

JOHN SPIROS

State Representative • 86th Assembly District

Assembly Bill 308

May 18, 2017

Testimony from Rep. Spiros

Hello, and thank you Chairman Kulp and members of the Assembly Committee on Labor for allowing me to have the opportunity to share my testimony with you today regarding Assembly Bill 308, which would change the composition of the Council on Worker's Compensation.

Currently the voting members of the Worker's Compensation Council are made up of 5 members representing employers and 5 members representing employees, as well as one employee from DWD to serve as chairperson for a total of 11 members. Though statute requires this 5 to 5 breakdown, the statute does not specify what type of labor shall be represented. Currently, all five of the employee representatives are members of a union. With union membership consistently declining in the state, the current makeup of the council is not an accurate representation of the actual Wisconsin workforce.

This bill states that the proportion of seats on the council filled by organized labor should be equal to the proportion of employees statewide who are represented by organized labor. Currently, this is around 8% of Wisconsin employees, however the bill adds the caveat that the number of members on the council representing organized labor must be at least 2.

Though the Worker's Compensation Council process is important, the council does not work as well as we believe it could. Per statute, the worker's compensation council is charged with advising the department and the legislature on issues relating to Chapter 102. Two sessions ago, the legislature failed to approve a Council bill for the first time due to costly and one-sided proposals. Last session I attempted to remedy this with my own bill, and was met with similar issues by the council. This gridlock, bureaucracy, and lack of cooperation on the Workers Compensation Council has resulted in very few advancements to the system in many years. It is important to note that the bill we are discussing today does not fall under Chapter 102, but rather Chapter 15, and therefore does not fall within the authority of the Council.

Other states have faced similar problems with their councils, and have made changes to improve the process. South Dakota specifically saw a similar level of gridlock in their Worker's Compensation Council. After changing the makeup of their council to a similar breakdown to what we are proposing here, they report the council is more productive and is better serving workers in the state. South Dakota has just slightly lower union membership in their state than

we do, around 6%, and unions are also guaranteed two seats on their worker's compensation council.

Another benefit South Dakota saw after switching to a council model similar to this one is that the types of employees who can be represented is vastly more open now. Employees who previously never would have had the opportunity to serve as a representative of employees because they weren't a member of a union now could serve. This could include employees from any type of workplace from an office building to retail. In reality, this change would allow the workers of Wisconsin to be better represented.

Overall, the goal of this bill is to make sure we have a Worker's Compensation Council that continues to make advancements in our worker's compensation system that benefits our employees, our employers, and the state as a whole, and a system that allows both employees and employers to have a seat at the table.

Thank you again for allowing me the opportunity to share testimony in support of this bill, and I welcome any questions.

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Scott Walker, Governor
Ray Allen, Secretary

Assembly Committee on Labor Testimony on Assembly Bill 308

Andrew Evenson, Legislative Liaison, Department of Workforce Development

Chairperson Kulp and members of the Assembly Committee:

I am Andrew Evenson, the Legislative Liaison for the Department of Workforce Development (DWD). On behalf of DWD, I would like to thank you for allowing me to testify for information only.

Governor Walker says workforce development is economic development. As we help employers find skilled workers to fill their labor market needs, we also give them the confidence to take on additional work and expand operations in Wisconsin. This leads to job creation and, ultimately, even more opportunity for Wisconsin's workers. Part of achieving that mission is helping increase safety in the workplace and returning injured workers quickly back to the workforce through the worker's compensation system.

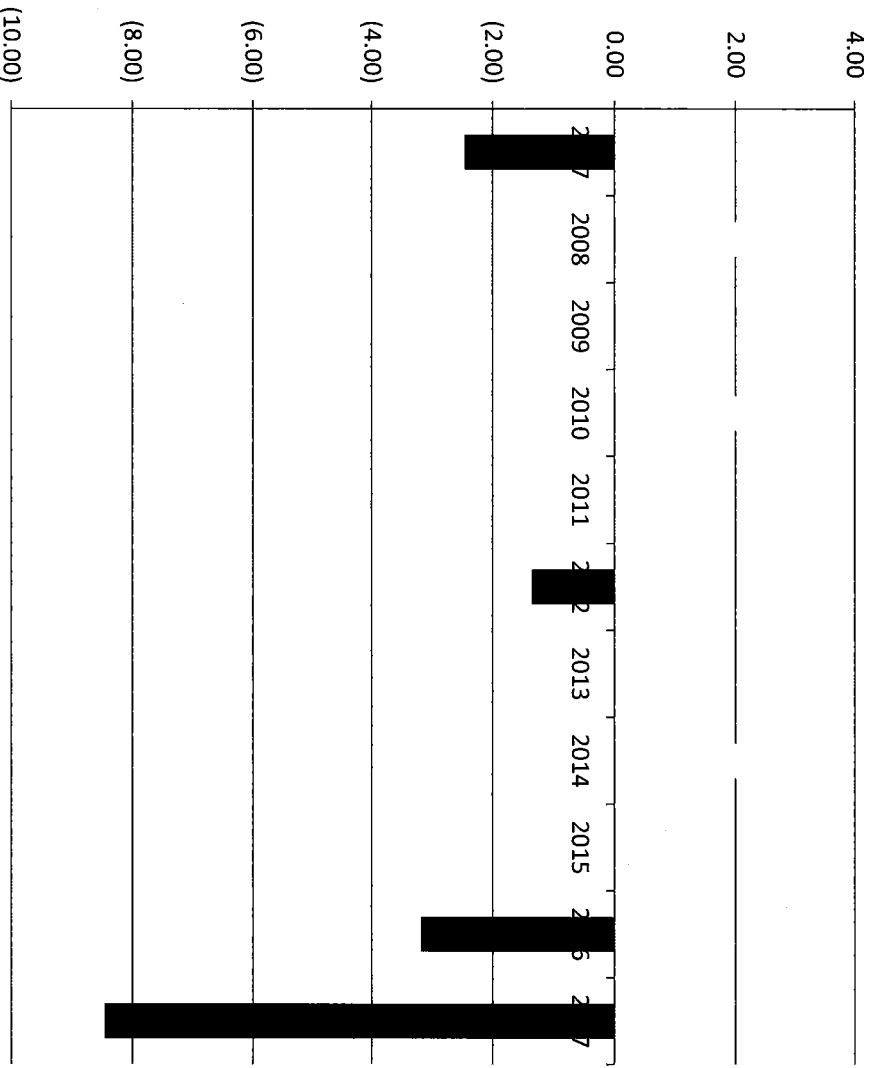
Wisconsin's enduring tradition of collaboration between employers and employees through the Worker's Compensation Advisory Council (WCAC) dates back to 1911. The WCAC provides a forum for labor and management to work together toward continuous improvement of the worker's compensation system. The WCAC has existed in one form or another since the inception of the Worker's Compensation Act in 1911. The WCAC as we know it today was created by 1963 Act 281 as the Advisory Committee on Workmen's Compensation, appointed by the Industrial Commission. The WCAC was given its current name and located in the Department of Industry, Labor and Human Relations by 1967 Act 327.

The legislation before you today, Assembly Bill 308 makes changes to the representation on the WCAC. Currently, the Council consists of five representatives of employers, five representatives of employees, and three nonvoting members representing worker's compensation insurers. WCAC is chaired by the Division Administrator for Worker's Compensation with six non-voting representatives, two ex-officio legislative members and four health care organization liaisons. AB 308 requires the Secretary of the Department of Workforce Development to remove all employer and employee representatives within 30 days and appoint new members in accordance with new requirements. The DWD Secretary may reappoint members that were removed from the Council. Representation of organized labor on the employee side must be proportional to the number of employees represented by organized labor in Wisconsin's workforce. The number of organized labor representatives may not be less than two.

If AB 308 were to pass, DWD would work with stakeholders and legislators to quickly identify qualified applicants to fill the Council so that WCAC can continue to fulfill its purpose of advising the legislature and DWD on worker's compensation and related matters.

I would be happy to answer any technical questions you may have. Thank you again for your time and for the opportunity to testify today.

Wisconsin WC Rate History



Source: Worker's Compensation Rating Bureau

The Wisconsin Worker's Compensation Equation

The Wisconsin Worker's Compensation "Bargain"

In 1911, Wisconsin passed the nation's 1st constitutionally valid Worker's Compensation Act. It was described then-and now-as a bargain between workers and employers;

- workers gave up the right to sue for negligence
- employers agreed to pay for the economic costs of injuries regardless of fault

The Worker's Compensation Division is charged with administrating the bargain, as negotiated and modified by labor and management and as approved by the Legislature.

Decreasing number of claims

Claims have been decreasing in Wisconsin and nationally

+

Higher than average medical costs

Among the highest in the nation

+

Low utilization of medical services - fewer visits to the doctor

Among the lowest in the nation

+

Worker satisfaction with care and access to care--and better recoveries

Among the best in the nation

+

Faster return to work

Best in the nation

Through standards for terminating benefits, two-tier structure for PPD benefits, low weekly PPD maximum, lump-sum settlements discouraged, efficient disability assessment process

+

Shortest duration of disability in the nation

Best in the nation

+

Prompt payment of claims

Among the best in the nation

Over 80% of claims paid within 14 days after a notice of injury (reduces litigation)

+

Lower indemnity payments

Among the lowest in the nation

Lower indemnity payments offset the high medical payments

+

Alternative Dispute Resolution

Proactive--front end problem resolution

+

Low litigation rate

Among the lowest in the nation

+

Timely hearings held on disputed cases

Among the shortest waiting period in the nation

On average, 15 weeks to hold a hearing from case ready date

+

Exclusive remedy

Bars an employee injured on the job from making a tort liability claim against their employer

=

Stable premium rates for employers

Wisconsin's 2011-2015, 5 year average annual net premium change was 0.27%

Wisconsin's 2006-2015, 10 year average annual net premium change was 0.47%

&

Lower indemnity payments offset the higher medical payments

10 year average annual combined incurred indemnity and incurred medical cost change = 0.61%

&

Low average claim cost

Among the lowest in the nation

Wisconsin ranks 29 out of 45 state jurisdictions measured

Resulting in

For employers--predictability, affordable costs and tort protection

For workers--reasonable benefits, prompt claim payments and better-than-average recoveries

And for all--a balanced, stable and efficient system

It's a "Bargain" between workers and employers

&

It's a "bargain" for employers--when compared to the risk of substantial medical and disability costs

****Claims have been decreasing in Wisconsin and nationally****



Year	Total Claims	Percentage Change From Prior Year
1994	219,975	
1995	219,702	-0.12%
1996	196,375	-10.62%
1997	199,845	1.77%
1998	201,987	1.07%
1999	198,344	-1.80%
2000	189,556	-4.43%
2001	170,885	-9.85%
2002	157,138	-8.04%
2003	149,571	-4.82%
2004	146,461	-2.08%
2005	139,595	-4.69%
2006	135,242	-3.12%
2007	131,335	-2.89%
2008	112,169	-14.59%
2009	97,776	-12.83%
2010	100,320	2.60%
2011	99,193	-1.12%
2012	98,269	-0.93%
2013		
2014		
2015		

