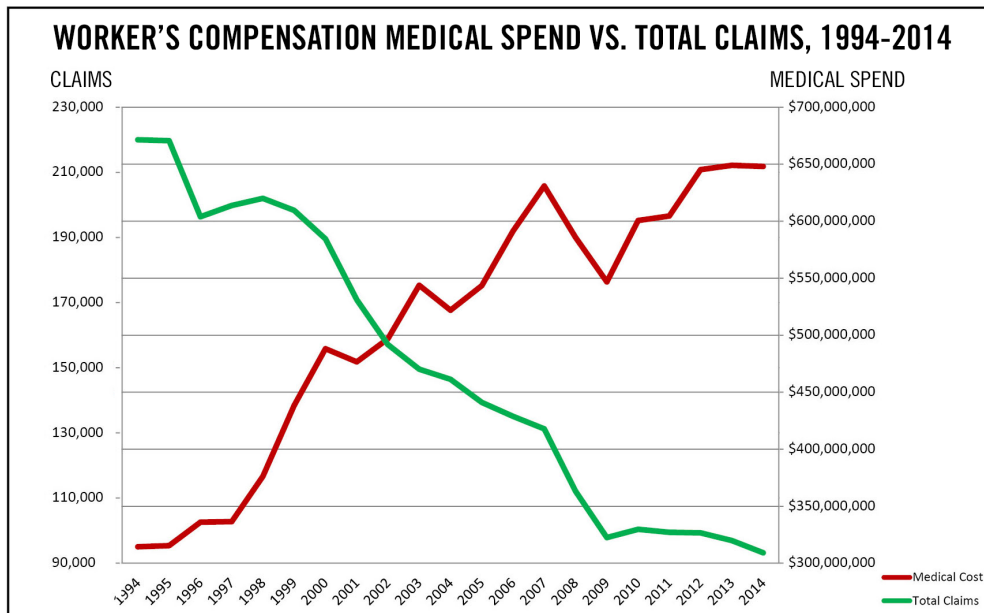


WORKER'S COMPENSATION

IT'S TIME TO GET MEDICAL COSTS UNDER CONTROL

Wisconsin employers and employees have worked together to reduce the number of workplace injuries in our state. Since 1994, we've witnessed a dramatic 58% drop in annual injuries – from 219,975 in 1994 to 93,228 in 2014.

Despite the reduction in injuries, medical costs for worker's compensation claims continue to skyrocket. Medical bills have gone up 450% per claim over the same time period. While employers should have realized savings from the reduction in injuries that could have been reinvested into wages & benefits, worker training, R&D, capital improvements, etc., any savings have instead been shifted to skyrocketing medical costs.



According to the Workers Compensation Research Institute (WCRI), an independent, not-for-profit research organization out of Massachusetts, Wisconsin is routinely one of the most expensive states for worker's compensation medical costs.

47% higher for all claims*

60% higher for major injuries*

**According to WCRI. Average Wisconsin medical price per claim with 7 days or more of lost time were 60% higher than median in 2014/15. Average Wisconsin medical payment per claim on all claims, including those with less than 7 days lost time, was 47% higher than median in 2014/15.*

It's not just interstate comparisons that are troubling. Worker's compensation injuries in Wisconsin also cost many times more than identical injuries that are covered by group health insurance. While most states have a slight difference between the two, the difference is striking in Wisconsin, often 2 to 3 times more expensive for identical treatments.

Same Injury, Different Costs



Group Health Insurance



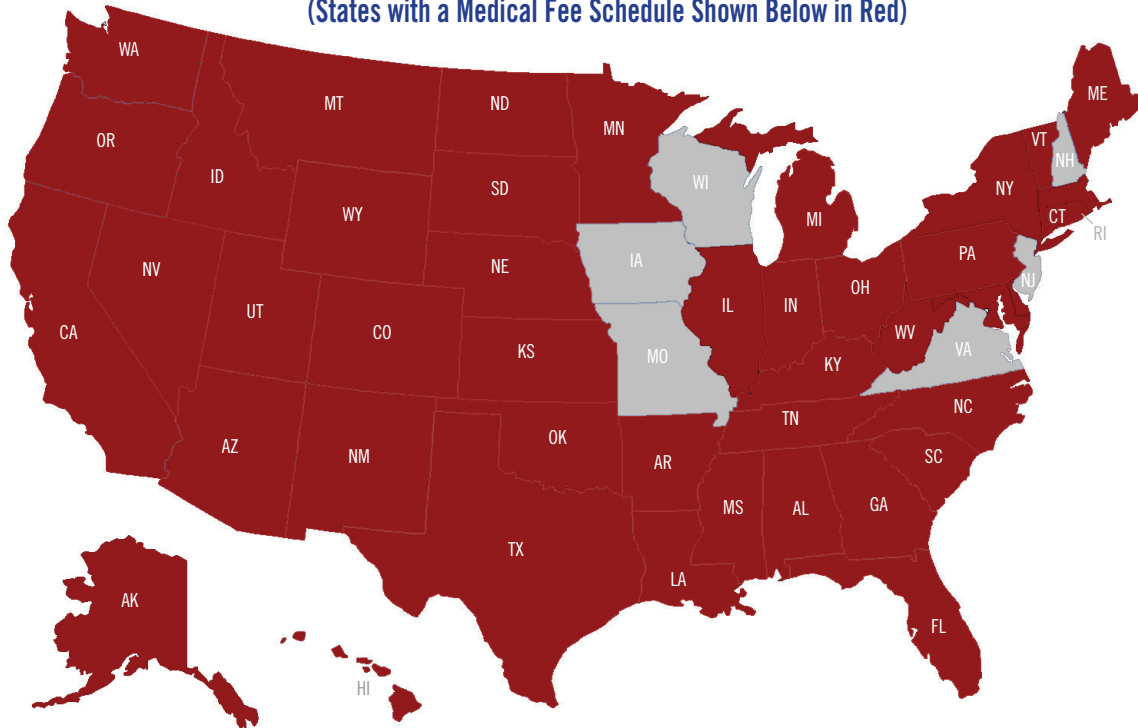
Worker's Compensation Insurance

WHAT IS DIFFERENT IN WISCONSIN?

Every other state has a statutory cost containment mechanism. Forty-four states have a medical fee schedule that limits the amount billed for worker's compensation medical treatment. The rest have a form of employer directed care, allowing employers to negotiate with providers on cost. Many states have both. Wisconsin has neither.

States With A Medical Fee Schedule

(States with a Medical Fee Schedule Shown Below in Red)



THE SOLUTION

The Worker's Compensation Advisory Council (WCAC) has developed legislation to get medical costs under control. As a product of the WCAC, the plan has the support of employers and organized labor. Key to the package is the implementation of a medical fee schedule to bring worker's compensation costs in-line with group health costs. Beyond dealing with medical costs, the package also includes benefit increases for injured workers aligned with wage growth, and reforms aimed specifically at stemming opioid addiction by injured workers.

The WCAC bill addresses medical costs by:

- Requiring DWD to establish a medical fee schedule by 1/1/2019 to bring worker's compensation prices in-line with group health prices
- Cost savings through administrative efficiencies, including electronic billing, payments, and medical records