

FAX COVER SHEET

TO	
COMPANY	
FAX NUMBER	16082670394
FROM	Fairwater Revenue Recovery
DATE	2021-05-25 12:21:32 CDT
RE	Workers' Compensation Fee Schedule Debate

COVER MESSAGE

ATTN: Steve Peters
Chair-WCAC

Please review the attached letter outlining my concerns about the creation of a workers' compensation fee schedule in Wisconsin.

Sincerely,

Julie Gilbert
Founder/CEO
Fairwater Revenue Recovery, LLC
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5/25/2021

Worker's Compensation Advisory Council
 201 E. Washington Ave
 PO Box 7946
 Madison, WI 53707

To Whom It May Concern:

It has come to my attention that the WCAC is contemplating the creation of a medical fee schedule for medical treatment provided to injured workers. Much reference has been made to studies conducted by the Worker's Compensation Research Institute (WCRI) which portray a system in dire straights due to "medical costs" and "prices paid" as compared to 18 other "study states".

I have looked at the WCRI CompScope Benchmarks for Wisconsin, 21st Edition, which was released in April of this year. What struck me about the report was that most of the findings and conclusions were based on claims with "greater than 7 days of lost time". They are also based on various levels of claim maturity – a very important factor.¹ Nestled in this 140-page report are some key details about the Wisconsin system that appear to be overlooked, and create a perception that is inaccurate.

In Figure 2 (page 69) we find that **18.2%** of ALL Wisconsin claims 2017/2020 had the characteristic of "greater than 7 days of lost time" (compare Illinois, California, and New Jersey at 29% - or Massachusetts at 30%). What about the *other 82%* of workers compensation claims? Why are so many findings of the WCRI based on 18% of Wisconsin claims? In Figure 2 (36 months maturity - not 12) we see the complete picture and here are a few findings if we look at **100% of claims**:

Performance Measures 2017/2020 Claims	WI	Median	IL	IA
Average total cost per claim	\$ 9,571.00	\$ 11,201.00	\$ 16,451.00	\$ 10,645.00
Average benefit per claim	\$ 8,480.00	\$ 9,520.00	\$ 14,092.00	\$ 9,160.00
Average medical payment per claim	\$ 6,298.00	\$ 4,705.00	\$ 7,082.00	\$ 5,183.00
Average benefit delivery expense per claim	\$ 1,081.00	\$ 1,631.00	\$ 2,087.00	\$ 1,481.00

Does it look like the sky is falling? Or has Wisconsin found the perfect balance? Eleven (11) of the of the "18 study states" have HIGHER total claim costs, and I would think that shows that Wisconsin is in very good shape. There are also 3 states with an average medical payment per claim HIGHER than that of Wisconsin (all claims). Nonetheless, on page 13 of the same report a chart shows Wisconsin with the highest and second highest medical payments among the study states, depending on the maturation of the lost time claims. I would suggest referring to ALL CLAIMS in the above chart for the complete picture.

I have also been referred to CompScope Medical Benchmarks for Wisconsin 21st Edition which takes a deeper dive into "medical costs/pricing" in our state. One might be taken aback by the alarming way in

¹ One has to question the findings from claims that are still "maturing".

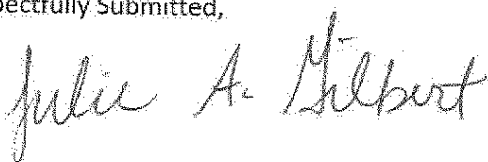
which Wisconsin is portrayed with the HIGHEST of everything in most categories – and the “furthest right bar” on most charts.² PRICING is just one metric in evaluating the medical cost of a claim³ and, standing alone, a price is of limited value. Price + Utilization + Outcomes determine the true medical costs on a worker’s compensation claim and one should not be misled by prices alone.⁴ “One of something” at \$100 is less than “4 of something” at \$40.

Wisconsin is known for extremely moderate utilization and great outcomes. These outcomes can be found in WCRI’s research which point to early return to work and low durations of TTD.⁵ In fact, Wisconsin has the lowest TTD among the study states (10 weeks in WI compared to 18 weeks in IL). This metric should be recognized as a major cost savings to industry and is directly related to the high quality of care in our state. Wisconsin has been ranked in the Top 10 for healthcare quality in the US by the Department of Health and Human Services, Agency for Healthcare Research and Quality. It has been said that you get what you pay for, and perhaps Wisconsin’s moderately higher *overall medical payments on all claims* is the perfect balance.

It is argued that Wisconsin’s “high” medical costs are simply offset by low indemnity payments. In part, if the WCRI Benchmarks study is correct, the duration of TTD (and rate) mentioned above, combined with lump-sum settlements, and the dispute resolution process, and other incentives point to a system that is healthy, not broken. Let’s not forget to mention the low level of litigation expenses mentioned on page 24 of the WCRI report, or the decreasing worker’s compensation insurance rates in our system in recent years. We must include ALL metrics and ALL data if we are going to accurately assess the soundness our system.

The Wisconsin worker’s compensation system is healthy, not broken, and not in need of a medical fee schedule to unnecessarily limit pay within our exemplary health system. Price limits are imposed on us through the certified database system, and we accept those limits. If stakeholders have concerns, we should discuss adopting changes to our current system. As a healthcare provider who/which treats many injured workers, we stand opposed to a medical fee schedule.

Respectfully Submitted,



Julie Gilbert

Founder and CEO

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² See page 13 of the Medical Benchmark report.

³ Similar to looking at only 18% of the claims with greater than 7 days of lost time.

⁴ Illinois has among the lowest wc fee schedule PT rates in the US, but among the highest PT payments per claim.

⁵ TTD rates at 66 2/3 % of the AWW are the industry standard.