

Workers' Compensation Advisory Committee

September 23, 2016





Agenda

Time	Topic	Presenter(s)
9:00 am - 9:10 am	Welcome <ul style="list-style-type: none"> • Introductions • Motion to approve minutes • Safety Message 	Joel Sacks & Vickie Kennedy
9:10 am – 9:30 am	General Updates <ul style="list-style-type: none"> • Legislative and Budget Requests • Finance Committee • 2017 Workers' Compensation Proposed Premium Rate 	Joel Sacks & Vickie Kennedy
9:30 am – 9:50 am	JLARC Implementation Update	Vickie Kennedy
9:50 am – 10:10 am	Insurance Services Dashboard	Vickie Kennedy
10:10 am – 10:25 am	Break	All
10:25 am – 10:45 am	My L&I Demo	Shannon Steketee
10:45 am – 11:05 am	Business Transformation Update	Joel Sacks
11:05 am – 11:20 am	2017 Workers' Compensation Proposed Premium Rates and State of the Fund	Joel Sacks
11:20 am – 11:40 am	Industrial Insurance State Fund Financial Overview	Rob Cotton
11:40 am – 11:50 am	Board of Industrial Insurance Appeals Update	Dave Threedy
11:50 am - 12:00 pm	Closing Comments & Adjourn	Joel Sacks & Vickie Kennedy



Here is the link to watch the video: <https://www.youtube.com/watch?v=dRpJ7pSL5Yg>



WELCOME & GENERAL UPDATES

Vickie Kennedy, Assistant Director for Insurance Services

Joel Sacks, Agency Director



Proposed Rate Increase of 0.7%

	2017 Proposed % Change
Accident	1.3%
Medical Aid	0.0%
Supplemental Pension	0.8%
Stay-at-Work	-16.0%
Overall*	0.7%
Net per \$100 of payroll**	-2.2%

Cost for employers would increase an average of about \$10 a year per employee. Many workers would not see an increase in what they pay.

- Projected break-even is -2.4%
- Overall hourly rate is increasing from \$0.681 to \$0.686 or \$0.005 per hour

*Does not include retro

**Projected number based on year ending March 31, 2016 mix of business and current wage inflation estimates



JLARC IMPLEMENTATION UPDATE

Vickie Kennedy, Assistant Director for Insurance Services



L&I JLARC Recommendations



1. L&I should institute standards for early phone contact, claim-management planning and clear documentation in claims management.
2. L&I should expand pilot programs and enhance claim-management support systems (training, performance measures, technology), focusing on return-to-work.



What have we done?

- Hired claim processors to complete administrative tasks for CMs (May 2014)
- New processing system that starts an action plan – Early Claims Solutions (February 2015)
- New claim review template to support consistent information on claim issues (April 2015)
- ICD Coding Unit to increase coding accuracy (May 2015)
- New return-to-work progress report to improve timing and consistency of communications on a claim (June 2015)
- Improvements to action plan to support a problem-solving model (March 2016)
- Added re-employment specialists to the claims floor (August 2015)
- Implemented return-to-work predictive analytics - “RTW score” (October 2015)
- Launched a new early ability-to-work assessment (December 2015)



First Calls Project

Started September 2016

- Hired additional employer account managers
- Develop analytics for selecting the right candidates for account manager first calls
- Design and implement first calls technology to track and report on processes for Claims and Employer Services



Claims Strategic Training

Started July 2016

- Make the shift from “processing” to “planning”
- Emphasize analytical, relationship-building, and customer experience skills
- Capture knowledge from existing experts
- Build connections to RTW tools, incentives, and strategies
- Align with future claims technologies



Disability Prevention and Management

Started July 2016

- Identify the worker's needs early and get services to them at the right time
 - Barriers to return-to-work; psychosocial issues
- Identify and organize best practices for engaging worker, employer, medical and vocational providers
- Develop training, resources, and tools



Claims Management and Quality Assurance

Starting January 2017





Connect Staff Contributions to Performance Measures

Starting January 2017

How do I contribute?





Return to Work Customer Experience Goals

Starting June 2017





Enhance Vocational Services

Started December 2015

- Strengthen partnerships between claim managers, vocational rehabilitation counselors, and return-to-work staff
- Develop evidence-based best practices
- Provide training to the private vocational services community



ERTW Best Practices

Started May 2016

Key Business Processes

1. Robust intake
2. Exit interview
3. Appropriate reporting
4. Smooth handoffs
5. Work Source VSS standard work
6. Service delivery during the referral



Predictive Analytic Solutions

- Use data to identify the workers and employers for first calls
- Use historical data to estimate future claim costs early
- Update data for claim complexity and corresponding claim manager assignment

JLARC Decision Package

Goal	Details									
Lower caseloads to industry average	<ul style="list-style-type: none">Hiring additional claim staffPhased in approach <table border="1" data-bbox="707 476 1833 768"><thead><tr><th data-bbox="707 476 1060 611">Year</th><th data-bbox="1060 476 1447 611"># of New Claim Managers</th><th data-bbox="1447 476 1833 611">Claims per CM</th></tr></thead><tbody><tr><td data-bbox="707 611 1060 686">2019</td><td data-bbox="1060 611 1447 686">10</td><td data-bbox="1447 611 1833 686">185</td></tr><tr><td data-bbox="707 686 1060 768">2020</td><td data-bbox="1060 686 1447 768">10</td><td data-bbox="1447 686 1833 768">172</td></tr></tbody></table>	Year	# of New Claim Managers	Claims per CM	2019	10	185	2020	10	172
Year	# of New Claim Managers	Claims per CM								
2019	10	185								
2020	10	172								
Modernize training and coaching	Curriculum development and change management consulting services <ul style="list-style-type: none">Develop strategic training approachEmphasize analytical and soft skillsResearch how other jurisdictions train claim staff									
Technology that supports new processes	<ul style="list-style-type: none">First call softwareWork checking technology									



JLARC Next Steps and Questions

What's Next?

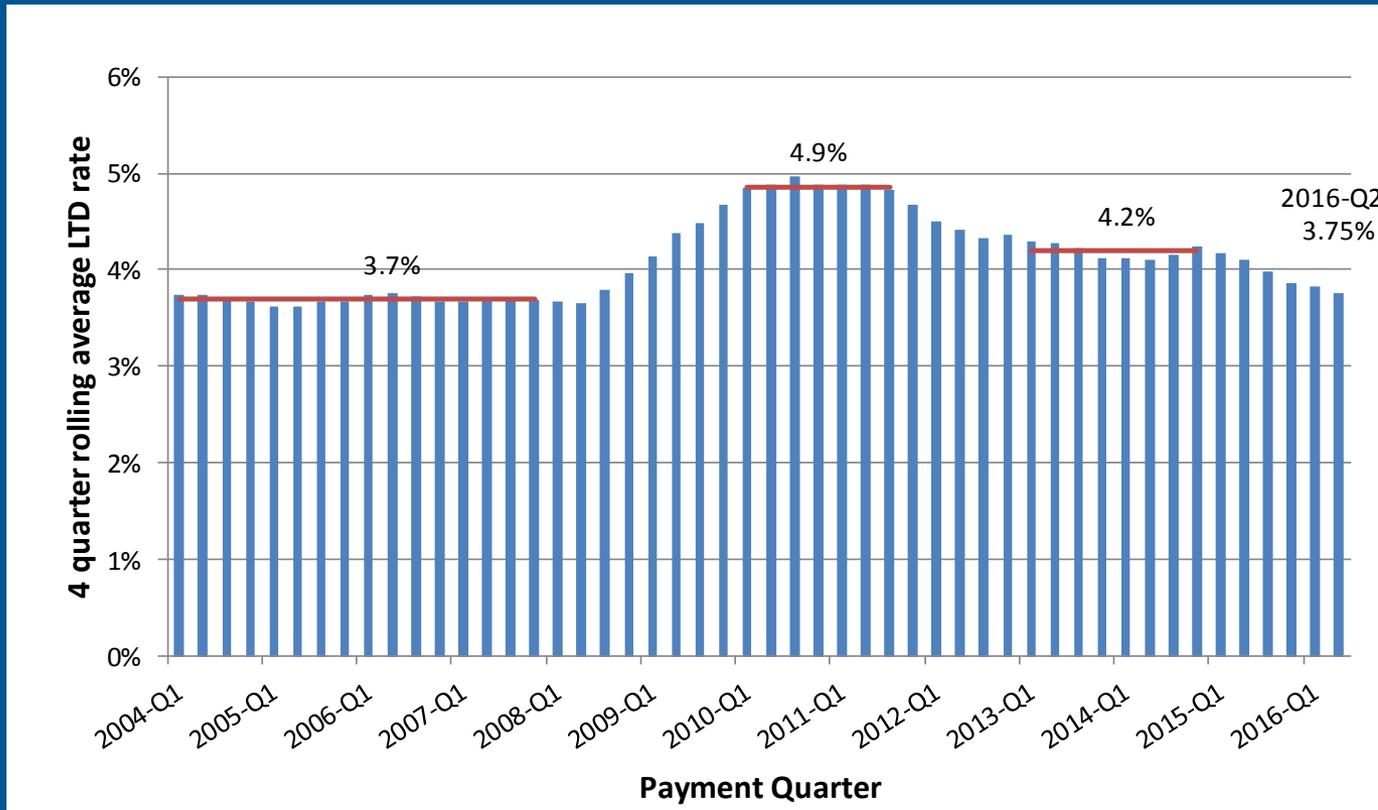




DASHBOARD – HELP INJURED WORKERS HEAL AND RETURN TO WORK



Our ultimate goal is to reduce the number of injured workers who experience long-term disability.



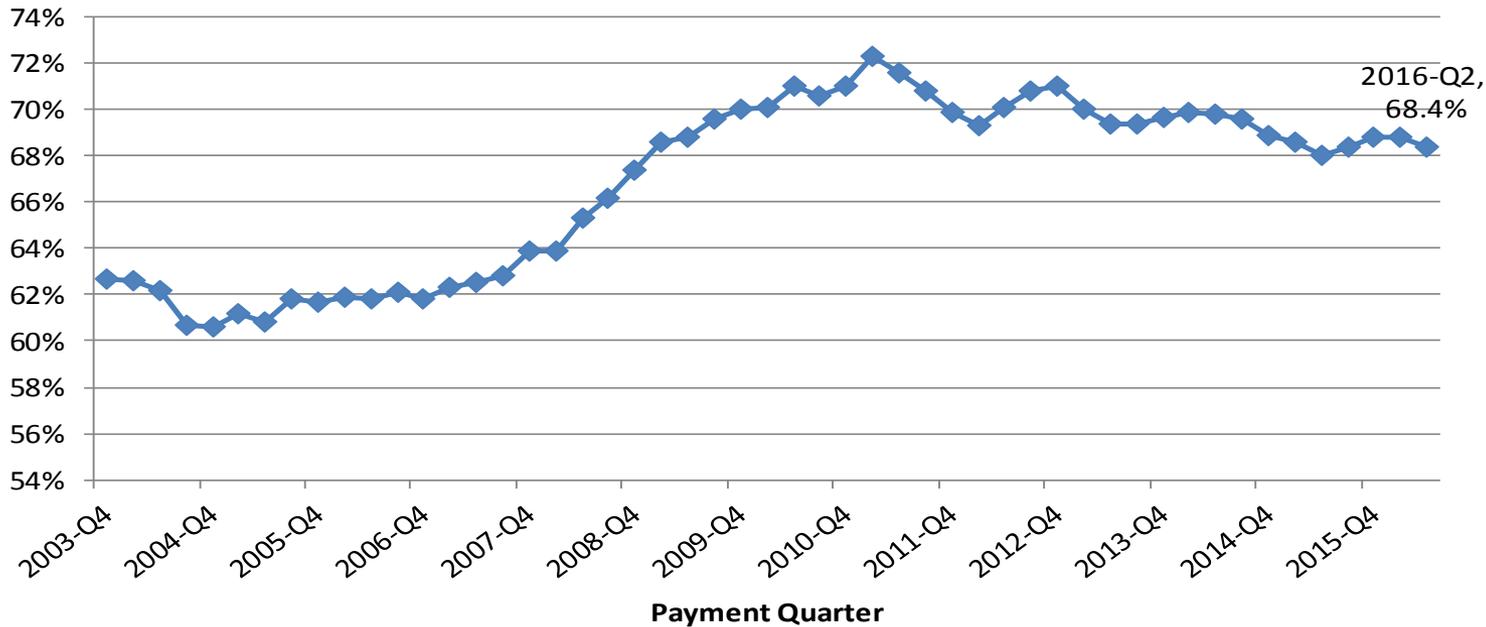
The goal is to decrease this number

Long-term disability is the share of claims that receive a time-loss payment 12 months from injury.



The onset of long-term disability is often measured between three and six months after injury

Claims that receive a time-loss payment 6 months post injury relative to claims that receive a time-loss payment 3 months post injury.

