

SUBSEQUENT INJURY FUND

BILL WHEELER

LMAC FEBRUARY 2020



Montana Department of
LABOR & INDUSTRY

Corrections From January

January LMAC Presentation:

- **Nationally:**
 - 39 states have some type of second injury or subsequent injury fund
 - 9 states no longer have their funds – AL, KS, KY, NE, NM, NY, SC, VA & WV
 - 3 states never had a fund - ME, WY & OR

Updated:

- **Nationally:**
 - **29** states have an second injury or subsequent injury fund
 - **18** states no longer have their funds – Alabama, Alaska, Arkansas, Colorado, Connecticut, District of Columbia, Florida, Georgia, Kansas, Kentucky, Minnesota, Nebraska, New Mexico, New York, Rhode Island, South Carolina, Utah, West Virginia
 - **4** states never had a fund – Maine, Wyoming, Vermont, Oregon



Many of these states are running off the liability

Terminated SIF Programs by State

- **Alabama**
 - Terminated after 5/19/1992 because funding source “dried up”
 - Trust fund, paid into by employers, not functioning well
 - In 2020, still paying on claims ~ \$150K per year from operating budget
- **Alaska**
 - Recent sunset – no new claims after 8/31/18 w/ deadline to file 10/1/2020
 - Passage of ADA reduced need for SIF
 - Will pay existing claims until all closed. Funded by employers
- **Arkansas**
 - Eliminated for new claims after 12/31/2007

Terminated (continued)

- **Colorado**
 - Original purpose similar to MT
 - Closed after June 30, 1993 for injuries and March 31, 1994 for ODs
 - General Assembly felt that the economic burden should be with insurers or self-insurers and not the state
- **Connecticut**
 - Closed by their 1995 legislature for new claims
- **District of Columbia**
 - Closed to new second injuries occurring on or after 4/16/99
- **Florida**
 - Ended for new claims January 1, 1998
 - Paid for through Disability Trust Fund. Assessment is to insurers
 - ADA

Terminated (continued)

- **Georgia**
 - Closed for injuries after 6/30/2006
- **Kansas**
 - Closed for accidents after 7/1/94
- **Kentucky**
 - Closed 12/12/96
- **Minnesota**
 - Repealed for subsequent injuries after June 30, 1992
 - Assessed against employers and insurers

Terminated (continued)

- **Nebraska**
 - Eliminated for new claims December 1, 1997
 - Paid for by assessment on insurers and self-insurers
 - ADA
- **New Mexico**
 - Closed in 1996
- **New York**
 - Date of injury before 7/1/10
- **Rhode Island**
 - Date not found

Terminated (continued)

- **South Carolina**
 - Eliminated 7/1/08
- **Vermont**
 - Limited use fund to \$500 per occurrence
 - Never completely funded or used so abolished around 1999
- **Utah**
 - Called the Employers Reinsurance Fund (ERF)
 - In sunset mode since 1994
 - Combined somewhat with Uninsured Employers Fund (UEF) for PTDs of uninsured employers
 - ERF and UEF paid for though tax on policies

Other Notes by State

- Many are tied specifically to PTD benefits
 - Alaska 95% are PTD
- Several said their program was originally set up similar to MT
- Several of the states responding said ADA was a factor in discontinuing their Second Injury Fund
- Most assess either employers or insurers or self-insurers to replenish
- One noted they pay for prosthetics
 - Indiana
- Uninsured Employers Fund (UEF)
 - Utah and Arizona
- About half the states did not respond regarding outstanding liability

of Claims / Amount Reimbursed

<i>Plan Type</i>	<i>Number of Claims</i>	<i>Sum of Reimbursement Paid FY 2008-2019</i>
Plan 1	42	\$ 2,145,686.40
Plan 2	28	\$ 2,204,432.53
Plan 3	101	\$ 6,242,317.07
Captive	2	\$ 48,190.56
Grand Total	173	\$ 10,640,626.56

Total medical & indemnity paid by all carriers FY 2008-2019 was
\$489,497,665.22

Employers w/ SIF claims (FY 2008 - FY 2019)

Number of employers with SIF reimbursement– 139

Number of claims w/ reimbursement– 173

- Plan 1 – 42
- Plan 2 – 28
- Plan 3 – 101
- Captive – 2

Number of Employers in Montana with Work Comp Coverage –
33,199 policies in 2018 (NCCI)

Percentage of Montana employers who have claims for which SIF
reimbursements are made – 0.42% (139 / 33,199)

State Agencies (Paid vs Premium Benefit)

FY 2008 – FY 2019

- Assessments paid (surcharge) – \$391.2K
 - Premium benefits from e-mod – \$80K
 - Net benefit – **-\$311.2K**
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- Note – there is a 3 – year window used in NCCI’s experience rating for e-mod

SIF and the Self-Insureds

Active Self-Insureds in Montana

- **Individual**
 - Private – 23
- **Groups**
 - Private – 3 with 105 member employers
 - Public – 5 with 418 member employers

Self-Insureds (Paid vs Reimbursement)

FY 2008 – FY 2019

- **Reimbursements**
 - 17 different self-insureds (13 still active self-insureds)
 - Total Reimbursement - \$2.15M
- **Assessments - \$1.87M**
- **Current SIs below receiving a net benefit from SIF (Of 31 SIs, 24 pay in more than they take out)**
 - Individual Private - 5 (22%) received a net benefit
 - Private Group – 1 (33%) received a net benefit
 - Public Group – 1 (20%) received net benefit

Questions

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