

WORKERS' COMPENSATION COSTS  
IN LOUISIANA



PERFORMANCE AUDIT SERVICES  
INFORMATIONAL REPORT  
ISSUED FEBRUARY 4, 2015

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**ASSISTANT LEGISLATIVE AUDITOR FOR STATE AUDIT SERVICES**  
NICOLE B. EDMONSON, CIA, CGAP, MPA

**DIRECTOR OF PERFORMANCE AUDIT SERVICES**  
KAREN LEBLANC, CIA, CGAP, MSW

**FOR QUESTIONS RELATED TO THIS PERFORMANCE AUDIT, CONTACT  
KAREN LEBLANC, PERFORMANCE AUDIT MANAGER,  
AT 225-339-3800.**

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 4, 2015

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Charles E. "Chuck" Kleckley,  
Speaker of the House of Representatives

Dear Senator Alario and Representative Kleckley:

This informational report provides the results of our evaluation of workers' compensation in Louisiana. The purpose of this report is to evaluate workers' compensation costs in Louisiana and to identify ways to control these costs. Appendix A contains the responses of the Department of Civil Service, the Louisiana Workforce Commission, and the Office of Risk Management. Appendix B contains our scope and methodology. I hope this report will benefit you in your legislative decision-making process.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/aa

OWC 2015



# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Audit Control # 40130054

## Workers' Compensation Costs in Louisiana

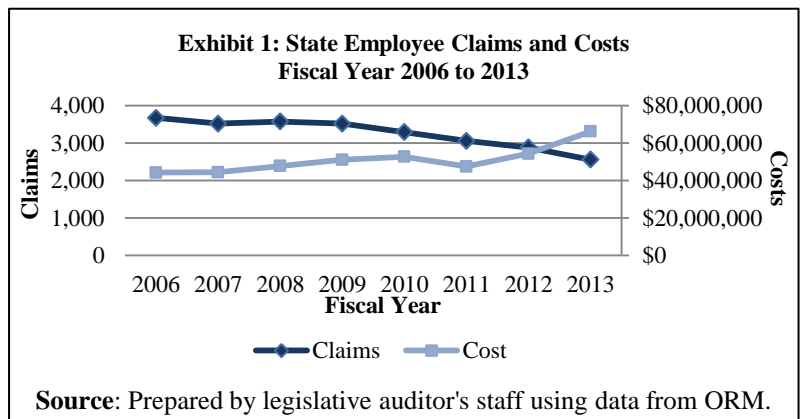
February 2015

### Introduction

Most employers in Louisiana are required to provide workers' compensation insurance for their employees.<sup>1</sup> According to R.S. 23:1020.1, the purpose of workers' compensation insurance is:

- to provide for the timely payment of temporary and permanent disability benefits to all workers who suffer an injury or disease arising out of and in the course and scope of their employment;
- to pay the medical expenses due to all injured workers; and
- to return workers who have received benefits to the workforce as soon as possible.

Workers' compensation is similar to insurance in that employers must pay premiums based on past claim history. As of January 2014, according to an Oregon study, private industry and state agencies in Louisiana paid the 10<sup>th</sup> highest workers' compensation premiums in the nation.<sup>2</sup> In addition, while the number of workers' compensation claims in state government has decreased from 3,676 to 2,558 (30.4%) from fiscal year 2006 to 2013, workers' compensation costs have increased by 49.4% from \$44.3 million to \$66.2 million over the same timeframe. Exhibit 1 summarizes claims and costs for state employees in Louisiana from fiscal year 2006 to 2013. Appendix C provides background information on workers' compensation in Louisiana. Appendix D provides claims and costs by state agency for the same timeframe.



<sup>1</sup> Per R.S. 23:1035, exemptions include employees of private residential households, private unincorporated farmers, and contracted musicians and performers, landmen, crop dusters, real estate salesmen, and others outlined in Title 23.

<sup>2</sup> 2014 Oregon Workers' Compensation Premium Rate Ranking Summary. In 2013, Louisiana ranked 15<sup>th</sup>.

Because of the increase in workers' compensation costs over the last eight years, the purpose of this audit is:

**To evaluate workers' compensation costs in Louisiana and identify ways to control these costs.**

Overall, we found that the high cost of workers' compensation is due, in part, to unlimited temporary total disability benefits, an increase in the amount of time workers are off the job, the use of an outdated fee schedule to reimburse medical providers, the lack of a prescription drug formulary, and a costly dispute resolution process. This report contains matters for legislative consideration and recommendations to the Louisiana Workforce Commission (LWC), Office of Risk Management (ORM), and Department of State Civil Service (DSCS) for controlling costs.

## Objective: To evaluate workers' compensation costs in Louisiana and identify ways to control these costs

Workers' compensation costs include costs in the following categories:

1. **Indemnity Costs** - payments for lost time at work due to an injury which results in a temporary or permanent disability or death.
2. **Medical Costs** - payments to medical providers for treating an injured worker, including physician visits, prescriptions, physical therapy, surgery, etc.
3. **Expense Costs** - administrative expenses for managing and litigating claims (i.e., defense attorney costs)

For state employees, workers' compensation costs in all three of these categories (indemnity, medical, and expense) totaled approximately \$408 million and have increased by 49% overall from fiscal year 2006 to 2013 as shown in Exhibit 2. Appendices E, F, and G provide more detail on expenditures in these cost categories.

<b>Exhibit 2</b>				
<b>Cost Categories of Payments for State Employees</b>				
<b>Fiscal Years 2006 to 2013</b>				
<b>Cost Category</b>	<b>2006</b>	<b>2013</b>	<b>% Change 2006 to 2013</b>	<b>Total Costs 2006 through 2013</b>
Indemnity costs	\$18,934,573	\$33,292,971	75.8%	\$183,396,575
Medical costs	27,110,481	34,288,494	26.5%	237,661,953
Expense costs	2,631,248	4,496,493	70.9%	33,034,532
<b>Total*</b>	<b>\$44,315,246</b>	<b>\$66,217,666</b>	<b>49.4%</b>	<b>\$408,417,472</b>
*This total deducts approximately \$46 million in Second Injury payments, subrogation, and other recovery categories. <b>Source:</b> Prepared by legislative auditor's staff using ORM data.				

According to the Workers Compensation Research Institute (WCRI)<sup>3</sup>, costs per claim in Louisiana for private industry employees were higher than most states and grew faster from calendar year 2006 to 2011 in these same cost categories. Exhibit 3 shows Louisiana's average cost per claim compared to the 16-state median for indemnity, medical, and expense cost categories.

<sup>3</sup> WCRI is an independent not-for-profit research organization that studies public policy issues involving workers' compensation systems.

<b>Exhibit 3</b>				
<b>Average Cost Per Claim for Private Industry Employees in Louisiana Compared to 16-State Median Calendar Years 2006-2011</b>				
	<b>Louisiana</b>	<b>16-State Median</b>	<b>% Difference from Median</b>	<b>% Growth 2006 to 2011</b>
Average indemnity cost per claim	\$23,840	\$17,079	40%	9%
Average medical cost per claim	20,741	16,173	28%	7%
Average expense cost per claim*	8,686	5,139	69%	8%
<b>Overall cost per claim</b>	<b>\$53,513</b>	<b>\$36,188</b>	<b>48%</b>	
*WCRI defines these as benefit delivery expenses, including litigation expenses. <b>Source:</b> WCRI's <i>CompScope Benchmarks for Louisiana, 14<sup>th</sup> Edition</i> , October 2013				

Information on why Louisiana's workers' compensation costs are higher than other states and ways to potentially control these costs are summarized on the following pages.

### **Louisiana has higher indemnity costs than other southern states because it does not limit how long individuals can receive temporary total disability benefits.**

From fiscal year 2006 to 2013, the state paid \$183.4 million in indemnity payments to state employees. Most of these payments (\$103 million, or 56%) were for employees with temporary total disabilities (TTDs). A temporary total disability is an injury that temporarily precludes a person from performing his pre-injury job or another job that the worker could have performed prior to the injury. However, although Louisiana law limits temporary partial disability payments (called supplemental earnings benefits) to 520 weeks,<sup>4</sup> Louisiana, unlike most other southern states, does not limit temporary total disability benefits.

For state employees, the average duration of temporary total disability benefits was 73.2 weeks ranging from a low of one week to a high of 1,695 weeks<sup>5</sup> (33 years) as of June 2013. According to a 2014 report by the National Academy of Social Insurance, nine of 13 southern states limit the duration of temporary total disability benefits. As Exhibit 4 shows, these limits range from 104 weeks in Texas and Florida to 450 weeks in Arkansas and Mississippi to 500 weeks in North and South Carolina. If Louisiana limited temporary total disability benefits to 104 weeks, it would have saved approximately \$37.4 million in benefits

<sup>4</sup> If an injured worker is no longer temporarily totally disabled and can go back to work, but cannot earn at least 90% of previous earnings, Louisiana pays monthly supplemental earnings benefits equal to two-thirds the difference between pre-accident and post-accident wages. These benefits are capped at 520 weeks.

<sup>5</sup> We received the data as of June 30, 2013. Many of these had benefits up until this data, which means they are likely still receiving benefits currently.



from fiscal years 2006 through 2013 to state employees. If benefits were limited to 500 weeks it would have saved approximately \$7.0 million for the same time period.

<b>Exhibit 4 Comparison of Louisiana Length of Disability Benefits to Southern States</b>		
<b>State</b>	<b>Temporary Total Disability Max Length</b>	<b>Permanent Total Disability Max Length</b>
<b>Alabama</b>	duration of TTD	None
<b>Arkansas</b>	450 weeks	450 weeks
<b>Florida</b>	104 weeks	Up to age 75
<b>Georgia</b>	400 weeks	not applicable
<b>Kentucky</b>	duration of TTD until Social Security	None
<b>Louisiana</b>	duration of TTD	For length of disability; may be for life
<b>Mississippi</b>	450 weeks	450 weeks or up to \$195,506
<b>North Carolina</b>	500 weeks	500 weeks
<b>South Carolina</b>	500 weeks	500 weeks
<b>Tennessee</b>	duration of TTD with limitations**	Until Social Security eligibility or 260 weeks if injury after age 60
<b>Texas</b>	104 weeks	No
<b>Virginia</b>	500 weeks	For length of disability; may be for life
<b>West Virginia</b>	104 weeks	Until age 70
**104 weeks for psychological injuries or after the commencement of pain management. <b>Source:</b> Prepared by legislative auditor's staff using the National Academy of Social Insurance's 2014 report entitled "Workers Compensation: Benefits, Costs, and Coverage 2012" and individual state websites.		

**Matter for Legislative Consideration 1:** The legislature should consider limiting the amount of time individuals can receive temporary total disability benefits.

