

**THE MONTANA UNIVERSITY
SYSTEM**

**SELF-FUNDED WORKERS
COMPENSATION
PROGRAM**

MONTANA UNIVERSITY SYSTEM SELF-FUNDED WORKERS COMPENSATION PROGRAM

Mission Statement

The self-funded workers compensation program will aggressively implement “best practices” in loss control and efficiently, expeditiously, and cost effectively handle workers compensation claims in the best interests of the program and the employee.

MUS Self-funded Workers Compensation Program Committee Structure

Nine voting members – one from each campus of the MUS and one from OCHE. Each will serve a three-year term, but initially terms will be staggered
Responsibilities will include:

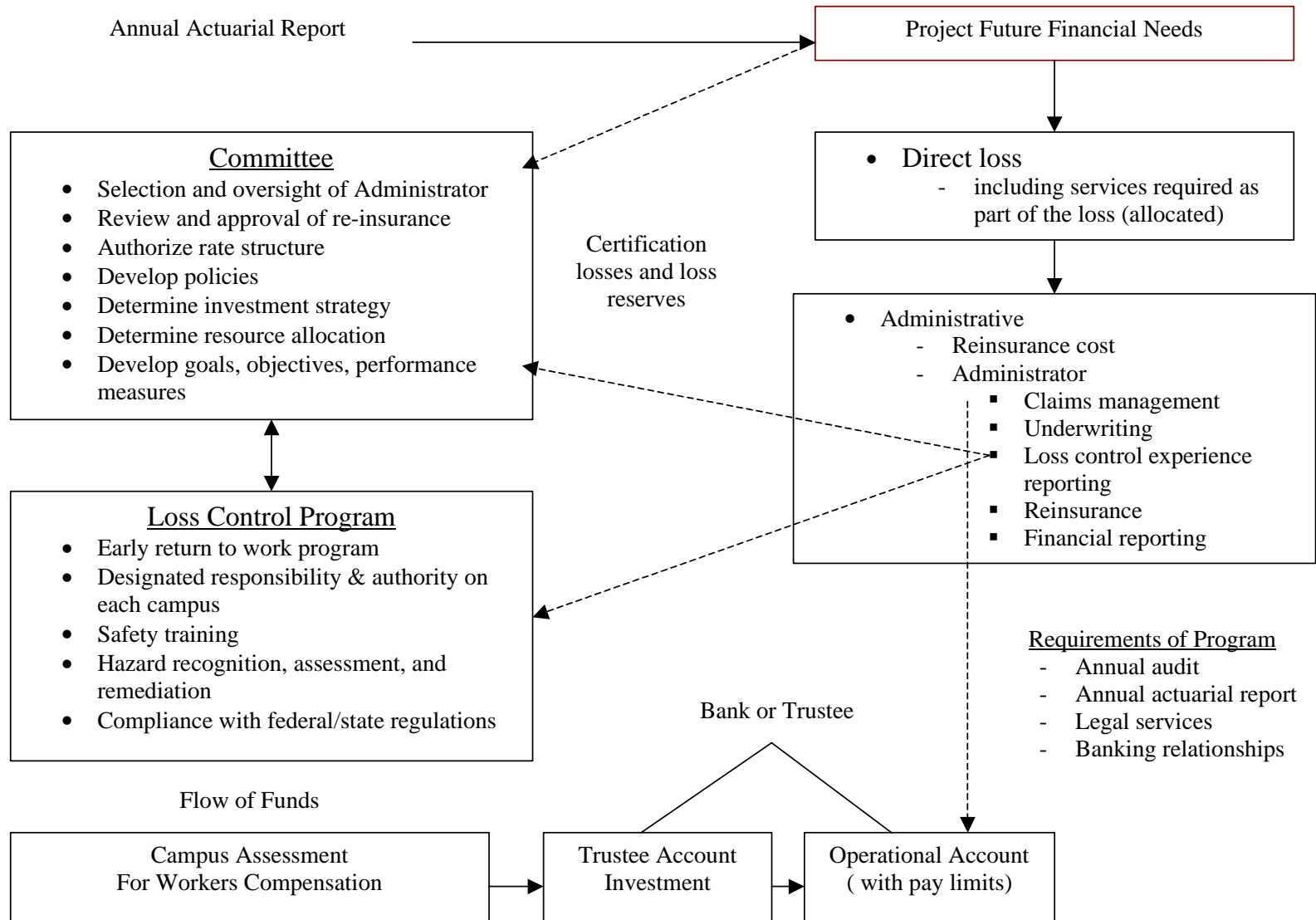
- Selection and oversight of Administrator
- Review and approve re-insurance
- Authorize rate structure
- Develop policies
- Determine investment strategy
- Determine resource allocation
- Develop goals, objectives, performance measures

Three ex-officio members- the Montana State University (designee) and The University of Montana (designee) responsible for occupational safety, health, and loss control, and the Director of State of Montana Risk Management and Tort Defense Claims Division (or designee).

In order to attain efficiency and to spread the workload, three sub-committees (Finance, Loss Control, and Claims) will be formed with a member(s) from the full committee serving as the chair of their respective subcommittee.

