

Minutes

*Tennessee Advisory Council on Workers' Compensation
Monday, March 21, 2016 at 1:30 p.m. Central
Legislative Plaza, Room 31
301 Sixth Avenue North
Nashville, Tennessee 37243*

Members Present:

Voting Members

State Treasurer David H. Lillard, Jr., Chairman

Kerry Dove

Bruce Fox - by telephone

John Garrett - by telephone

Bob Pitts

Paul Shaffer

Non-Voting Members

Abbie Hudgens

John Harris - by telephone

Gregg Ramos

Mike Shinnick

Pam Smith

Lynn Schroeder, Administrator

Chairman David Lillard called the meeting to order at approximately 1:30 p.m. Central. After the roll was called and a physical quorum established, the Chair introduced and welcomed the newest member of the Advisory Council, Ms. Pam Smith. Ms. Smith has been appointed by Governor Bill Haslam as the Tennessee Hospital Association's new representative to the Advisory Council. The Chair informed the Advisory Council that Ms. Smith is the Director of Managed Care for LifePoint Health and has over 25 years of experience in the healthcare industry.

The Chair then addressed the first item on the agenda which was the approval of the minutes of the Advisory Council's February 29, 2016 meeting. Mr. Kerry Dove **moved** for approval. His motion was **seconded** by Mr. Paul Shaffer. The Chair asked for a roll call vote which resulted in a **unanimous vote to approve** the minutes of the February 29, 2016 meeting.

The Chair proceeded to the item of new business, which was a presentation by the *National Council on Compensation Insurance* ("NCCI") actuary, Ms. Ann Marie Smith, of the **Voluntary Loss Cost and Assigned Risk Rate Law-Only filing proposed to be effective August 28, 2016.**

This filing estimates the impact of the recent Tennessee rule that implements a drug formulary and medical treatment guidelines. NCCI estimated the impact of the drug formulary to be a decrease of 2.7% on overall system costs. The implementation of medical treatment guidelines is also expected to result in some savings but is not reflected in this pricing.

The Chair thanked Ms. Smith for her remarks and asked if there were any questions or comments from Advisory Council members. The NCCI presentation may be viewed in its entirety at the Advisory Council's website at the following link:

<http://www.treasury.tn.gov/claims/wcac/NCCI-Presentation-8-28-16.pdf>

The Chair called upon Mary Jean King, representing the Advisory Council's actuary, *By The Numbers Actuarial Consulting, Inc.* ("BYNAC"), for comments concerning the proposed filing. Ms. King stated she and other members of her firm had examined the filing and found it to be reasonable based upon actuarial standards of practice. BYNAC's letter of review may be viewed in its entirety at the Advisory Council's website at the following link:

<http://www.treasury.tn.gov/claims/wcac/BYNAC-Review-8-28-16-Filing.pdf>

The Chair then asked for comment by the actuary for the Department of Commerce and Insurance ("DC&I"). Mr. Chris Burkhalter, representing *Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries* ("BWRB"), stated he and other members of his firm had reviewed the proposed filing, detected no defect in the data or the calculations, and found the overall approach to be reasonable and within actuarial standards of practice. Accordingly, the DC&I actuary had no objection to the adoption of the loss cost filing as proposed. BWRB's letter of review may be viewed in its entirety at the Advisory Council's website at the following link:

<http://www.treasury.tn.gov/claims/wcac/BWRB-Review-8-28-16-Filing.pdf>

The Chair opened the floor for consideration of any Advisory Council recommendations to DC&I Commissioner Julie Mix-McPeak relative to the filing. Mr. Bob Pitts **moved** that in view of the unanimity of the actuaries, the recommendation to the Commissioner be that the **Advisory Council concurs with the proposed filing**. The motion was **seconded** by Mr. Shaffer. The Chair called for comments or discussion on the motion and, seeing none, asked for a roll call vote. The motion **passed unanimously**.

The Chair asked if there was any other business to come before the Advisory Council, and seeing none, entertained a **motion** by Mr. Dove to adjourn, **seconded** by Mr. Shaffer. The meeting was adjourned at approximately 1:46 p.m. without objection. The Chair thanked the members for their service to the State of Tennessee as members of the Advisory Council.



Larry Scroggs, Administrator,
Advisory Council on Workers'
Compensation



David H. Lillard, Jr., State Treasurer
Chairman, Advisory Council on
Workers' Compensation