Agenda

I. Impacts of the Affordable Care Act on Workers Compensation
   A. The Affordable Care Act (ACA) and Medical Insurance Expansion
   B. The ACA and “Crowding Out”: Access to Primary Care
   C. The ACA and Wellness: Obesity and Medical Costs

II. TRIPRA of 2015 Implementation Issues
   A. Section 108: GAO Study
   B. Section 110: Advisory Committee on Risk-Sharing Mechanisms
   C. Section 111: Data Reporting and Effectiveness
III. Federal Focus on State Workers Compensation

IV. National Conversation On Workers Compensation

V. Social Security Disability Reform

VI. Medicare Set-Aside Reform

VII. Questions and Answers
ACA Impact on Workers Compensation: Medical Insurance Expansion

- The ACA increased the medically insured population
  - Via the health insurance mandate in all states
  - Via Medicaid expansion in some states
  - Medicaid expansion, where it applies, creates a greater increase in the share of new medical insureds than the health insurance mandate

- ACA insurance exchanges and Medicaid expansion took effect in 2014
  - In 25 states including DC, Medicaid expansion took effect on January 1, 2014
  - Seven other states have expanded Medicaid since then
  - No state has rescinded its decision to expand Medicaid
ACA Impact on Workers Compensation: Access to Primary Care

- ACA increases the medically insured population
  - Particularly via Medicaid expansion

- Does medical service demand from new insureds under the ACA “crowd out” WC?
  - Access to primary care, in particular

- Some states expanded Medicaid, others did not

- A natural experiment:
  - 16 NCCI states expanded Medicaid as of January 1, 2014
  - 19 NCCI states did not expand Medicaid during 2014
  - Compare the experience of both groups for 2012–2014
ACA Impact on Workers Compensation
Wellness-Obesity and Medical Costs

- An important goal of the ACA is to promote wellness
  - Many primary and preventive health care services are not subject to a deductible

- Also, workplace wellness programs are gaining traction
  - Participants may qualify for group health discounts

- Increasing wellness means lower comorbidity incidence

- Comorbidities particularly relevant to WC are:
  - Obesity
  - Hypertension
  - Diabetes
  - Pulmonary conditions
  - Drug abuse

- Obesity is the most studied comorbidity in terms of medical cost impact
TRIPRA of 2015 Implementation

- Section 108—Government Accountability Office Study:
  - Examine the feasibility of
    - the creation of a capital reserve fund for terrorism losses
    - the federal government charging up-front premiums
    - other countries’ approaches
TRIPRA of 2015 Implementation

- Section 110—Creation of the Advisory Committee on Risk-Sharing Mechanisms
  - Overarching objective is to work toward consensus on a single alternative
  - Key elements will include determining if there is in fact a workable alternative
  - Consideration of whether TRIPRA currently covered cyber and NBCR are covered perils
  - Awareness of the unique impact of terrorism on workers compensation
  - The working groups will focus on developing a transition plan from the current federal backstop to the alternative
TRIPRA of 2015 Implementation

- Federal Insurance Office -- Section 111 (Data Collection)
  - Statutory Requirement
  - NCCI Participation in Consultations
  - NCCI’s Supplemental Workers Compensation Data
  - Coordination with non-NCCI States
  - Subsequent Year’s Strategy
TRIPRA of 2015 Implementation

- Federal Insurance Office -- Section 111 (Effectiveness Report)
  - Carrier response overview
    - Fifty-two (52) insurer groups provided some or all of the information requested by FIO
    - Responses received by FIO represent approximately 41 percent of DEP for TRIP eligible insurance lines
    - Eleven (11) of the largest twenty-five (25) insurer groups responded
TRIPRA of 2015 Implementation

Federal Insurance Office -- Section 111 (Effectiveness Report)

- Effectiveness of the program
  - It was indicated that 18 percent of workers compensation policies disclosed a zero (\$0) charge for terrorism
  
  - For workers compensation 2.8 percent of premium was attributed to terrorism coverage (compared to 2.6 percent for all covered lines)
  
  - In response to the modeling scenario proposed in the FIO data request it was determined that a five-ton truck bomb in an urban area would result in approximately \$14 billion in insured lose
TRIPRA of 2015 Implementation

- Federal Insurance Office -- Section 111 (Effectiveness Report)
  - Workers Compensation
    - Provides an overview of the workers compensation line
    - Discusses the unique impact of the terrorism risk on workers compensation
    - Identifies an inconsistency in the percent of workers compensation premium attributed to terrorism coverage reported to Treasury (2.8 percent) and what is reflected nationally (1.6 percent)
TRIPRA of 2015 Implementation

- Federal Insurance Office -- Section 111 (Effectiveness Report)

- Report Conclusions
  - FIO found no evidence that terrorism coverage would be more available in the absence of the program
  - Insurance premiums would like increase without TRIP
  - Acknowledges that given the nature of the terrorism peril premiums are difficult to determine with actuarial precision
NAIC Terrorism Coverage Data Call

- NAIC Data Call
  - Background
  - NAIC Data Collection Approach
    - Bifurcation of Workers Compensation
    - Multiple Phase Approach
    - NCCI Single Solution for Workers Compensation
  - Coordination with non-NCCI States
Federal Focus on Workers Compensation

- Increased interest in workers compensation:
  - Letter from Congress to the USDOL
    - “State workers compensation laws are no longer providing adequate levels of support for workers injured on the job; instead, costs are being shifted to the American taxpayer to foot the bill.”
  - Federal Advisory Committee on Insurance (FACI)
    - “Workers compensation insurance is extremely important to the American economy and workers and will remain in this Committee’s workflow.” – FIO Director McRaith, August 6, 2015
  - Federal Insurance Office (FIO) 2015 Annual Report
    - “...these state-by-state differences raise important questions regarding the propriety of local standards.”
Social Security Disability Insurance (SSDI) Reform

- Enactment of SSDI Solvency Legislation

SSDI Solutions Initiative recommendations:

- eliminate the 15 states that are grand-fathered under the federal code to apply a reverse workers compensation offset
- enact new Secondary Payer legislation that would require set-aside from workers compensation settlements to account for future SSDI program expenditures

- The SSDI Solutions Initiative DID NOT adopt a proposed recommendation advocating for national workers compensation standards
Medicare Set-asides (MSAs)

- HR 2649 (Reichert, WA)
  - Legislation to reform current MSA process
  - Representative Reichert Subcommittee Statement
  - UWC Hill Briefing
  - Congressional Budget Office (CBO) Scoring
QUESTIONS