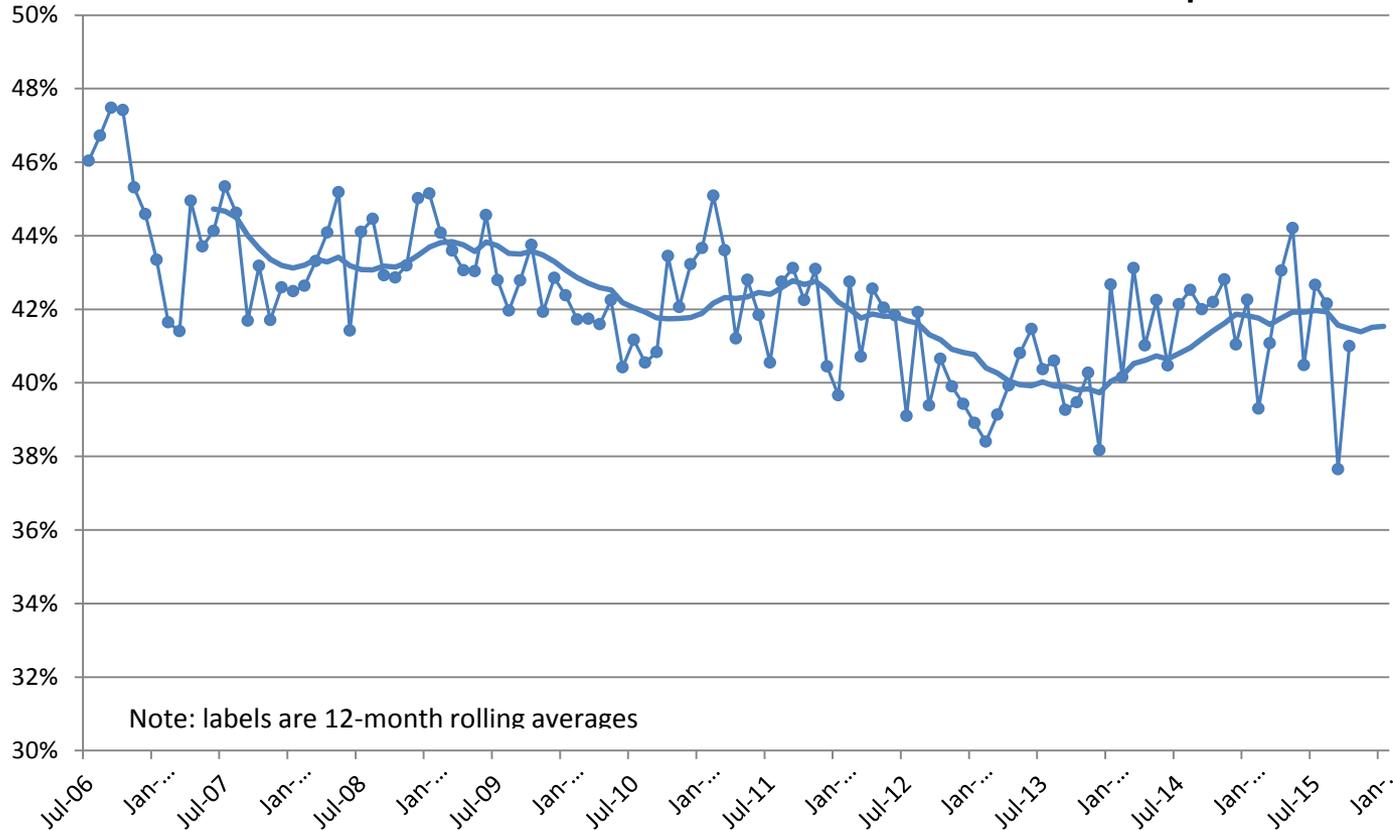


The goal is to decrease this number 



The share of time-loss claims resolved six months after claim receipt is holding steady

Share of time-loss claims resolved six months after claim receipt

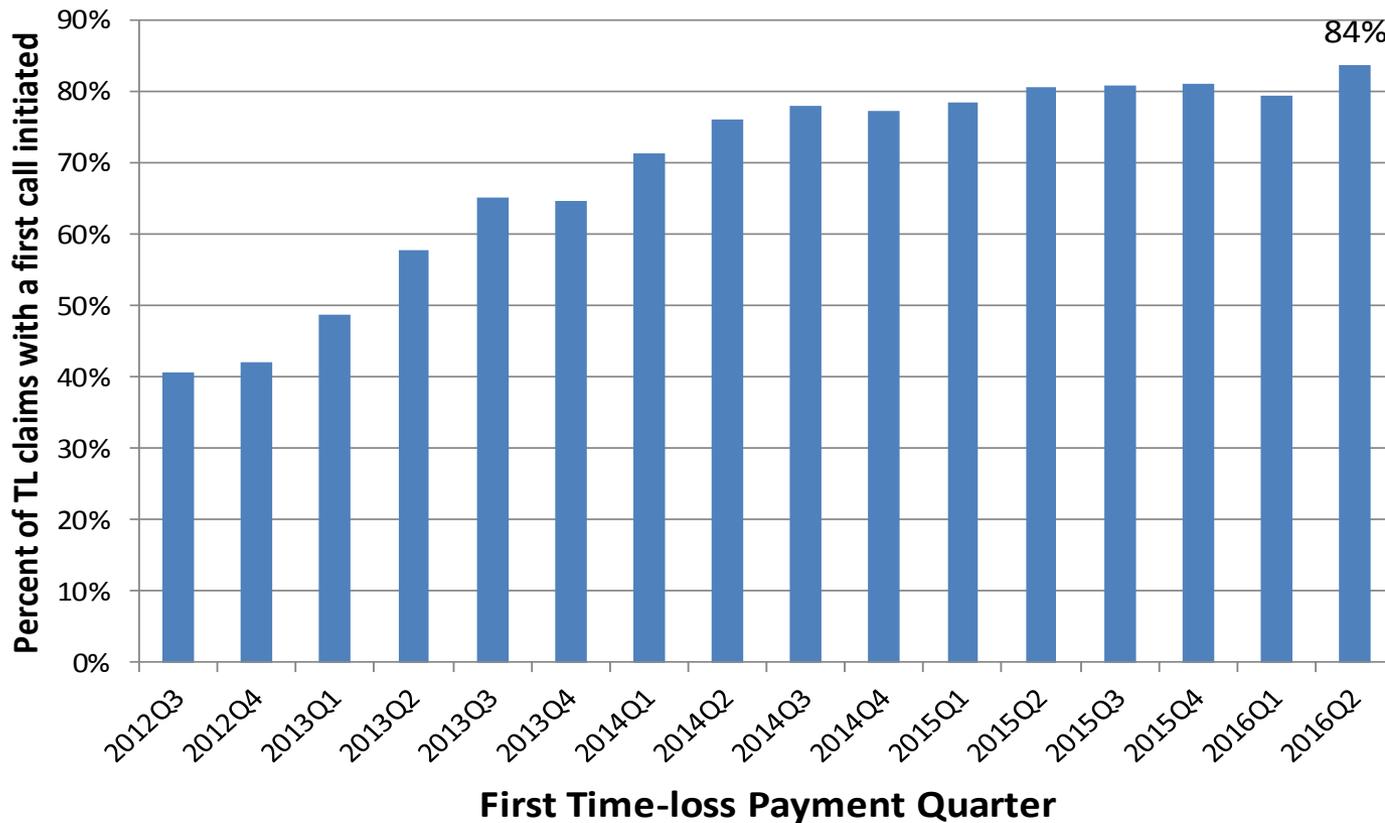


The goal is to
increase
this number





We are increasing the number of first calls to injured workers receiving first time-loss payments

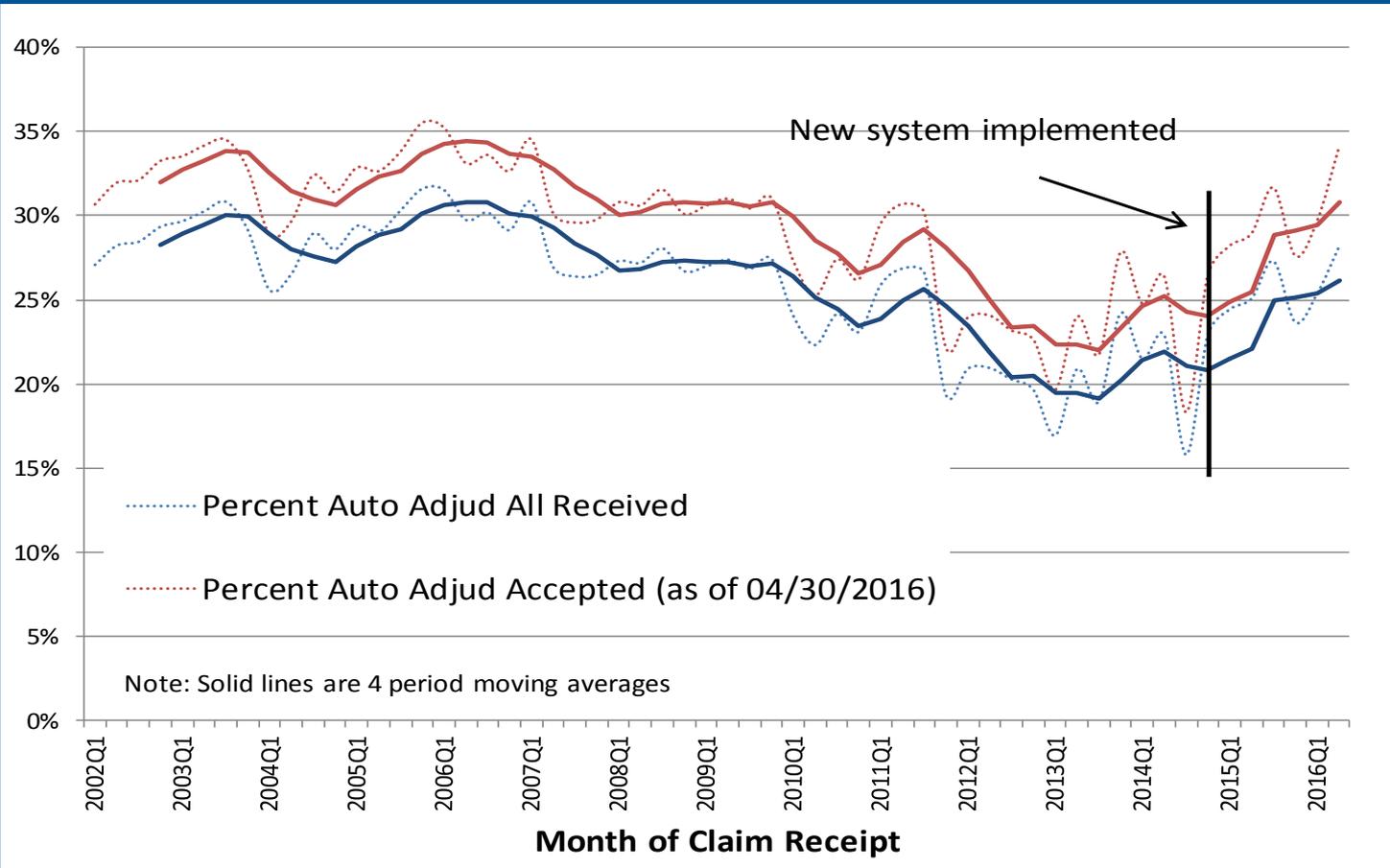


The goal is to
increase
this number





A new auto-adjudication process was implemented in early 2015 and is showing positive results



The goal is to
increase
this number

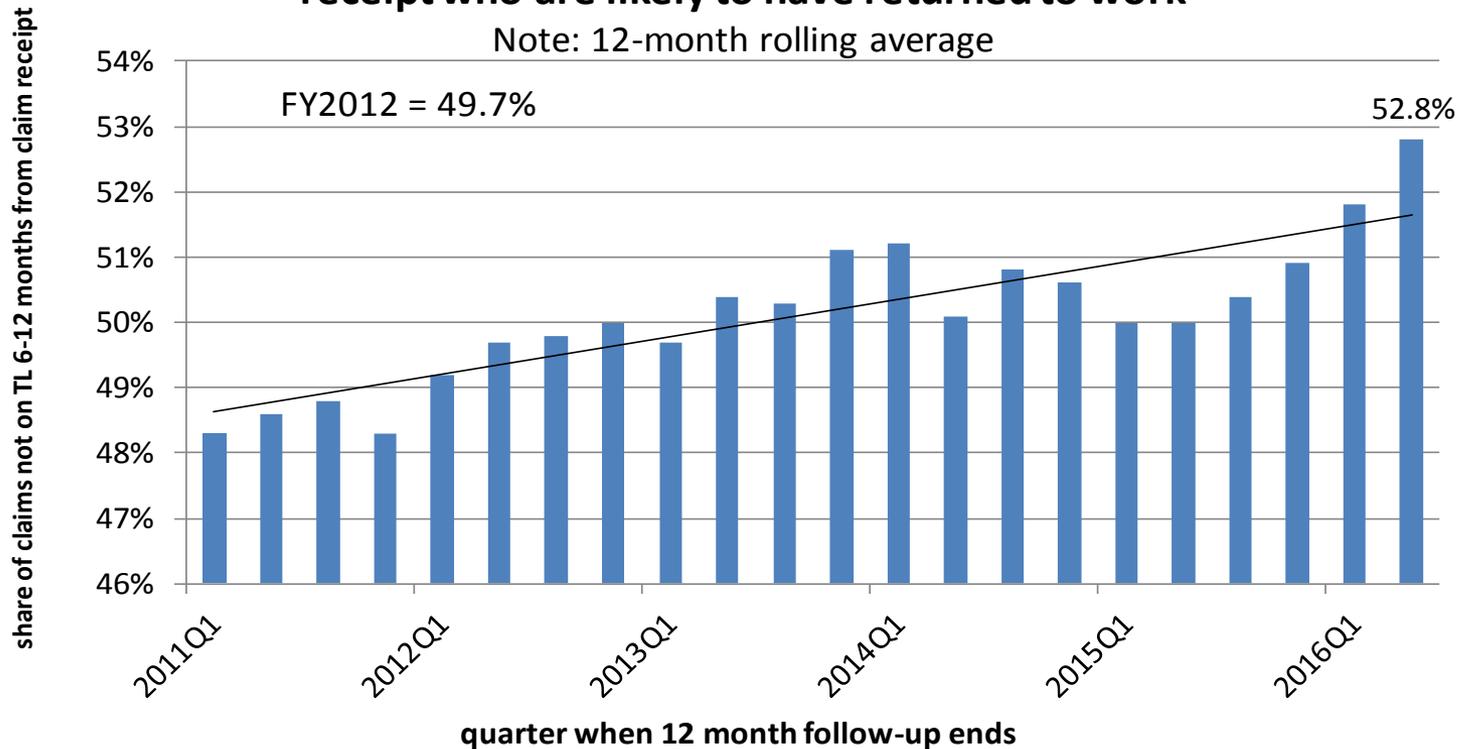




Initiatives such as early ability to work assessment, Centers for Occupational Health and Education (COHE's), and the return to work score are improving return to work outcomes

