



FY 2009 Annual Program Performance Measures

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH

APPROPRIATION UNIT: Workers' and Unemployment Compensation

PROGRAM: Workers' Compensation Programs

TIMELINE: October 1, 2008 through September 30, 2009

PROGRAM MISSION STATEMENT

The mission of the Workers' Compensation Agency is to efficiently administer the Workers' Disability Compensation Act of Michigan, which includes carrier and employer compliance, timely benefit payments, and the prompt and fair adjudication of claims involving Michigan's injured workers.

VISION STATEMENT

The vision of the Workers' Compensation Agency is to provide prompt, courteous and impartial service to all customers with timely and objective administration of their rights and responsibilities under the Workers' Disability Compensation Act.

PROGRAM STATEMENT

The Workers' Compensation Agency has several major statutory requirements for service to Michigan's workers and employers. The hearing and adjudication systems within the agency consist of the **Mediation** program, the **Board of Magistrates**, and the **Workers Compensation Appellate Commission** appeal process. The statewide hearing system currently operates with 24 magistrates, 4 mediators and 16 clerical staff. When decisions issued by the Agency and Board are disputed and appealed, the Workers' Compensation Appellate Commission's (WCAC) caseload is created. The WCAC currently operates with 5 commissioners and 6 support staff.

The **Claims Processing Division** provides custody and maintenance of work related injury claim records and supports the mediation and magistrates hearing system. The division operates with 36 total employees. Claims Processing focuses on and satisfies statutory requirements for carrier supplemental benefit reimbursement, rehabilitation issues, custody and maintenance of claims records, agency data technology coordination, and verification of Agency redemption fees. It is the public point of contact for claims issues outside of the hearing system. This division also handles all initial Health Care Service Rule and all initial Vocational Rehabilitation hearings. The Agency's medical fee cost containment function is performed by the **Health Care Services** staff which currently consists of only 1 employee, a 50% reduction in staff. The Agency administration staff consists of 3 staff members.



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The **Insurance Division** operates with a total of 22 employees. The **Employer Records Section** consists of 13 employees who are dedicated to the custody and maintenance of the insurance carrier proof of insurance and cancellation filings. The **Compliance Section** is managed by 4 employees who are dedicated to employer compliance with the statutory insurance requirements. The **Self-Insured Programs Section** consists of 5 employees who oversee the self-insured employer approval process and monitor and evaluate program clients for compliance with the statute and administrative rules. This section also approves and monitors service companies that provide services to self-insurers.

The **Funds Administration** consists of the Second Injury Fund, Silicosis, Dust Disease & Logging Industry Compensation Fund, and the Self-Insurers' Security Fund. These funds provide timely determination of carrier and employee rights to benefits or reimbursement and make payments due in a timely and accurate manner. The division operates with 27 positions, and is funded 100% by insurers and self-insured employers with no General Fund appropriations.

Despite reductions in the number of staff, the agency remains vigilant in its responsibilities to deliver quality services to the public in a cost effective manner.

FUND SOURCE:

Workers Compensation Admin. Revolving Fund
State General Funds

LEGAL BASIS:

Workers' Disability Compensation Act of 1969 and Administrative Rules (MCL 418.101 et seq.)

CUSTOMER IDENTIFICATION:

Injured employees, insurance carriers, self-insured employers, self-insured group funds, attorneys, claims representatives, medical providers.



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CRITICAL GOALS/MAJOR OBJECTIVES and RESULTS

Program Goals:

- Ensure that employees that have suffered a work related injury are provided correct wage loss replacement, and medical and vocational rehabilitation services during periods of incapacity, and that these benefits are paid timely and accurately.
- Set and serve applications for hearings in a timely manner.
- Provide leadership to carry out a legislative agenda for more efficient regulation and delivery of workers' compensation benefits.
- Provide an informal dispute resolution process for employers, insurance carriers, health care providers, and injured employees through mediation.
- Monitor medical providers' compliance with health care rules to assure that costs of providing health care services remain reasonable.
- Monitor the financial position of all individual and group self-insurers to assure their ability to meet future payment of benefits on a timely basis.
- Maintain a historical record system for the over 200,000 employers subject to the Workers' Disability Compensation Act.
- Monitor and enforce employers' compliance with the requirements for insurance coverage.