### **Indemnity costs are also higher because Louisiana workers are off the job longer than workers in other states**

According to WCRI, a major factor in why indemnity costs per claim are high is because Louisiana workers are off the job longer than in other similar states. From 2006 to 2011, the

length of time Louisiana workers in private industry were off work and receiving temporary disability payments increased by about four weeks. Workers in private industry were off work an average of 33 weeks, which was eight to 16 weeks longer than other similar (wage loss) states.<sup>6</sup>

From 2006 to 2013, Louisiana state workers were off the job an average of 73.2 weeks for temporary disabilities stemming from workers' compensation claims. One reason state workers are off longer than workers in private industry is because State Civil Service rule 11.21 allows workers to use annual and/or sick leave to make up the difference between disability payments (calculated at 66.67% of their salary) and their full salary. Injured workers using leave continue to accrue leave at the same time. This practice reduces the incentive for injured employees to return to work, particularly for those who have accumulated large amounts of leave, which increases the state's workers' compensation costs.

**Recommendation 1:** Civil Service should consider revising current rules that allow injured workers the ability to earn their full salary by using annual or sick leave.

**Summary of Management's Response:** DSCS partially agrees with this recommendation. According to DSCS, because the state of Louisiana does not provide for short term disability to its employees, the Civil Service rules allow for unlimited accrual of sick leave. State Civil Service will not recommend the prohibition of the use of sick leave while an employee is off on workers' compensation. However, State Civil Service will discuss with the State Civil Service Commission an amendment to Rule 11.21 to prohibit the use of annual leave when an employee is off from work due to a workers' compensation injury. See Appendix A-1 for DSCS's full response.

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## **Overall medical costs are higher than other states because Louisiana uses an outdated fee schedule with reimbursement amounts higher than Medicare**

As shown earlier in Exhibit 2, medical costs for state employee claims totaled more than \$237 million from fiscal year 2006 to 2013 and the average medical cost per claim has grown by 7% from 2006 to 2011 for private industry. These costs are due in part because LWC uses an outdated fee schedule to reimburse providers. LWC developed the medical fee schedule in 1992 using then-current procedural terminology (CPT) codes. Although R.S. 23:1034.2 allows LWC to update the schedule annually, it has only updated this fee schedule twice – once in 2001 when it was updated with CPT 2000 codes, and most recently in July 2013 when it was updated with 2012 codes. In addition, LWC has never updated or adjusted the maximum amounts outlined in the fee schedule, and as a result, the current amounts are higher than what Medicare would pay for the same procedures. Exhibit 5 compares the workers' compensation maximum amount in the fee schedule to the 2014 Medicare rates for common procedure codes.

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<sup>6</sup> Louisiana is a wage-loss state, which means an injured worker's benefits are calculated based on actual weekly wages. Nine other states use this system, which requires that insurers figure out how much an injured worker is losing between his pre-injury wages and his post-accident wages, and make up the difference.

<b>Exhibit 5</b>				
<b>Workers' Compensation Maximum Allowances Compared to 2014 Medicare Rate by Current Procedural Terminology (CPT) Codes</b>				
<b>Procedure Code</b>	<b>Description</b>	<b>WC Maximum Allowance</b>	<b>Medicare Rate (2014)</b>	<b>Percent of Medicare</b>
22558	Lumbar spine fusion	\$3,150	\$1,580.86	199.26%
22851	Apply spine prosthetic device	\$974	\$420.98	231.36%
23040	Exploratory shoulder surgery	\$1,424	\$733.65	194.10%
29881	Knee arthroscopy/surgery	\$1,387	\$554.18	250.28%
63030	Low back disc surgery	\$1,906	\$995.87	191.39%

**Source:** Prepared by legislative auditor's staff using medical fee schedule in Title 40 of the Louisiana Administrative Code and the Physician Fee Schedule on the Centers for Medicare and Medicaid Services (CMS) website.

LWC officials say they are currently working on updating the fee schedule. Past efforts to update the schedule were met with resistance from providers who could not come to a consensus on what the maximum allowable amounts should be. However, other states with fee schedules calculated as a percentage of Medicare rates range from 108% to 215% of Medicare, as shown in Exhibit 6.

<b>Exhibit 6</b>	
<b>Basis of Other States' Fee Schedules</b>	
<b>State</b>	<b>% of Medicare</b>
Alaska	215%
Florida	110%
Kansas	140%
Massachusetts	108%
Minnesota	152%
North Carolina	206%
Pennsylvania	113%
Tennessee	200%
Texas	130%
Virginia	150%

**Source:** Prepared by legislative auditor's staff using data from LWC.

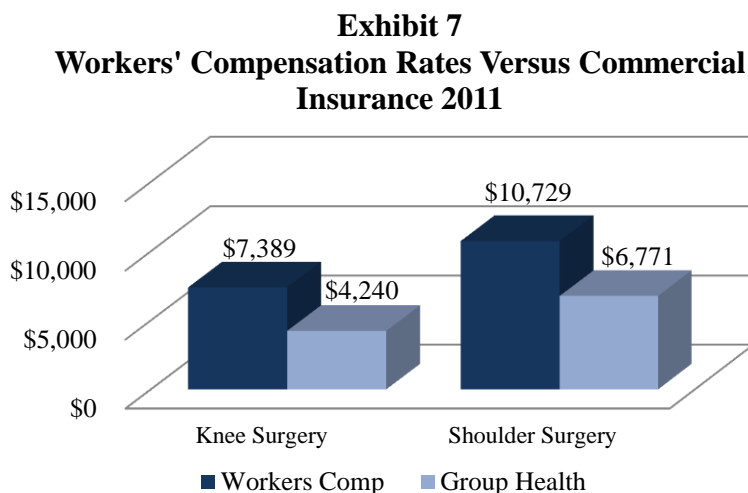
**Recommendation 2:** LWC should update the medical fee schedule.

**Summary of Management's Response:** LWC agrees with this recommendation. See Appendix A-2 for LWC's full response.

**Reimbursement amounts for outpatient procedures are higher than other states and commercial insurance because Louisiana does not require that these procedures be billed according to the fee schedule.**

Since fiscal year 2011, outpatient costs for state employee claims have increased 70% from approximately \$6.0 million in fiscal year 2011 to \$10.2 million in fiscal year 2013. In addition, WCRI data on private industry employees shows that hospital outpatient payments per claim were among the highest of the 16 study states with Louisiana's outpatient cost per claim at \$8,075, compared to the median of \$5,252.

**WCRI data shows that 2011 rates paid for outpatient procedures in workers' compensation were higher than rates charged by commercial insurance for some services.<sup>7</sup>** For example, the cost of knee surgery in workers' compensation is 74% higher than commercial insurance rates. Exhibit 7 compares Louisiana rates to the median rates under commercial insurance.



Source: CompScope Medical Benchmarks for Louisiana, 14<sup>th</sup> Edition, February 2014

**The primary reason outpatient rates are higher than other states is because providers are not required to use the fee schedule when billing for reimbursement.**

According to the National Council on Compensation Insurance (NCCI), effective fee schedules are those that set maximum allowable fees based on what reimbursements should be, as opposed to what is being billed. As mentioned earlier, the fee schedule in the Louisiana Administrative Code outlines maximum allowable amounts by procedure code. However, the regulations allow providers to bill outpatient procedures at “90% of billed charges.” Therefore, outpatient costs do not have to be billed according to the fee schedule. In addition, the definition of “billed charges” may vary widely among providers even for the same procedures. For example, the amount paid for a knee arthroscopy ranged from a low of \$43.81 to a high of \$11,527. Exhibit 8 summarizes

<sup>7</sup> WCRI calculated this figure by collecting the rates paid by commercial insurers across 23 states and determining the median.

the highest amount actually billed compared to the fee schedule maximum for certain procedure codes for outpatient services.

<b>Exhibit 8</b>				
<b>Highest Provider Charges and Comparison to Fee Schedule</b>				
<b>State Employee Medical Claims Fiscal Years 2006 to 2013</b>				
<b>Procedure Code</b>	<b>Description</b>	<b>Highest Amount Billed</b>	<b>Fee Schedule Max</b>	<b>Amount Over Fee Schedule</b>
63047	Removal of spinal lamina	\$39,600.00	\$2,819	\$36,781
29877	Arthroscopy knee	\$11,527.22	\$1,348	\$10,179
27447	Arthroplasty knee	\$13,072.50	\$3,735	\$9,338
64510	Injection anesthetic	\$6,750.00	\$150	\$6,600
22551	Neck spine fusion	\$6,354.24	\$3,574	\$2,780

**Source:** Prepared by legislative auditor's staff using data from ORM and the fee schedule in the Louisiana Administrative Code.

**The recent implementation of Medical Treatment Guidelines (MTGs) in Louisiana is designed to ensure that injured workers receive evidence-based medical treatment, which ultimately could help reduce overall medical costs.** LWC implemented Louisiana's Medical Treatment Guidelines on July 13, 2011. These guidelines include four areas (Spine, Pain, Neurological and Neuromuscular, and Upper and Lower Extremities) and specify recommended frequency and maximum duration of treatment and diagnostic procedures for certain medical conditions.

The purpose of MTGs is to assist medical providers and insurers with the decision process regarding proposed treatment. These guidelines are designed to help control costs, as they will help ensure that injured employees do not receive fewer or more services than needed and may reduce the duration of medical treatment and of temporary disability. Early results calculated by WCRI since the MTGs were introduced show fewer visits per claim as shown in Exhibit 9.

<b>Exhibit 9</b>			
<b>Impact of Medical Treatment Guidelines</b>			
<b>Metric</b>	<b>Before MTG</b>	<b>After MTG</b>	<b>% Difference</b>
Visits per claim with surgery	16.5	12.8	(22%)
Visits per claim without surgery	9.4	8.5	(9%)

**Source:** WCRI's *CompScope Medical Benchmarks for Louisiana, 14<sup>th</sup> Edition*, February 2014

**Recommendation 3:** LWC should revise the regulations and require that outpatient costs be reimbursed based on its updated fee schedule.

**Summary of Management's Response:** LWC agrees with this recommendation. See Appendix A-2 for LWC's full response.

**Prescription drug costs are high because Louisiana pays higher prices, has more prescription drugs per claim, and ranks highest among states for long-term use of narcotic prescriptions. In addition, Louisiana does not use a drug formulary, which could help it reduce both costs and abuse.**

Prescriptions for Louisiana state employees totaled approximately \$44 million from fiscal year 2006 to 2013. In addition, WCRI data shows that prescription drug costs in Louisiana for private industry employees averaged \$1,182 per claim, making it the highest among 17 study states<sup>8</sup> and above the median of \$512. According to WCRI, the main reasons for these high costs were higher utilization of prescription drugs, higher number of prescriptions per claim, and higher prices for prescriptions as shown in Exhibit 10.