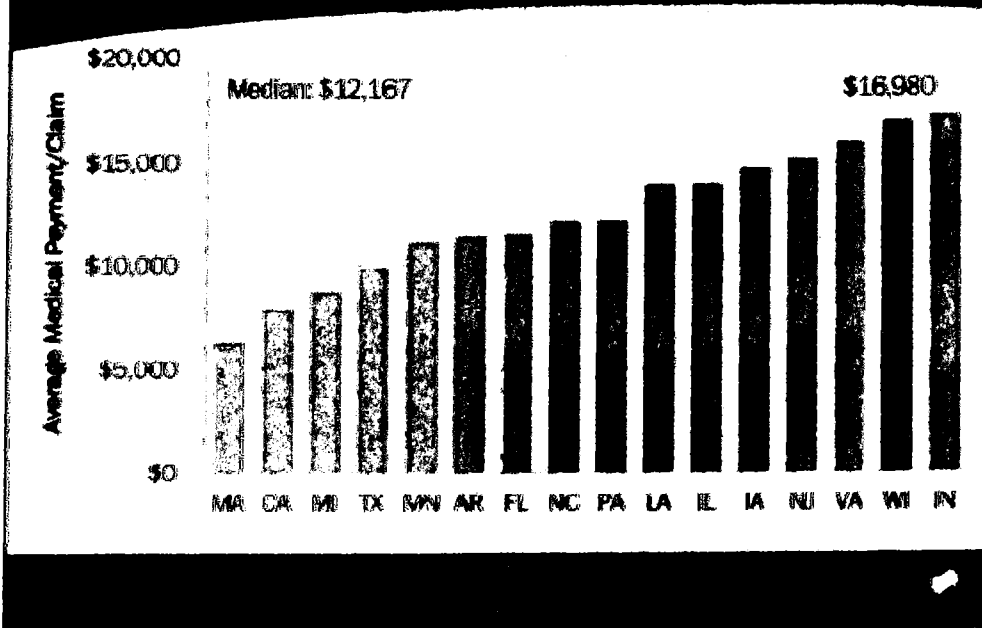
Note: Data is from insured losses only. The data does not include self-insured losses. Self-insured employers make up approximately 13% to 15% of the total Wisconsin workforce.

data from Wisconsin Compensation Rating Bureau Class Code Historical Performance Report. The purpose of the Class Code Historical Performance (CCHP) application is to provide aggregate payroll, premium and loss information by classification code, to be used as general underwriting information for trending payroll growth / decline, loss ratio and overall frequency loss. The data provided in the CCHP application is obtained directly from the Unit Statistical Reports received from member companies. All data is updated on a quarterly basis. The information displayed is by Policy Year, meaning the 2011 year is for all policies which inceptioned between January 1 and December 31 of 2011. The Incurred Indemnity and Incurred Medical amounts are again taken from the Unit Statistical Reports, and therefore do not incorporate any other actuarial development factors which may be used to forecast ultimate losses.

****Among the highest in the nation****

Wisconsin Medical Payments Per Claim 40% Higher Than Typical

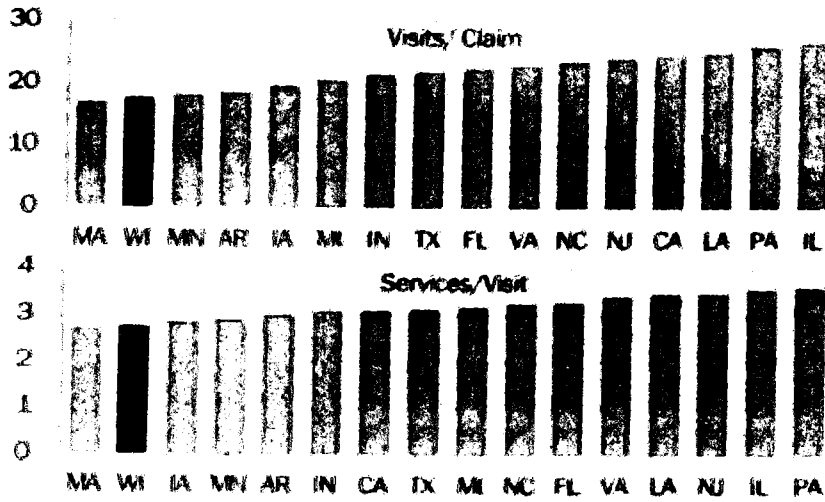
At \$16,980, the average medical payment per claim in Wisconsin was 40 percent higher than the median of the 16 study states (for 2012/13 claims with more than seven days of lost time at an average 12 months of experience). Results for more mature 2010/13 claims at an average 36 months of experience show that the average medical payment per claim in Wisconsin was 27 percent higher than typical (Figure 3).



Workers Compensation Research Institute - CompScope™ Medical Benchmarks for Wisconsin, 15th Edition (October 2014)

****Among the lowest in the nation****

Lower Utilization Resulted From Fewer Visits, Claim And Fewer Services, Visit



This chart provides information on the two components of utilization: number of visits per claim and number of services delivered at each visit.

On average, providers billed 17 visits per claim in Wisconsin compared with 22 in the typical state in 2011/12. In addition, the average number of services per visit was 2.7 in Wisconsin, compared with 3.1 in the median study state.

Other WCRI Study: Workers In WI Reported Better Recoveries And Satisfaction With Care

■ Worker outcomes ranked among the best of 11 study states for:

- Recoveries
- Return to work
- Satisfaction with overall care
- Access to care

■ The outcomes did not change materially in the five years between the first survey and the 2009 survey (WI workers who were injured in 2006 and interviewed in 2009)



Source: *How Have Worker Outcomes And Medical Costs Changed In Wisconsin? (2010)*

The Wisconsin system continues to provide better than average outcomes for injured workers.

Wisconsin workers who were injured in 2006 and interviewed in 2009 (pre-recession) reported better recoveries of health and functioning, return to work, access to care, and satisfaction with care than workers in 10 other study states. The outcomes did not change materially in the five years between the first survey and the 2009 survey (Belton and Liu, 2010).

The following states were included: California, Connecticut, Florida, Massachusetts, Maryland, Michigan, North Carolina, Pennsylvania, Tennessee, Texas, and Wisconsin.

Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 12th Edition (December 2011)

Profile Of Wisconsin Injured Workers Self-Reported Satisfaction With Care

Satisfaction With Care: Base 100
Interviews Of Wisconsin Workers

Reported Percentages

% reporting "very dissatisfied" with their overall medical care	9%
% reporting "somewhat" or "very satisfied" with their overall medical care	85%
% reporting "very dissatisfied" with their primary provider	5%
% reporting "somewhat" or "very satisfied" with their primary provider	91%

A recent WCRI study, *Predictors of Worker Outcomes in Wisconsin*, examined worker outcomes in the areas of recovery of physical health and functioning, speed and sustainability of return to work, earnings recovery, access to medical care, and satisfaction with medical care. The study also identified the key predictors of these worker outcomes from an examination of the impact of approximately 20 different factors.

The study was based on telephone interviews with 3,200 injured workers in eight states: Indiana, Massachusetts, Michigan, Minnesota, North Carolina, Pennsylvania, Virginia, and Wisconsin. The workers were injured in 2010 and interviewed in 2013, on average three years postinjury.

Note that although the study included eight states, the results are not sufficient to provide meaningful interstate comparisons. Future editions of the study will include a larger number of states in order to appropriately benchmark worker outcomes across states.

The table shown here, focused on satisfaction with medical care, is another example of the results reported in the study.

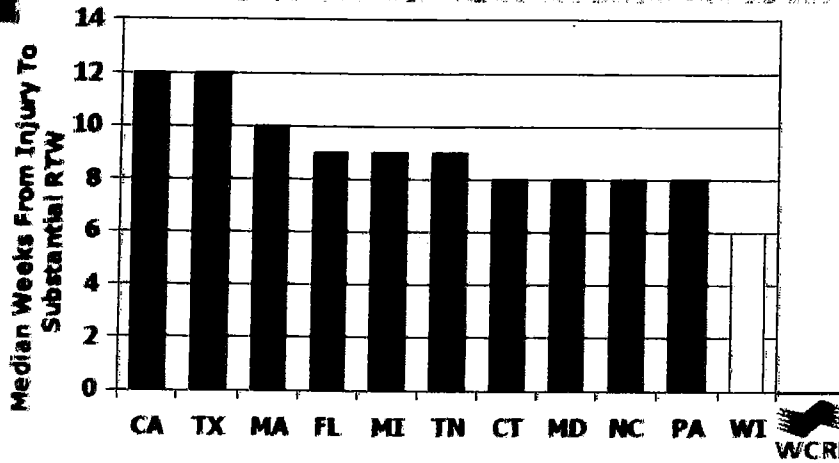
Source: Thumula, Savych, and Victor, 2014. *Predictors of Worker Outcomes in Wisconsin*.

Workers Compensation Research Institute - CompScope™ Medical Benchmarks for Wisconsin, 15th Edition (October 2014)

Faster return to work
Best in the nation

(Through standards for terminating benefits, two-tier structure for PPD benefits,
low weekly PPD maximum, lump-sum settlements discouraged, efficient disability assessment process)

Wisconsin Workers Report Fastest Return To Work



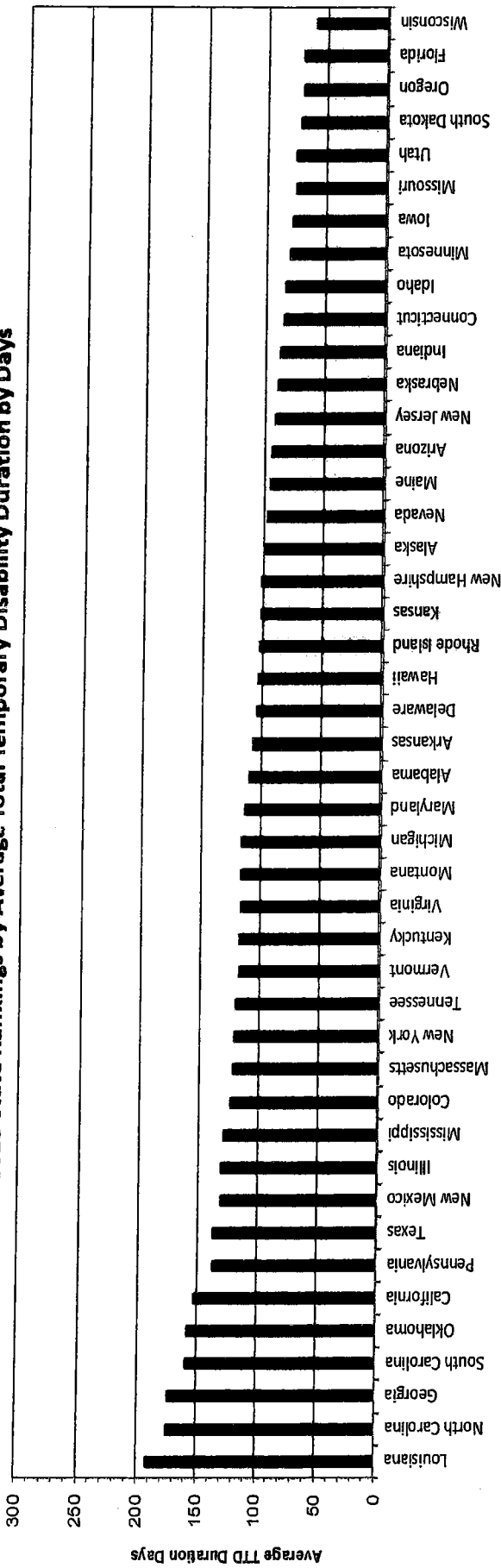
See Table 1 for a comparison of Wisconsin's 2006/2009 worker outcomes relative to 10 other states on selected measures. Data are not adjusted for case mix. Substantial return to work is defined as a return to work that lasts at least one month. The outcomes shown are based on all workers who either had a substantial return to work or did not have a substantial return to work as of 2½ years postinjury. For those who did not have a substantial return to work as of 2½ years postinjury, we assigned a duration of 130 weeks. Outcomes for California, Maryland, and Texas are for the insured market only and do not include self-insured claims.