Processes/Services:

- Enforce the laws as stated in the Workers' Disability Compensation Act.
- Provide customer services via telephone, email, internet, teleconference, face-to-face meetings, presentations, and hearings to educate and assist injured workers', employers, insurance carriers and others regarding workers' compensation.

PROGRAM EFFECTIVENESS and EFFICIENCY (Current Year)

Program Goals/Metrics

See attached examples



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Performance Measures

See attached charts

Program Improvements Made

- During FY 2009, the Vocational Rehabilitation Division partnered with the No Worker Left Behind program to enhance training opportunities for employees displaced due to work injury. In addition, the Vocational Rehabilitation Advisory Panel Sub-Committee was formed to address the issue of mandatory vocational evaluations in light of the Stokes v Chrysler Supreme Court Decision.
- The Funds Administration worked in conjunction with the Compliance and Employer Records Section to collect fines from employers that have allowed their workers' compensation insurance coverage to lapse. As a result, over \$500,000 was collected and paid into the workers' compensation administrative fund.
- In order to stay consistent with Medicare, the Health Care Service Rules increased the conversion factor to \$50.70 for 2009 and adopted the Medicare expanded grouper rates for reimbursement of freestanding surgical outpatient facility (FSOF) services.
- Electronic Date Interchange (EDI) - In April, the state's largest insurer, Accident Fund Insurance Company of America, began submitting the majority of their Proof of Coverage information to the Workers' Compensation Agency electronically.
- The closing of the Mt. Clemens hearing site in 2009 will result in substantial savings to the Agency and the State of Michigan over the coming years.
- To reduce printing costs, the Workers' Compensation Agency has greatly reduced (or eliminated) the number of hardcopy publications produced by the agency. The benefit tables/rate charts and an increasing number of agency forms are now available on-line.
- The WCA has eliminated the cost of printing the Workers' Disability Compensation Act. Through a partnership formed with the Institute of Continuing Legal Education (ICLE) and the State Bar of Michigan, the Act is now available for purchase from the ICLE. The WCA maintains a link to the Act on their website for those with web access.



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PROGRAM IMPROVEMENT PLANS FOR FY10

The Funds Administration will be relocating to the General Office Building during FY 10. This location centralizes another agency division within the same building, allowing for greater efficiency and functionality.

Implementation of a new system design for the Health Care Services area that will allow the Annual Medical Reporting and Certification of a Professional Health Care Bill Review to be completed online. This new system design will improve work flow, decrease the amount of hours of manual labor and speed up processing time.

Implementation of a rule change to R418.55 eliminating the need to file the "Notice of Intent" and "Objection" with the Board of Magistrates. This change will eliminate over 12,000 pieces of mail received by the agency.

CHALLENGES FOR FY10 and BEYOND:

The Workers' Compensation Agency strives to provide efficient service of the highest quality. The biggest challenge continues to be maintaining that standard of service for our customers despite staff reductions and limited resources and funding.



