



Worker's Compensation: The Need for Cost Containment Reform – SB 665

The Worker's Compensation Advisory Council has reached agreement on its proposed 2017-18 joint legislation. The key provision of the proposed legislation is the implementation of a medical fee schedule for worker's compensation claims, something that helps 44 other states keep costs down.

Issue: Wisconsin's worker's compensation system is an outlier, with some of the highest prices paid for medical care in the country. Every year, the Worker's Compensation Research Institute (WCRI) studies the variation in what is paid for common treatments across the twenty-two (22) states with the largest Worker's Compensation systems. In the most recent study, released in October 2017, WCRI found that Wisconsin employers and insurers pay 61% more than employers and insurers in the median state for workplace injuries that require 7 or more days off of work. In addition, worker's compensation insurers typically pay more than twice what group health insurers pay for the most common treatments. This impacts worker's compensation insurance premiums for employers as well as creates the potential for friction between employers and employees relative to worker's compensation injuries. Unless we control escalating medical costs, there will be less money for injured workers and Wisconsin's model worker's compensation system will fail both employees and employers.

WISHRM Position: Wisconsin SHRM supports policy changes that will help control employer health care costs in the worker's compensation system. In the vast majority of states (44 states), a worker's compensation fee schedule limits what health care providers may charge for medical care under the worker's compensation system. The majority of these states have fee schedules based on some multiple of Medicare rates. Fee schedules are employed to address the unique attributes of the worker's compensation system. By adopting measure similar to those employed in the vast majority of states, Wisconsin can restore a level of balance and fairness to the cost of health care under worker's compensation relative to other payers for health care services. Wisconsin SHRM requests your support to advance SB 665, to ensure that injured workers continue to receive quality care at a fair and reasonable price to employers.

Talking Points:

- Employers face increased costs due to a system that rewards medical care providers for treating an injury as work related versus non-work related.
- Wisconsin is one of only six states without a medical fee schedule to control worker's compensation costs.
- Worker's Compensation insurance premiums in Wisconsin cost 46% higher than the Midwest median because of high medical costs.
- Wisconsin employers are at a disadvantage when compared to employers in other states because of the high cost of worker's compensation medical costs.