Note: 2006/2009 is used to designate the workers injured between October 2005 and September 2006 with interviews conducted in 2009.

Key: RTW: return to work.

Shortest duration of disability in the nation
****Best in the nation****

Worker's Compensation Temporary Total Disability Indemnity Benefit Duration
2013 State Rankings by Average Total Temporary Disability Duration by Days



2013 State Rankings by Average TTD Duration by Days

(1 being the longest average duration - 45 being the shortest average duration)

Rank	State	Average TTD Duration Days	Rank	State	Average TTD Duration Days	Rank	State	Average TTD Duration Days
1	Louisiana	191.9	13	Massachusetts	121.8	25	Hawaii	103.4
2	North Carolina	175.1	14	New York	120.4	26	Rhode Island	102.8
3	Georgia	173.7	15	Tennessee	120.2	27	Kansas	101.9
4	South Carolina	159.9	16	Vermont	117.5	28	New Hampshire	101.2
5	Oklahama	158.3	17	Kentucky	116.8	29	Alaska	99.1
6	California	152.7	18	Virginia	116.6	30	Nevada	97.1
7	Pennsylvania	137.7	19	Montana	116.6	31	Maine	95.3
8	Texas	137.4	20	Michigan	115.9	32	Arizona	94.1
9	New Mexico	131.3	21	Maryland	113.6	33	New Jersey	91.4
20	Illinois	131.0	22	Alabama	110.1	34	Nebraska	89.7
31	Mississippi	128.7	23	Arkansas	107.3	35	Indiana	87.7
45	Colorado	124.0	24	Delaware	104.1	36	Connecticut	84.9

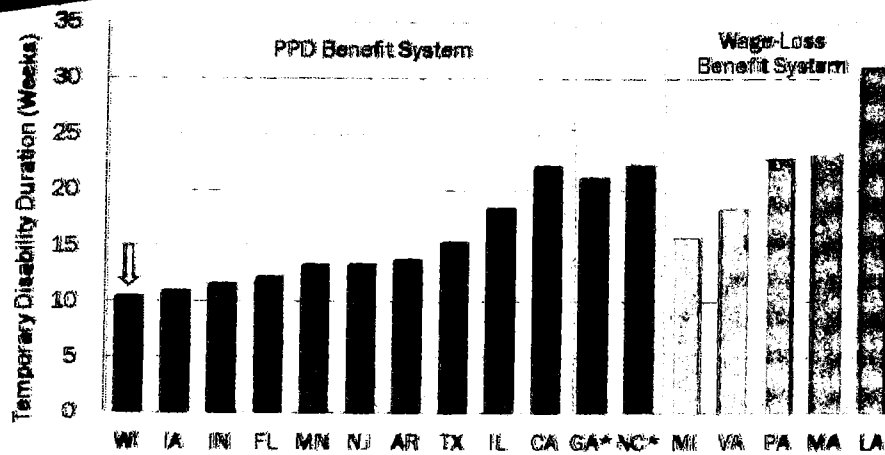
Note: Monopolistic Fund States are not included in the ranking. North Dakota, Ohio, Washington and Wyoming are Monopolistic Fund States. West Virginia was a Monopolistic Fund State during the policy period measured for this ranking.

Source: National Council on Compensation Insurance: NCCI Research Brief, Worker's Compensation Temporary Total Disability Indemnity Benefit Duration - 2013 Update

Data compares Accident Year 2009 average TTD indemnity benefit duration as of 36 months by state.

Duration of Temporary Disability
****Shortest Duration in WCRI Study****

Duration Of Temporary Disability In WI About 3 Weeks Shorter Than Typical



* Wage-Loss And PPD

The average number of weeks of temporary disability is a measure of return to work.

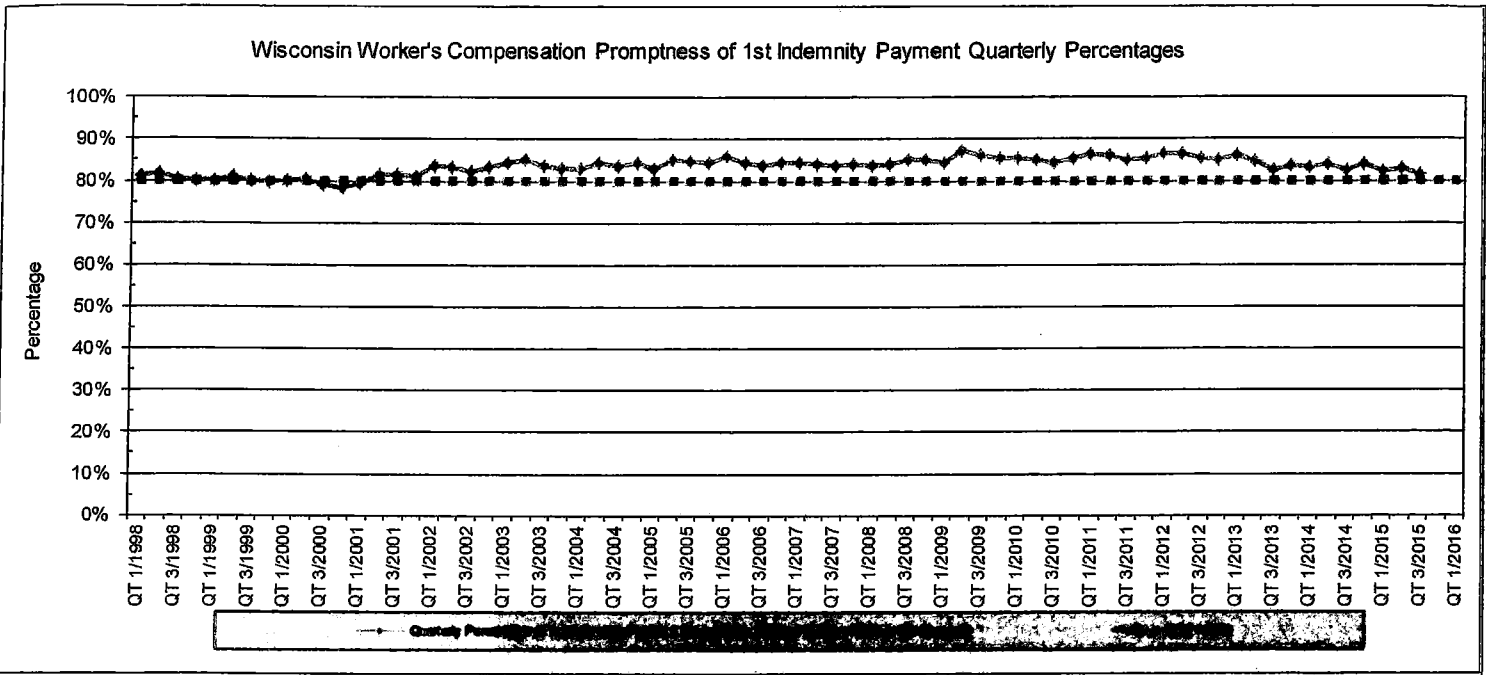
At an average of 10.5 weeks, duration in Wisconsin was about 3 weeks shorter than the median of the 10 non-wage-loss states in the study.

We show the states with a wage-loss benefit system (Louisiana, Massachusetts, Michigan, Pennsylvania, and Virginia) separately. Under such a benefit system, workers typically continue to receive temporary disability benefits so long as they experience wage loss because of the work-related injury. We expect states with a wage-loss benefit structure to have longer duration of temporary disability, because most indemnity benefits are paid as temporary disability benefits.

Georgia and North Carolina have attributes of both a wage-loss system and a PPD system, so they are shown separately as well.

Key: **TD:** Temporary disability includes temporary total disability (TTD) and temporary partial disability (TPD); **PPD:** Permanent partial disability.

Prompt payment of claims
****Among the best in the nation****
Over 80% of claims paid within 14 days after a notice of injury (reduces litigation)



Quarterly Percentage of 1st Indemnity Payment Made Within 14 Days of Injury

Quarter	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Quarter 1	81.1%	80.3%	80.3%	79.6%	83.6%	83.1%	83.1%	86.0%	83.8%	85.6%	86.7%	83.5%	82.3%					
Quarter 2	82.1%	80.5%	83.5%	84.3%	84.6%	84.0%	85.2%	86.6%	84.2%	82.1%								
Quarter 3	80.7%	79.3%	82.3%	83.7%	83.7%	85.1%	84.6%	85.7%	82.6%	81.7%								
Quarter 4	80.1%	78.4%	83.3%	84.6%	84.3%	85.2%	85.4%	85.2%	84.1%									
Yearly Average	81.0%	80.4%	79.6%	81.0%	83.2%	84.0%	83.9%	84.4%	84.7%	84.1%	84.5%	85.9%	85.2%	85.9%	86.1%	84.4%	83.6%	82.3%

Note: Under DWD 80.02(3)(a), the payment of first indemnity performance standard is 80% – 80% or more indemnity payments are mailed to the injured employee in 14 days or less following the date of injury or the last date worked after the date of injury before the first day of compensable lost time.

"Injured workers in Wisconsin received their first indemnity payment faster than workers in most of the study states."
Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 14th Edition (October 2013)

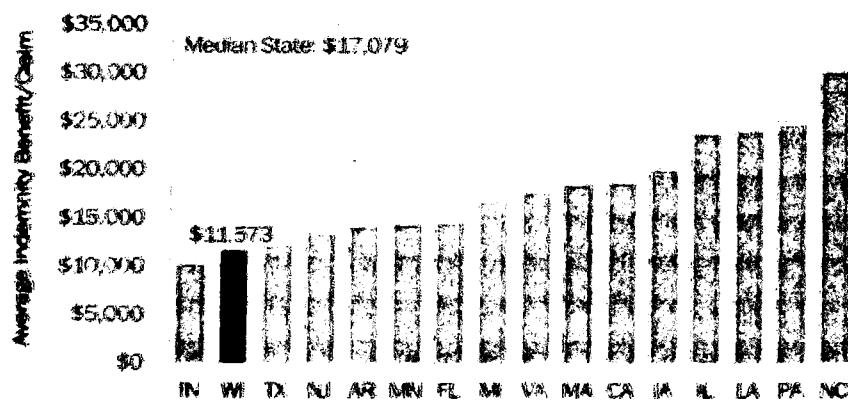
Data Source: Wisconsin Worker's Compensation Division - Bureau of Claims Management

Lower indemnity payments

****Among the lowest in the nation****

Lower indemnity payments offset the high medical payments

Wisconsin Indemnity Benefits Claim 32% Lower Than The Median State



For 2009, 12 claims at an average maturity of 36 months, the average indemnity payment per claim with more than seven days of lost time in Wisconsin was \$11,573. This was 32 percent lower than the median state. As shown on the next slide, multiple features of the Wisconsin workers' compensation system contributed to the state having lower indemnity payments per claim by helping facilitate faster return to work.

Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 14th Edition (October 2013)

WI System Features Contribute To Lower Indemnity Benefits Per Claim

- Wisconsin system features encourage faster return to work
 - Standards for terminating TD benefits
 - Two-tier structure for PPD benefits
 - Low weekly PPD maximum
 - Lump-sum settlements discouraged
 - Efficient disability assessment process
 - Reliance on treating physicians for ratings
 - Final offer adjudication process
 - Minimum rating required

In Wisconsin, employers have the ability to unilaterally terminate TD benefits without a hearing if the worker has returned to work, refused an offer for suitable work, and/or reached the end of the healing period (MMI).

Wisconsin has a two-tier PPD structure for nonscheduled injuries. Workers who do not return to work, or who are rehired at less than 85 percent of their preinjury wage, are entitled to earning capacity benefits that are much larger than impairment benefits. Lump-sum settlements are paid under limited circumstances.

Wisconsin has an efficient disability evaluation process. For example, the treating physician assigns the rating at the time of maximum medical improvement. A final offer adjudication process is applied for scheduled injuries to eliminate the range of disagreements between the parties regarding the impairment rating.

The Division of Workforce Development in Wisconsin has established a minimum PPD assessment for certain types of surgeries. Workers receive weekly PPD benefits based on the minimum impairment rating, pending the final agreement regarding the rating.

Key:

TD: Temporary disability.

PPD: Permanent partial disability.

MMI: Maximum medical improvement.

Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 14th Edition (October 2013)

Alternative Dispute Resolution

Wisconsin has an administrative process for resolving disputes about TD benefit termination without the need for a hearing or attorney representation.

- The Wisconsin Worker's Compensation Division has an alternative dispute resolution process for resolving disputes about TD benefit termination for unrepresented workers using specifically-trained alternative dispute resolution personnel.

- This process can result in the faster resolution of issues and more narrow scope of dispute.

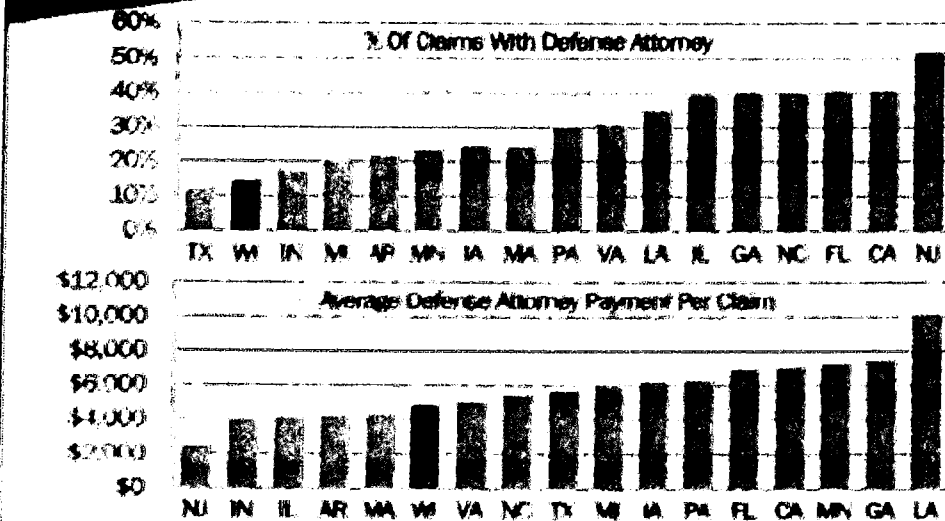
Workers Compensation Research Institute - Factors Influencing Return to Work for Injured Workers: Lessons from Pennsylvania and Wisconsin (November 2011)

If a claim is denied in full (or in part), and the worker believes that he or she should receive benefits (or further benefits), the dispute may be handled through a formal hearing or through an informal alternative dispute resolution process.

If the worker has not retained an attorney, his or her claim will initially follow the informal process. The claim will be referred to a specialist in the Division's Alternative Dispute Resolution (ADR) Unit. The ADR staff will review the claim to determine the issues in dispute and assure that the medical information submitted supports the claim for benefits. If the ADR staff believes that the issues can be resolved without a formal hearing, the worker and the insurer will be contacted in an attempt to resolve the dispute.

If the issues cannot be resolved through the informal alternative dispute process, the worker may request a formal hearing with an Administrative Law Judge (ALJ).

Lower Frequency And Cost Of Defense Attorney Involvement In Wisconsin



For 2011/14 claims at an average maturity of 36 months, Wisconsin had a lower percentage of claims with payments to defense attorneys (14 percent versus 30 percent in the median study state). At \$4,783, payments to defense attorneys were 14 percent lower than typical.

Defense attorney payments include payments made to both inside and outside counsel. A \$500 threshold was used in reporting the frequency of defense attorney involvement and the average payment made to defense attorneys to identify where defense attorneys were more likely to be involved in disputes, rather than involved in a more nominal way, such as drafting settlement agreements. The \$500 threshold was adjusted annually by 3 percent to reflect the average change in the Consumer Price Index, using 2001 as the base year.

****Among the shortest waiting period in the nation****

On average, 15 weeks to hold a hearing

Timely Hearings

On average in Wisconsin, it takes 15 weeks to hold a worker's compensation hearing on a disputed case--upon submission of a Certification of Readiness by the applicant's representative that the matter is ready for hearing or settlement conference.

- Nationally, this is among the shortest waiting periods.

Certification of Readiness for Hearing and Request to Schedule a Hearing or Settlement Conference Process

Certification of Readiness by the applicant's representative is required before scheduling will begin. Failing to submit the Certification of Readiness may ultimately result in dismissal of the Application for Hearing.

Explanation:

- Submission of a Certification of Readiness (COR) by the applicant's representative is verification that the matter is ready for hearing or settlement conference. It is intended to allow for scheduling without the risk that the applicant will request an adjournment.
- The COR also is intended to encourage settlement discussions, resulting in earlier case resolution without the necessity of a scheduled hearing.

General Instructions:

- A copy of both pages of the COR, along with all supporting documentation must be sent to the insurer or self-insured employer or their attorney at the time it is filed with the Worker's Compensation Division (WCD).
- Do not submit a COR if the applicant believes that it may be necessary to implead additional parties.
- Do not submit a COR unless the WKC-16B or alternative medical report was previously submitted or it is included with the COR.
- The WCD will try to schedule the hearing at a location no more than 100 miles from the address of the employee or the employer unless the employee indicates a willingness to travel farther.
- In addition to the dates of unavailability for the attorney provided on this form, the attorney should continue to notify the WCD's calendar section of any future dates of unavailability.

Please note the following general guidelines for scheduling hearings:

- No postponements will be granted except under extraordinary circumstances. Difficulty in gathering medical proof **IS NOT** an extraordinary circumstance.
- Issues in addition to those listed on the COR form may be heard at the scheduled event if the notice and filing requirements in Wis. Stat. ch. 102 and Wis. Admin. Code ch. 80 are met or by stipulation of the parties.
- Unless waived by the parties, statutory filing deadlines apply. The applicant's representative is required to file all medical and vocational proof prior to submitting the Certification of Readiness.
- If the status or nature of the claim changes after the COR is filed and the employee is no longer ready to proceed, the applicant's representative must immediately notify the WCD in order to prevent scheduling of a hearing or settlement conference.

Insurer or self-insured employer instructions for objecting to the COR:

- Any objection to the COR must be noted at the bottom of this form, filed with the WCD and a copy sent to the applicant's attorney, within 15 days of receipt of the COR. The specific reasons for the objection must be clearly stated, along with the additional time requested.

exclusive remedy

****Bars an employee injured on the job from making a tort liability claim against their employer****

Exclusive Remedy

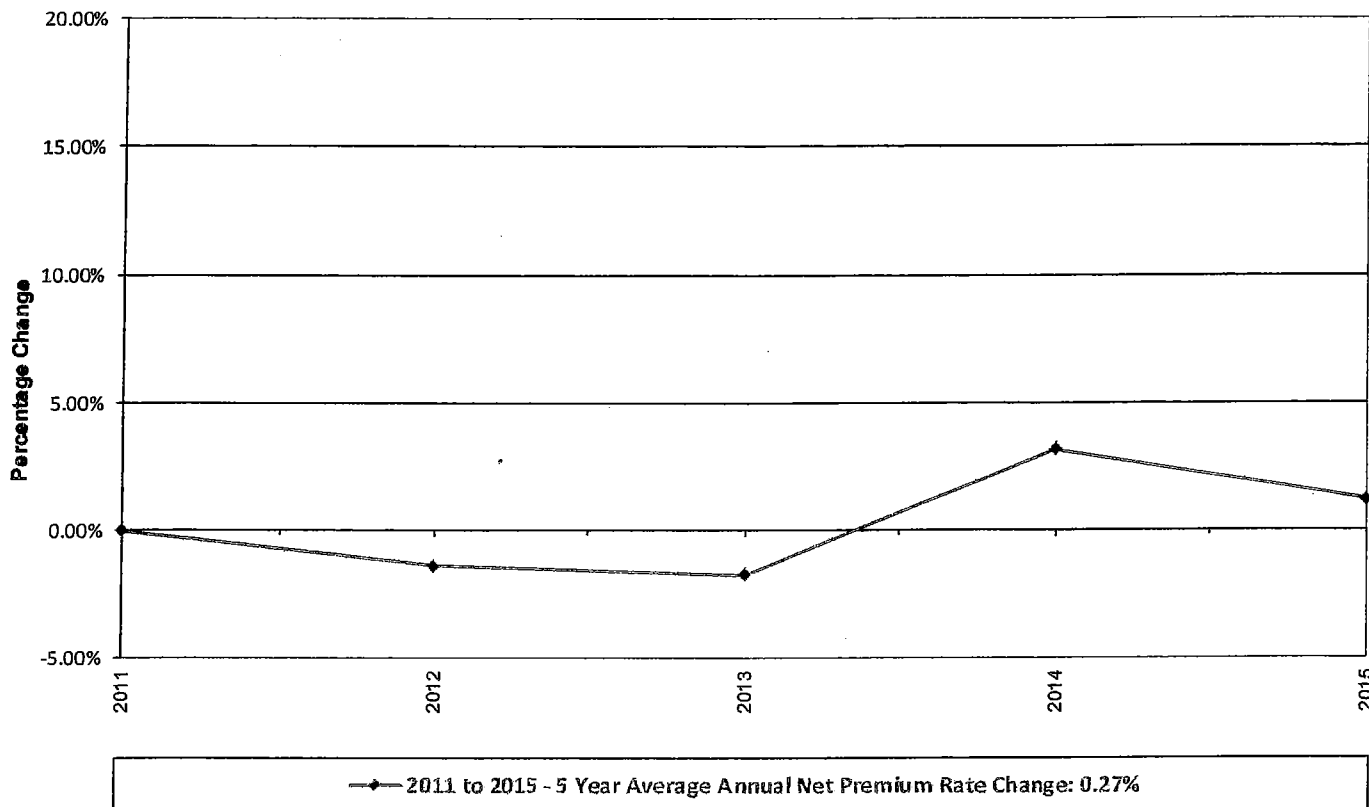
Exclusive remedy¹ is a component of Wisconsin Workers Compensation Act that bars employees injured on the job from making a tort liability claim against their employers. The benefits provided under workers compensation are the sole remedy available to injured employees.