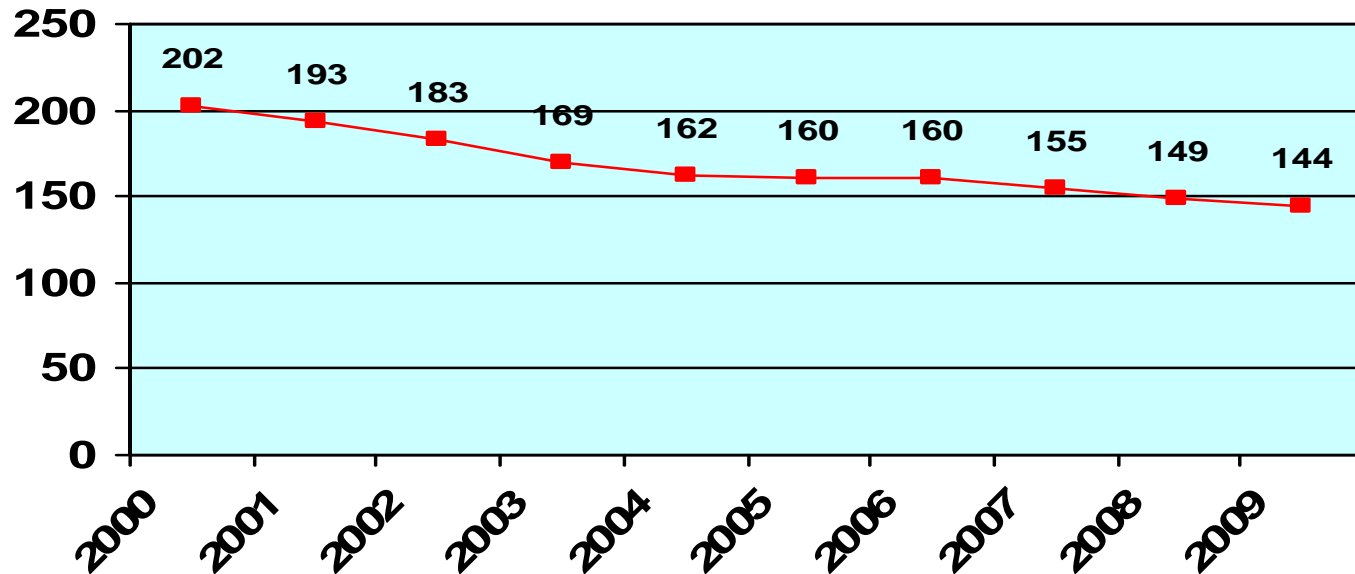
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Filled FTEs (2000 – 2009)
WCA, Funds Admin, WCAC & BOM





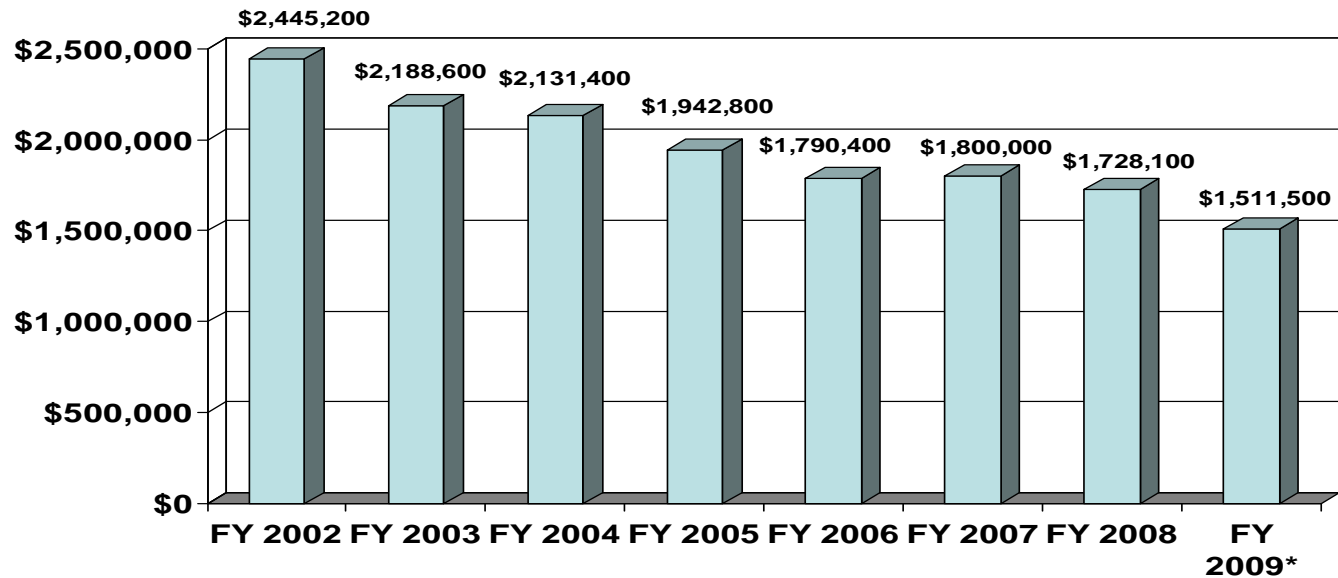
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Redemption Fees Received