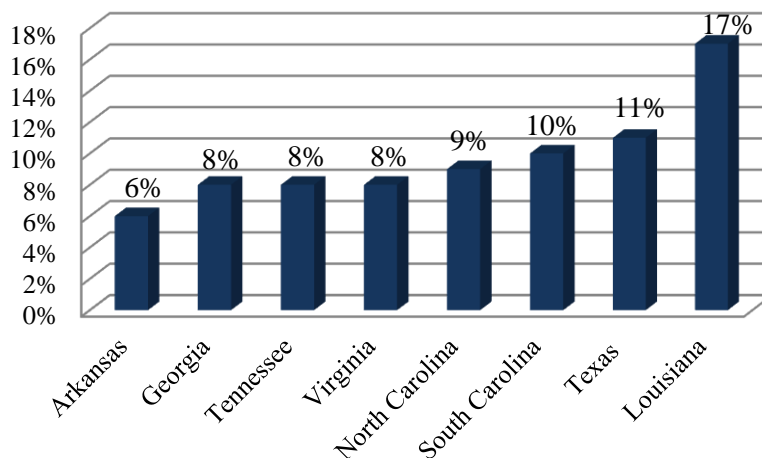
<b>Exhibit 10 Prescription Drug Use for Claims with Prescriptions for Private Industry Employees 2011</b>				
	<b>Louisiana</b>	<b>17-State Median</b>	<b>% Difference</b>	<b>Ranking Among 17 States in Study</b>
Average number of pills per claim	804	435	85%	1st
Average number of prescriptions per claim	17	10	70%	1st
Average price per pill paid to pharmacies	\$1.53	\$1.30	18%	2nd
<b>Source:</b> WCRI's <i>CompScope Medical Benchmarks for Louisiana, 14<sup>th</sup> Edition</i> , February 2014				

**WCRI data also showed that Louisiana ranked highest among 21 study states for long-term use of prescription narcotics for injuries not requiring surgery.** In 2011 and in 2014, WCRI found that one in six injured private industry workers who received narcotics for injuries that did not require surgery were identified as being long-term users.<sup>9</sup> According to WCRI, the long-term use of narcotics creates a greater potential for overuse and abuse and also puts injured workers at a higher risk of disability, work loss, overdose, and death. In Louisiana, 17% of injured workers without surgery were considered long-term users of narcotics. Exhibit 11 shows how Louisiana compared to other southern states in the WCRI analysis.

<sup>8</sup> In putting together its reports, WCRI solicits information from the states. Since participation is voluntary, the number of states providing information for each report varies.

<sup>9</sup> Long-term users are defined by WCRI as those who had narcotics within the first three months after the injury and had three or more visits to fill narcotic prescriptions between the 7<sup>th</sup> and 12<sup>th</sup> month after the injury.

**Exhibit 11**  
**Percent of Non-Surgical Claims with Longer-Term**  
**Use of Narcotics 2011**



Source: WCRI's *Longer-Term Use of Opioids*, October 2012

**Narcotic pain medicine to state employees accounted for at least 24% of prescription costs from fiscal years 2006 to 2013.** Other prevalent categories include medications to treat depression, arthritis, seizures, and anxiety. Exhibit 12 summarizes the most commonly prescribed medications for state employees and examples of those medications.

<b>Exhibit 12</b>			
<b>Most Used Prescription Categories</b>			
<b>Fiscal Years 2006 to 2013</b>			
<b>Prescription Category</b>	<b>Examples</b>	<b>Amount</b>	<b>Percent</b>
Narcotic pain medicine	Oxycontin, Morphine, Hydrocodone	\$11,877,801	24.52%
Depression	Cymbalta, Prozac, Zoloft	\$5,092,387	10.51%
Muscle relaxer	Flexeril, Skelaxin	\$4,289,645	8.86%
Arthritis	Celebrex, Humira, Meloxicam	\$4,102,158	8.47%
Anti-seizure/convulsant	Gabapentin	\$3,695,717	7.63%

Source: Prepared by legislative auditor's staff using data from ORM.

**Louisiana does not use a drug formulary, which could help control overutilization of prescription drugs and reduce both cost and abuse.** Some states have addressed increased prescription costs and the growing problem of narcotic abuse by adopting a closed drug formulary. A closed formulary requires that providers prescribe medicine from an approved list. If a provider wishes to prescribe medication not on the approved list, he must obtain prior authorization. Texas adopted into law an evidence-based formulary effective September 1, 2011. Under this formulary, prescriptions for drugs that are listed as "N" (or "not recommended") require pre-approval from the insurance carrier before they can be dispensed. For example, Oxycontin is a drug that must be pre-approved because of its higher than normal abuse potential.



According to a 2014 study by the Texas Department of Insurance, the use of “N” drugs decreased significantly after the formulary was adopted. Specifically, the number of injured employees receiving these drugs decreased by 65%, and the costs of the drugs decreased by 82%. A 2014 WCRI report<sup>10</sup> examined how adoption of Texas’s formulary in other states would affect costs in those states. According to WCRI, adopting a similar formulary in Louisiana could potentially reduce prescription costs by approximately 18%,<sup>11</sup> or approximately \$5 million in state employee prescription costs over the last eight years.

**Matter for Legislative Consideration 2:** The legislature may want to consider requiring that Louisiana adopt a drug formulary.

### Expense costs are higher than other states primarily because of legal fees and defense costs.

As shown earlier in Exhibit 2, expense costs for state employees, including legal fees and other litigation related expenses, totaled \$33,034,532 from fiscal year 2006 to 2013. Expense costs also increased by 71% from \$2,631,248 in fiscal year 2006 to \$4,496,493 in fiscal year 2013. WCRI data also shows that expenses for private industry employees were higher in Louisiana for most expense categories and were highest among the 16 study states. Exhibit 13 summarizes the different categories of benefit delivery expense costs from 2006 to 2011 and how Louisiana compares to the 16-state median.

Exhibit 13 Benefit Delivery Expense Costs in Louisiana Compared to 16-State Median 2006 to 2011				
Measure	Louisiana	16-State Median	Difference	Ranking
Percent of claims with defense attorneys (where payment is greater than \$500)	34.9%	25.4%	9.5%	Higher
Defense attorney payment per claim (where payment is greater than \$500)	\$8,219	\$5,446	51%	Highest
Percent of claims with medical-legal (i.e., fees for medical-legal evaluations, independent medical exams, depositions, medical testimony)	22.3%	24.9%	(2.6%)	Typical
Medical-legal expense per claim	\$2,307	\$1,475	56%	Higher
<b>Source:</b> WCRI’s <i>CompScope Benchmarks for Louisiana, 14<sup>th</sup> Edition</i> , October 2013				

According to WCRI, several factors may have contributed to high expense costs in Louisiana and the costly dispute resolution process in Louisiana. These factors include the “complexity and length of agency processes for resolving disputes, the readiness of parties to proceed with adjudication or negotiation, and the clarity in the law and how it is applied.” Some stakeholders, such as private industry and insurers, emphasized that Louisiana is a highly-

<sup>10</sup> *Impact of a Texas-Like Formulary in Other States*, June 2014

<sup>11</sup> This percent reduction assumes a 70% reduction in non-formulary prescriptions without substituting formulary drugs, which was what occurred in Texas.



litigious state for workers' compensation. In addition, stakeholders said that Louisiana also has a higher number of penalties in law for insurers than other states, which increases expense costs. These potential issues and solutions will be addressed in more detail in a subsequent performance audit of workers' compensation.

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**Workers' compensation costs for state agencies could be reduced in all categories by adopting standard private industry practices, such as drug testing and collecting information on pre-existing injuries.**

Unlike private industry, state employees are not required to take a drug test after they are injured on the job. Although R.S. 49:1015 allows state employers to drug-test their employees after an injury and the Division of Administration issued a policy in 1991 allowing drug testing, most state agencies<sup>12</sup> do not currently require drug tests. Requiring drug tests is important because state law (R.S. 23:1081) does not allow injured employees to receive compensation when those injuries were caused by an employee's intoxication. Therefore, requiring that state agencies perform drug testing would ensure agencies are adhering to state law and may help reduce workers' compensation costs.

In addition, private industry uses a standardized form developed by LWC to collect information from employees on pre-existing injuries. Collecting this information is important because if an employee suffers a second injury on the job, a portion of the workers' compensation costs may be paid from LWC's Second Injury Fund (SIF). Employers annually pay into this fund, which is used to reimburse employers or their insurers for a portion of workers' compensation claim costs when an employee with a pre-existing permanent partial disability sustains a subsequent job-related injury. Although the state has historically used different methods to identify pre-existing employee injuries, such as the employee having a previous claim, or the employer providing an affidavit that it had knowledge of the injury, requiring the use of this form would make the process of identifying claims eligible for SIF more efficient.

**Recommendation 4:** ORM should consider requiring that state agencies drug-test employees after injuries.

**Summary of Management's Response:** ORM agrees with this recommendation. See Appendix A-3 for ORM's full response.

**Recommendation 5:** ORM should consider requiring that state agencies use the standardized LWC form for collecting information on pre-existing injuries.

**Summary of Management's Response:** ORM agrees with this recommendation. See Appendix A-3 for ORM's full response.

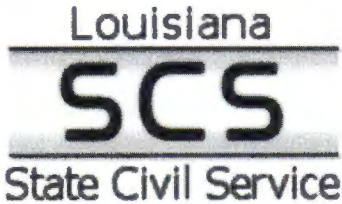
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<sup>12</sup> According to ORM, the Office of Juvenile Justice drug-tests its employees.



## **APPENDIX A: MANAGEMENT'S RESPONSES**





Post Office Box 94111  
Baton Rouge, LA 70804-9111

www.civilservice.la.gov

SHANNON S. TEMPLET, DIRECTOR  
Phone: 225-342-8274  
Fax: 225-342-8058  
TDD: 800-846-5277  
Toll Free: 800-783-5462

RECEIVED  
STATE CIVIL SERVICE DIVISION  
JAN 30 AM 9:37

January 28, 2015

Mr. Daryl G. Purpera  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

RE: Worker's Comp Informational Report

Dear Mr. Purpera:

Thank you for the opportunity to review and respond to your office's Worker's Comp Information Report prior to being submitted to the Louisiana Legislature.

The report asserts that one of the possible reasons for high indemnity cost is because Civil Service rule 11.21 allows state employees to use sick and annual leave to make up the difference between disability payments and their full salaries. The report asserts that "this practice reduces incentives for injured employees to return to work, particularly for those who have accumulated large amounts of leave, which increases the state's workers' compensation costs."

Recommendation number one is for State Civil Service to revise its rule allowing an employee to use sick and annual leave while out on worker's compensation.

Because the State of Louisiana does not provide for short term disability to its employees, the Civil Service rules allow for unlimited accrual of sick leave. State Civil Service will not recommend the prohibition of the use of sick leave while an employee is off on worker's compensation. However, State Civil Service will discuss with the State Civil Service Commission an amendment to Rule 11.21 to prohibit the use of annual leave when an employee is off from work due to a worker's compensation injury.