- Worker's compensation insurance provides protection to employers as well as workers.
- If an injury occurs in covered employment, the worker is automatically entitled to certain wage and medical benefits. The worker, however, is limited to those benefits.
- The policy is the exclusive remedy for the claim and the employer is protected from any law suits brought by the employee because of the work related illness or injury.
- If a business is established in such a way that it is exempt from coverage under the Worker's Compensation Act, that business forfeits the protection from civil liability that is afforded by the Act under the exclusive remedy provision.

¹ **Section 102.03 (2), Wis. Stats.,** Where such conditions exist the right to the recovery of compensation under this chapter shall be the exclusive remedy against the employer, any other employee of the same employer and the worker's compensation insurance carrier. This section does not limit the right of an employee to bring action against any coemployee for an assault intended to cause bodily harm, or against a coemployee for negligent operation of a motor vehicle not owned or leased by the employer, or against a coemployee of the same employer to the extent that there would be liability of a governmental unit to pay judgments against employees under a collective bargaining agreement or a local ordinance.

****Wisconsin's 2011-2015 5 year average annual net premium change was 0.27%****

**Wisconsin Worker's Compensation Premium Rate Revision History
5 Year Average Annual Overall Premium Rate Change 2011 - 2015**



Average Annual Worker's Compensation Premium Rate Change Percentage 2011 - 2015

Year	Rate Change
2011	-0.01%
2012	-1.36%
2013	-1.73%
2014	3.19%
2015	1.24%
5 Year Total	1.33%

2011 to 2015 - 5 Year Average Annual Net Premium Rate Change: 0.27%

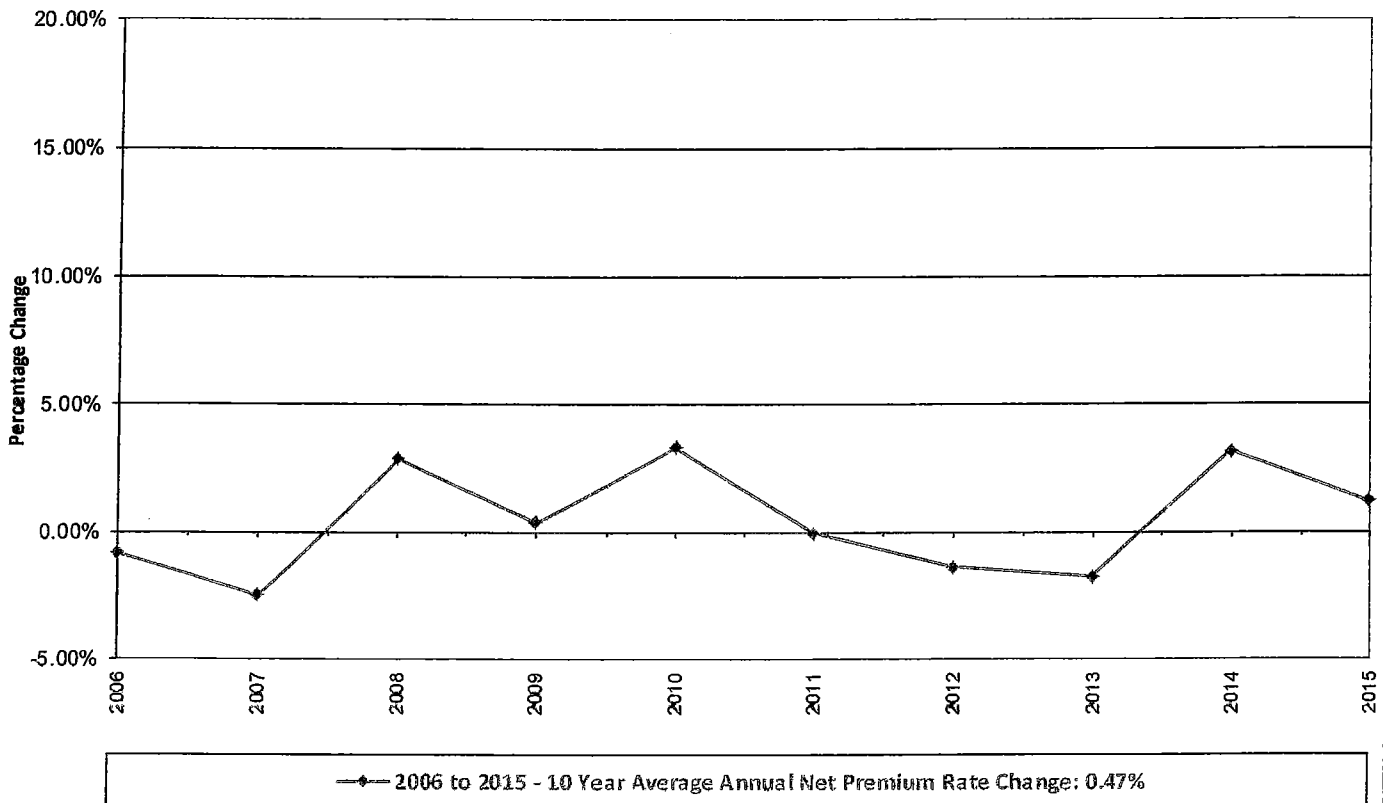
Number of years with a rate increase: 2

Number of years with a rate decrease: 3

Number of years with no rate change: 0

Data Source: Wisconsin Compensation Rating Bureau

**Wisconsin Worker's Compensation Premium Rate Revision History
10 Year Average Annual Overall Premium Rate Change**



Average Annual Worker's Compensation Premium Rate Change Percentage 2006 - 2015

Year	Rate Change
2006	-0.82%
2007	-2.47%
2008	2.91%
2009	0.40%
2010	3.35%
2011	-0.01%
2012	-1.36%
2013	-1.73%
2014	3.19%
2015	1.24%
10 Year Total	4.70%

2006 to 2015 - 10 Year Average Annual Net Premium Rate Change: 0.47%

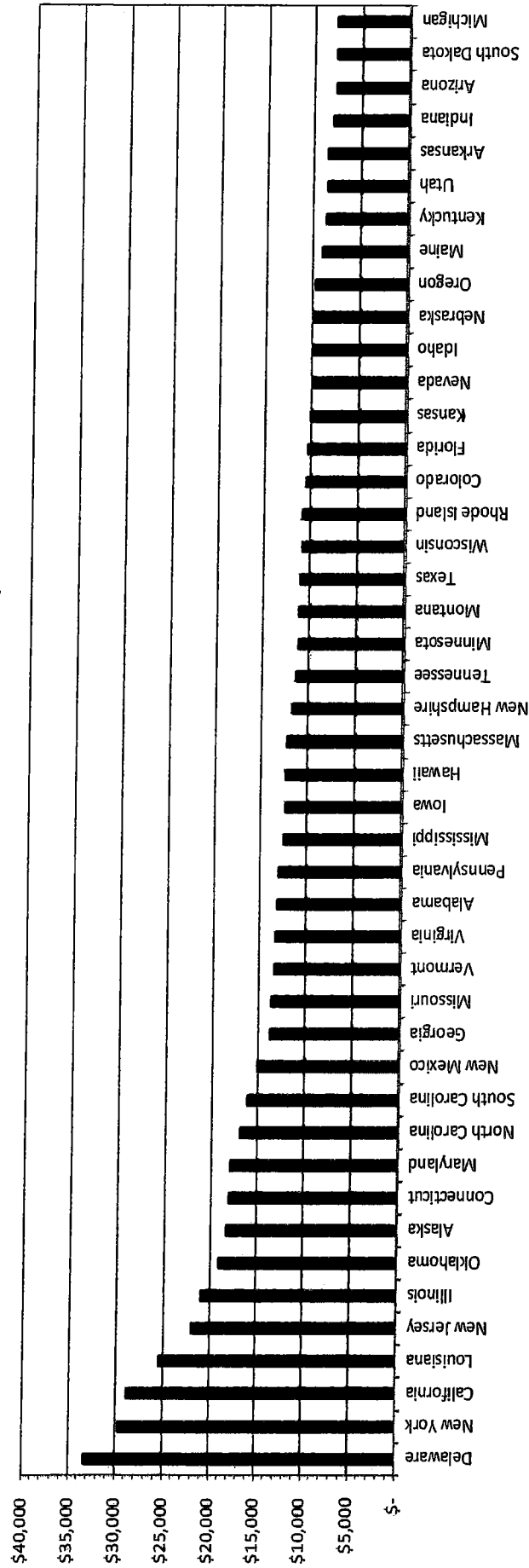
Number of years with a rate increase: 5
 Number of years with a rate decrease: 5
 Number of years with no rate change: 0

Low average claim cost

** Among the lowest in the nation **

Wisconsin ranks 29 out of 45 state jurisdictions measured

State Ranking by Average Cost of a Worker's Compensation Case



2014 State Ranking by Average Cost of a Worker's Compensation Case

(1 being the highest average cost - 45 being the lowest average cost)

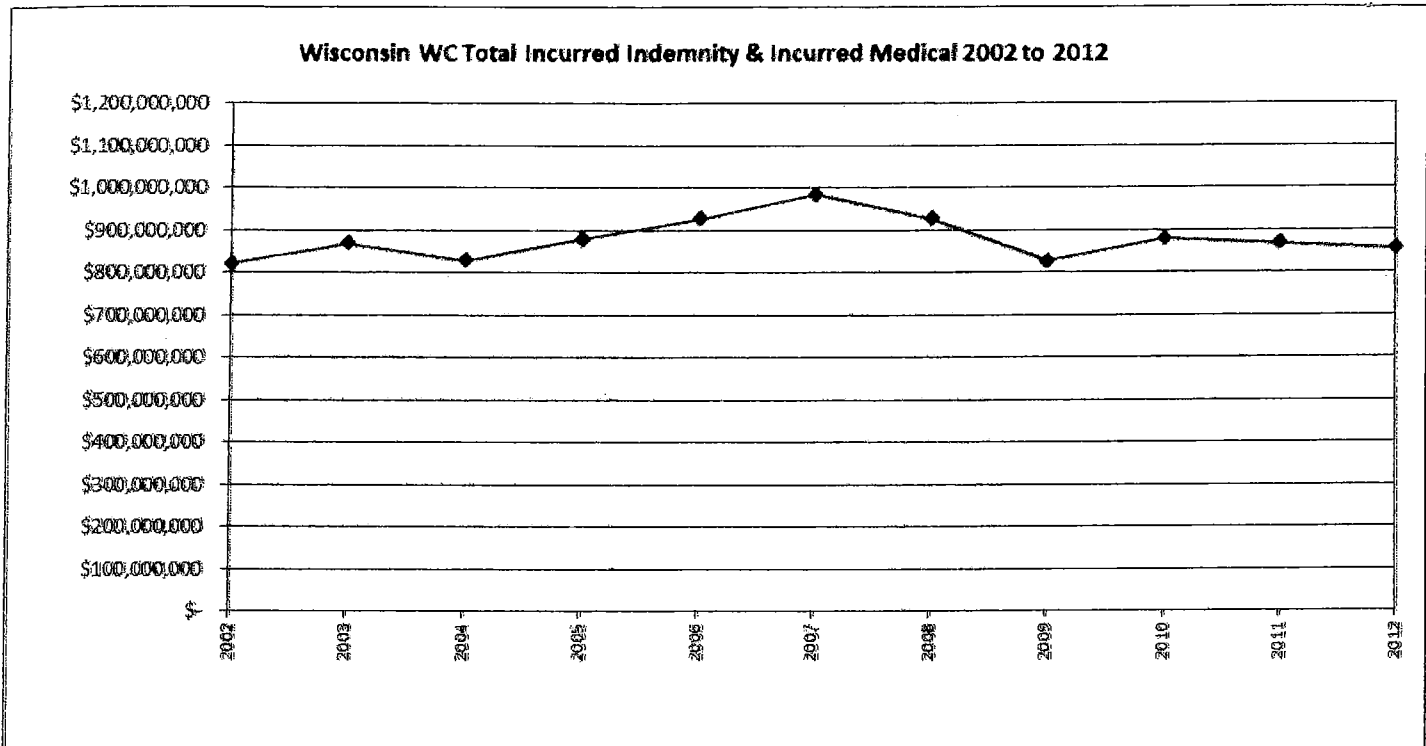
State	Average Cost	Rank	State	Average Cost	Rank	State	Average Cost	Rank
Delaware	\$33,262	1	Tennessee	\$11,366	25	Oregon	\$9,714	36
New York	\$29,663	2	Minnesota	\$11,155	26	Maine	\$9,100	37
California	\$28,790	3	Montana	\$11,150	27	Kentucky	\$8,721	38
Louisiana	\$25,412	4	Texas	\$10,950	28	Utah	\$8,559	39
New Jersey	\$21,970	5	Wisconsin	\$10,885	29	Arkansas	\$8,511	40
Illinois	\$20,987	6	Rhode Island	\$10,835	30	Indiana	\$8,016	41
Oklahoma	\$19,003	7	Colorado	\$10,468	31	Arizona	\$7,819	42
Alaska	\$18,298	8	Florida	\$10,303	32	South Dakota	\$7,774	43
Connecticut	\$18,009	9	Kansas	\$10,054	33	Michigan	\$7,717	44
Maryland	\$17,866	10	Nevada	\$10,015	34			
North Carolina	\$16,851	11	Idaho	\$9,977	35			
South Carolina	\$16,112	12	Nebraska	\$9,853	36			