Full Committee meetings will be held quarterly with sub-committee meetings held as often as necessary but no less than quarterly.

MONTANA UNIVERSITY SYSTEM Self-Funded Workers Compensation Program



March 20-21, 2003

**MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual**

SUBJECT: PERSONNEL

Policy #_____ WORKERS' COMPENSATION – WORKPLACE SAFETY

Issued March 21, 2003

Board Policy:

It is the policy of the Montana University System (MUS) to provide and promote a safe and healthy work environment for all employees to foster a positive atmosphere for learning and the educational process. The Montana University System (MUS) Board of Regents believes our employees are our most important assets. Accidents will be viewed as lapses in our ability to accomplish this objective.

Each MUS unit will designate at least one individual identified by job description and evaluation criteria who shall have authority and responsibility for occupational safety, health, and loss control activities campus wide. To enhance consistency and lead to an efficient loss control program an individual may be assigned authority and responsibility for more than one campus.

During the initial orientation period, each employee will be informed of the individual institution's emphasis on safety and the individual employee's responsibility for safety. This will include information regarding workers' compensation coverage, accident reporting, accident investigation procedures and injury monitoring and mitigation efforts. Supervisors shall have the responsibility of requiring safe work practices for their employees.

History: approved (Item).

March 20-21, 2003

**MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual**

SUBJECT: PERSONNEL

Policy # _____ WORKERS' COMPENSATION – EARLY RETURN TO WORK/MODIFIED DUTY

Issued March 21, 2003

Board Policy:

All units of the Montana University System are required to provide Modified Duty or Early Return To Work (ERTW) opportunities for all employees with temporary physical restrictions identified by the treating physician. The ERTW Program will focus on temporary modifications to the employee's existing position and/or work schedule.

Where permitted by labor agreements if temporary modifications are not possible each MUS unit will create a modified duty position that is not an employee's time of injury position or necessarily within an employee's home department. Temporary job modifications or modified duty will be offered to injured employees for up to 6 weeks upon the recommendation of the treating physician with extensions considered on a case by case basis.

Each MUS unit will have authority and responsibility for ERTW and loss control activities. Designated individuals on each campus will work with the employee, the employee's supervisor, and the employee's medical provider, worker's compensation adjuster and/or managed care representative to ensure injured employees return to work within their functional capacities as soon as possible. To enhance consistency and lead to an efficient loss control program an individual may be assigned authority and responsibility for more than one campus.

Procedures:

It is the policy of the Montana University System (MUS) to provide and promote a safe and healthy work environment for all employees to foster a positive atmosphere for learning and the educational process. The Montana University System/Board of Regents believes employees are our most important assets. Often, after medical treatment for an occupational injury or illness an employee's treating physician will identify physical restrictions that temporarily prevent an employee from returning to his or her time of injury position without some temporary modifications to work procedures, job duties, or hours worked. This policy reflects a commitment to assisting injured workers return to work as soon as possible.

Funding for ERTW and Modified Duty positions are the responsibility of each employee's home department, however each unit of the MUS may elect to provide assistance by utilizing a central source of funding identified for ERTW-Modified Duty purposes.

History: approved (Item).

**Montana University System
Self-funded Workers Compensation Program
Financial Analysis**

	FY 2004	FY2005	FY2006	FY 2007	FY2008
Revenue:					
Workers Comp Assessment	1,866,000	1,920,000	1,976,000	2,034,000	2,084,000
Interest Income	56,000	67,433	77,986	85,423	91,354
Total Revenue	1,922,000	1,987,433	2,053,986	2,119,423	2,175,354
Operating Expense:					
Re-insurance	137,000	141,000	145,000	149,000	149,000
Administrator Expense	189,000	194,000	200,000	206,000	206,000
Direct Paid Claims	238,000	610,000	812,000	933,000	933,000
Direct Loss Adj Expense	38,000	68,000	81,000	90,000	90,000
Operating Expense	602,000	1,013,000	1,238,000	1,378,000	1,378,000
Net					
Debt Service	448,338	446,805	444,110	444,885	443,545
Total Expense	1,050,338	1,459,805	1,682,110	1,822,885	1,821,545
Net Cash from Operations	871,662	527,628	371,876	296,538	353,809
Cumulative Cash from Operations	871,662	1,399,290	1,771,166	2,067,704	2,421,513
Bonded Reserve	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Claims Reserve Required	1,206,000	2,054,000	2,731,000	3,324,000	4,221,480
Reserve Surplus/(Deficit)	1,665,662	1,345,290	1,040,166	743,704	200,033

rosi/worker's comp/financial analysis/2-20-03

*Collected the same as current premium through payroll assessment

Montana University System Financial Analysis (Historical) of Workers Compensation Program

	Estimated				
	FY03	FY02	FY01	FY00	FY99
Audited Payroll	275,242,625	270,182,083	251,826,755	246,058,497	229,637,568
Premium Paid	1,743,260	1,657,501	974,110	1,437,124	1,589,816
Incurred Losses*	748,615	1,120,969	1,369,039	952,991	948,659
Premium Paid Over Losses	994,645	536,532	(394,929)	484,133	641,157

*For FY03 incurred losses are thru January 31, 2003