

Workers' Compensation Reform (HB 1698, Amendment 3)

From day one of his administration, Governor Quinn has had an open-door policy with the business community. He has met with hundreds of business owners, and he has heard the message that Illinois' workers' compensation system must be modernized to improve our state's business climate.

Governor Quinn made workers' compensation reform a priority and took the lead on this issue. Beginning with the belief that we must maintain essential protections for injured workers while ensuring that the system treats our businesses fairly, and preserve the strength of our state's business climate and economy, the Governor and his team created a proposal to overhaul Illinois' broken workers' compensation system.

The Governor brought everyone to the table to work on real, meaningful reforms, and the final legislation adheres closely to the Administration's original proposal. Some of the reforms in the overhaul are below.

Reforms to aid employers, including:

- Reduces the medical fee schedule by 30 percent. Our employers will save up to \$500 million—as much as 14.9 percent in premiums.
- Requires physicians and arbitrators to use standards set by the American Medical Association when determining impairment and disability.
- Creates workers' compensation provider networks to ensure that employees receive cost-effective treatment that improves outcomes.
- Caps carpal tunnel permanent partial disability payments (saving as much as \$19 million)
- Denies claims by intoxicated workers injured due to their own inebriation
- Enhances authority to investigate and prosecute workers' compensation fraud
- Caps wage differential awards at the age of 67 or 5 years post-accident, whichever is later (saving as much as \$87 million)
- Increases utilization review to reduce unnecessary treatments (saving an estimated \$16 million if costs decrease just 5%)

The continued protection of our workers was essential to ensure the system works for everyone:

- Creates process for electronic billing from providers, protecting workers from treatment disruption.
- Insurers and employers must pay providers on a timely basis, or pay providers interest and penalties.
- Enhances enforcement against employers who fail to maintain proper coverage.

The reforms will tackle the problems of the Workers' Compensation Commission:

- Current arbitrators' terms will end and arbitrators will be subject to performance evaluation before being considered for re-appointment.

- Arbitrators will serve 3-year terms, must act in an unbiased, impartial manner, and must follow the same ethical rules that apply to judges. New arbitrators must be licensed attorneys.
- Workers' compensation claims by commission appointees or employees will be heard by an independent arbitrator, and not arbitrators within the commission.

As CEO of Illinois, Governor Quinn wanted reform that will help to address our fiscal challenges, as well increase our ability to root out fraud and abuse. As one of Illinois' largest employers, the State will save money and ensure that tax dollars are spent wisely through workers' compensation reform:

- The State of Illinois can engage appropriate outside vendors to operate all or part of the state's self-insured workers compensation program.
- An advisory board will be appointed to review and report to the General Assembly about the state's workers' compensation program, including needed improvements and adherence to best practices.

From the beginning, the Governor said that workers' compensation reforms had to be enacted this spring to ensure that Illinois' workers and employers have the proper protections in place, and that we are about to continue growing jobs and improve our business climate.

We thank the sponsors, and all those who voted to bring real reform to Illinois workers' compensation system.