I would like to note, that I am unable to predict what, if anything, the State Civil Service Commission will adopt as a rule amendment.

Again, thank you for allowing me to respond, and if you have any questions, please do not hesitate to contact me.

Sincerely,

  
Shannon S. Templet  
Director

AN EQUAL OPPORTUNITY EMPLOYER



1001 North 23<sup>rd</sup> Street  
Post Office Box 94094  
Baton Rouge, LA 70804-9094

(O) 225-342-3001  
(F) 225-342-3778  
[www.laworks.net](http://www.laworks.net)

Bobby Jindal, Governor  
Curt Eysink, Executive Director

**Office of the Executive Director**

Daryl Purpera, CPA, CFE  
Legislative Auditor  
Louisiana Legislator Auditor's Office  
1600 North Third Street  
Baton Rouge, LA 70804

Dear Mr. Purpera,

The Louisiana Workforce Commission appreciates this opportunity to respond to the informational report conducted by your performance audit section on workers' compensation costs in Louisiana.

We have reviewed the revised draft of the audit and concur with the recommendations that pertain to the Louisiana Workforce Commission's Office of Workers' Compensation. As requested, we have included the completed checklist for the report recommendations. Our comments regarding the two recommendations are as follows.

**Recommendation #2:** LWC should update the medical fee schedule.

**LWC's response:** LWC agrees with the finding. LWC is currently following the steps set forth in La. R.S. 23:1034.2 to update the fee schedule. La. R.S. 23:1034.2 sets forth the method by which any adjustment to the medical reimbursement schedule shall be made. The statute spells out an intricate process which must be followed in determining reimbursement amounts. The process is complex and the information needed to make the adjustments is maintained by private health care providers located throughout the state. Accordingly, any adjustment is a difficult and arduous undertaking. We have gathered information needed for the adjustment and we are currently working in concert with an academic institution (as required by statute) for the purpose of promulgating an update fee schedule. It is our belief that the updated schedule will establish predictability and consistency in medical billing and payment, thus easing the administrative and financial burden that exists in the current system.

**Recommendation #3:** LWC should revise the regulations and require that outpatient costs be reimbursed based on its updated fee schedule.

**LWC's response:** LWC agrees with the recommendation. La. R.S. 23:1034.2 states "the reimbursement schedule shall include the charges limited to the mean of the usual and customary charge for such care, services, treatment, drugs and supplies." LAC 40:2507 of the Fee Reimbursement Schedule further states: "Outpatient hospital and ambulatory surgery services will be reimbursed at covered charges less a ten percent (10%) discount." The formula for calculating the payment is:  $(\text{Billed Charges}) - (\text{Noncovered Charges}) = \text{Covered Charges} \times .90 = \text{Payment Amount}$ . The existing provisions provide little certainty and guidance in defining what is "usual and customary" for a "billed charge". The result is medical billing which varies throughout the state.

As previously mentioned, LWC has gathered information in accordance with La. R.S. 23:1034.2. It is working with an academic institution in reviewing the information to determine "usual and customary" charges for outpatient procedures conducted around the state. Once this review is completed, a "fee schedule" will be developed for outpatient procedures listing the maximum allowed cost. The outpatient fee schedule will then be promulgated into rule which should provide predictability and consistency in billing/payment.

We appreciate the professional efforts of your office in conducting this audit and preparing this report.

Sincerely,



Curt Eysink  
Executive Director  
Louisiana Workforce Commission



BOBBY JINDAL  
GOVERNOR

KRISTY H. NICHOLS  
COMMISSIONER OF ADMINISTRATION

**State of Louisiana**  
Division of Administration  
**Office of Risk Management**

January 22, 2015

Mr. Daryl Purpera, CPA  
Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

**Re:** Response to Informational Report on Workers' Compensation Costs in Louisiana

Dear Mr. Purpera:

The State of Louisiana Division of Administration (DOA) would like to thank you and your staff for your informational report on Workers' Compensation costs in Louisiana. We were happy to provide your staff with our perspective on issues associated with managing a Workers' Compensation program in this state and to respond to recommendations four and five in your report, both of which are already being implemented at the Office of Risk Management (ORM).

ORM has already begun requiring mandatory post-accident drug testing and mandatory use of Second Injury Board Knowledge Questionnaire by state agencies. Both programs are progressing on schedule and should be fully implemented by the end of the fiscal year. We expect a positive impact on our costs over time.

Your report and its validation of the importance of these initiatives will be very helpful to us as we roll these programs out and inform agencies of our new requirements.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bud Thompson, Jr.", written over a white background.

J.S. "Bud" Thompson, Jr.  
State Risk Director

CC: Kristy H. Nichols  
Patti Gonzalez  
Marsha Pemble  
Ann Wax  
Ruth Johnson  
Marsha Guedry



Mr. Daryl Purpera, CPA  
January 22, 2015  
Page 2

Meghan Parrish  
Thomas Groves

ORM Response to LLA Informational Report January 2015.docx



## APPENDIX B: SCOPE AND METHODOLOGY

We produced this informational report under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This report generally covered the time period for state fiscal years 2006 to 2013 (July 1, 2006, through June 30, 2013). The report objective was:

**To evaluate workers' compensation costs in Louisiana and identify ways to control these costs.**

To gather information to address our objective, we performed the following steps:

- Researched and reviewed relevant workers' compensation legal statutes and regulations.
- Interviewed relevant staff from ORM, FARA, and LWC. Also interviewed stakeholders from the business community and from associations, such as the Louisiana Association of Self-Insured Employers (LASIE).
- Obtained and reviewed reports from Workers Compensation Research Institute (WCRI) and obtained its permission to use data from their reports.
- Obtained and analyzed data on state agency workers' compensation claims, costs, and procedures from ORM and FARA.
- Reviewed reports and comparisons of state programs from the National Council on Compensation Insurance (NCCI) and the National Academy of Social Insurance (NASI).



## APPENDIX C: BACKGROUND

**In Louisiana, workers' compensation is administered by the Office of Workers' Compensation Administration (OWCA) within the Louisiana Workforce Commission (LWC).** OWCA is funded through a tax assessment paid by workers' compensation insurance carriers and self-insured companies. OWCA is responsible for enforcing laws and regulations related to workers' compensation, for ensuring employers provide workers' compensation insurance for their employees, for assessing annual rates to insurers, for investigating potential fraud, and for assisting parties in resolving disputed claims.

**The state Office of Risk Management (ORM) serves as the state's insurer.** ORM was created in 1980 under the Division of Administration. The office oversees the different types of insurance the state carries for its workers, agencies, and facilities, including automobile, general liability, medical malpractice, personal injury, property, and workers' compensation. In 2010, ORM entered into a contract with F.A. Richard & Associates (FARA) to administer the state's nine lines of insurance, including workers' compensation. The five-year, \$74.9 million contract runs from July 1, 2010 to June 30, 2015, and FARA has guaranteed it will generate \$50 million in claims and litigation payment savings for the state. While ORM still has the ultimate responsibility for the workers' compensation program for state employees, FARA now handles the day-to-day operations, including accepting, paying, and investigating claims.

Workers' compensation costs include medical benefits to providers for treating injured workers, indemnity (cash) benefits to compensate for the loss of employment, and death benefits paid to a surviving spouse and children. The following exhibit provides more detail about these benefits in Louisiana.

<b>Types of Workers' Compensation Benefits in Louisiana</b>				
<b>Type of Benefit</b>	<b>Description</b>	<b>Basis of Calculation</b>	<b>Maximum Weekly Benefit</b>	<b>Maximum Length</b>
<b>Medical</b>	Payments made to providers on behalf of injured workers for treatment, including surgery, physical therapy, prescriptions, transportation, among others.	Fee schedule or 90% of billed charges if outpatient	None	None
<b>Temporary total disability (TTD)</b>	A disability that temporarily precludes a person from performing the pre-injury job or another job that the worker could have performed prior to the injury.	66.67% of worker's weekly wages	\$630* per week	None - paid for the duration
<b>Permanent total disability (PTD)</b>	A disability that is deemed to preclude material levels of employment. The worker is permanently and totally disabled and cannot be employed or self-employed.			Based on Schedule in law
<b>Permanent partial disability (PPD)</b>	A disability that, although permanent, does not completely limit a person's ability to work. These benefits are for the loss of a limb or organ or its use, as well as for permanent disfigurement.			None
<b>Death benefits</b>	Weekly benefits paid to deceased worker's surviving spouse and children under 18.			520 weeks (10 years)
<b>Supplemental earnings benefits</b>	Payable to an injured worker who is unable to earn a salary equal to 90% or more of his pre-injury wages			

\*This is the amount for fiscal year 2014.  
**Source:** Prepared by legislative auditor's staff using data from the National Academy of Social Insurance and state law.

## APPENDIX D: CLAIMS AND COSTS IN STATE AGENCIES FISCAL YEARS 2006 TO 2013

Claims and Costs in State Agencies Fiscal Years 2006 to 2013			
Agency	Sub-Agency	Claims	Total Cost
<b>Department of Agriculture and Forestry (DAF)</b>		<b>321</b>	<b>\$5,292,177</b>
	Office of Agriculture	203	\$3,402,334
	Office of Forestry	118	1,889,843
<b>Department of Children and Family Services (DCFS)</b>		<b>697</b>	<b>\$9,004,415</b>
	Office of Children and Family Services	697	\$9,004,415
<b>Department of Civil Service (DCS)</b>		<b>13</b>	<b>\$32,645</b>
	Division of Administrative Law	8	\$25,859
	State Civil Service	5	6,786
<b>Department of Corrections (DOC)</b>		<b>1,543</b>	<b>\$30,884,788</b>
	Administration	10	\$120,926
	Avoyelles Correctional Center	104	2,179,696
	Division of Probation and Parole	325	2,104,573
	Dixon Correctional Institute	225	4,018,134
	Elayn Hunt Correctional Center	150	3,266,748
	Louisiana Correctional Institute for Women	80	1,709,066
	Louisiana State Penitentiary	335	11,367,245
	Prison Enterprises	16	107,290
	Rayburn Correctional Center	98	2,130,352
	Wade Correctional Center	200	\$3,880,758
<b>Department of Culture, Recreation, and Tourism (CRT)</b>		<b>335</b>	<b>\$2,588,471</b>
	New Orleans City Park Improvement Association	45	\$245,043
	Office of Cultural Development	7	27,546
	Office of State Library	3	16,149
	Office of State Museum	11	15,306
	Office of State Parks	248	2,110,711
	Office of the Secretary	9	78,860
	Office of Tourism	12	94,857
<b>Department of Economic Development (DED)</b>		<b>16</b>	<b>\$505,420</b>
	Board Certified Public Accountants	1	\$68