Note: Monopolistic Fund States are not included in the ranking. North Dakota, Ohio, Washington and Wyoming are Monopolistic Fund States. West Virginia was a Monopolistic Fund State during the policy period measured for this ranking.

Source: National Council on Compensation Insurance 2015 Annual Statistical Bulletin - Policy Periods Measured Varies by State

Lower indemnity payments offset the higher medical payments

****10 year average annual combined incurred indemnity and incurred medical cost change = 0.61%****



Year	Incurred Indemnity & Medical through 12/31/2014 (Self-insured losses excluded, exclude DWT)	Percentage Change From Prior Year
2002	\$820,579,426	
2003	\$868,184,478	5.80%
2004	\$829,033,885	-4.51%
2005	\$878,468,209	5.96%
2006	\$927,353,238	5.56%
2007	\$983,881,274	6.10%
2008	\$927,333,885	-5.75%
2009	\$826,156,741	-10.91%
2010	\$878,616,506	6.35%
2011	\$867,532,479	-1.26%
2012	\$856,466,312	-1.28%
		10 year total percentage change = 6.07%
		6.07% ÷ 10 Years = 0.61% annual average change

10 year average annual combined incurred indemnity & incurred medical cost change = 0.61%

"One key point to emphasize about the Wisconsin workers' compensation system is that, when compared with other study states, overall costs per all paid claims in Wisconsin were among the lowest of the 16 study states...One contributing factor to lower costs in Wisconsin was that, compared with the other study states, slightly fewer Wisconsin workers lost more than seven days of work as a result of their injury. Lower indemnity payments were also a factor...with substantially lower indemnity payments per claim (32 percent lower than the median study state) offsetting medical payments per claim that were 21 percent higher than typical." Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 14th Edition (October 2013)

Note: Data is from insured losses only. The data does not include self-insured losses. Self-insured employers make up approximately 13% to 15% of the total Wisconsin workforce.

Data from Wisconsin Compensation Rating Bureau Class Code Historical Performance Report. The purpose of the Class Code Historical Performance (CCHP) application is to provide aggregate payroll, premium and loss information by classification code, to be used as general underwriting information for trending payroll growth / decline, loss ratio and overall frequency of loss. The data provided in the CCHP application is obtained directly from the Unit Statistical Reports received from member companies. All data is updated on a quarterly basis. The information displayed is by Policy Year, meaning the 2011 year is for all policies which inception between January 1 and December 31 of 2011. The Incurred Indemnity and Incurred Medical amounts are again taken from the Unit Statistical Reports, and therefore do not incorporate any other actuarial development factors which may be used to forecast ultimate losses.

What others have said about the Wisconsin Worker's Compensation System over the years:

"Wisconsin reported better-than-average outcomes related to recoveries of health and functioning, return to work, access to care, and satisfaction with care....Wisconsin injured workers generally have shorter duration of temporary disability. Our CompScope™ studies have shown that, compared with other non-wage-loss states, Wisconsin workers have among the shortest durations of temporary disability benefits. For 2010, Wisconsin workers had 3 fewer weeks of temporary disability benefits compared to the median non-wage-loss states. "Workers Compensation Research Institute - CompScope™ Medical Benchmarks for Wisconsin, 13th Edition (February 2013)

A national trade magazine, Risk & Insurance, called Wisconsin "a worker's comp utopia." because "the state is not embroiled in a bitter battle over its (workers' comp) legislation. There is little confrontation, little legal hassle."

"Past WCRI studies have shown that the Wisconsin workers' compensation system provides one of the best value propositions for workers and their employers. Workers were paid more promptly and achieved many better-than-average out comes (recovery of health, return to work, and access to and satisfaction with care). Employers paid lower-than-average costs per claim." Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 9th Edition (January 2009)

"Overall costs per claim paid by employers in Wisconsin were among the lowest compared to other study states in 2005/2008. At the same time, injured workers had faster return to work and received initial indemnity payments faster than most study states. According to another WCRI study, the workers' compensation system in Wisconsin provides a better value proposition for both employers and injured workers. Injured workers in Wisconsin reported among the best outcomes for recovery of health, satisfaction, and access to care and this result was achieved at medical costs per claim similar to other study states." Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 10th Edition (December 2009)

Other Key Findings For Wisconsin

- Overall costs per all paid claims lower than typical
 - Lower percentage lost more than seven days of work
 - Lower indemnity payments per claim offset higher medical
- Lower average medical cost containment expense per claim, but growth faster than typical
- Lower use and cost of private vocational rehabilitation services in Wisconsin
- Faster first indemnity payment than in many states due to faster payment upon payor notice

Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 14th Edition (October 2013)

One key point to emphasize about the Wisconsin workers' compensation system is that, when compared with other study states, overall costs per all paid claims in Wisconsin were among the lowest of the 16 study states...One contributing factor to lower costs in Wisconsin was that, compared with the other study states, slightly fewer Wisconsin workers lost more than seven days of work as a result of their injury. Lower indemnity payments were also a factor...with substantially lower indemnity payments per claim (32 percent lower than the median study state) offsetting medical payments per claim that were 21 percent higher than typical. Benefit delivery expenses per claim were 31 percent lower than the median state. Expenses for medical cost containment are one component of benefit delivery expenses. The average medical cost containment expense per claim in Wisconsin was the lowest of the 16 states included in this analysis. This may not be surprising given the lower utilization of medical services in Wisconsin. Fewer visits per claim and/or services per visit may mean fewer bills to review and process. "Workers Compensation Research Institute - CompScope™ Benchmarks for Wisconsin, 14th Edition (October 2013)

Wisconsin belongs "to a select club [of states] whose members have achieved what other states merely dream about; control over the growth of employers' premium costs and benefits that are considered fair and adequate to employees..."

Wisconsin, has traditionally been a sea of calm in turbulent waters. Yet the state has consistently amended and fine-tuned its workers' comp laws to achieve better results..."

Wisconsin: A Model State

"Wisconsin recognizes that low workers' compensation insurance premiums are a factor in attracting industry to the state and encouraging expansion," announce a press release recently issued by the state's Department of Development. "Wisconsin's rates are very competitive," it goes on. "In many cases, a Wisconsin location represents significant savings on workers' compensation premiums while buying more value."

If there is such a thing as a workers' comp utopia, Wisconsin's system may be the closest match to it. In Wisconsin, businesses get decent benefits for a decent price. The state is not embroiled in a bitter battle over its legislation. There is little confrontation, little legal hassle.

Between 1981 and 1991, the average annual net growth in employers' costs held at a reasonable 7.4%; since 1988 cost increases have been below the national average. [Note: Between 2004 and 2013, the average annual net premium rate change was 0.15%]

Furthermore, Wisconsin has not sacrificed quality for the sake of controlling costs. In 1972, the National Commission on State Workmen's [sic] Compensation Laws developed 19 standards for measuring the quality of a workers' comp system. According to the 1991 Department of Labor data, Wisconsin ranks sixth in the nation—a spot it shares with Illinois—in compliance with these standards. Its quality rating of 15 is considerably above the national average of 12.74 (Oregon scored 13.5, along with three other states, and Michigan, though a lower cost state in terms of insurance costs and benefits, received a rating of 9.75.)

Low litigation is the primary factor allowing Wisconsin to contain the cost of workers' comp insurance. The money saved in lawyers' fees and court costs permits a significantly higher portion of the premium to be paid out in direct benefits to injured employees.

Just how low is the litigation? Of 77,607 claims filed in 1990 for instance, only 5,725 (7.3%) filed an application for a hearing and of those cases, only 148 cases (92.6 percent) actually involved a formal hearing. In other words, 93 percent of Wisconsin's workers' comp claims are paid without a cry for litigation.

Wisconsin has been able to accomplish this feat by using a remarkably simple strategy. "We follow the exclusive-remedy doctrine—the original theory and purpose behind workers' comp," explains Dick Bagin, manager of worker's comp at Briggs & Stratton Corp., a gasoline engine manufacturer headquartered in Milwaukee. "By sticking to it, our system is working."

"Delayerizing" the system is the main reason the state has established itself as a workers' comp pacesetter, says Bagin, and that's where other states have gone astray. The more subjective ingredients introduced to a case—vocational authorities, physicians, any type of expert testimony—the more reasons there are to disagree. And, the more litigation there is.

"Dueling doctors, adverse experts, everyone but astrologers are brought into the courtroom," says Bagin. "This is what is driving up the cost of workers' comp. Eliminate the source of friction," he argues, "and the impact is astounding."

Furthermore, when legislation is written in a clear, concise manner, it leaves less room for debate. Less debate, less litigation. "When criteria has tight definition, there's no crap shoot. That takes the gamble out of the system. Consistency allows cases to move along quickly; administration is done crisply and with low litigation," says Bagin. "The criteria for settlement is well defined in [Wisconsin's] legislation, and anyone who practices in the workers' comp arena—medical providers and insurance carriers—must be aware of what it takes to settle a claim. It's an uncomplicated approval process. The less complicated the system is, the more efficient it is."

Bagin speaks with the voice of authority about Wisconsin's workers' comp system, because he is an authority—he serves on the body responsible for recommending changes to the state's worker's comp statutes. Though this group, Wisconsin's Workers' Compensation Advisory Council (WCAC), does not have the power to make law, Bagin says "nearly 100 percent" of its recommendations are enacted into law by the state legislature.

For example, one way Wisconsin has reduced litigation costs is by specifying strict deadlines for when things have to happen. In 1988, the WCAC advised that expert witnesses should file their evidence at least 15 days prior to hearing or forfeit their right to testify. It also suggested that administrative law judges have no more than 90 days after a hearing to issue a decision. Both changes were written into law.