* Collected as of 11/1/09, with \$5,700 outstanding.



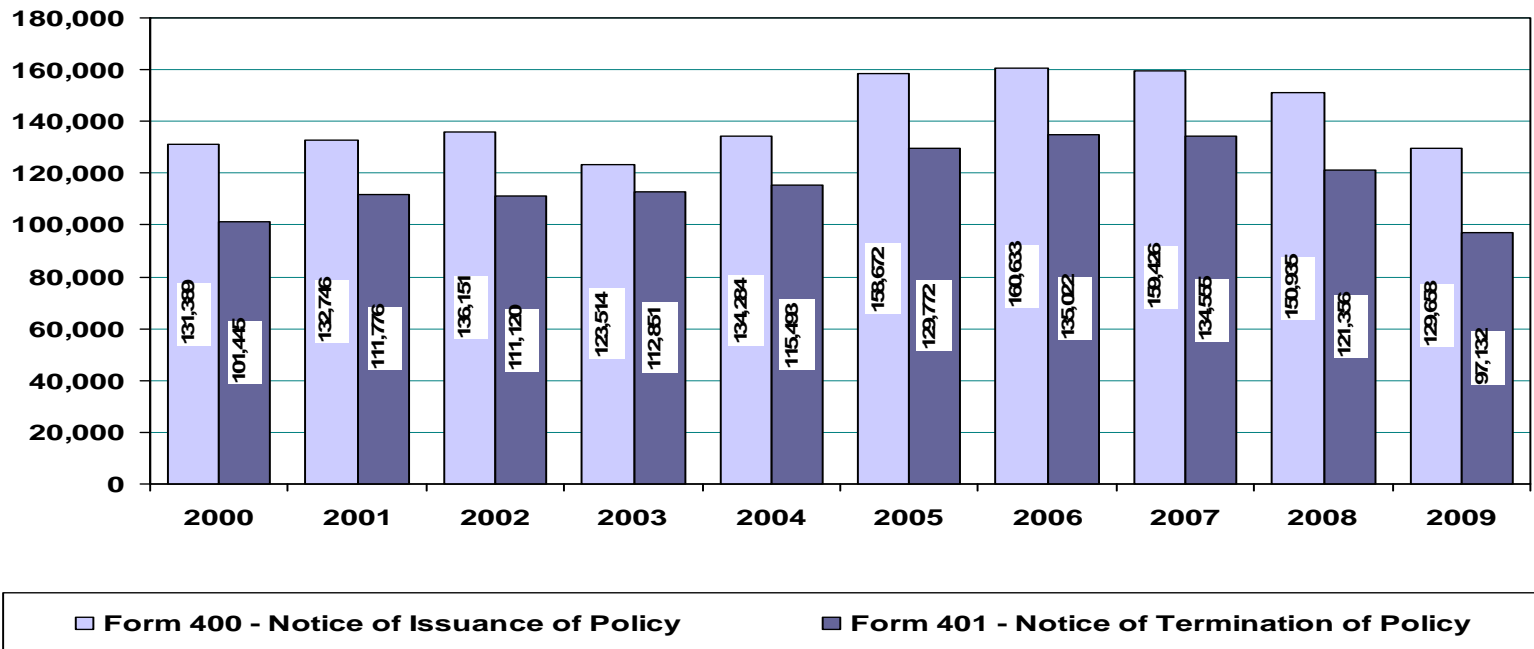
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Forms 400 & 401 Received