Agency	Sub-Agency	Claims	Total Cost
	Office of Business Development	12	\$504,520
	Office of the Secretary	3	832
<b>Department of Education (DOE)</b>		<b>610</b>	<b>\$8,316,995</b>
	Education - Recovery School District	330	\$5,645,317
	Education - Special School District #1	72	1,077,155
	Education - State Activities	49	455,475
	Louisiana Special Education Center	158	1,137,628
	State Board of Elementary and Secondary Education	1	1,420
<b>Department of Environmental Quality (DEQ)</b>		<b>80</b>	<b>\$614,953</b>
	Management and Finance	4	\$1,665
	Office of Environmental Compliance	50	455,514
	Office of Environmental Services	17	61,427
	Office of the Secretary	9	96,347
<b>Department of Health and Hospitals (DHH)</b>		<b>5,320</b>	<b>\$63,944,630</b>
	Acadiana Area Human Services District	32	\$983,142
	Board of Medical Examiners	13	29,535
	Capitol Area Human Services District	28	614,693
	Central Louisiana Human Services District	49	383,639
	Developmental Disabilities Council	2	605
	Florida Parishes Human Services Authority	24	386,059
	Imperial Calcasieu Human Services District	31	360,697
	Jefferson Parish Human Services Authority	19	113,006
	Louisiana State Board of Nursing	1	906
	Medical Vendor Administration	94	788,919
	Metropolitan Human Services District	19	211,374
	Northeast Delta Human Services Authority	8	162,638
	Northwest Louisiana Human Services District	24	218,127
	Office for Citizens With Developmental Disabilities	2,672	30,557,894
	Office of Aging and Adult Services	272	3,090,524
	Office of Behavioral Health	1,818	23,174,916
	Office of Public Health	158	2,295,011
	Office of the Secretary	40	453,003
	South Central Louisiana Human Services Authority	16	119,943
<b>Department of Insurance (DOI)</b>		<b>28</b>	<b>\$456,933</b>
	Commissioner of Insurance	28	\$456,933
<b>Department of Justice (DOJ)</b>		<b>41</b>	<b>\$660,592</b>
	Office of the Attorney General	41	\$660,592



Agency	Sub-Agency	Claims	Total Cost
<b>Department of Natural Resources (DNR)</b>		<b>29</b>	<b>\$456,819</b>
	Office of the Secretary	7	\$21,319
	Office of Coastal Restoration and Management	11	70,892
	Office of Conservation	8	359,931
	Office of Mineral Resources	3	4,677
<b>Department of Public Safety and Corrections, Youth Services, Office of Juvenile Justice</b>		<b>813</b>	<b>\$14,170,694</b>
	Office of Juvenile Justice	813	\$14,170,694
<b>Department of Public Safety (DPS)</b>		<b>809</b>	<b>\$11,459,660</b>
	Donald J. Thibodaux Training Academy	132	\$1,001,152
	Liquefied Petroleum Gas Commission	3	194,402
	Management and Finance	160	2,129,227
	Office of Motor Vehicles	78	922,237
	Office of State Fire Marshal	43	739,533
	Office of State Police	388	6,469,074
	Public Service Commission	5	4,035
<b>Department of Revenue (DOR)</b>		<b>56</b>	<b>\$544,274</b>
	Department of Revenue	2	\$4,728
	Louisiana Office of Alcohol and Tobacco Control	7	105,756
	Louisiana Tax Free Shopping Commission	1	33,570
	Office of Revenue	46	400,220
<b>Department of Transportation and Development (DOTD)</b>		<b>2,218</b>	<b>\$31,750,087</b>
	Headquarters/Management and Finance	31	\$195,846
	Office of Engineering	2,138	31,304,883
	Office of the Secretary	14	48,621
	Sabine River Authority	35	200,737
<b>Department of Veterans Affairs (DVA)</b>		<b>494</b>	<b>\$4,148,670</b>
	Northeast Louisiana War Veterans Home	119	\$983,726
	Northwest Louisiana War Veterans Home	87	280,102
	Southeast Louisiana War Veterans Home	57	860,841
	Southwest Louisiana War Veterans Home	122	1,008,011
	Veterans Affairs	4	139,269
	War Veterans Center	105	876,721
<b>Department of Wildlife and Fisheries (DWLF)</b>		<b>357</b>	<b>\$4,934,370</b>
	Office of Fisheries	113	\$949,499
	Office of Management and Finance	56	378,855
	Office of the Secretary	101	2,031,533
	Office of Wildlife	87	1,574,482

Agency	Sub-Agency	Claims	Total Cost
<b>Division of Administration (DOA)</b>		<b>234</b>	<b>\$3,197,944</b>
	Administrative Services Program	13	\$203,784
	Federal Property Assistance Agency	3	22,469
	Legal	1	584
	Louisiana Property Assistance Agency	33	377,388
	Office of Community Development	7	7,900
	Office of Computing Services	3	4,442
	Office of Finance and Support Services	2	307
	Office of Group Benefits	43	492,638
	Office of Human Resources	1	841
	Office of Information Services	1	250
	Office of Risk Management	31	693,407
	Office of State Uniform Payroll	2	1,838
	Office of Telecommunications Management	7	11,963
	Patients Compensation Fund	1	1,244
	State Building	80	1,290,284
	State Land Office	2	67,366
	State Purchasing Office	3	20,027
	State Register	1	1,215
<b>Department of State</b>		<b>61</b>	<b>\$670,470</b>
	Secretary of State	61	\$670,470
<b>Executive</b>		<b>531</b>	<b>\$4,699,334</b>
	Department of Military Affairs	447	\$3,475,704
	Licensing Board of Contractors	9	193,055
	Louisiana Commission on Law Enforcement	5	103,887
	Louisiana Racing Commission	4	4,913
	Louisiana Real Estate Commission	1	16,632
	Mental Health Advocacy	2	1,496
	Motor Vehicle Commission	2	40,923
	Office of Coastal Protection and Restoration	2	38,164
	Office of Cosmetology	4	10,813
	Office of Elderly Affairs	6	23,143
	Office of Financial Institutions	6	64,054
	Office of Homeland Security and Emergency Preparedness	37	680,766
	Office of State Inspector General	1	261
	Office of the Governor	5	45,524

Agency	Sub-Agency	Claims	Total Cost
<b>Higher Education</b>		<b>7,014</b>	<b>\$52,522,369</b>
	Board of Regents for Higher Education	6	\$19,681
	Grambling State University	142	1,662,227
	LCTCS - Baton Rouge Community College	61	\$476,029
	LCTCS - Board of Supervisors	5	28,909
	LCTCS - Bossier Parish Community College	47	131,817
	LCTCS - Central Louisiana Technical Community College	12	158,330
	LCTCS - Elaine Nunez Community College	18	36,031
	LCTCS - Isaac Delgado Community College	47	1,111,261
	LCTCS - L.E. Fletcher Community College	15	47,664
	LCTCS - Louisiana Delta Community College	12	57,911
	LCTCS - Northshore Technical Community College	18	172,153
	LCTCS - Northwest Louisiana Technical College Region	27	247,757
	LCTCS - River Parishes Community College	4	337,797
	LCTCS - South Central Louisiana Technical College Region	22	66,640
	LCTCS - South Louisiana Community College	28	601,932
	LCTCS - SOWELA Community College	54	1,154,165
	Louisiana University Marine Consortium	24	28,673
	Louisiana Tech. University	154	1,347,003
	LSU A&M College	1,718	9,398,423
	LSU Board of Supervisors	4	724,018
	LSU Health Sciences Center - New Orleans	779	3,050,963
	LSU Health Sciences Center - Shreveport	1,037	5,761,046
	LSU - Agricultural Center	504	4,191,905
	LSU - Alexandria	63	933,510
	LSU - Eunice	29	211,796
	LSU - Shreveport	29	31,009
	McNeese State University	182	1,836,286
	Nicholls State University	138	1,665,677
	Northwestern State University	89	685,076
	Office of Student Financial Assistance	11	37,835
	Paul M. Hebert Law Center	7	51,823
	Pennington Biomedical Research Center	57	270,051
	Southeastern Louisiana University	292	2,806,233
	Southern University - Agricultural Center	10	132,308

<b>Agency</b>	<b>Sub-Agency</b>	<b>Claims</b>	<b>Total Cost</b>
	Southern University - Baton Rouge	131	2,618,119
	Southern University - Law Center	1	525
	Southern University - New Orleans	30	474,761
	Southern University - Shreveport	44	476,250
	University of Louisiana System Board of Supervisors	3	\$3,431
	University of Louisiana at Lafayette	873	7,059,043
	University of Louisiana at Monroe	144	1,648,208
	University of New Orleans	143	768,095
<b>Legislative</b>		<b>56</b>	<b>\$566,536</b>
	Legislative Auditor	18	\$158,902
	Legislative Fiscal Office	2	7,626
	Louisiana House of Representatives	24	282,278
	Louisiana Senate	12	117,730
<b>Lieutenant Governor</b>		<b>2</b>	<b>\$713</b>
	Office of Charitable Gaming	1	\$587
	Office of the Lieutenant Governor	1	126
<b>Louisiana Workforce Commission (LWC)</b>		<b>179</b>	<b>\$2,443,701</b>
	Workforce Support and Training	179	\$2,443,701
<b>LSU Medical Center</b>		<b>3,957</b>	<b>\$26,420,972</b>
	E.A. Conway Medical Center	514	\$2,119,877
	Earl K. Long Medical Center	504	2,206,276
	HCSA Administration	13	330,863
	Huey P. Long Medical Center	241	1,548,979
	Lallie Kemp Regional Medical Center	201	1,797,971
	Leonard J. Chabert Medical Center	532	3,473,688
	Medical Center of Louisiana at New Orleans	897	6,975,518
	University Medical Center	481	3,647,448
	W.O. Moss Regional Medical Center	190	1,317,279
	Washington - St. Tammany Regional Medical Center	384	3,003,075
<b>Miscellaneous Non-State</b>		<b>25</b>	<b>\$259,583</b>
	1st Circuit Court of Appeals	5	\$19,805
	2nd Circuit Court of Appeals	1	2,089
	3rd Circuit Court of Appeals	10	116,620
	4th Circuit Court of Appeals	5	38,199
	5th Circuit Court of Appeals	4	82,869
<b>Non-Appropriated Requirements</b>		<b>29</b>	<b>\$385,531</b>
	Louisiana Housing Corporation	13	\$52,309

<b>Agency</b>	<b>Sub Agency</b>	<b>Claims</b>	<b>Total Cost</b>
	Louisiana Naval Memorial Commission	6	301,217
	Office of the State Treasurer	10	32,006
<b>Retirement Systems</b>		<b>26</b>	<b>\$107,991</b>
	Louisiana School Employees' Retirement System	7	\$15,800
	Louisiana Teachers' Retirement System	10	\$8,238
	Louisiana State Employees' Retirement System	9	83,953
<b>Special Schools and Commissions</b>		<b>171</b>	<b>\$1,366,895</b>
	Louisiana Educational Television Authority	11	\$63,566
	Louisiana School for Math, Science, and the Arts	6	38,995
	Louisiana Schools for the Deaf and Visually Impaired	149	1,258,261
	New Orleans Center for the Creative Arts	5	6,072
<b>Unclassified</b>		<b>31</b>	<b>\$488,535</b>
	Criminal Court - Parish of Orleans	15	\$418,184
	District Courts	2	1,739
	Louisiana Board of Private Security Examiners	1	199
	Louisiana Licensed Professional Counselors Board of Examiners	1	798
	Louisiana Supreme Court	10	61,449
	Non-agency Claims	2	6,166
<b>Total</b>		<b>26,096</b>	<b>\$282,897,169*</b>
<b>Source:</b> Created by legislative auditor's staff using ORM and ISIS data. These agencies were grouped into these categories using the agency information on the Louisiana.gov website. These costs are associated with claims (injuries) that were filed from fiscal years 2006 to 2013 in state agencies that resulted in payments.			



