATO); The risk is that a qualified ATO may take some time to find and hire.
- The necessary FTEs are made available to OIP. Current IS resources authorized are following the levels: 1-27, 1-23 (programmer analyst), 1-20, and 1-19 (Support Specialist). Most likely, the ATO position will be funded by combining two of the four positions.
- The ATO does not receive adequate support from the WCB management or Board members

### **Resources:**

#### **Effort Estimate:**

This task would be first priority of ATO

- Planning Phase - 1 month
- Stabilize system - 4 months
- Maintain (no enhancements) - ongoing

## Workers' Compensation Board Interim Data Cleansing & Analysis

### **Project Description:**

#### **TECH04 - Interim Data Cleansing & Analysis**

This project will define and prioritize the data cleansing and analysis needs which can be outsourced on an interim basis until the new business application is in place.

Project Owner: Agency Technology Officer

Project Members: WCB Management Team, Bureau of Labor Standards representative

### **Purpose/Objectives:**

- Define and prioritize the data cleansing and analysis needs which can be outsourced on an interim basis until the new business application is in place
- Define role and responsibilities of the outsource entity (MHIC or other identified contractor); Develop procedures for data cleansing and data analysis.
- Develop a plan for transitioning these responsibilities to the chosen outsourcer.
- Develop a service level agreement that defines the relationship and expectations of the outsourcer and WCB.
- Implement the transition of responsibilities from WCB to the outsourcer.

### **Expected Benefits:**

- Free-up WCB staff to focus on development of new programs and responsibilities in the Dispute Prevention and Compliance areas.
- Increase efficiency of the central office staff and provide improved service levels to their customers and constituents.

## Workers' Compensation Board Interim Data Cleansing & Analysis

**Expected Deliverable(s):**

- Defined roles & responsibilities
- Service level agreement between WCB and the outsourcer
- Transition project plan
- Cleansed data

**Assumptions:**

- Data cleansing can be accomplished by the outsourcer for the same cost currently spent in Benefits Administration and the Bureau of Labor Standards

**Risks/Constraints/Issues:**

- Data cleansing may be more complex and costly than originally thought

**Resources:****Effort Estimate:**

- 2 month - development of roles, responsibilities and procedures
- 1 month - selection of outsourcer and development of transition plan
- Implement transition plan

## Workers' Compensation Board EDI Standard Implementation

### Project Description:

#### **TECH05 - EDI Standard Implementation**

This project will develop an implementation plan for adopting the IAIABC EDI standard over a period of time and requiring insurers to submit required forms via EDI.

Project Owner: Agency Technology Officer

Project Members: Steve Minkowsky (interim owner), Paul Dionne, Auditor II

### Purpose/Objectives:

- To adopt the IAIABC First Report and coverage EDI standards
- To make EDI mandatory for all insurers, TPAs, and large self-insured employers
- To retrofit the current WCB EDI standard to IAIABC standards

### Expected Benefits:

- Reduce day-to-day manual data entry by agency staff
- Improve quality and quantity of data accepted by WCB
- Ability to monitor timely and accurate benefits paid or denied
- Reassignment of data entry position to compliance and education programs

### Expected Deliverable(s):

- Quarterly and yearly compliance reports that accurately represent claims adjusting practices
- Ability to monitor claims handling techniques and trends to establish corrective action plans
- Ability to monitor benchmarks and thresholds

## **Workers' Compensation Board EDI Standard Implementation**

### **Assumptions:**

- Need to work with the Bureau of Labor Standards and Bureau of Insurance
- Agency resources are allocated to EDI
- The IAIABC EDI standards are comparable to the WCB current EDI standards
- Mandatory EDI is approved through rule making
- Insurer and TPA community quickly adopt EDI
- EDI is expanded to include payments data

### **Risks/Constraints/Issues:**

- If EDI is not made mandatory, then agency staff faces daily data entry
- Paper chase for missing or incomplete data and forms continues
- Performance measurements are more difficult to establish

### **Resources:**

#### **Effort Estimate:**

- 6 months to plan
- 3 months for rule making
- Focus on voluntary EDI first
- Focus on EDI for payments data - 12-18 months

## Workers' Compensation Board Future Technical Environment

### Project Description:

#### **TECH06 - Future Technical Environment**

This project will design and implement the new business applications to support the Workers' Compensation Central and Regional offices.

Project Owner: Agency Technology Officer

Project Members: WCB Management Team, Steve Campana (Office of Information Processing), Representative from Bureau of Labor Standards, Bureau of Insurance, Bureau of Information Services, and other internal stakeholders

### Purpose/Objectives:

- Develop an information model of the data needed
  - to support the internal operation of the WCB
  - to develop meaningful metrics for managing the business of the WCB, and
  - to provide the information needed by the Bureau of Labor Standards and Bureau of Insurance.
- Develop a business process model which defines the requirements of the new business system from a functional perspective
- Develop a technical architecture of the new business systems application environment
- Evaluate combinations of packaged solutions which fit 80% of the business functions; select and implement packaged solutions.
- Design, develop and implement those 20% of the business functions which could not be handled by a package solution.
- Develop and conduct training of all WCB staff in the use of the new business systems

### Expected Benefits:

- An information management system that supports the business and provides consistent, credible information for the management of the business, customers, stakeholders...
- A "business tool" instead of a "repository"

## **Workers' Compensation Board Future Technical Environment**

### **Expected Deliverable(s):**

- Detailed project plan for the System Requirements, Package Selection and Implementation phases of the system development life cycle.
- New business systems which support the goals and needs of the WCB operations and its mission. The new business system will incorporate such functions as case management, scheduling, document management, workflow software, diary functions, exception alerts, letter generation, scanning of paper forms, EDI submission of forms, analytical & adhoc query tools, internet access, database of decisions.