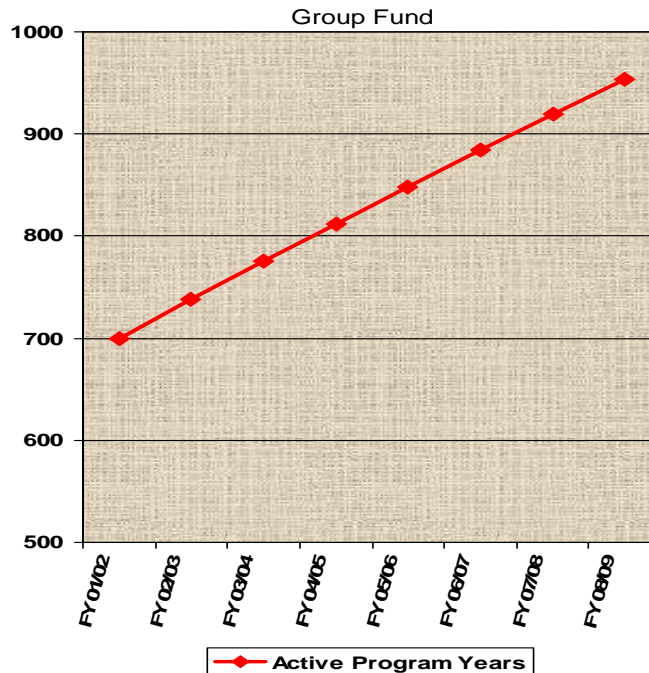
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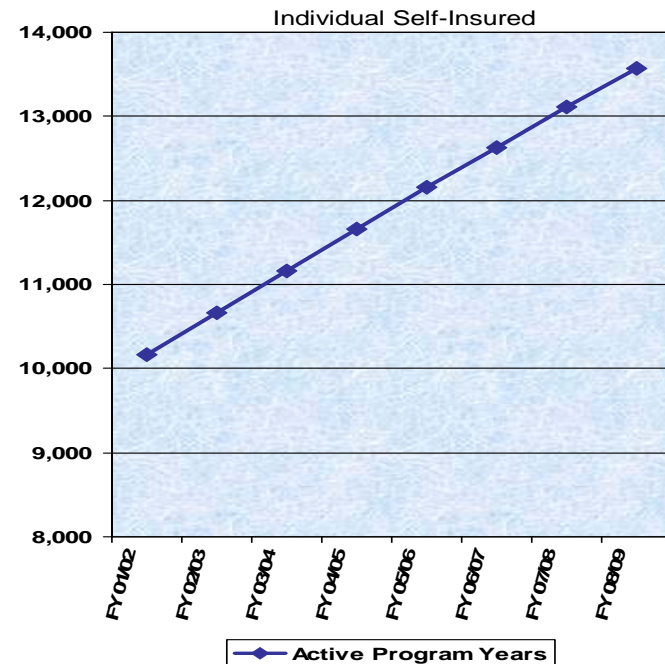
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Historical Work Load



Group Fund Years represent all approved Group Fund individual years of operation monitored and examined for member loss experience, financial solvency, investment restrictions and general compliance with the Workers' Compensation Act.



Individual Self-Insured Years represent all self-insured employer years of operation that are monitored and examined for employer loss experience, potential financial exposure, appropriate excess liability insurance, payment guaranties, security and general compliance with the Workers' Disability Compensation Act of 1969.