## APPENDIX E: INDEMNITY PAYMENT CATEGORIES

<b>Indemnity Payment Categories Fiscal Years 2006 to 2013</b>	
<b>Indemnity Description</b>	<b>Total Costs 2006 to 2013</b>
Death benefits	\$3,597,452
Employee interest	22,370
Funeral	68,238
Indemnity not otherwise classified	76,853
Jones Act	1,201,417
Legal	496,084
Loss of earning capacity	66,434
Penalty	978,178
Permanent partial disability	427,339
Permanent total disability	3,702,924
Scheduled award	5,677
Settlement	41,174,560
Supplemental earnings benefit	206,628
Temporary partial disability	29,004,994
Temporary total disability	102,367,426
<b>Total</b>	<b>\$183,396,575</b>
<b>Source:</b> Prepared by legislative auditor's staff using data from ORM.	





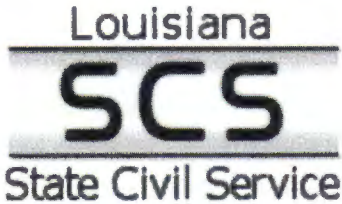
## APPENDIX F: MEDICAL PAYMENT CATEGORIES

<b>Medical Payment Categories Fiscal Years 2006 to 2013</b>	
<b>Medical Description</b>	<b>Total Costs 2006 to 2013</b>
Copying medical records	\$17,537
Fluoroscopic injections	21,683
Funeral	7,500
Home health or attendant care	3,462,326
Independent medical exams	114,599
Inpatient hospital	58,496,768
Lab	1,160,263
Medical consultation	437,599
Medical cost containment	9
Medical legal	1,400
Medical settlement	2,052,169
Medical supplies and equipment	6,454,570
Medical transportation and mileage	5,834,901
Medical vocational rehabilitation	23,489
Medicare set aside	1,321,288
Miscellaneous	7,397,728
MRI scans	14,364
Nurse case management	592
Nursing care	735,115
Nursing home	481,417
Other	14,788
Outpatient hospital	25,682,993
Penalty	207,191
Physical therapy	15,254,663
Physician - anesthesiologist	62,505
Physician - chiropractor	2,294,048
Physician - dental	147,339
Physician - neurology	71,401
Physician - neurosurgeon	32,678
Physician - ophthalmologist	115
Physician - optometry	8,540
Physician - orthopedic	103,492

<b>Medical Description</b>	<b>Total Costs 2006 to 2013</b>
Physician - osteopathic	\$142,424
Physician - psychiatric	120,466
Physician - treating	59,078,493
Prescriptions	43,674,857
Radiology	2,730,643
<b>Total</b>	<b>\$237,661,953</b>
<b>Source:</b> Prepared by legislative auditor's staff using data from ORM.	

## APPENDIX G: EXPENSE PAYMENT CATEGORIES

<b>Expense Payment Categories Fiscal Years 2006 to 2013</b>	
<b>Expenses Description</b>	<b>Total Costs 2006 to 2013</b>
Claimant Legal	\$22,481
Defense - alternate dispute resolution	24,199
Defense - coverage	30
Defense - expert testimony fee	204,649
Defense - legal expenses	1,129,190
Defense - legal fees	21,138,045
Defense - medical evaluations	160,445
Fee adjustor/claim handling	223,212
Funeral	30,000
Independent medical exam conference	8,635
Medical cost containment	3,320
Medicare set aside	16,548
Miscellaneous	4,717,397
Nurse case management	40
Official reports	2,021
Penalty	55,500
Professional expert fees	2,200
Surveillance and special investigative unit	2,129,905
Vocational rehabilitation	3,166,714
<b>Total</b>	<b>\$33,034,532</b>
<b>Source:</b> Prepared by legislative auditor's staff using data from ORM.	



Post Office Box 94111  
Baton Rouge, LA 70804-9111

www.civilservice.la.gov

SHANNON S. TEMPLET, DIRECTOR  
Phone: 225-342-8274  
Fax: 225-342-8058  
TDD: 800-846-5277  
Toll Free: 800-783-5462

RECEIVED  
STATE CIVIL SERVICE DIVISION  
JAN 30 AM 9:37

January 28, 2015

Mr. Daryl G. Purpera  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

RE: Worker's Comp Informational Report

Dear Mr. Purpera:

Thank you for the opportunity to review and respond to your office's Worker's Comp Information Report prior to being submitted to the Louisiana Legislature.

The report asserts that one of the possible reasons for high indemnity cost is because Civil Service rule 11.21 allows state employees to use sick and annual leave to make up the difference between disability payments and their full salaries. The report asserts that "this practice reduces incentives for injured employees to return to work, particularly for those who have accumulated large amounts of leave, which increases the state's workers' compensation costs."

Recommendation number one is for State Civil Service to revise its rule allowing an employee to use sick and annual leave while out on worker's compensation.

Because the State of Louisiana does not provide for short term disability to its employees, the Civil Service rules allow for unlimited accrual of sick leave. State Civil Service will not recommend the prohibition of the use of sick leave while an employee is off on worker's compensation. However, State Civil Service will discuss with the State Civil Service Commission an amendment to Rule 11.21 to prohibit the use of annual leave when an employee is off from work due to a worker's compensation injury.

I would like to note, that I am unable to predict what, if anything, the State Civil Service Commission will adopt as a rule amendment.

Again, thank you for allowing me to respond, and if you have any questions, please do not hesitate to contact me.

Sincerely,

Shannon S. Templet  
Director

AN EQUAL OPPORTUNITY EMPLOYER



1001 North 23<sup>rd</sup> Street  
Post Office Box 94094  
Baton Rouge, LA 70804-9094

(O) 225-342-3001  
(F) 225-342-3778  
[www.laworks.net](http://www.laworks.net)

Bobby Jindal, Governor  
Curt Eysink, Executive Director

**Office of the Executive Director**

Daryl Purpera, CPA, CFE  
Legislative Auditor  
Louisiana Legislator Auditor's Office  
1600 North Third Street  
Baton Rouge, LA 70804

Dear Mr. Purpera,

The Louisiana Workforce Commission appreciates this opportunity to respond to the informational report conducted by your performance audit section on workers' compensation costs in Louisiana.

We have reviewed the revised draft of the audit and concur with the recommendations that pertain to the Louisiana Workforce Commission's Office of Workers' Compensation. As requested, we have included the completed checklist for the report recommendations. Our comments regarding the two recommendations are as follows.

**Recommendation #2:** LWC should update the medical fee schedule.

**LWC's response:** LWC agrees with the finding. LWC is currently following the steps set forth in La. R.S. 23:1034.2 to update the fee schedule. La. R.S. 23:1034.2 sets forth the method by which any adjustment to the medical reimbursement schedule shall be made. The statute spells out an intricate process which must be followed in determining reimbursement amounts. The process is complex and the information needed to make the adjustments is maintained by private health care providers located throughout the state. Accordingly, any adjustment is a difficult and arduous undertaking. We have gathered information needed for the adjustment and we are currently working in concert with an academic institution (as required by statute) for the purpose of promulgating an update fee schedule. It is our belief that the updated schedule will establish predictability and consistency in medical billing and payment, thus easing the administrative and financial burden that exists in the current system.

**Recommendation #3:** LWC should revise the regulations and require that outpatient costs be reimbursed based on its updated fee schedule.

**LWC's response:** LWC agrees with the recommendation. La. R.S. 23:1034.2 states "the reimbursement schedule shall include the charges limited to the mean of the usual and customary charge for such care, services, treatment, drugs and supplies." LAC 40:2507 of the Fee Reimbursement Schedule further states: "Outpatient hospital and ambulatory surgery services will be reimbursed at covered charges less a ten percent (10%) discount." The formula for calculating the payment is:  $(\text{Billed Charges}) - (\text{Noncovered Charges}) = \text{Covered Charges} \times .90 = \text{Payment Amount}$ . The existing provisions provide little certainty and guidance in defining what is "usual and customary" for a "billed charge". The result is medical billing which varies throughout the state.

As previously mentioned, LWC has gathered information in accordance with La. R.S. 23:1034.2. It is working with an academic institution in reviewing the information to determine "usual and customary" charges for outpatient procedures conducted around the state. Once this review is completed, a "fee schedule" will be developed for outpatient procedures listing the maximum allowed cost. The outpatient fee schedule will then be promulgated into rule which should provide predictability and consistency in billing/payment.

We appreciate the professional efforts of your office in conducting this audit and preparing this report.

Sincerely,



Curt Eysink  
Executive Director  
Louisiana Workforce Commission



BOBBY JINDAL  
GOVERNOR

KRISTY H. NICHOLS  
COMMISSIONER OF ADMINISTRATION

**State of Louisiana**  
Division of Administration  
**Office of Risk Management**

January 22, 2015

Mr. Daryl Purpera, CPA  
Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

**Re:** Response to Informational Report on Workers' Compensation Costs in Louisiana

Dear Mr. Purpera:

The State of Louisiana Division of Administration (DOA) would like to thank you and your staff for your informational report on Workers' Compensation costs in Louisiana. We were happy to provide your staff with our perspective on issues associated with managing a Workers' Compensation program in this state and to respond to recommendations four and five in your report, both of which are already being implemented at the Office of Risk Management (ORM).

ORM has already begun requiring mandatory post-accident drug testing and mandatory use of Second Injury Board Knowledge Questionnaire by state agencies. Both programs are progressing on schedule and should be fully implemented by the end of the fiscal year. We expect a positive impact on our costs over time.

Your report and its validation of the importance of these initiatives will be very helpful to us as we roll these programs out and inform agencies of our new requirements.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bud Thompson, Jr.", written over a white background.