The share of injured workers off work 40 days after claim receipt who are likely to have returned to work

Note: 12-month rolling average



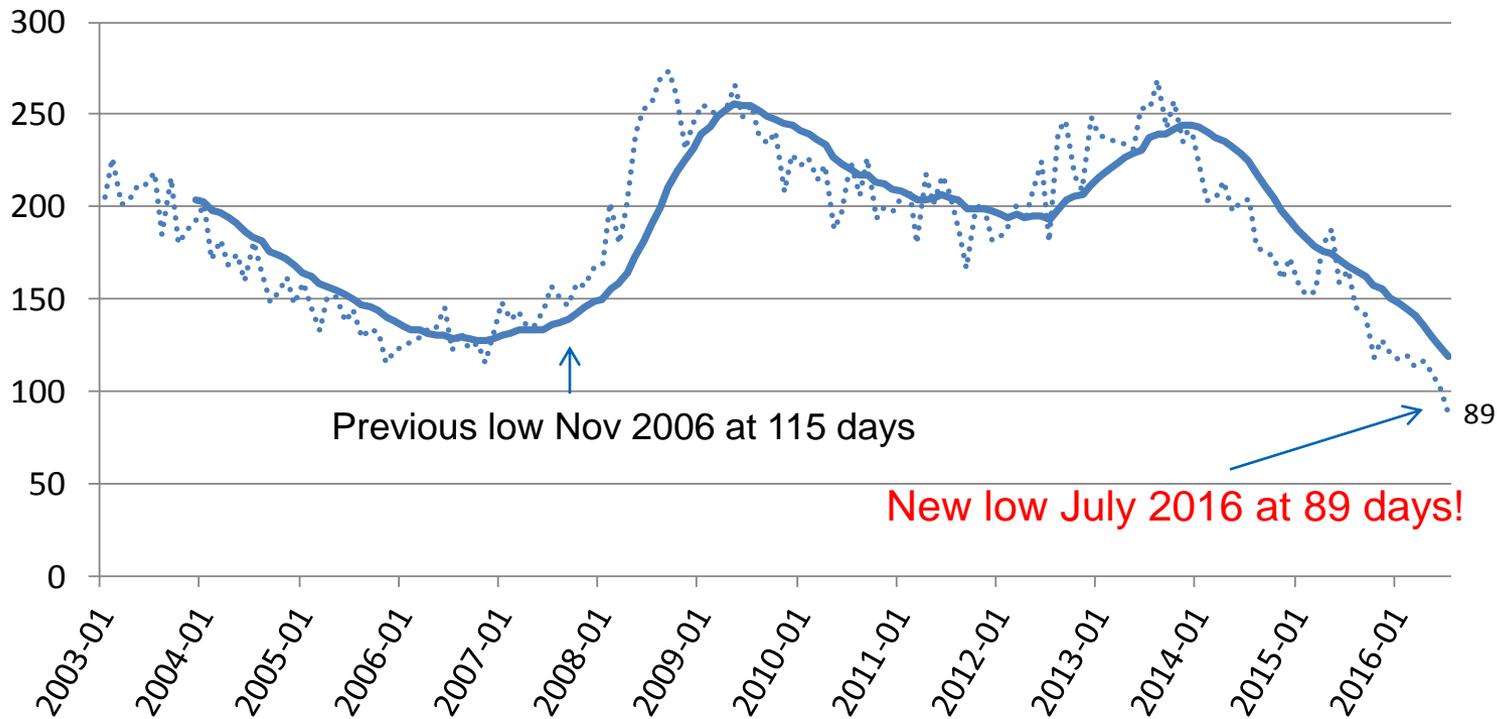
The goal is to
increase
this number





Ability to Work Assessment referrals are now targeted to address the onset of long-term disability

Median time-loss days paid at first AWA referral



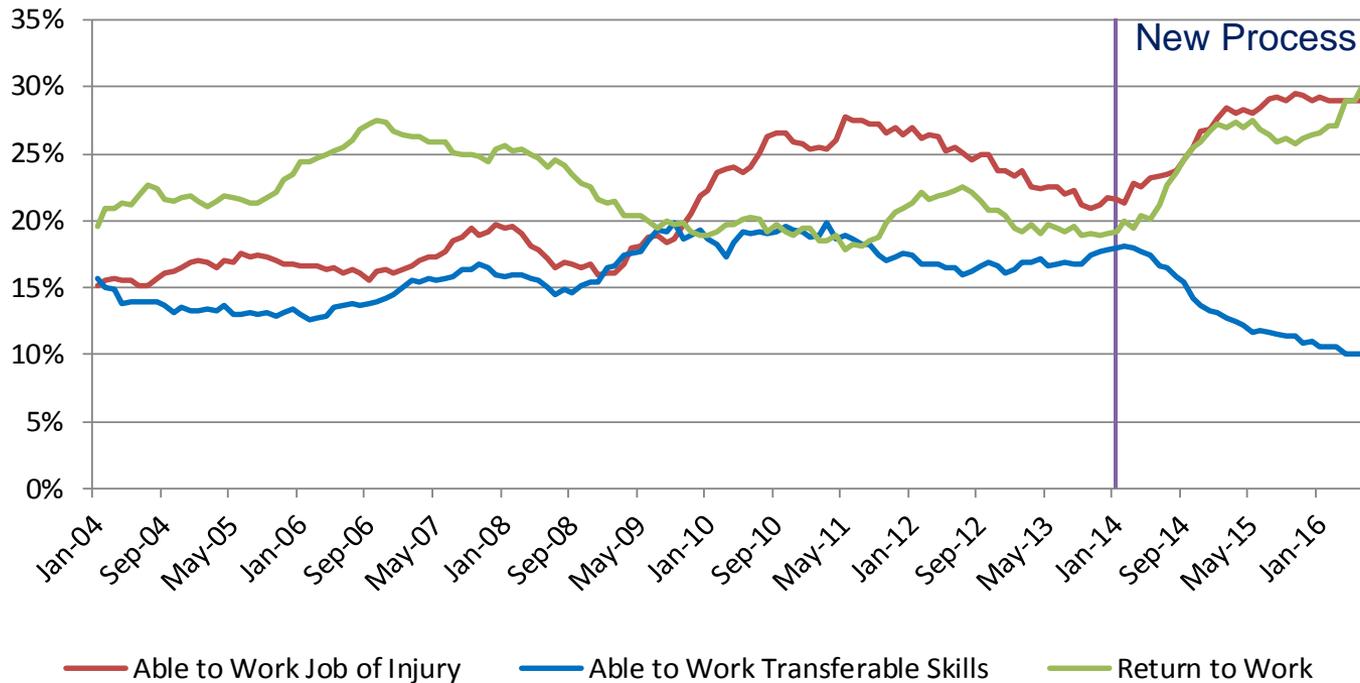
The goal is to decrease this number





New focus on return to work in AWA process has increased positive employable outcomes for early AWAs

Outcome distribution when first AWA referral made with less than 90 days of time-loss

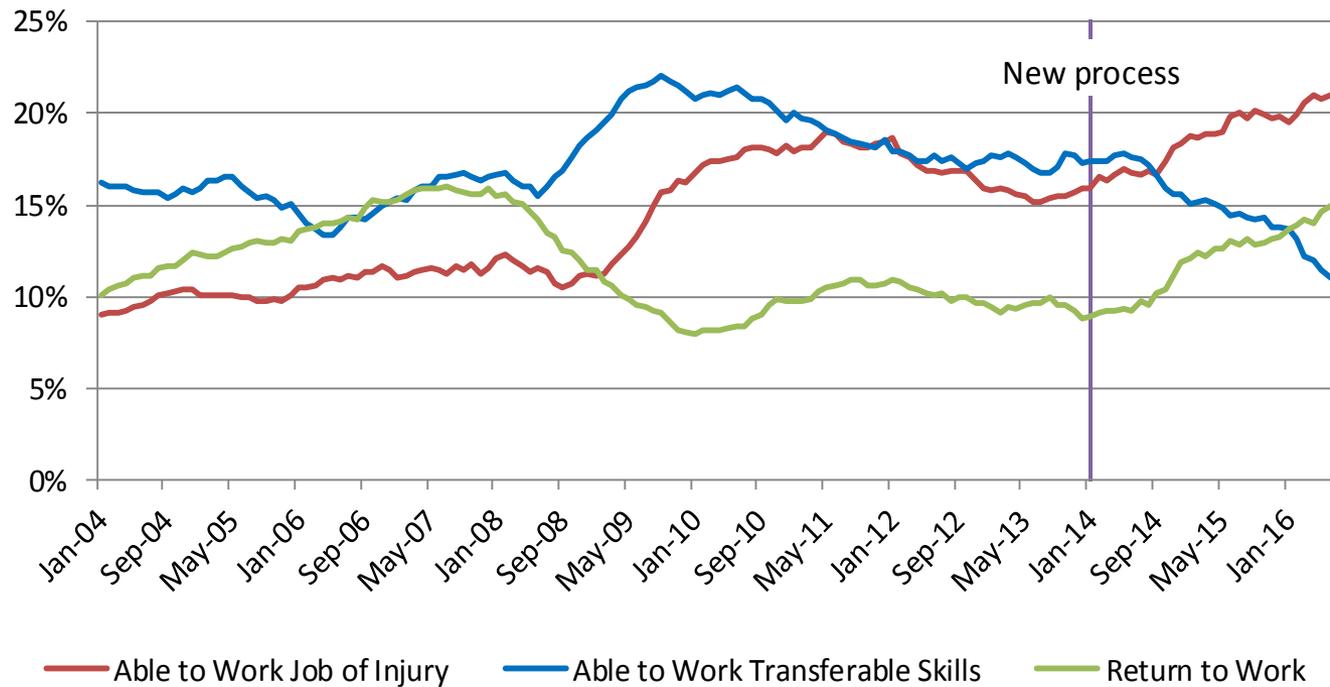


The goal is to increase the share of RTW and ATW JOI outcomes 



New focus on return to work in AWA process has also increased positive employable outcomes for later AWAs, but the impact is less pronounced

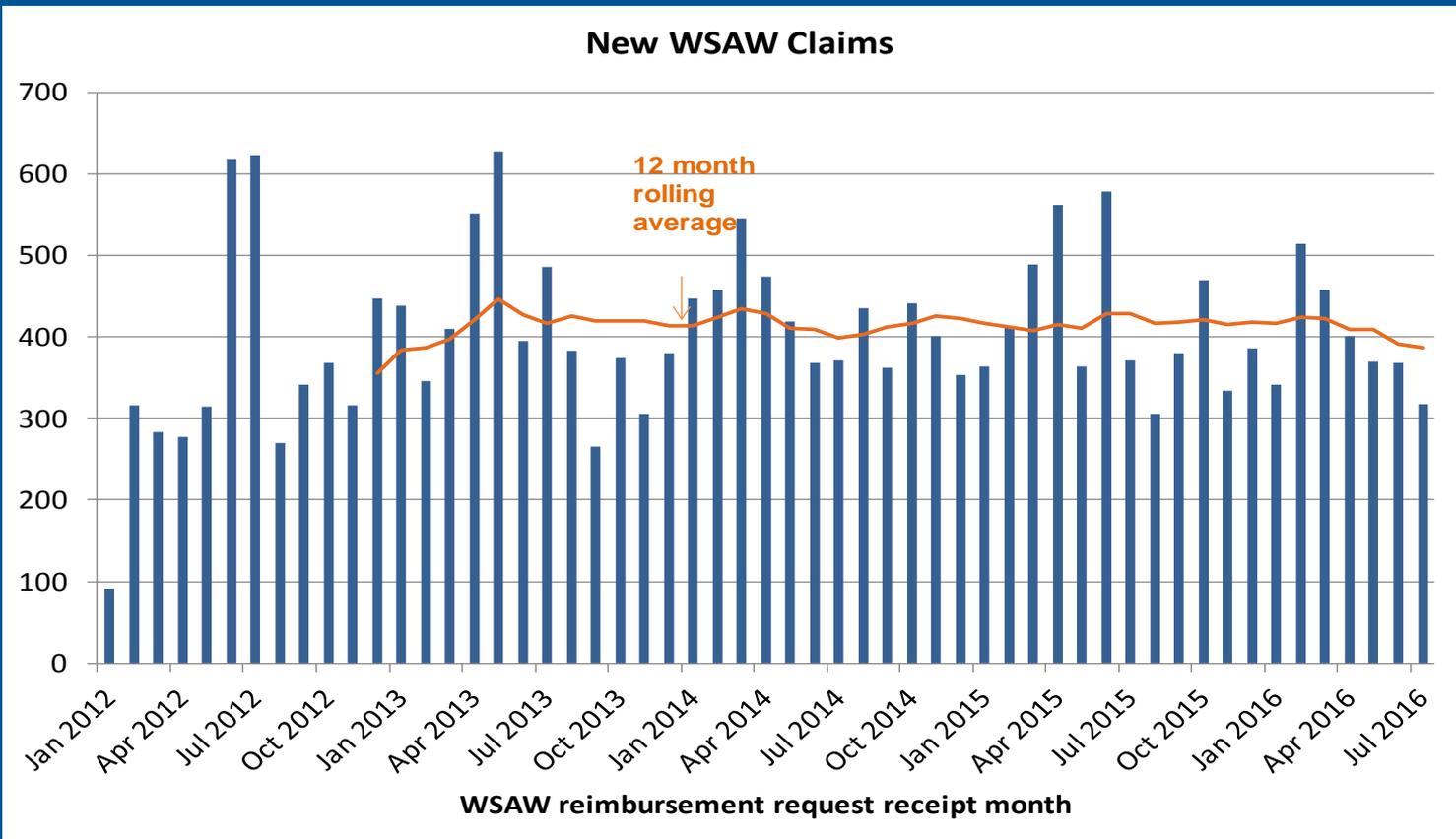
Outcome distribution when first AWA referral made with more than 90 days of time-loss