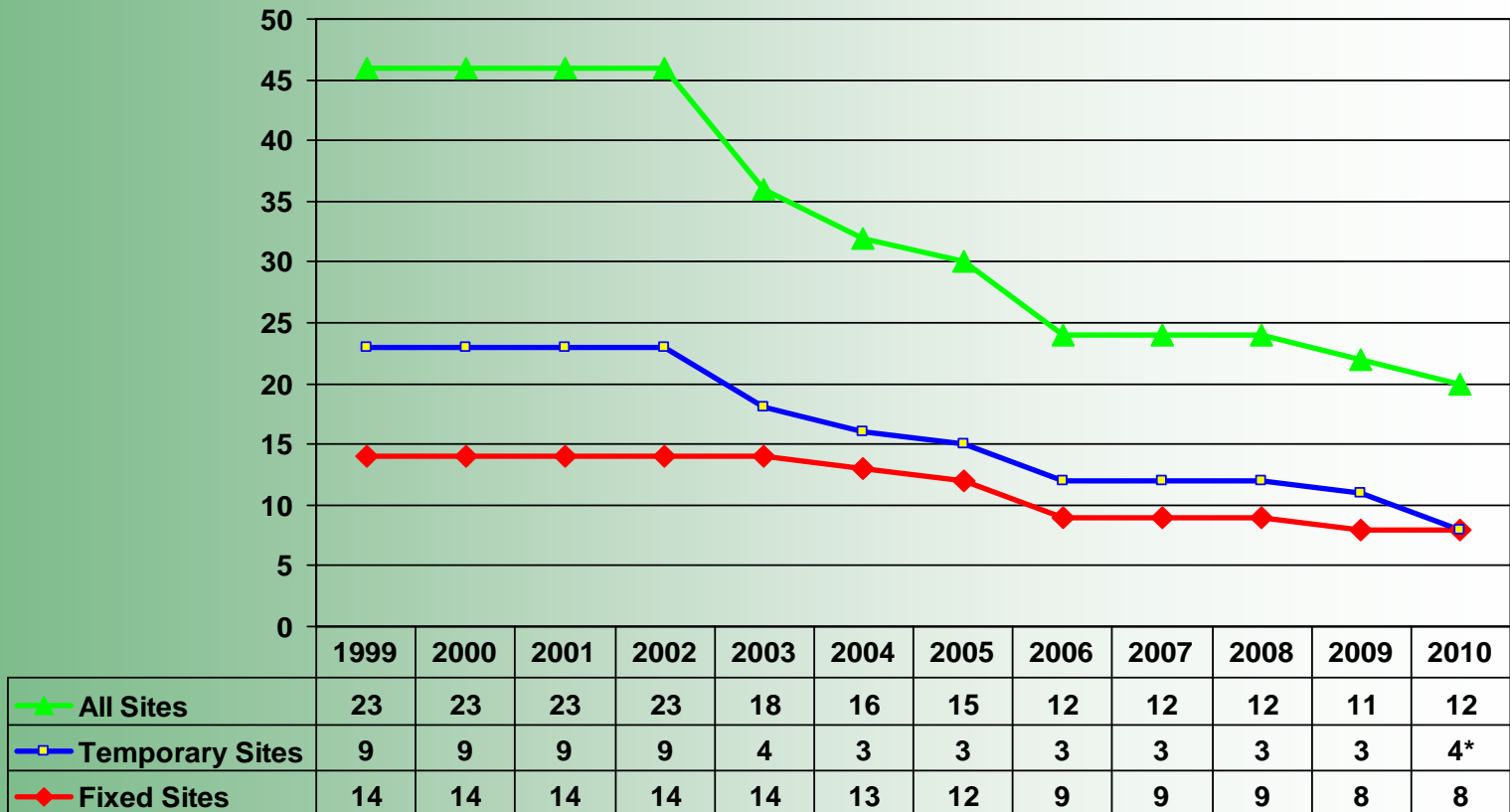


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Temporary Sites located in Gaylord, Traverse City, Baraga, Sault Ste. Marie