J.S. "Bud" Thompson, Jr.  
State Risk Director

CC: Kristy H. Nichols  
Patti Gonzalez  
Marsha Pemble  
Ann Wax  
Ruth Johnson  
Marsha Guedry

Mr. Daryl Purpera, CPA  
January 22, 2015  
Page 2

Meghan Parrish  
Thomas Groves

ORM Response to LLA Informational Report January 2015.docx





## APPENDIX B: SCOPE AND METHODOLOGY

We produced this informational report under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This report generally covered the time period for state fiscal years 2006 to 2013 (July 1, 2006, through June 30, 2013). The report objective was:

**To evaluate workers' compensation costs in Louisiana and identify ways to control these costs.**

To gather information to address our objective, we performed the following steps:

- Researched and reviewed relevant workers' compensation legal statutes and regulations.
- Interviewed relevant staff from ORM, FARA, and LWC. Also interviewed stakeholders from the business community and from associations, such as the Louisiana Association of Self-Insured Employers (LASIE).
- Obtained and reviewed reports from Workers Compensation Research Institute (WCRI) and obtained its permission to use data from their reports.
- Obtained and analyzed data on state agency workers' compensation claims, costs, and procedures from ORM and FARA.
- Reviewed reports and comparisons of state programs from the National Council on Compensation Insurance (NCCI) and the National Academy of Social Insurance (NASI).



## APPENDIX C: BACKGROUND

**In Louisiana, workers' compensation is administered by the Office of Workers' Compensation Administration (OWCA) within the Louisiana Workforce Commission (LWC).** OWCA is funded through a tax assessment paid by workers' compensation insurance carriers and self-insured companies. OWCA is responsible for enforcing laws and regulations related to workers' compensation, for ensuring employers provide workers' compensation insurance for their employees, for assessing annual rates to insurers, for investigating potential fraud, and for assisting parties in resolving disputed claims.

**The state Office of Risk Management (ORM) serves as the state's insurer.** ORM was created in 1980 under the Division of Administration. The office oversees the different types of insurance the state carries for its workers, agencies, and facilities, including automobile, general liability, medical malpractice, personal injury, property, and workers' compensation. In 2010, ORM entered into a contract with F.A. Richard & Associates (FARA) to administer the state's nine lines of insurance, including workers' compensation. The five-year, \$74.9 million contract runs from July 1, 2010 to June 30, 2015, and FARA has guaranteed it will generate \$50 million in claims and litigation payment savings for the state. While ORM still has the ultimate responsibility for the workers' compensation program for state employees, FARA now handles the day-to-day operations, including accepting, paying, and investigating claims.

Workers' compensation costs include medical benefits to providers for treating injured workers, indemnity (cash) benefits to compensate for the loss of employment, and death benefits paid to a surviving spouse and children. The following exhibit provides more detail about these benefits in Louisiana.

<b>Types of Workers' Compensation Benefits in Louisiana</b>				
<b>Type of Benefit</b>	<b>Description</b>	<b>Basis of Calculation</b>	<b>Maximum Weekly Benefit</b>	<b>Maximum Length</b>
<b>Medical</b>	Payments made to providers on behalf of injured workers for treatment, including surgery, physical therapy, prescriptions, transportation, among others.	Fee schedule or 90% of billed charges if outpatient	None	None
<b>Temporary total disability (TTD)</b>	A disability that temporarily precludes a person from performing the pre-injury job or another job that the worker could have performed prior to the injury.	66.67% of worker's weekly wages	\$630* per week	None - paid for the duration
<b>Permanent total disability (PTD)</b>	A disability that is deemed to preclude material levels of employment. The worker is permanently and totally disabled and cannot be employed or self-employed.			Based on Schedule in law
<b>Permanent partial disability (PPD)</b>	A disability that, although permanent, does not completely limit a person's ability to work. These benefits are for the loss of a limb or organ or its use, as well as for permanent disfigurement.			None
<b>Death benefits</b>	Weekly benefits paid to deceased worker's surviving spouse and children under 18.			520 weeks (10 years)
<b>Supplemental earnings benefits</b>	Payable to an injured worker who is unable to earn a salary equal to 90% or more of his pre-injury wages			

\*This is the amount for fiscal year 2014.  
**Source:** Prepared by legislative auditor's staff using data from the National Academy of Social Insurance and state law.

## APPENDIX D: CLAIMS AND COSTS IN STATE AGENCIES FISCAL YEARS 2006 TO 2013

Claims and Costs in State Agencies Fiscal Years 2006 to 2013			
Agency	Sub-Agency	Claims	Total Cost
<b>Department of Agriculture and Forestry (DAF)</b>		<b>321</b>	<b>\$5,292,177</b>
	Office of Agriculture	203	\$3,402,334
	Office of Forestry	118	1,889,843
<b>Department of Children and Family Services (DCFS)</b>		<b>697</b>	<b>\$9,004,415</b>
	Office of Children and Family Services	697	\$9,004,415
<b>Department of Civil Service (DCS)</b>		<b>13</b>	<b>\$32,645</b>
	Division of Administrative Law	8	\$25,859
	State Civil Service	5	6,786
<b>Department of Corrections (DOC)</b>		<b>1,543</b>	<b>\$30,884,788</b>
	Administration	10	\$120,926
	Avoyelles Correctional Center	104	2,179,696
	Division of Probation and Parole	325	2,104,573
	Dixon Correctional Institute	225	4,018,134
	Elayn Hunt Correctional Center	150	3,266,748
	Louisiana Correctional Institute for Women	80	1,709,066
	Louisiana State Penitentiary	335	11,367,245
	Prison Enterprises	16	107,290
	Rayburn Correctional Center	98	2,130,352
	Wade Correctional Center	200	\$3,880,758
<b>Department of Culture, Recreation, and Tourism (CRT)</b>		<b>335</b>	<b>\$2,588,471</b>
	New Orleans City Park Improvement Association	45	\$245,043
	Office of Cultural Development	7	27,546
	Office of State Library	3	16,149
	Office of State Museum	11	15,306
	Office of State Parks	248	2,110,711
	Office of the Secretary	9	78,860
	Office of Tourism	12	94,857
<b>Department of Economic Development (DED)</b>		<b>16</b>	<b>\$505,420</b>
	Board Certified Public Accountants	1	\$68

Agency	Sub-Agency	Claims	Total Cost
	Office of Business Development	12	\$504,520
	Office of the Secretary	3	832
<b>Department of Education (DOE)</b>		<b>610</b>	<b>\$8,316,995</b>
	Education - Recovery School District	330	\$5,645,317
	Education - Special School District #1	72	1,077,155
	Education - State Activities	49	455,475
	Louisiana Special Education Center	158	1,137,628
	State Board of Elementary and Secondary Education	1	1,420
<b>Department of Environmental Quality (DEQ)</b>		<b>80</b>	<b>\$614,953</b>
	Management and Finance	4	\$1,665
	Office of Environmental Compliance	50	455,514
	Office of Environmental Services	17	61,427
	Office of the Secretary	9	96,347
<b>Department of Health and Hospitals (DHH)</b>		<b>5,320</b>	<b>\$63,944,630</b>
	Acadiana Area Human Services District	32	\$983,142
	Board of Medical Examiners	13	29,535
	Capitol Area Human Services District	28	614,693
	Central Louisiana Human Services District	49	383,639
	Developmental Disabilities Council	2	605
	Florida Parishes Human Services Authority	24	386,059
	Imperial Calcasieu Human Services District	31	360,697
	Jefferson Parish Human Services Authority	19	113,006
	Louisiana State Board of Nursing	1	906
	Medical Vendor Administration	94	788,919
	Metropolitan Human Services District	19	211,374
	Northeast Delta Human Services Authority	8	162,638
	Northwest Louisiana Human Services District	24	218,127
	Office for Citizens With Developmental Disabilities	2,672	30,557,894
	Office of Aging and Adult Services	272	3,090,524
	Office of Behavioral Health	1,818	23,174,916
	Office of Public Health	158	2,295,011
	Office of the Secretary	40	453,003
	South Central Louisiana Human Services Authority	16	119,943
<b>Department of Insurance (DOI)</b>		<b>28</b>	<b>\$456,933</b>
	Commissioner of Insurance	28	\$456,933
<b>Department of Justice (DOJ)</b>		<b>41</b>	<b>\$660,592</b>
	Office of the Attorney General	41	\$660,592

Agency	Sub-Agency	Claims	Total Cost
<b>Department of Natural Resources (DNR)</b>		<b>29</b>	<b>\$456,819</b>
	Office of the Secretary	7	\$21,319
	Office of Coastal Restoration and Management	11	70,892
	Office of Conservation	8	359,931
	Office of Mineral Resources	3	4,677
<b>Department of Public Safety and Corrections, Youth Services, Office of Juvenile Justice</b>		<b>813</b>	<b>\$14,170,694</b>
	Office of Juvenile Justice	813	\$14,170,694
<b>Department of Public Safety (DPS)</b>		<b>809</b>	<b>\$11,459,660</b>
	Donald J. Thibodaux Training Academy	132	\$1,001,152
	Liquefied Petroleum Gas Commission	3	194,402
	Management and Finance	160	2,129,227
	Office of Motor Vehicles	78	922,237
	Office of State Fire Marshal	43	739,533
	Office of State Police	388	6,469,074
	Public Service Commission	5	4,035
<b>Department of Revenue (DOR)</b>		<b>56</b>	<b>\$544,274</b>
	Department of Revenue	2	\$4,728
	Louisiana Office of Alcohol and Tobacco Control	7	105,756
	Louisiana Tax Free Shopping Commission	1	33,570
	Office of Revenue	46	400,220
<b>Department of Transportation and Development (DOTD)</b>		<b>2,218</b>	<b>\$31,750,087</b>
	Headquarters/Management and Finance	31	\$195,846
	Office of Engineering	2,138	31,304,883
	Office of the Secretary	14	48,621
	Sabine River Authority	35	200,737
<b>Department of Veterans Affairs (DVA)</b>		<b>494</b>	<b>\$4,148,670</b>
	Northeast Louisiana War Veterans Home	119	\$983,726
	Northwest Louisiana War Veterans Home	87	280,102
	Southeast Louisiana War Veterans Home	57	860,841
	Southwest Louisiana War Veterans Home	122	1,008,011
	Veterans Affairs	4	139,269
	War Veterans Center	105	876,721
<b>Department of Wildlife and Fisheries (DWLF)</b>		<b>357</b>	<b>\$4,934,370</b>
	Office of Fisheries	113	\$949,499
	Office of Management and Finance	56	378,855
	Office of the Secretary	101	2,031,533
	Office of Wildlife	87	1,574,482