The goal is to increase the share of RTW and ATW job of injury outcomes 



Participation in light-duty job assignments helps maintain the employer/injured worker relationship

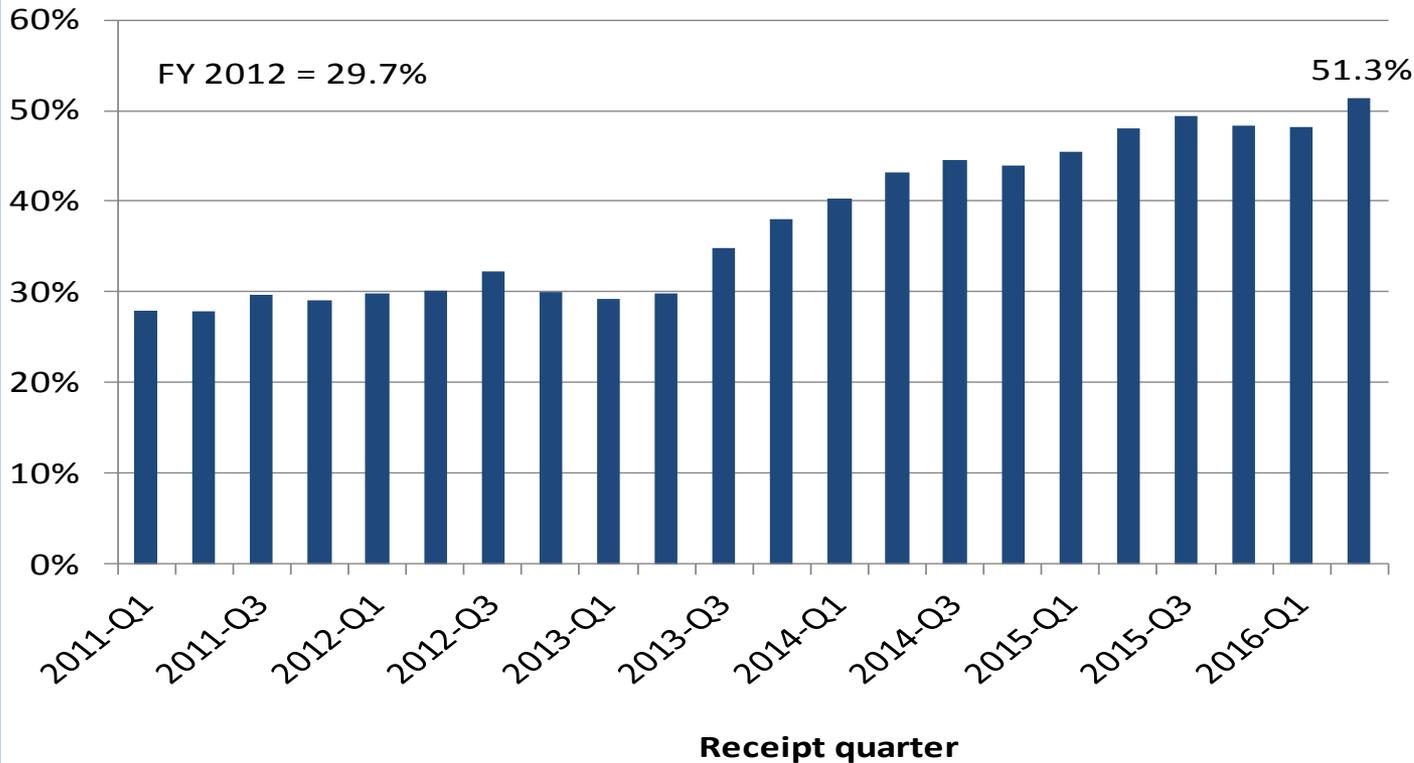


The goal is to increase this number 



Injured workers whose claims are initiated with a COHE provider, on average, have better outcomes and lower claim costs

Percent of claims received initiated with a COHE provider.



The goal is to
increase
this number





BREAK



MY LNI DEMO

Shannon Steketeer, E-Government Product Manager



BUSINESS TRANSFORMATION

Joel Sacks, Director



Where are we going

To achieve our aspirations we must do two things extraordinarily well...

- We must prevent those things that threaten the lives and livelihoods of the people who live and work in Washington from ever happening, and...
- We must assure remediation and recovery when they do – striving to make individuals, workplaces, and communities whole again.



How will we get there?

Step 1

- Enterprise vision / set the stage

Step 2

- Foundational activities & integration

Step 3

- Process improvements

Step 4

- System changes

Step 5

- Maintenance & continual improvements



How will we get there?

Step 1: Enterprise Vision / Set the Stage

- Getting the technology ready - LINIIS migration from mainframe to Windows environment. *Complete FY15-17*
- Develop agency-wide strategic vision and plan for transformation with technology as the support, not the driver. *Complete FY15-17*

Step 2: Foundational activities & Integration

- Begin non-IT transformation tasks (i.e. budget system, hiring transformation staff, training, organizational change management, aspirational metrics, customer personas, etc). *Started in FY15-17 and will continue through FY17-19.*
- Develop technology plan. *Planned for FY17-19*
 - Information strategy
 - Business architecture
 - System integration
 - IT assessments looking at infrastructure, cloud, and mobile



How will we get there?

Step 3: Process Improvements

- **Map out future state business requirements for key technology systems and implement non-IT business process improvements:**
 - Claims management, employer policy, and related systems. *Planned for FY17-19*
 - Customer relationship management. *Planned for FY19-21*
 - Other agency-wide systems planned for FY19-21 through FY23-25
 - Prevention system (Field Services, DOSH, etc).
 - Fraud system.
 - Account receivable collection consolidation.
 - HR Café, learning & career management internal system.
- **Business process improvement projects specific to prevention, recovery, and support.**
A few examples include:
 - User-solution lab partnership with employees and stakeholders. *Planned for FY17-19*
 - Enhance phone call handoffs. *Planned for FY17-19*
 - Deliver integrated, multi-program consultations to employers. *Planned for FY19-21*



How will we get there?

Step 4: System Changes

- **Enable new processes and capacity with new core technology applications.**
 - Website Replacement. *Planned for FY17-19.*
 - Replacement of Claims Management, Employer Policy, and related systems. *Planned for FY19-21 and FY21-23.*
 - Medical Provider Credentialing system. *Planned for FY17-19.*
 - Technology plan – info strategy, data warehouse, records management, etc. *Planned for FY19-21 and FY21-23*
 - Other Agency-wide systems (Prevention, Fraud, internal systems, Billing, etc). *Planned for FY19-21 through FY23-25*

Step 5: Maintenance & Continual Improvement

- Continue to refine systems in partnership with integration vendor.



Business Transformation Decision Package

Workstream	Description
Business Transformation Office	Agency-level coordination, project management, systems integration, business architecture, change management, tracking/reporting, and risk management/QA.
IT assessment	Identify gaps in L&I technology; create strategy for future technology; examine capability to adopt IT Service Management (ISTM) practices.
Information/data strategy	Develop a strategy to guide L&I's long-term data-design and management decisions.
Replacement of claims management, employer policy, and related systems	Analysis of existing systems' abilities, gaps and unique features; recommendations for leveraging a COTS system/s to replace Claims Management, Employer Policy and related systems. Replace the current provider-credentialing system, which is being phased out by its vendor.
Website replacement	Rebuild the site to make it easier for customers to find and understand the information they need on any device.



2017 WORKERS' COMPENSATION PREMIUM RATES AND STATE OF THE FUND

Joel Sacks, Agency Director

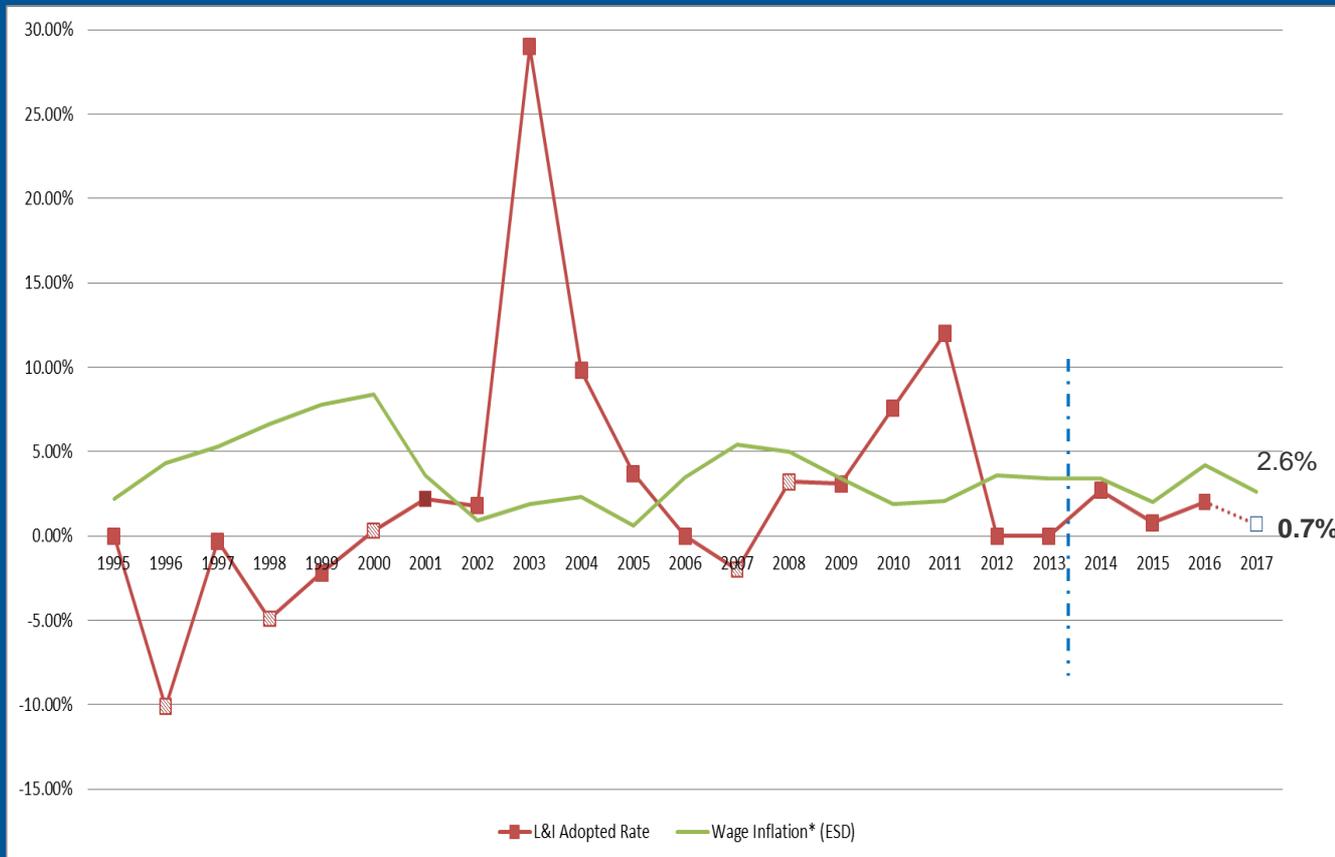


L&I's Rate Setting Philosophy:

1. Steady and predictable rates.
2. Benchmark against wage inflation (this happens automatically in other states).
3. Steadily rebuilding reserves.
4. Lower costs while focusing on better outcomes for injured workers.