### **Assumptions:**

- The Agency Technology Officer is on board
- Funding for the new business applications is available

### **Risks/Constraints/Issues:**

- Proper support and funding is not forthcoming
- The importance of a systematic, structured approach is not recognized and a "quick fix" is expected
- The size and importance of this project increase the risks of this effort

### **Resources:**

#### **Effort Estimate:**

- Requirements Analysis - 4 months
- Product evaluation/selection - 4 months
- Implementation - 12-18 months

## Workers' Compensation Board WEB Site

### Project Description:

#### **TECH07 - WEB Site**

This project will design and incrementally implement the WEB site for the Workers' Compensation Board.

Project Owner: Agency Technology Officer

Project Members: Isabella Tighe, John Jolicoeur, Melinda Porter

### Purpose/Objectives:

- Develop an overall design of the purpose, target audiences, usage, and content of the WCB Web site
- Develop an implementation plan to incrementally develop the components of the Web site
- Develop and implement the Web site contents

### Expected Benefits:

- Access to information by the general public, injured workers, insurers, employers which is currently only available via a phone call
- Improve public image of the WCB with proactive sharing of information
- Consistent "message" is delivered to the public
- Potentially reduce the number of calls to Troubleshooters or customer service representatives

### Expected Deliverable(s):

- Overall design and implementation plan for the WCB Web site
- Incrementally expanded Web site



## Workers' Compensation Board WEB Site

**Assumptions:**

- Experienced resources will be available to implement the Web site components as they are ready
- The Web site will solicit content and be used by all areas of WCB to improve their processes, to educate their constituents, and support WCB staff
- The new technical environment will provide hooks to the Web site and expanded capabilities to capture information

**Risks/Constraints/Issues:**

- A small percentage of injured workers will be reached by this medium

**Resources:****Effort Estimate:**

- 3 month - development of overall design and implementation plan
- On-going incremental implementation and enhancement of the WCB Web site

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# **APPENDIX A**

## **Recommendation and Project Lists**



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## Recommendations

### Organization

- REC01 - Let the Executive Director manage the day-to-day tactical activities of the agency. The Board must focus on policy making and legislative matters.
- REC02 - Outsource those functions where a vendor's unique expertise and/or independence is vital.
- REC03 - Implement a "Score Card" system that highlights the organization's goals and progress in order to enhance decision making and to focus tactical priorities.

### Culture

- REC04 - Create a sense of urgency at all functional levels throughout the Workers' Compensation Board and its Board of Directors.
- REC05 - Empower the staff of the Workers' Compensation Board to enforce compliance, impose penalties, and create incentives to comply.
- REC06 - Communicate... communicate... communicate... with Workers' Compensation Board employees, injured workers, employers, insurers, the public, and other constituents.



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## Recommendations

### Process

- REC07 - Shift focus and resources immediately to Dispute Prevention and Compliance.
- REC08 - Speed up the dispute resolution processes by removing large areas of "wait" time.
- REC09 - Capture the right information, at the right time, accurately, and only once.
- REC10 - Adopt EDI as the primary data collection mechanism.

### Technology

- REC11 - Stop all investment/ enhancement activities in the current system and redirect business and information system resources to acquire a new system which supports the Workers' Compensation Board and its customers.
- REC12 - Integrate the development, support and operation of the business information systems with the Department of Labor.
- REC13 - Outsource the technical infrastructure support functions to the Bureau of Information Services.
- REC14 - Standardize all technical solutions, hardware and desktops to the State of Maine standards.
- REC15 - Establish a Business Analyst function at the Workers' Compensation Board to liaison between the agency and the shared service environment.



## Projects

### Culture:

- CULT01 - Long Term Business Plan
- CULT02 - Change Management/  
Communication Program
- CULT03 - Employee Performance  
Measures

### Process:

- PROC01 - Streamlined Dispute  
Resolution Process
- PROC02 - CSR Model
- PROC03 - Dispute Prevention Program
- PROC04 - Compliance Program
- PROC05 - External Auditors
- PROC06 - Enforce Compliance
- PROC07 - Redistribute Hearing Officer  
Workload

### Organization:

- ORG01 - Board & Executive Director Role  
Definition
- ORG02 - WCB Score Card
- ORG03 - Contract Hearing Officers

### Technology:

- TECH01 - Agency Technology Officer
- TECH02 - Technical Infrastructure Insourcing
- TECH03 - Business Application Insourcing
- TECH04 - Interim Data Cleansing & Analysis
- TECH05 - EDI Standard Implementation
- TECH06 - Future Technical Environment
- TECH07 - WEB Site