Agency	Sub-Agency	Claims	Total Cost
<b>Division of Administration (DOA)</b>		<b>234</b>	<b>\$3,197,944</b>
	Administrative Services Program	13	\$203,784
	Federal Property Assistance Agency	3	22,469
	Legal	1	584
	Louisiana Property Assistance Agency	33	377,388
	Office of Community Development	7	7,900
	Office of Computing Services	3	4,442
	Office of Finance and Support Services	2	307
	Office of Group Benefits	43	492,638
	Office of Human Resources	1	841
	Office of Information Services	1	250
	Office of Risk Management	31	693,407
	Office of State Uniform Payroll	2	1,838
	Office of Telecommunications Management	7	11,963
	Patients Compensation Fund	1	1,244
	State Building	80	1,290,284
	State Land Office	2	67,366
	State Purchasing Office	3	20,027
	State Register	1	1,215
<b>Department of State</b>		<b>61</b>	<b>\$670,470</b>
	Secretary of State	61	\$670,470
<b>Executive</b>		<b>531</b>	<b>\$4,699,334</b>
	Department of Military Affairs	447	\$3,475,704
	Licensing Board of Contractors	9	193,055
	Louisiana Commission on Law Enforcement	5	103,887
	Louisiana Racing Commission	4	4,913
	Louisiana Real Estate Commission	1	16,632
	Mental Health Advocacy	2	1,496
	Motor Vehicle Commission	2	40,923
	Office of Coastal Protection and Restoration	2	38,164
	Office of Cosmetology	4	10,813
	Office of Elderly Affairs	6	23,143
	Office of Financial Institutions	6	64,054
	Office of Homeland Security and Emergency Preparedness	37	680,766
	Office of State Inspector General	1	261
	Office of the Governor	5	45,524

Agency	Sub-Agency	Claims	Total Cost
<b>Higher Education</b>		<b>7,014</b>	<b>\$52,522,369</b>
	Board of Regents for Higher Education	6	\$19,681
	Grambling State University	142	1,662,227
	LCTCS - Baton Rouge Community College	61	\$476,029
	LCTCS - Board of Supervisors	5	28,909
	LCTCS - Bossier Parish Community College	47	131,817
	LCTCS - Central Louisiana Technical Community College	12	158,330
	LCTCS - Elaine Nunez Community College	18	36,031
	LCTCS - Isaac Delgado Community College	47	1,111,261
	LCTCS - L.E. Fletcher Community College	15	47,664
	LCTCS - Louisiana Delta Community College	12	57,911
	LCTCS - Northshore Technical Community College	18	172,153
	LCTCS - Northwest Louisiana Technical College Region	27	247,757
	LCTCS - River Parishes Community College	4	337,797
	LCTCS - South Central Louisiana Technical College Region	22	66,640
	LCTCS - South Louisiana Community College	28	601,932
	LCTCS - SOWELA Community College	54	1,154,165
	Louisiana University Marine Consortium	24	28,673
	Louisiana Tech. University	154	1,347,003
	LSU A&M College	1,718	9,398,423
	LSU Board of Supervisors	4	724,018
	LSU Health Sciences Center - New Orleans	779	3,050,963
	LSU Health Sciences Center - Shreveport	1,037	5,761,046
	LSU - Agricultural Center	504	4,191,905
	LSU - Alexandria	63	933,510
	LSU - Eunice	29	211,796
	LSU - Shreveport	29	31,009
	McNeese State University	182	1,836,286
	Nicholls State University	138	1,665,677
	Northwestern State University	89	685,076
	Office of Student Financial Assistance	11	37,835
	Paul M. Hebert Law Center	7	51,823
	Pennington Biomedical Research Center	57	270,051
	Southeastern Louisiana University	292	2,806,233
	Southern University - Agricultural Center	10	132,308

Agency	Sub-Agency	Claims	Total Cost
	Southern University - Baton Rouge	131	2,618,119
	Southern University - Law Center	1	525
	Southern University - New Orleans	30	474,761
	Southern University - Shreveport	44	476,250
	University of Louisiana System Board of Supervisors	3	\$3,431
	University of Louisiana at Lafayette	873	7,059,043
	University of Louisiana at Monroe	144	1,648,208
	University of New Orleans	143	768,095
<b>Legislative</b>		<b>56</b>	<b>\$566,536</b>
	Legislative Auditor	18	\$158,902
	Legislative Fiscal Office	2	7,626
	Louisiana House of Representatives	24	282,278
	Louisiana Senate	12	117,730
<b>Lieutenant Governor</b>		<b>2</b>	<b>\$713</b>
	Office of Charitable Gaming	1	\$587
	Office of the Lieutenant Governor	1	126
<b>Louisiana Workforce Commission (LWC)</b>		<b>179</b>	<b>\$2,443,701</b>
	Workforce Support and Training	179	\$2,443,701
<b>LSU Medical Center</b>		<b>3,957</b>	<b>\$26,420,972</b>
	E.A. Conway Medical Center	514	\$2,119,877
	Earl K. Long Medical Center	504	2,206,276
	HCSA Administration	13	330,863
	Huey P. Long Medical Center	241	1,548,979
	Lallie Kemp Regional Medical Center	201	1,797,971
	Leonard J. Chabert Medical Center	532	3,473,688
	Medical Center of Louisiana at New Orleans	897	6,975,518
	University Medical Center	481	3,647,448
	W.O. Moss Regional Medical Center	190	1,317,279
	Washington - St. Tammany Regional Medical Center	384	3,003,075
<b>Miscellaneous Non-State</b>		<b>25</b>	<b>\$259,583</b>
	1st Circuit Court of Appeals	5	\$19,805
	2nd Circuit Court of Appeals	1	2,089
	3rd Circuit Court of Appeals	10	116,620
	4th Circuit Court of Appeals	5	38,199
	5th Circuit Court of Appeals	4	82,869
<b>Non-Appropriated Requirements</b>		<b>29</b>	<b>\$385,531</b>
	Louisiana Housing Corporation	13	\$52,309

Agency	Sub Agency	Claims	Total Cost
	Louisiana Naval Memorial Commission	6	301,217
	Office of the State Treasurer	10	32,006
<b>Retirement Systems</b>		<b>26</b>	<b>\$107,991</b>
	Louisiana School Employees' Retirement System	7	\$15,800
	Louisiana Teachers' Retirement System	10	\$8,238
	Louisiana State Employees' Retirement System	9	83,953
<b>Special Schools and Commissions</b>		<b>171</b>	<b>\$1,366,895</b>
	Louisiana Educational Television Authority	11	\$63,566
	Louisiana School for Math, Science, and the Arts	6	38,995
	Louisiana Schools for the Deaf and Visually Impaired	149	1,258,261
	New Orleans Center for the Creative Arts	5	6,072
<b>Unclassified</b>		<b>31</b>	<b>\$488,535</b>
	Criminal Court - Parish of Orleans	15	\$418,184
	District Courts	2	1,739
	Louisiana Board of Private Security Examiners	1	199
	Louisiana Licensed Professional Counselors Board of Examiners	1	798
	Louisiana Supreme Court	10	61,449
	Non-agency Claims	2	6,166
<b>Total</b>		<b>26,096</b>	<b>\$282,897,169*</b>
<b>Source:</b> Created by legislative auditor's staff using ORM and ISIS data. These agencies were grouped into these categories using the agency information on the Louisiana.gov website. These costs are associated with claims (injuries) that were filed from fiscal years 2006 to 2013 in state agencies that resulted in payments.			



## APPENDIX E: INDEMNITY PAYMENT CATEGORIES

<b>Indemnity Payment Categories Fiscal Years 2006 to 2013</b>	
<b>Indemnity Description</b>	<b>Total Costs 2006 to 2013</b>
Death benefits	\$3,597,452
Employee interest	22,370
Funeral	68,238
Indemnity not otherwise classified	76,853
Jones Act	1,201,417
Legal	496,084
Loss of earning capacity	66,434
Penalty	978,178
Permanent partial disability	427,339
Permanent total disability	3,702,924
Scheduled award	5,677
Settlement	41,174,560
Supplemental earnings benefit	206,628
Temporary partial disability	29,004,994
Temporary total disability	102,367,426
<b>Total</b>	<b>\$183,396,575</b>
<b>Source:</b> Prepared by legislative auditor's staff using data from ORM.	



## APPENDIX F: MEDICAL PAYMENT CATEGORIES

<b>Medical Payment Categories Fiscal Years 2006 to 2013</b>	
<b>Medical Description</b>	<b>Total Costs 2006 to 2013</b>
Copying medical records	\$17,537
Fluoroscopic injections	21,683
Funeral	7,500
Home health or attendant care	3,462,326
Independent medical exams	114,599
Inpatient hospital	58,496,768
Lab	1,160,263
Medical consultation	437,599
Medical cost containment	9
Medical legal	1,400
Medical settlement	2,052,169
Medical supplies and equipment	6,454,570
Medical transportation and mileage	5,834,901
Medical vocational rehabilitation	23,489
Medicare set aside	1,321,288
Miscellaneous	7,397,728
MRI scans	14,364
Nurse case management	592
Nursing care	735,115
Nursing home	481,417
Other	14,788
Outpatient hospital	25,682,993
Penalty	207,191
Physical therapy	15,254,663
Physician - anesthesiologist	62,505
Physician - chiropractor	2,294,048
Physician - dental	147,339
Physician - neurology	71,401
Physician - neurosurgeon	32,678
Physician - ophthalmologist	115
Physician - optometry	8,540
Physician - orthopedic	103,492



<b>Medical Description</b>	<b>Total Costs 2006 to 2013</b>
Physician - osteopathic	\$142,424
Physician - psychiatric	120,466
Physician - treating	59,078,493
Prescriptions	43,674,857
Radiology	2,730,643
<b>Total</b>	<b>\$237,661,953</b>
<b>Source:</b> Prepared by legislative auditor's staff using data from ORM.	

## APPENDIX G: EXPENSE PAYMENT CATEGORIES

<b>Expense Payment Categories Fiscal Years 2006 to 2013</b>	
<b>Expenses Description</b>	<b>Total Costs 2006 to 2013</b>
Claimant Legal	\$22,481
Defense - alternate dispute resolution	24,199
Defense - coverage	30
Defense - expert testimony fee	204,649
Defense - legal expenses	1,129,190
Defense - legal fees	21,138,045
Defense - medical evaluations	160,445
Fee adjustor/claim handling	223,212
Funeral	30,000
Independent medical exam conference	8,635
Medical cost containment	3,320
Medicare set aside	16,548
Miscellaneous	4,717,397
Nurse case management	40
Official reports	2,021
Penalty	55,500
Professional expert fees	2,200
Surveillance and special investigative unit	2,129,905
Vocational rehabilitation	3,166,714
<b>Total</b>	<b>\$33,034,532</b>
<b>Source:</b> Prepared by legislative auditor's staff using data from ORM.	