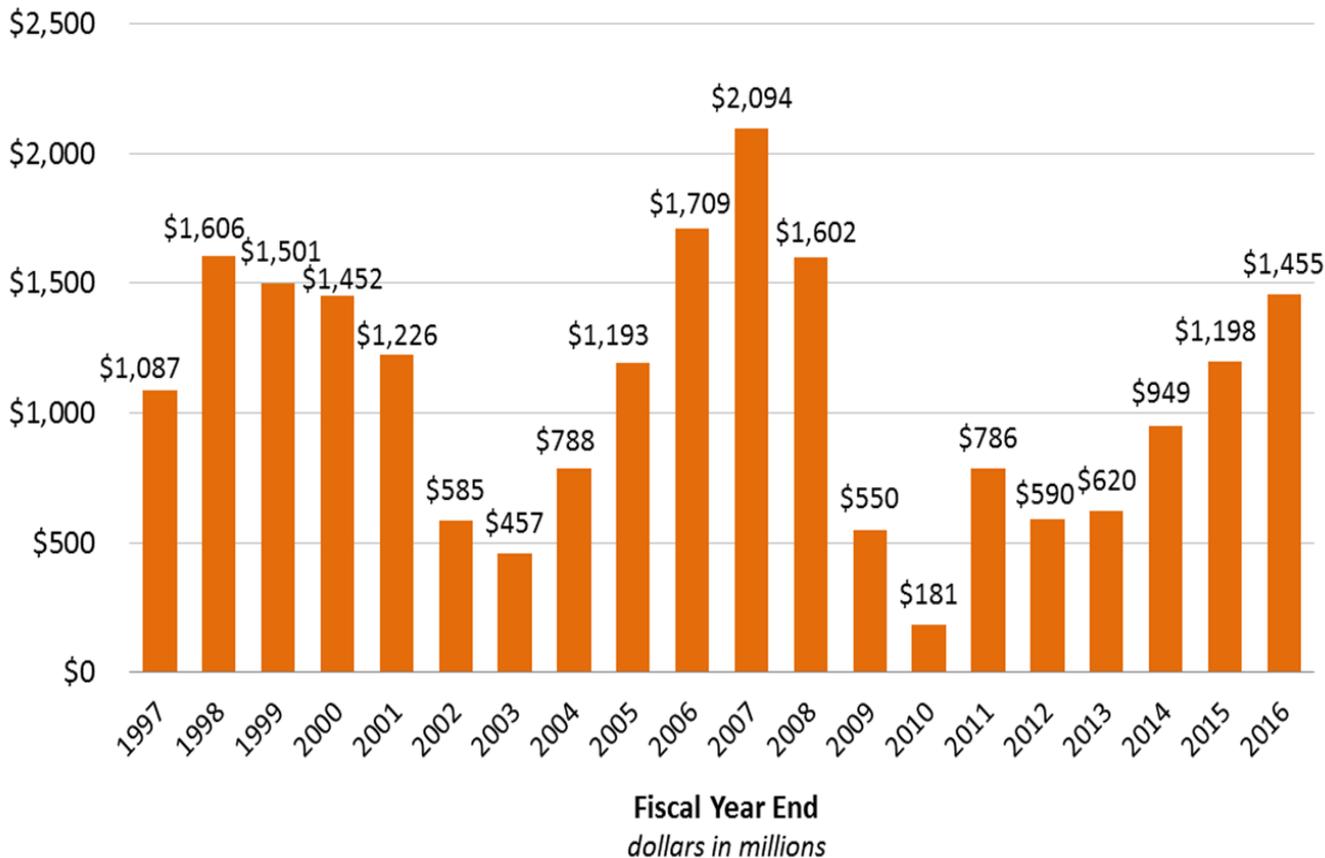
Benchmark Against Wage Inflation to Ensure Steady and Predictable Rates



* Indicates wage inflation rate known when rates were set



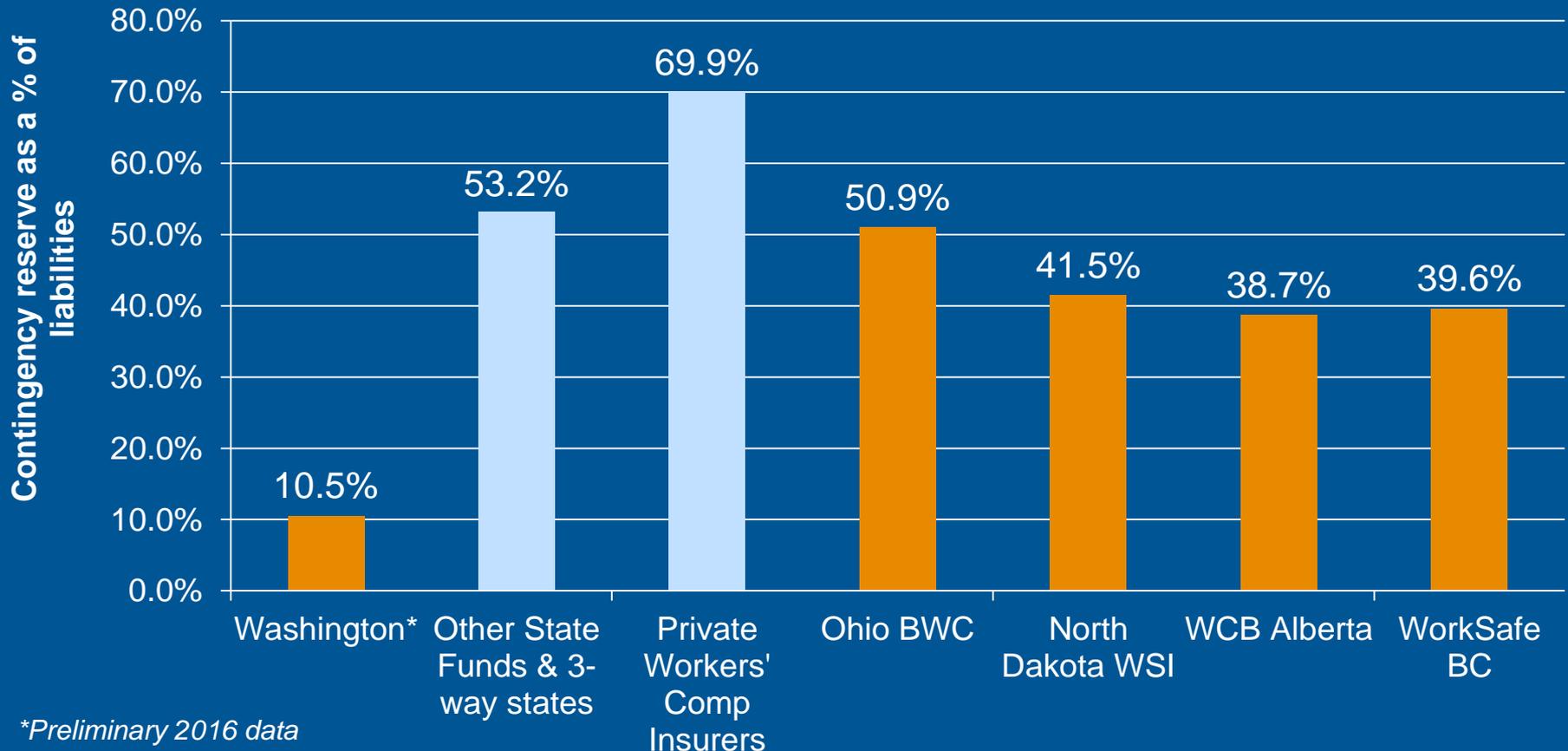
Contingency Reserve Grew in 2016 as Planned



WCAC long-term target is \$1.8 - \$2.2B at 13-15% of liabilities.



Washington's contingency reserve is well below its peers



*Preliminary 2016 data

Source: Conning Peer Analysis, August 2016



Changes in the Contingency Reserve

Changes to liabilities		FY14	FY15	FY16	Total
Changes that increased the contingency reserve					
↑	Operational Efficiencies and model changes	\$149 M	\$543 M	\$147 M	\$839 M
	Rate Changes	\$58 M	\$59 M	\$38 M	\$155 M
	Greater than expected changes in the stock market	\$279 M	N/A	N/A	\$279 M
Changes that decreased the contingency reserve					
↓	Mortality table change	\$0	\$146 M	\$0	\$146 M
	Adjustments to avoid double counting 2011 reform savings	\$130 M	\$83 M	\$0	\$213 M
	Discount rate reduction	\$256*M	\$31 M	\$31 M	\$318 M
	Less than expected changes in the stock market	N/A	\$29 M	\$101 M	\$130 M

Operational Efficiencies
 FY14: \$91M
 FY15: \$515M
 FY16: \$136M
Total: \$742M

*Model change for 13-year plus claims \$102 M; Pension Discount change \$154 M



Lowering Costs While Focusing on Better Outcomes

- Reduced projected long-term costs by over \$700 M
- Result Examples from Dashboard
 - Long-term disability has decreased 14% since 2012
 - Time to start vocational services has decreased 60%
 - Resulting return-to-work outcomes have increased 50%
 - Use of COHE has increased 60% since 2012



Proposed Rate Increase of 0.7%

	2016	2017	2017	2017	2017
	Average	Proposed	Proposed	Break-even	Break-even
	Hourly Rate	% Change	Hourly Rate	Indication	Hourly Rate
Accident	\$0.365	1.3%	\$0.369	-9.0%	\$0.332
Medical Aid	\$0.216	0.0%	\$0.216	8.0%	\$0.233
Supplemental Pension	\$0.0950	0.8%	\$0.0958	0.8%	\$0.0958
Stay-at-Work	\$0.0053	-16.0%	\$0.0045	-32.1%	\$0.0036
Overall*	\$0.681	0.7%	\$0.686	-2.4%	\$0.664
Net per \$100 of payroll**	\$2.26	-2.2%	\$2.21	-5.1%	\$2.14

*Does not include retro

**Projected number based on year ended March 31, 2016 mix of business and current wage inflation estimates



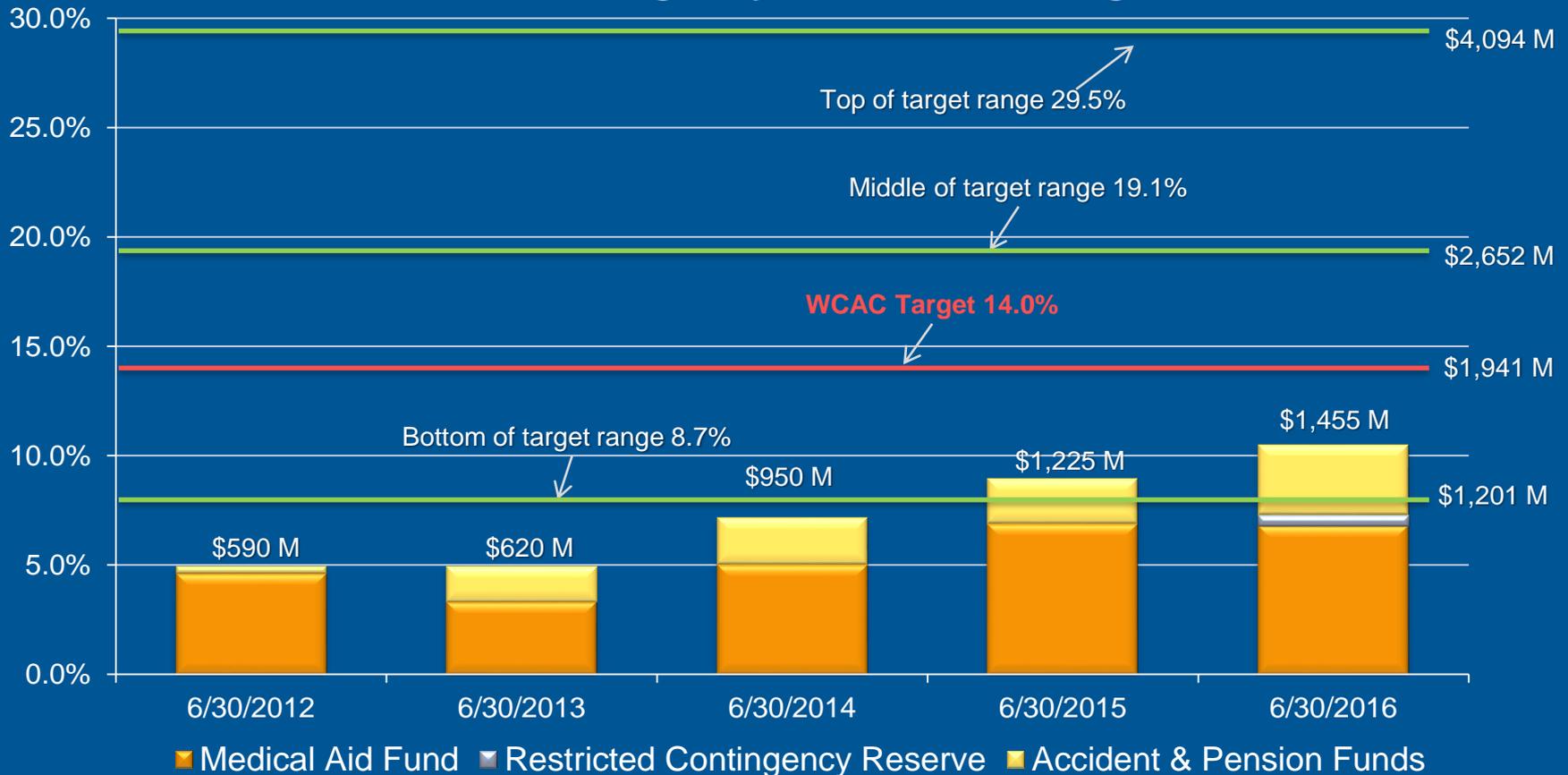
How the Agency Sets Rates

1. Forecast projected benefits costs.
2. Determine rate levels in order to break-even.
3. Review the amount of reserves, the economy, and other factors.
4. Director determines overall rate level changes by fund.
5. Adjust rates by industry.
6. Calculate experience rate for individual employers.