Institutional Cooperation

The WCAC is made up of five representatives of employers and five representatives of employees. "Five who pay the bills, five who receive the treatment," as Bagin says. *"There's a balance in the council. All parties are represented, so the bill is actually a consensus. That doesn't mean that everyone always gets what they want; sometimes people leave the table swallowing something they didn't get. But everyone has the understanding that in the long run, they got what they need. It's a compromise."*

Some version of the WCAC has been in effect since the state first passed its Workers' Compensation Act in 1911. Over the years, representatives from other interest groups have been added to the council. These include: three representatives from the insurance industry, a representative from the Department of Industry, Labor and Human Relations who acts as chairperson, and four legislative representatives who monitor and participate in council activities. Also since 1989, three representatives from the medical field (the state's Medical Society, Chiropractic Association and Hospital Association) have been advising the council on medical issues, such as necessity and reasonableness of treatment.

Interestingly, there is public representation as well. Council meetings are open to the public, and public hearings, held in conjunction with legislative sessions, are conducted across the state, giving interested parties the chance to voice their comments and concerns.

Wisconsin has been more capable of pinpointing and subsequently applying legislative measures to medical problems with the help of the medical representatives on the advisory council.

"As health care issues, specifically rising costs, became more of an issue in workers' comp, health care representatives on the advisory council became more involved in the process of developing proposals. They are now key players and are very supportive of the council," explains Greg Frigo, administrator of Wisconsin's Workers' Compensation Division in Madison.

For example, during the state's most recent reform drive in 1989, which resulted in Senate Bill 571, effective in 1991, medical representatives of the WCAC devised a formula to determine the reasonableness of medical fee for certain treatments. WCAC members accepted this assessment tool, and it became part of the bill. Today, the finding that a fee or portion of a fee charged by a medical provider is "unreasonable" results in no payment for the excess amount. Another provision in the law deprives a provider of payment if its prescribed treatment is determined to be unnecessary.

"An environment of support and cooperation is the glue that holds the workers' comp system together. It all starts with a willingness to work together," Frigo says. "When all major players are interested enough and want something to work badly enough, they will communicate with each other to resolve the problems. Wisconsin has problems like anyone else, but we don't have a feeling that our system is on the brink of disaster. We know there are issues, but we're willing to work on them. And, we're confident we'll succeed."



Wisconsin

SMALL BUSINESS – BIG DIFFERENCE

- Wisconsin small businesses employ about half the private sector workforce.
(Stats of US Businesses; US Census)
- 86% of businesses have fewer than 20 employees.
(SBA; Office of Advocacy; US Census)
- 74% of businesses have fewer than 10 employees.
(SBA; Office of Advocacy; US Census)
- 56% of businesses have fewer than 5 employees.
(SBA; Office of Advocacy; US Census)
- Small businesses created 27,642 net new jobs in 2012. The biggest gain was in the smallest firm size category of 1-4 employees.
(BDS; US Census)
- Small business introduces 2.5 times more innovations than big business.
(BDS; Office of Advocacy)



Wisconsin

**Statement Before the
Assembly Committee on Labor**

By

**Terry Kurth
NFIB Member**

Thursday, May 18, 2017

Assembly Bill 308

Mr. Chairman, members of the Committee, thank you for scheduling today's hearing on legislation relating to the membership of the Worker's Compensation Advisory Council.

The Worker's Compensation Advisory Council, through a process of negotiation and compromise, is charged with recommending reforms that will help maintain stability, control costs, and promote fairness to employers, employees, health providers and insurers. Each of these stakeholders has a vital interest in the worker's compensation system, and each has a voice developing the legislation by the Council that is generally approved by the Legislature and signed into law.

Assembly Bill 308 would modify the membership on the Council to allow the proportion of employee union representatives be the same as the proportion of employees based on membership in an organized union.

Today, on behalf of the small business owners of our state, who often struggle with the cost and complexities of the worker's compensation system, be given a voice on the Council.

Specifically, designating a small business appointment would be consistent with current law that requires the Unemployment Insurance Advisory Council to include small business representation, and we believe the WC Advisory Council should also include a small business representative to speak on behalf of our small business employers.

Therefore, Mr. Chairman, we are proposing the introduction and **urging your support for an amendment to Assembly Bill 308** that would, by law, give small business employers a seat at the table and a meaningful voice in developing the necessary reforms that will help make worker's compensation rates more affordable, stable and fairer to all stakeholders.

Thank you, Mr. Chairman, and members of the Committee, for your consideration.



Wisconsin State AFL-CIO

6333 W. Bluemound Road, Milwaukee, WI 53213

Phone: 414-771-0700, Fax: 414-771-1715, wisafclcio.org

President: Phil Neuenfeldt, Secretary-Treasurer: Stephanie Bloomingdale

Phil Neuenfeldt
In Opposition to AB 308
May 18, 2017

Good afternoon Chairman Kulp and members of the Committee. My name is Phil Neuenfeldt. I am the President of the Wisconsin State AFL-CIO. I appear before you today on behalf of the working men and women across our State to oppose AB 308, a bill that seeks to dismantle the Wisconsin Worker's Compensation Advisory Council. This bill seeks to remove representatives from organized labor from the Advisory Council, rendering its decisions meaningless for injured workers throughout the State. Never before have we seen – in such a crass and heavy-handed way – a bill that would dismantle the very underpinnings of the Advisory Council and our entire worker's compensation system, by purging members of organized labor from the Council. Let me clear, representatives from organized labor on the Advisory Council have one purpose, and that is to be the knowledgeable voice for every working person in Wisconsin who unfortunately was injured on the job. And let's remember that no person goes to work intending to be hurt or killed on the job.

I. WISCONSIN'S WORKER'S COMPENSATION SYSTEM

The Wisconsin State AFL-CIO has a deep and abiding interest in ensuring that every worker in this State has a safe workplace and that if a worker is injured at work they have a strong worker's compensation system upon which to rely. Every worker injured on the job is entitled to prompt, quality medical treatment so that they can heal and return to work as quickly as possible. Due to Wisconsin's rich history of its Worker's Compensation Advisory Council, which lays the foundation for our entire worker's compensation system, workers and managers in this state can go to work knowing that our worker's comp system is strong and ready to care, restore, and retrain them if anyone is injured at or because of their work.

Wisconsin was a pioneer when it came to protecting employees who were injured during the course of their employment. Wisconsin passed the nation's first constitutionally-valid worker's compensation law. This law, the Workmen's Compensation Act of 1911, created a system whereby injured workers receive prompt treatment, benefits for lost wages, and an incentive to return to work after they have healed from the effects of their injuries. When it was passed, an Advisory program was instituted to advise the Legislature of needed changes to the law. For over a century, this system has provided employers, insurers, and injured workers a stable environment with minimal litigation.

Every citizen can be proud of this State's strong worker's compensation system. It is fair to all affected parties, and is admired throughout the country for its stability and efficiency.

Research has proven that:

- Wisconsin's injured workers heal faster: they return to the work force on average 3 weeks faster than injured workers in other states.
- Wisconsin's system has lower costs, according to a 16-state study of worker injury claims by the non-partisan Worker's Compensation Research Institute.
- Wisconsin's injured workers are able to navigate the system effectively, resulting in less litigation, which is beneficial for workers and employers alike.
- Wisconsin's Worker's Compensation premiums are stable and low: they have risen at a pace less than inflation over the past 6 years.
- Wisconsin's great Worker's Compensation system is completely funded by Worker's Compensation premiums and does not take in one penny of tax-payer dollars.

II. WISCONSIN'S WORKER'S COMPENSATION ADVISORY COUNCIL

Fifty years after the Workmen's Compensation Act was passed, the Wisconsin State Legislature astutely codified the Worker's Compensation Advisory Council into law. The purpose of the Advisory Council is to advise the Legislature each session on policy matters concerning the development and administration of the worker's compensation law.

One of the most important and enduring principles of the Council is maintaining the overall stability of the worker's compensation system without regard to partisan changes in the legislative or executive branches of government. When labor and management agree to recommended changes, with the support of the insurance and health care industries, legislators can be assured that the proposed bill represents sound policy. Our system with the Advisory Council as its keystone ensures that the system is stable for workers who become injured and other stakeholders, such as insurers and health care providers.

Without the efforts of the Advisory Council, Wisconsin's worker's compensation system would be subject to the whim of partisan politics and would "yo yo" with each election. As the political pendulum swings from one party to the other, instability is introduced into the system. That instability creates uncertainty and risk. That uncertainty and risk drives employer's worker's compensation premiums higher. Those costs are in turn passed on to consumers in the form of higher prices, and impact job creation and expansion.

The composition of the Council fairly represents the interests of all stakeholders in the worker's compensation system. The 11-member Worker's Compensation Advisory Council is comprised of five representatives from organized labor, five representatives from management, and a designated DWD employee who serves as chairperson, all of whom are experts in our worker's compensation system. The functionality, balance, and good decisions of the Council rely on the equal balance of labor and management. The Advisory Council also includes important stakeholders such as insurance representatives, health care organizations, and two

legislators, all of whom are non-voting members of the Council. The diversity of perspectives and interests of the participants in the Council process guarantees that every issue relating to continually improving Wisconsin's worker's compensation system is fairly and fully considered.

The efforts of the Council provide stability for the entire system and a vehicle to make reasoned changes to continually improve our worker's compensation system. The Labor and Management teams work toward the common goal of recommending changes that benefit the entire system: workers, employers and insurers. Council members, through their expertise and cooperation, have helped transition Wisconsin's law from its early days in the industrial revolution to today's modern workplace.

The 2017 Worker's Compensation Advisory Council has been meeting regularly since the beginning of this year. The Council's labor and management caucuses have submitted their respective proposals and the Council will be continuing to negotiate over all aspects of the agreed-upon bill. When the Council arrives at its agreed-upon bill, the bill will be forwarded to legislative leadership for its introduction into the Legislature.

Legislative trust in the Council process historically has kept premium rates stable in Wisconsin. Worker's Compensation premium rates are set by the Worker's Compensation Rating Bureau (WCRB). Not only has the current Worker's Compensation Advisory Council action kept rates stable, but the cooperative action of the Advisory Council has led to an October 2017 rate reduction of 8.46% for Wisconsin employers. (WCRB action May 11, 2017.)

This is all why the Wisconsin State AFL-CIO believes that the Wisconsin Worker's Compensation Advisory Council must be preserved and defended. Any legislation, no matter how big or small or whom it affects, that alters our Worker's Compensation Act ought to go through the Advisory Council.

III. ASSEMBLY BILL 308

This legislation – AB 308 – should be roundly rejected.

This bill, AB 308, did not go through the Advisory Council. Therefore, it does not represent an agreed-upon policy, vetted by this State's worker's compensation stakeholders and experts.

In addition, this bill recklessly alters the composition of the Advisory Council by seeking to remove the trusted experts who serve on behalf of this State's workers. Organized labor's voice has a clear and trusted mission, and that is to advocate solely for the interests of working people. Organized labor uniquely has the expertise and resources to advocate for all working people of the State of Wisconsin. Organized labor, working with management representatives, has made the Wisconsin Worker's Compensation Act a recognized model for the rest of the country. If this bill were to pass, the Advisory Council would be rendered meaningless for injured workers of this state.