Contingency Reserve is 10.5% of Liabilities

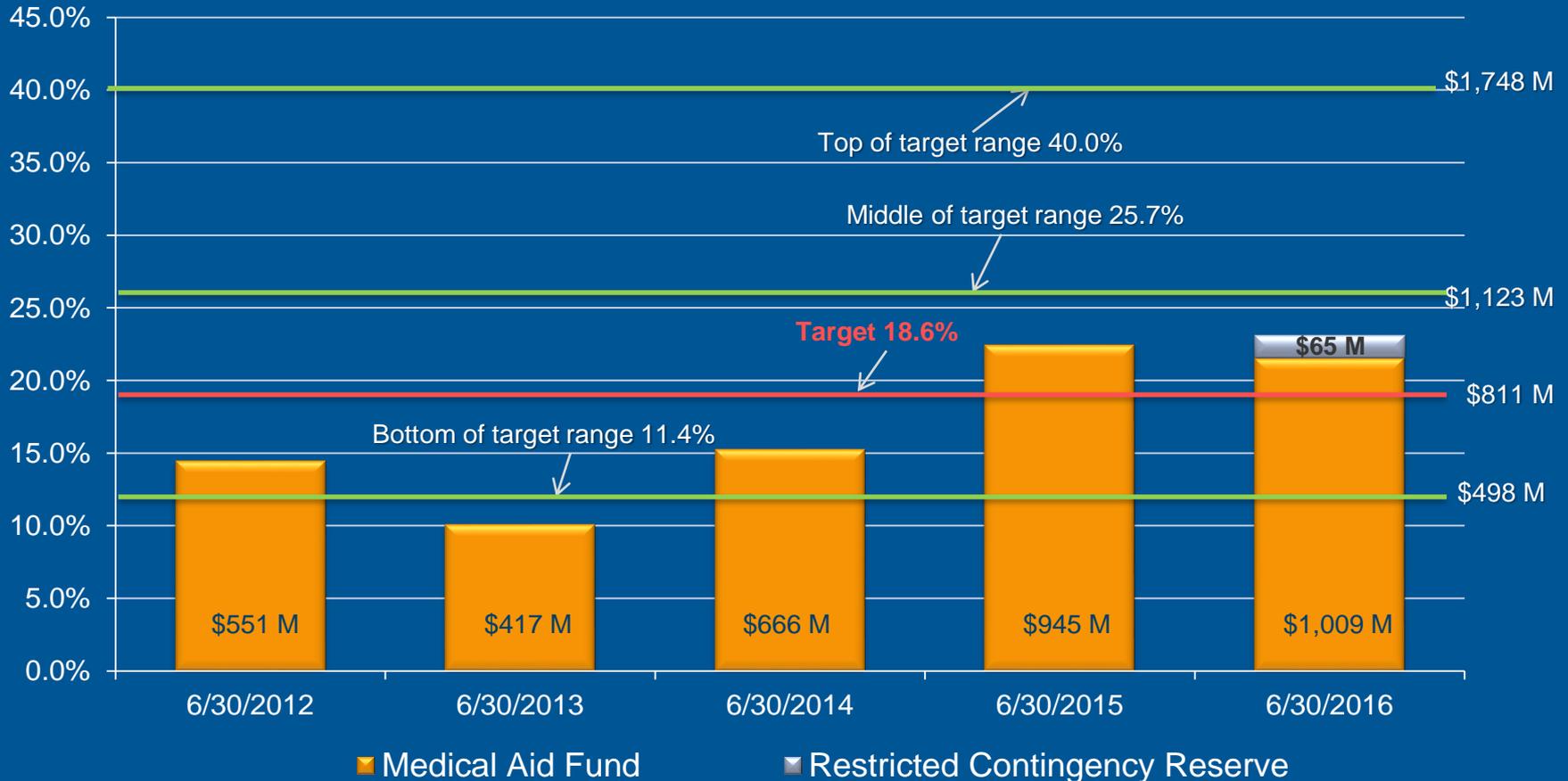
Combined Contingency Reserve vs. Targets





Medical Aid Contingency Reserve is 23.1% of Liabilities

Medical Aid & Restricted Contingency Reserve vs. Targets

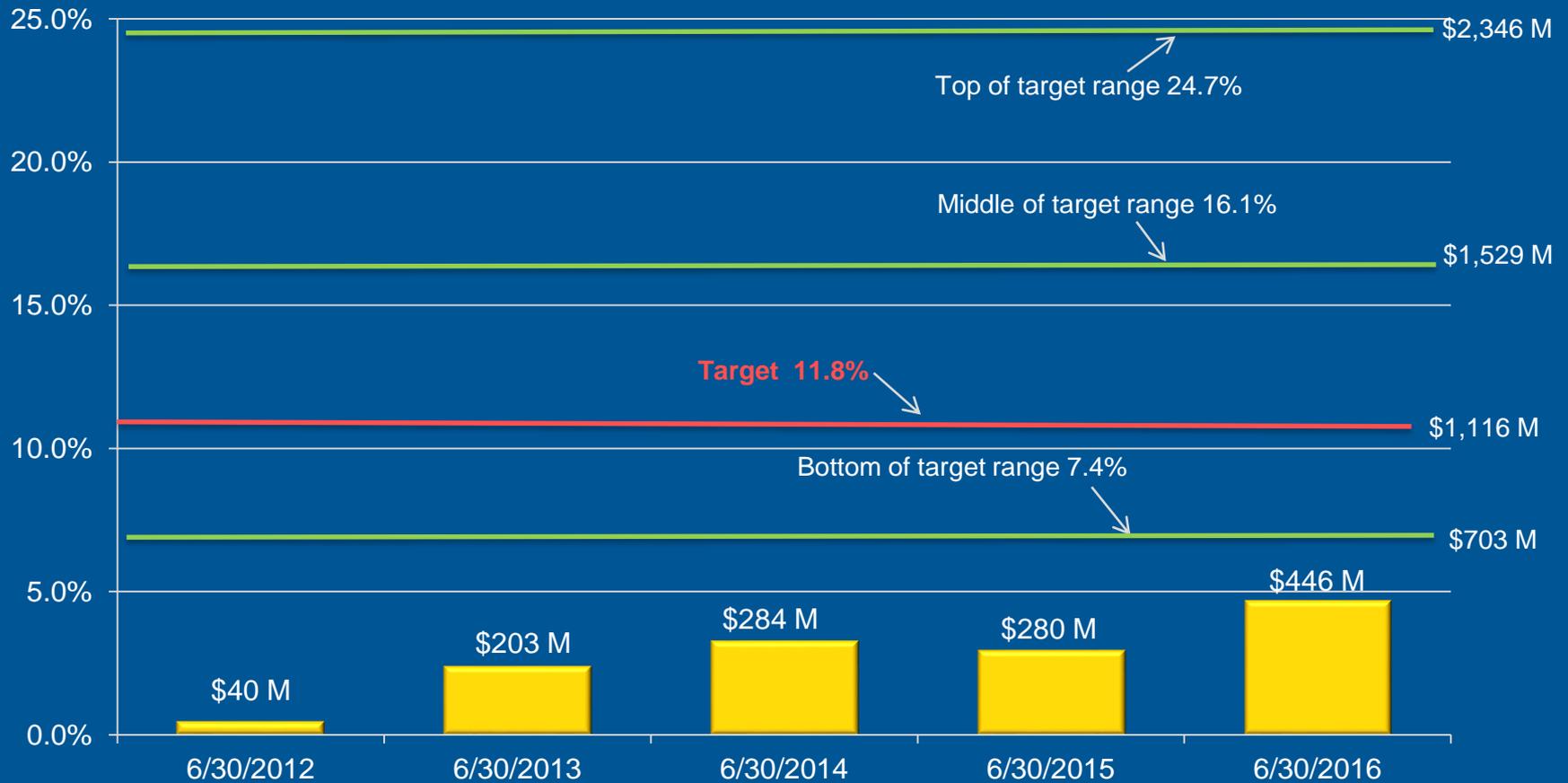


Based on preliminary financial information as of June 30, 2016



Accident & Pension Contingency Reserve is 4.7% of Liabilities

Accident & Pension Contingency Reserve vs. Targets





Premium Fund Break-down

- Medical aid fund is above the 10-year target
- Accident fund is significantly below the 10-year target
- The accident fund was reduced in FY14, FY15, and FY16 by approximately \$470M as a result of one-time adjustments:
 - Mortality table change
 - Adjustments to avoid double counting 2011 reform savings
 - Discount rate reduction
 - Other model changes (13-year model, voc legislative changes)
- Accident fund rate is half of wage inflation of 2.6%



Premium Fund Break-down

- Supplemental pension fund* increased due to:
 - *Crabb* decision (spreading out costs over a two-year rating period & 2017 is the second year).
- Stay-at-work fund reduced based on current projections. We will continue to monitor in future years.

**November 2017 update-- The original rate proposal for 2017 considered changing the fund balance from 3 to 4 months of anticipated benefit payout. The final adopted rate did not change, however it does maintain a 3 month balance (instead of moving to 4) in order to account for the latest wage forecast published on Nov 16, 2016.*



Long-Term Contingency Reserve Goals

- Continue to reduce Pension Discount Rate
 - Amount TBD based on discussion with Finance Committee.
- Increase operational efficiencies
 - \$35-70 million target
- Continue to increase the contingency reserve



Key Next Steps in Adopting Rates

- Oct. 2 – Postcard to employers with hearing dates & times
- Oct. 26-Nov. 4 – Six public hearings statewide
- End of Nov. – Adopt final 2017 rates
- Dec. 7 – Begin mailing rates to employers
- Jan. 1, 2017 – new rates are effective



INDUSTRIAL INSURANCE (STATE) FUND

FINANCIAL OVERVIEW

PRELIMINARY STATUTORY FINANCIAL INFORMATION
FISCAL YEAR 2016 THROUGH FOURTH QUARTER
JULY 2015 – JUNE 2016

Rob Cotton

Workers' Compensation Accounting Manager

WCAC Meeting



Significant Financial Highlights

July 2015 through June 2016

The contingency reserve increased \$230 million, from \$1,225 million on July 1, 2015 to \$1,455 million on June 30, 2016.

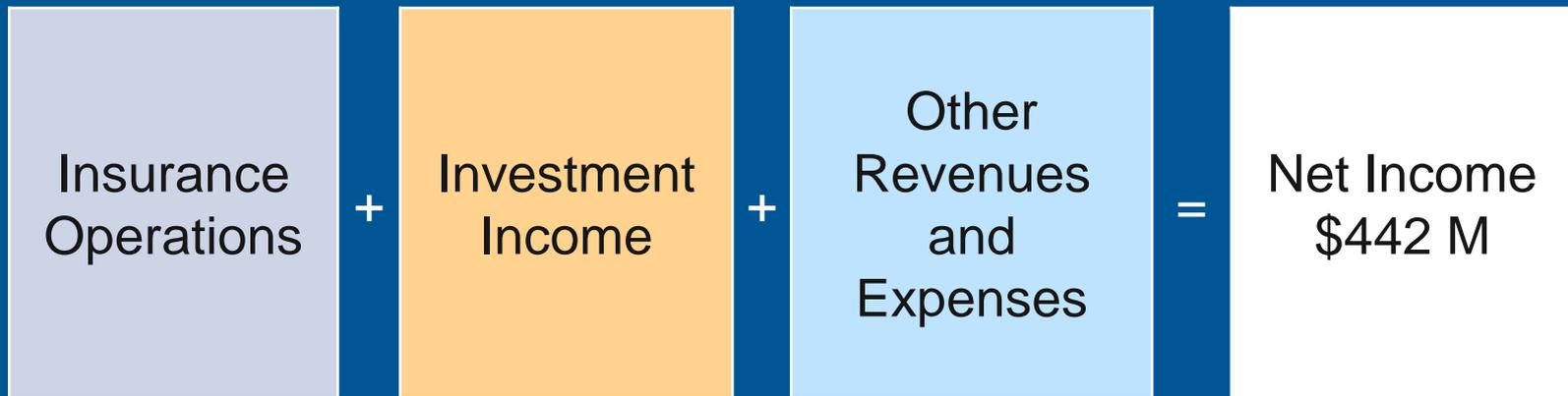
	<ul style="list-style-type: none"> • As anticipated premiums are greater than current accident year incurred costs • Realized gains on equities and fixed income from rebalancing investments • Projected liabilities for prior years' claim benefits decreased (favorable development)
	<ul style="list-style-type: none"> • Unrealized losses from equities due to the downturn in the stock market • Unrealized losses from fixed income due to a rating change for a few bonds

Change in the contingency reserve by quarter:

- July 1st to September 30, 2015 – a decrease of \$269 million.
- October 1st to December 31, 2015 – an increase of \$120 million.
- January 1st to March 31, 2016 – an increase of \$193 million.
- April 1st to June 30, 2016 – an increase of \$186 million.



State Fund Results “Net Income” July 2015 through June 2016





Insurance Operations

July through June
(in millions)

		Twelve Months Ended	
		June 30, 2016	June 30, 2015
We took in (Premiums Earned)	+	\$ 1,964	\$ 1,808
We spent (Expenses Incurred)			
Benefits Incurred		1,923	1,880
Claim Administrative Expenses		207	205
Other Insurance Expenses		86	85
Total Expenses Incurred	-	2,216	2,170
Net Loss from Insurance Operations	=	\$ (252)	\$ (362)

Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.