Why a few legislators would want to tinker with the makeup of the Advisory Council, at a time when the Advisory Council's actions have led to an upcoming 8.46% reduction in premium rates for Wisconsin employers is, quite frankly, absurd.

IV. CONCLUSION

On behalf of the working men and women of this State, I call on each member of this Committee to honor the tradition of the Wisconsin Worker's Compensation system by preserving the Advisory Council and voting no on this legislation.



To: Chairman Kulp and Assembly Committee on Labor

Re: AB 308

Roehl Transport, Inc. supports passage of Assembly Bill 308. We believe the bill is a critical element in reforming our states workers compensation laws.

As the first state in the nation to establish a constitutionally acceptable workers compensation system in 1911 we have a heritage of thoughtful and balanced worker and employer protection for workplace injuries. Unfortunately we've lost the spirit of reform and innovation our legislators of 1911 that led to us being first in the nation. Today our workers compensation system is moribund and in much need of reform. The state legislator has clung to outmoded thinking relative to the current dynamics of Wisconsin labor force and Wisconsin employers.

Today's Workers Compensation Council represents a labor force that has long since passed from Wisconsin's labor demographics. The council as currently structured promotes a "pro union", organized labor approach which is contrary to the employment relationship the vast majority of Wisconsinite's have or want. The change provided by the bill is a modest step towards making the council more reflective of Wisconsin's labor force.

Please move this bill ahead and help ensure that it becomes Wisconsin law.

A handwritten signature in black ink that reads "Greg Koepel".

Greg Koepel
Vice President

Confidentiality Note: This letter, and any enclosures, contains privileged and confidential information intended only for the use of the individual(s) or entity named on this letter. If the reader of this letter is not the intended recipient, you are hereby notified that reading it is strictly prohibited. If you have received this letter in error, please immediately contact the sender for return instructions and/or destruction instructions. Thank you.

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Chippewa Falls



Plover • Wausau
Wisconsin Rapids

IDEALEASE

Chairman Kulp and Labor Committee Members:

I ask that you accept this letter in support of Representative Spiros' bill LRB 1836/2 which is in front of the committee on May 18, 2017. Wisconsin's business climate is becoming stronger and it's through the efforts of the Legislature of reducing the "red tape" in over burdensome regulations and being fairer overall to help bring in new businesses and improve our growth. Fairness is something I cherish in sports, in my family and in my everyday business. Workers Compensation was born right here in Central Wisconsin out of the value of fairness.

I believe the bill that you are going to hear this week furthers the value of fairness by balancing the makeup of the Workers Compensation Council to reflect the actual makeup of the working people with in our state. It does not change the spirit of fairness that the law provides, in fact it protects and enhances it.

As a business owner, who is responsible for the Workers Compensation program at my business, as an individual that takes pride in worker safety, I applaud the courage that Representative Spiros has in putting this bill forward. This bill will not reduce or degrade worker safety or injury prevention, protection or taking care of a worker who is injured. No, this bill allows Wisconsin to work better for all of us within the state.

I ask that you pass this bill and forward it to the Assembly floor where it can be debated and passed, and would ask the same of the State Senate, so it can be signed into law by our Governor.

I am sorry that I am not able to make the hearing, but as a busy business owner and job creator, it would be difficult to get to the Capitol and testify, so I ask that you allow this letter to be my testimony for the hearing.

Thank you for your consideration in this very important matter.

Sincerely,

Tom Vandehey
Owner/C.O.O.



Abbotsford • Marshfield
Chippewa Falls



Plover • Wausau
Wisconsin Rapids

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Thank you for your consideration in this very important matter.

Sincerely,

Tom Vandehey
Owner/C.O.O.



IDEALEASE





Lindquist Machine Corporation

May 17, 2017

Representative John Spiros
District 86
Rep.Spiros@legis.wisconsin.gov

Dear Representative Spiros;

My name is Mark Kaiser and I am the President/Owner of Lindquist Machine Corporation (LMC) in Green Bay, WI. I am also the current Chair of the Northeast Wisconsin Manufacturing Alliance (NEWMA) which is a manufacturing alliance focused on workforce development representing over 110 manufacturing companies in northeast Wisconsin. In addition, I am a Board member for Wisconsin Manufacturers Extension Partnership (WMEP) – an organization committed to assisting manufacturing companies in Wisconsin in reaching their business goals.

On behalf of Lindquist Machine Corporation, this letter serves to show our support for Senate Bill 235 that proposes changes in the representation of the Council on Worker's Compensation. Per a 2016 Bureau of Labor Statistics study Wisconsin nonunion employees represent 91.7% of our workforce. I feel quite strongly that the current Council make-up is not accurately or effectively representing the entire workforce of the state of Wisconsin. We need a Council that is more closely aligned with the true representation of the Wisconsin workforce; this Bill will ensure all workers will be equitably represented.

It is my understanding that the state of South Dakota enacted similar changes as those outlined in Senate Bill 235 almost 20 years ago. This change was the catalyst for new ideas and innovation, removing road blocks that existed with the past model. This June, South Dakota will hold its annual Workers Compensation Summit, which brings all stakeholders together to share fresh ideas that will drive improvement – something all healthy organizations must strive for. Wisconsin workers will be well served by learning from South Dakota's experience on this issue.

Please let me know if I can be of any help as this Bill moves through the legislative process.

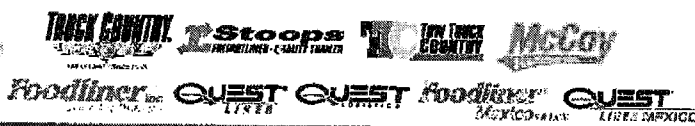
Regards,

Mark A. Kaiser
President/CEO
Lindquist Machine Corporation

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May 17, 2017

To: Chairman Kulp and Labor Committee Members

RE: Assembly Bill 308

Chairman Kulp and Committee Members,

I would like to thank you for taking the time to listen to our views on the AB 308. As a quick introduction, we are a 3rd generation, family owned business that started in the 1950s in rural Shullsburg, WI. We have since then been fortunate enough to experience growth to employ over 300 employees in the state of WI.

We would like to inform Chairman Kulp and the Committee Members that we support the bill introduced by Representative Spiros. We believe the current system does not accurately reflect the makeup of employees within our state. This bill would allow us to move forward, with positive changes for the betterment of the employees, employers and allow the state to become a better place to work and do business in general. We believe the worker's compensation council plays an important role within our state, but feel that some of the gridlock and one-sided proposals within the past few years have kept us from becoming productive through positive change for all.

We also believe that this change will allow us to collectively move forward under the current chapters that govern worker's compensation in a collaborative effort to provide the employees an effective system that manages and provides appropriate care to the injured. Some that oppose this change, such as medical providers, attorneys, and insurers do so because they have much to gain under the current system at the expense of employees and their employers. Unfortunately worker's compensation can, in some circumstances, become a business for profit vs. a system to provide appropriate care in a manner that gets employees back to becoming productive. We need to remember, the worker's compensation system is a "no fault" system. Employers and Employees need to work together for to ensure we invest our time, efforts, and monies appropriately to ensure minimal waste in the system due to interference from those entities who stand to profit from the misfortune of those injured and the employers of these persons.

Again, it is important that this council be represented by the proper makeup of employees within our state. Historically the employees on the council have been predominately filled with union employees when only about 8 % of employees in Wisconsin are union members. If this trend continues, the council will continue to have a lop sided representation of employees within the state, in turn limiting the types of employees who can serve.

In closing, we want to thank Chairman Kulp and the Labor Committee Members for listening to our concerns and reasons for supporting this Bill introduced by Representative Spiros, as we feel it is a move in the right direction for all employees and employers.

Sincerely,

A handwritten signature in black ink, appearing to read "MJB", with a long horizontal flourish extending to the right.

Mike Birkett

Executive VP of Safety and HR

McCoy Group, Inc



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Landscape Aggregates

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May 17, 2016

To Whom it May Concern:

I am writing to express my support of Rep. John Spiros' purposed amendment regarding the composition of the Council on Worker's Compensation.

Respectfully,

A handwritten signature in black ink, appearing to read "Glenn Kafka", written in a cursive style.

Glenn Kafka, Owner
Kafka Granite, LLC



Being a business owner/operator in Wisconsin for over 32 years has given me a relatively unique opportunity to reflect on the pros and cons our States business climate. Quite frankly, if you asked me to tell a prospective entrepreneur to "Red" or "Green" light a going concern in this state today, my advice would be to run far and fast. Or as the modified Wisconsin Tourism bumper stickers used to say when I was a kid: "Escape -- Wisconsin."

My family has owned and operated a small multi-purpose health, fitness and racquet sports facility in Hartland, Wisconsin since 1977. We currently employ approximately 120 people. Our second largest insurance expense (next to Health Insurance) is Worker Compensation. Our businesses core purpose is to "Inspire positive differences by improving physical and social quality of life". In other words, we teach people to become and stay healthy every day. Yet, no matter how hard we try or what we do no efforts seem to be good enough to satisfy the cash flow requirements of our states Worker Compensation cabal.

Worker Compensation Insurance in Wisconsin would be best described as punitive and confiscatory. Punitive because no matter our best efforts to reduce or eliminate incidents and accidents our rates and premiums increase every year. You essentially punish me for hiring people. Confiscatory because the process by which the costs are generated and therefore how the rates and premiums are calculated has been hijacked by special interests (i.e. health care providers, work comp insurance carriers) and heartless bureaucrats (i.e. Bernard Rosauer & Co.) This process is beyond comprehension and certainly devoid of common sense. It is not unreasonable for me to annually hire a specialist to attempt decipher my premiums calculation. A CPA would struggle to understand the WCRB's algorithm. So we just pay. I've been complaining to my legislators for years that this "insurance" is ripe for reform. It's obvious that Work Comp claims are a gravy train for health care providers and insurers (and their respective lobbyists.) I've personally witnessed health care providers (ER and Urgent Care) badgering (no pun intended) patients to admit some obscure work related relationship for their medical issues. I've also been involved in unsuccessfully contesting a blatantly bogus claim that was paid because the insurance carrier blamed the State's Work Comp laws and the State blames the insurer. I'm stuck in the middle with no advocate and no time to become an expert in the field. So we just pay.

I was hopeful that with Republicans having run the table in the Assembly, Senate and Governor's office that common sense reform might be forthcoming. I thought Wisconsin was "open for business?" Turns out I'm a fool. Inertia is definitely on the side of the status quo. So I've resigned myself to this fact:

5/18/2017 Assembly Bill 308 The Makeup of the Council on Worker's Compensation

Wisconsin will always be a business averse State and a Tax Hell because nobody in Madison has ever had to make payroll or done quarterly tax withholding with their own money.

You might all think that's OK... don't do anything right? He's just a whiner. But know this. I've worked over three decades of my life building a business here and have begun the process of looking for my next step. They say over 10,000 "boomers" are retiring every day in this country. It's called demographics you know. What I've learned in this pursuit over the last couple years is that NOBODY wants to BUY my job. Furthermore, none of my kids are dumb enough to want to follow in the "old mans" footsteps. So reality for me is that my life's work here in Wisconsin is essentially worthless.

I'll survive because I always have, but it certainly won't be here in Wisconsin. Our business however will probably not survive because nobody cares like an owner and there are no potential future owners to take the helm given that the reward for pouring your life into an enterprise in Wisconsin is at best, punitive and confiscatory.

Respectfully,

John M. Gebhard, President
Lake Country Racquet & Athletic Club, Inc.
Hartland, WI