Premiums Earned

July through June
(in millions)

Twelve Months Ended

	June 30, 2016	June 30, 2015	Difference
Standard Premiums Collected	\$ 2,081	\$1,958	
Less Retrospective Rating Adjustments	(179)	(144)	
Net Premiums Collected	1,902	1,814	
Changes in future Premium Amounts To Be Collected	39	37	
Changes in future Retrospective Rating Adjustment Refunds	23	(43)	
Net Premiums Earned	\$ 1,964	\$ 1,808	\$ 156

Insurance
Operations

+

Investment
Income

+

Other
Revenues
and
Expenses

=

Net
Income



Benefits Incurred

July through June
(in millions)

Twelve Months Ended

	June 30, 2016	June 30, 2015	Difference
Benefits Paid	\$ 1,588	\$ 1,593	\$ (5)
Total Change in Benefit Liabilities	335	287	48
Benefits Incurred	\$ 1,923	\$ 1,880	\$ 43

Insurance
Operations

+

Investment
Income

+

Other
Revenues
and
Expenses

=

Net Income



Change in Benefit Liabilities from 6/30/15 to 6/30/16

Non-operational liability changes	
Expected	
Regular reserve discount reduction	\$345 M
New liabilities less benefit payments	\$99 M
One-time	
Discount rate reduction	\$38 M
Model changes	(\$11) M
	= \$471 M
Operational influence	
Operational effect	(\$136) M
	= \$136 M
Total FY15	\$335 M

*Benefit liabilities on 6/30/15 were \$12.7 B
and on 6/30/16 were \$13.0 B.*



Investment Income

July through June
(in millions)

	Twelve Months Ended	
	June 30, 2016	June 30, 2015
Investment Income Earned from Dividends and Interest	\$ 499	\$ 493
Realized Gains from Fixed Income Investments Sold	63 *	41
Realized Gains from Stocks (Equity Investments) Sold	74 *	18
Total Investment Income	\$ 636	\$ 552

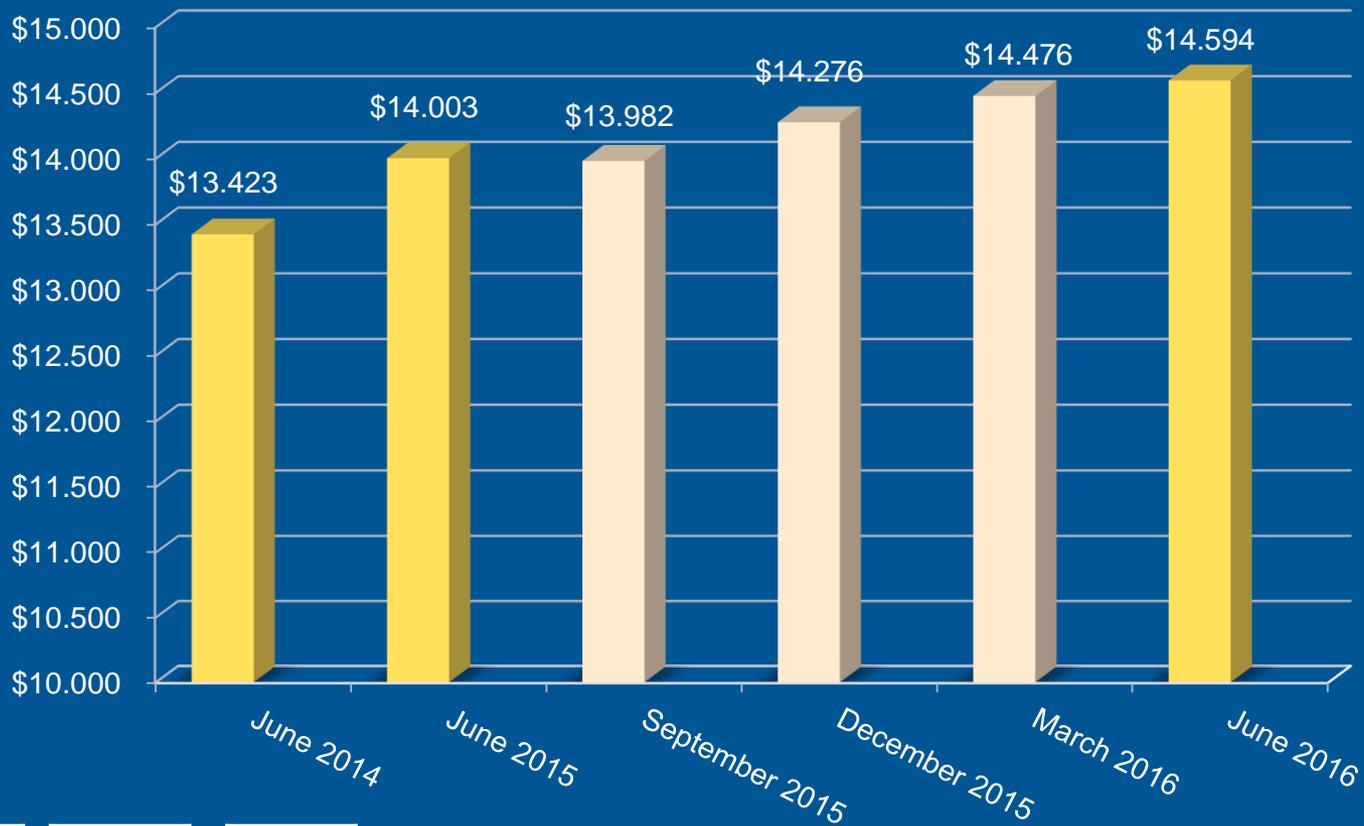
*Rebalanced the investment portfolio.

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income
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Total Investments

(rounded to billions)

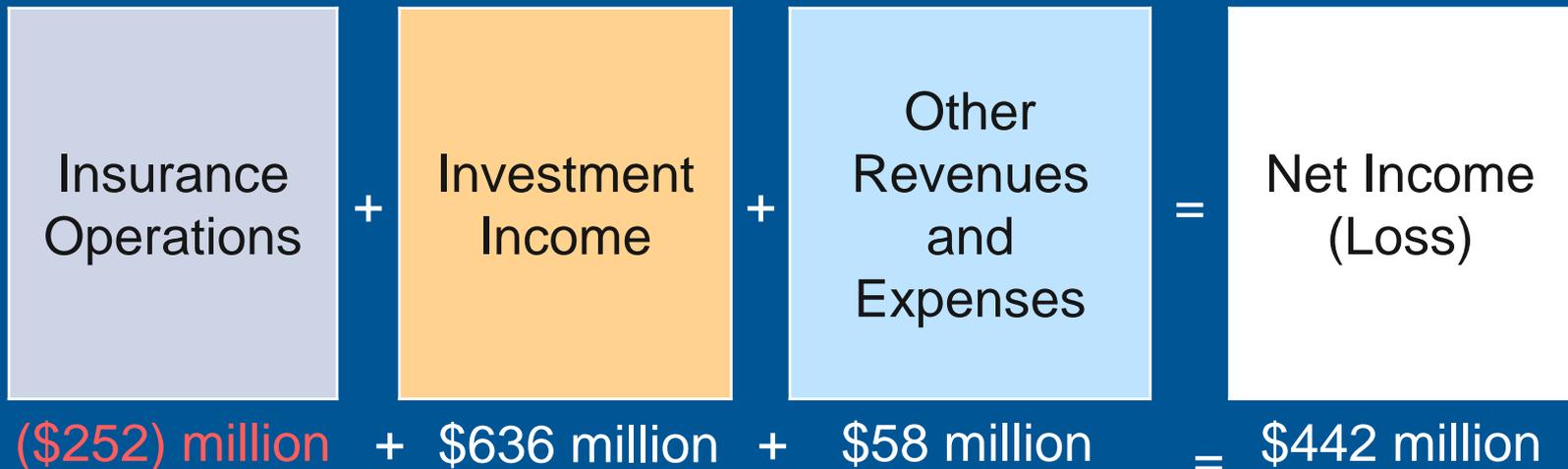


Insurance Operations + Investment Income + Other Revenues and Expenses = Net Income



Results of Operations

July 2015 through June 2016





How Did Contingency Reserve Perform?

July 2015 through June 2016

Change \$230 million





Contingency Reserve Goals for 2016

- Reduce Pension Discount Rate
- Increase operational efficiencies
- Increase contingency reserve



Contingency Reserve Results Achieved in 2016

Three Major Results	Percentage	Amount dollars in millions
Pension Discount Rate* reduced from	6.4% to 6.3%	\$38
Increased operational efficiencies		(\$136)
Preliminary contingency reserve	10.5%	\$1,455

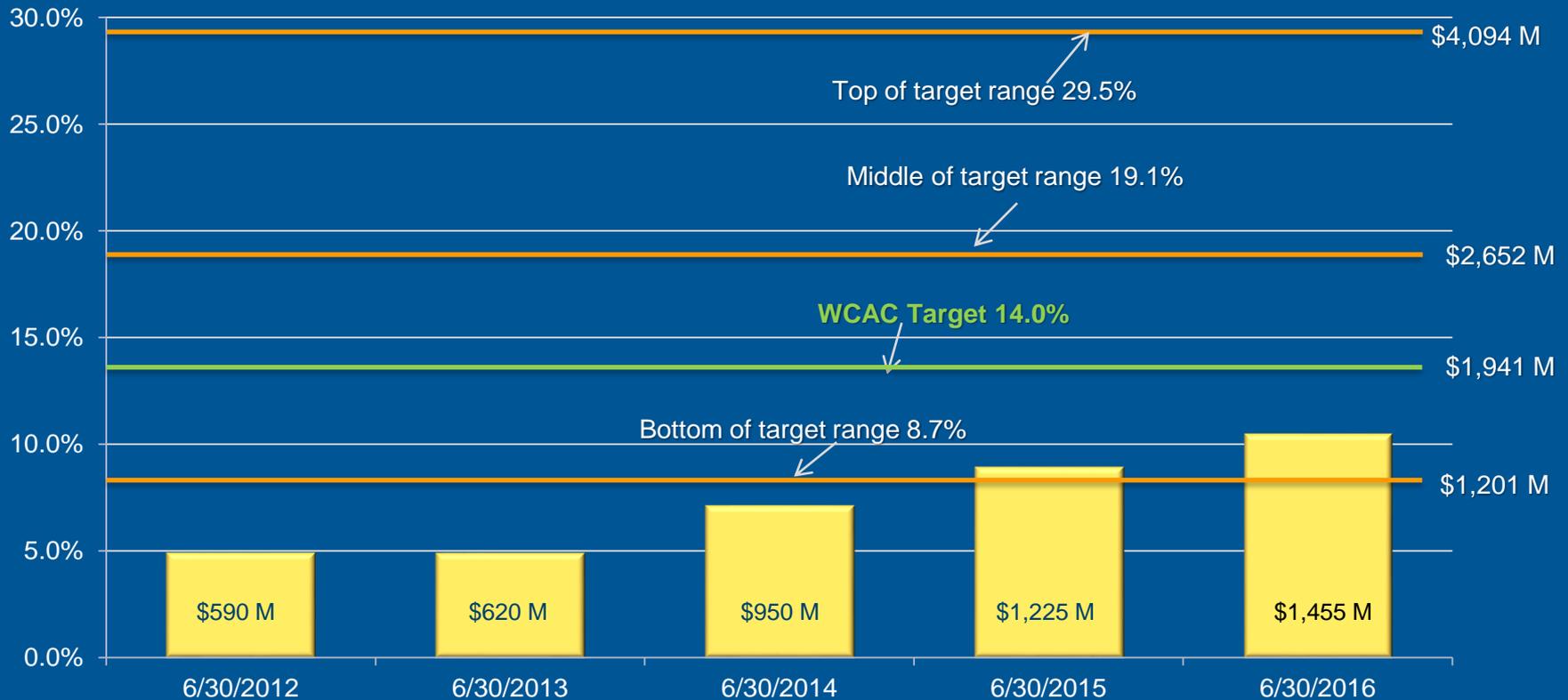
*PDR reduction from 6.4% to 6.3% was effective fourth-quarter of 2016

Note: Preliminary Data as of June 30, 2016



Combined Contingency Reserve vs. Targets

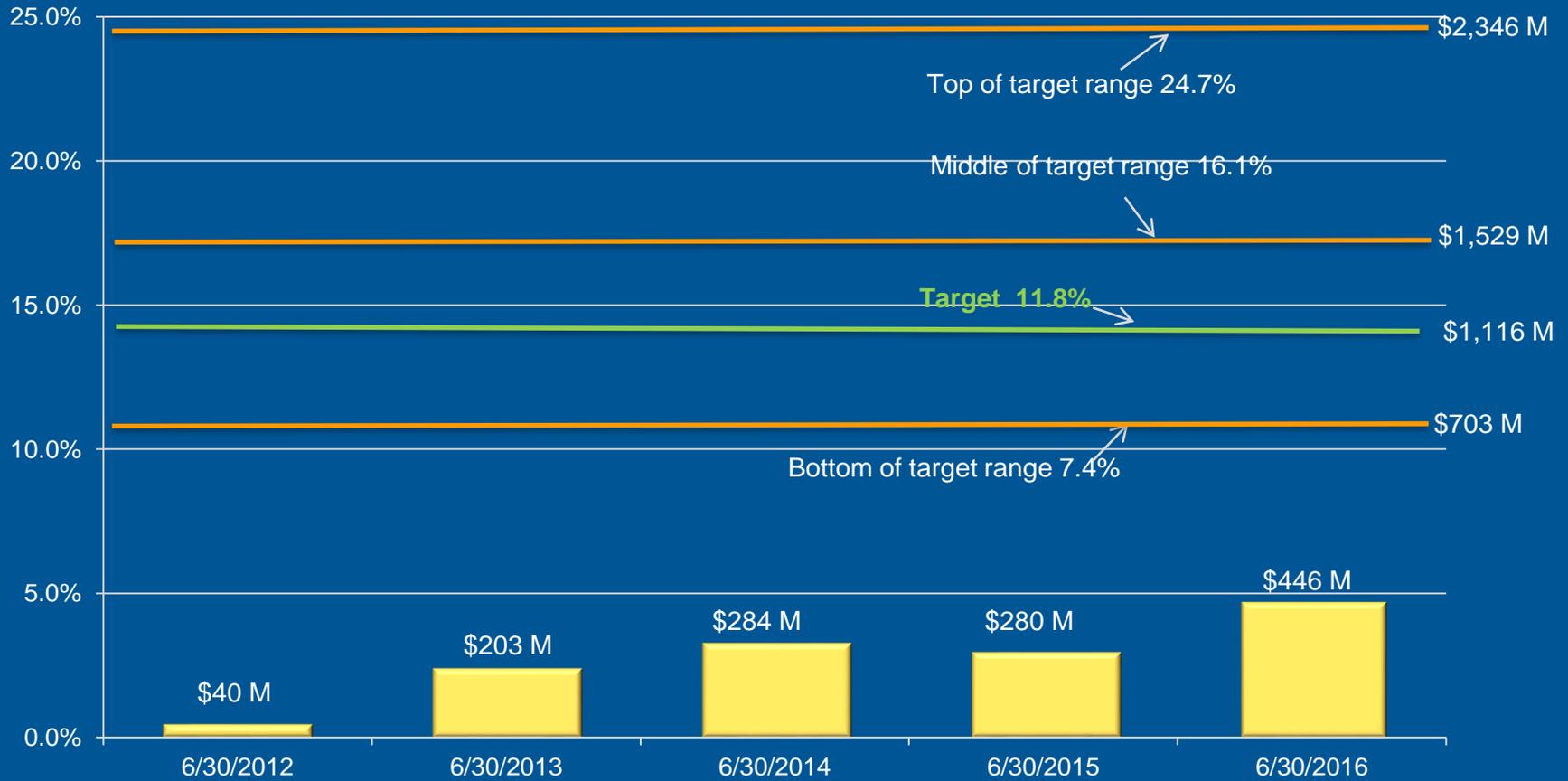
Combined Contingency Reserve is 10.5% of Total Liabilities





Accident & Pension Contingency Reserve vs. Targets

Accident & Pension Contingency Reserve is 4.7% of Liabilities





Medical Aid Contingency Reserve vs. Targets

Medical Aid Contingency Reserve is 23.1% of Total Liabilities





Key Financial Ratios as a percentage of premium earned

Ratios	Quarter Ended June 30, 2016		Quarter Ended March 31, 2015	Fiscal Year Ended
	State Fund	Industry Forecast		June 30, 2015
Current Year Benefit (Loss Ratio)	83.0%		85.9%	92.4%
Prior Year Benefit (Loss Ratio)	14.9%		14.3%	11.6%
Total Benefit (Loss Ratio)	97.9%	59.7%	100.2%	104.0%
Claim Administration Expense (CAE) Ratio	10.6%	13.7%	10.6%*	11.4%
Sub-Total: Benefit and Claim Administration Expense Ratios	108.5%	73.4%	110.8%	115.4%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	4.4%	23.7%	4.4%	4.7%
Combined Ratio	112.9%	97.1%	115.2%	120.1%
Investment Income Ratio	25.4%	17.1%	26.1%	27.3%
Operating Ratio	87.5%	80.0%	89.1%	92.8%

Note: a ratio of 100% would indicate that costs = premium for the period



Questions & Comments

Contact Rob Cotton,
Workers' Compensation Accounting Manager

Phone: 360-902-6263

Email: cotr235@lni.wa.gov.

Thank You!

Historic Results of Operations

July through June (in millions)

As of Fiscal Year Ended June 30,	Insurance Operations	+	Investment Income	+	Other Revenues & Expenses	=	Net Income (Loss)
Preliminary							
2016	(252)		636		58		442
2015	(363)		552		89		278
2014	(702)		783		54		135
2013	(805)		553		41		(211)
2012	(750)		1,030		84		364
2011	(416)		560		64		208
2010	(1,109)		505		64		(540)
2009	(1,307)		477		81		(749)
2008	(1,032)		885		63		(84)
2007	(662)		749		42		129
2006	(270)		574		59		363



Historical Investment Performance

	Fiscal Year Ended				
	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Investment Income	498,499,000	493,408,000	479,774,000	465,868,000	481,892,000
Realized Gain (Loss)	137,988,000	58,660,000	303,184,000	87,405,000	547,771,000
Unrealized Gain (Loss)	(181,830,000)	23,691,000	200,333,000	266,041,000	(546,428,000)
Total Invested Assets	14,593,530,000	14,003,302,000	13,422,957,000	12,550,887,000	11,908,149,000

Unrealized gain (loss) changes are impacted mostly by stock market results, and are commonly known as “paper” profit or losses which imply that they have not been “cashed in.”



7-Year Reserve Benchmarks

6-30-16 update: \$1,455 million contingency reserve or just above 10.5% of total liabilities.

7-Year Interim Targets

When the WCAC developed the 10-year plan in Sept. 2012, the contingency reserve was at \$590M and the PDR was at 6.5%

Each tenth of a percent the PDR drops, the CR could reduce between \$30 to \$50 million.

Supplemental
Information No. 4

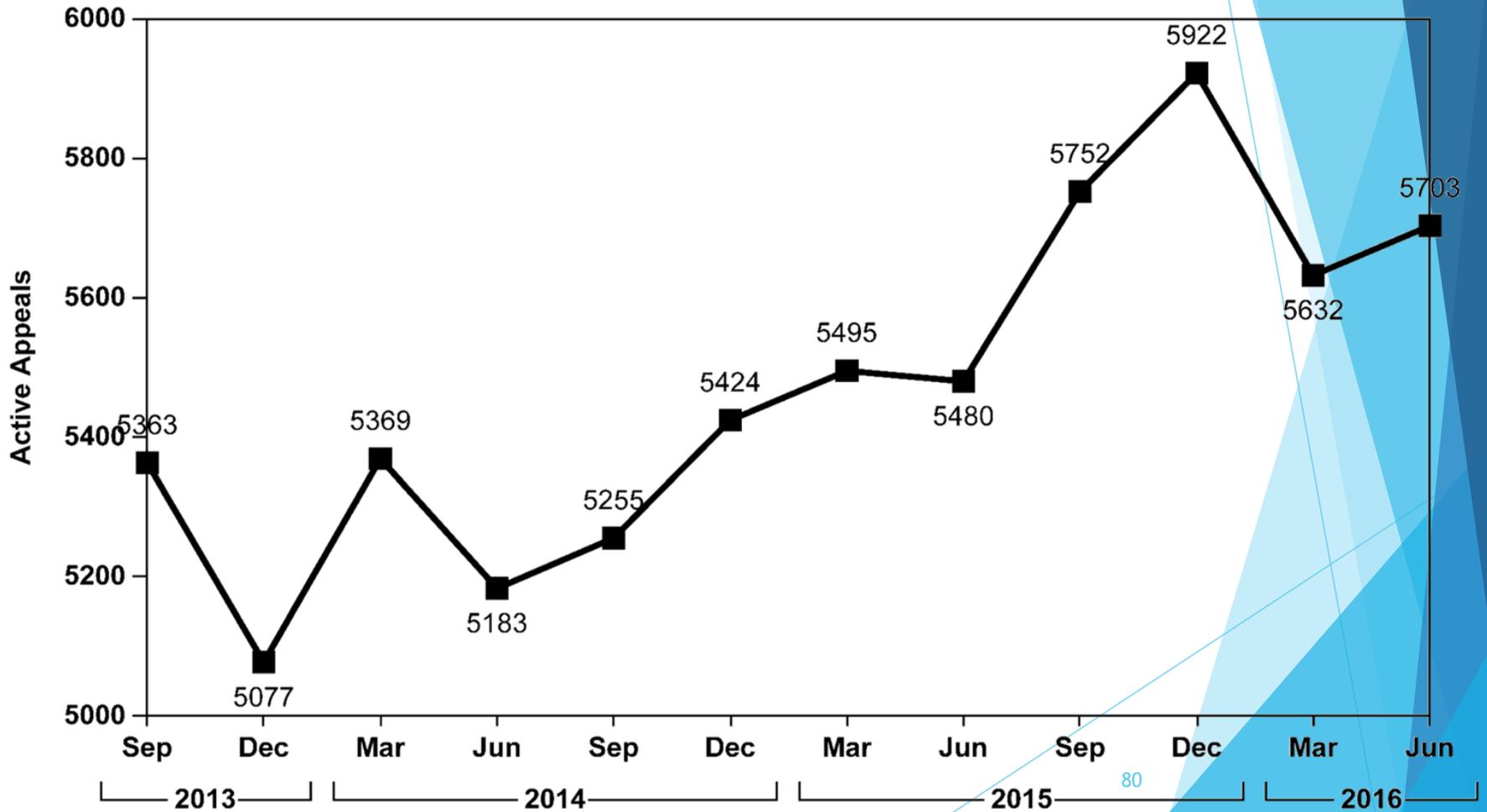
Year	Contingency Reserve Target (range)	Pension Discount Rate (PDR) Target (range)	Contingency Reserve (CR) Yearly Goal (displays steady growth) <small>dollars in millions</small>
<i>Fiscal Year Ended June 2015</i>	8.9%	6.4%	\$1,225
<i>2014 Target</i>	5-7%	6.5 - 6.3%	\$652 to \$902
<i>2015 Target</i>	6-8%	6.3 – 6.2%	\$797 to \$1,032
2016	7 - 9%	6.4 – 6.25%	\$ 884 to \$1,293
2017-2018	8 - 11%	6.0 – 5.75%	\$ 1,029 to \$1,583
2019-2020	10 - 13%	5.5 – 5.25%	\$ 1,317 to \$1,879
2021-2022	13 - 15%	5.0 – 4.5%	\$ 1,753 to \$2,198
7-Year Contingency Reserve Goal			\$2,198



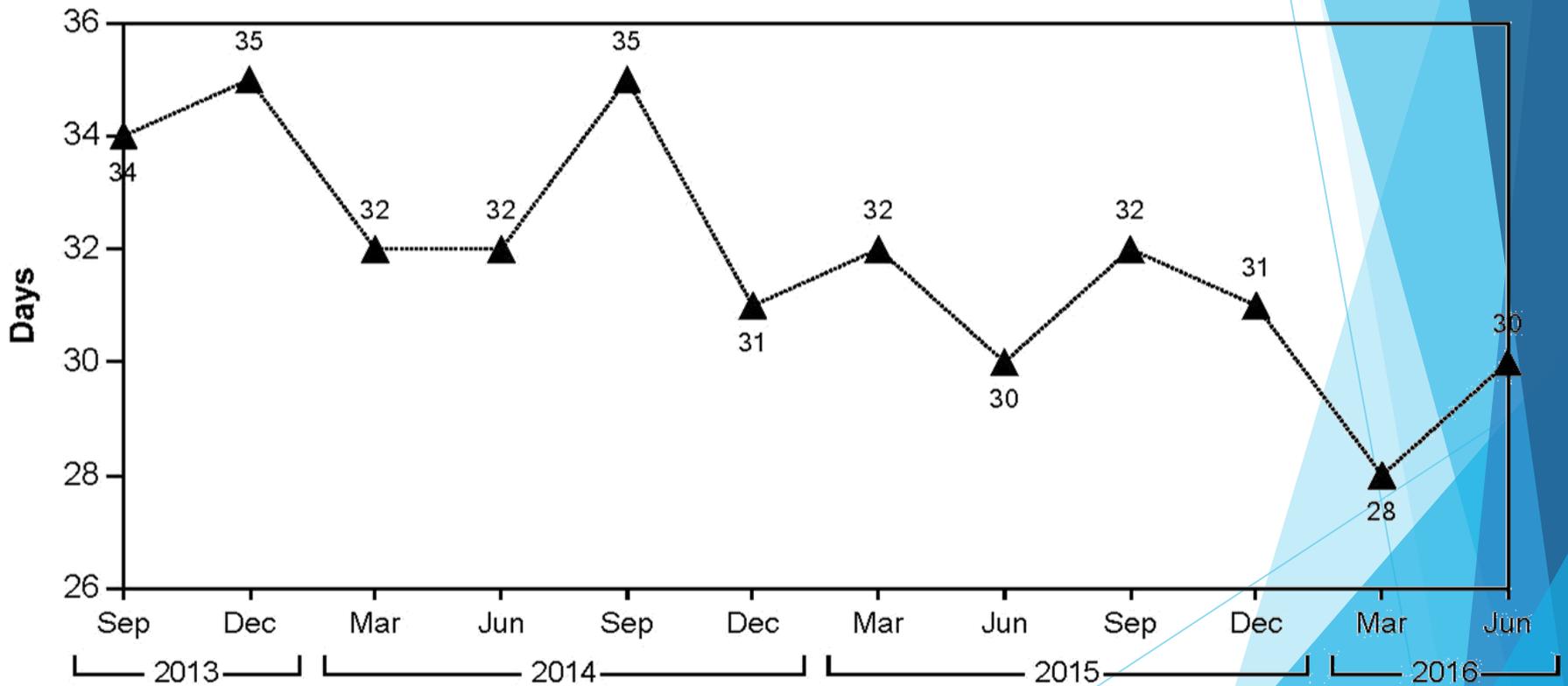
BOARD OF INDUSTRIAL INSURANCE APPEALS (BIIA) UPDATE

Dave Threedy, Chair

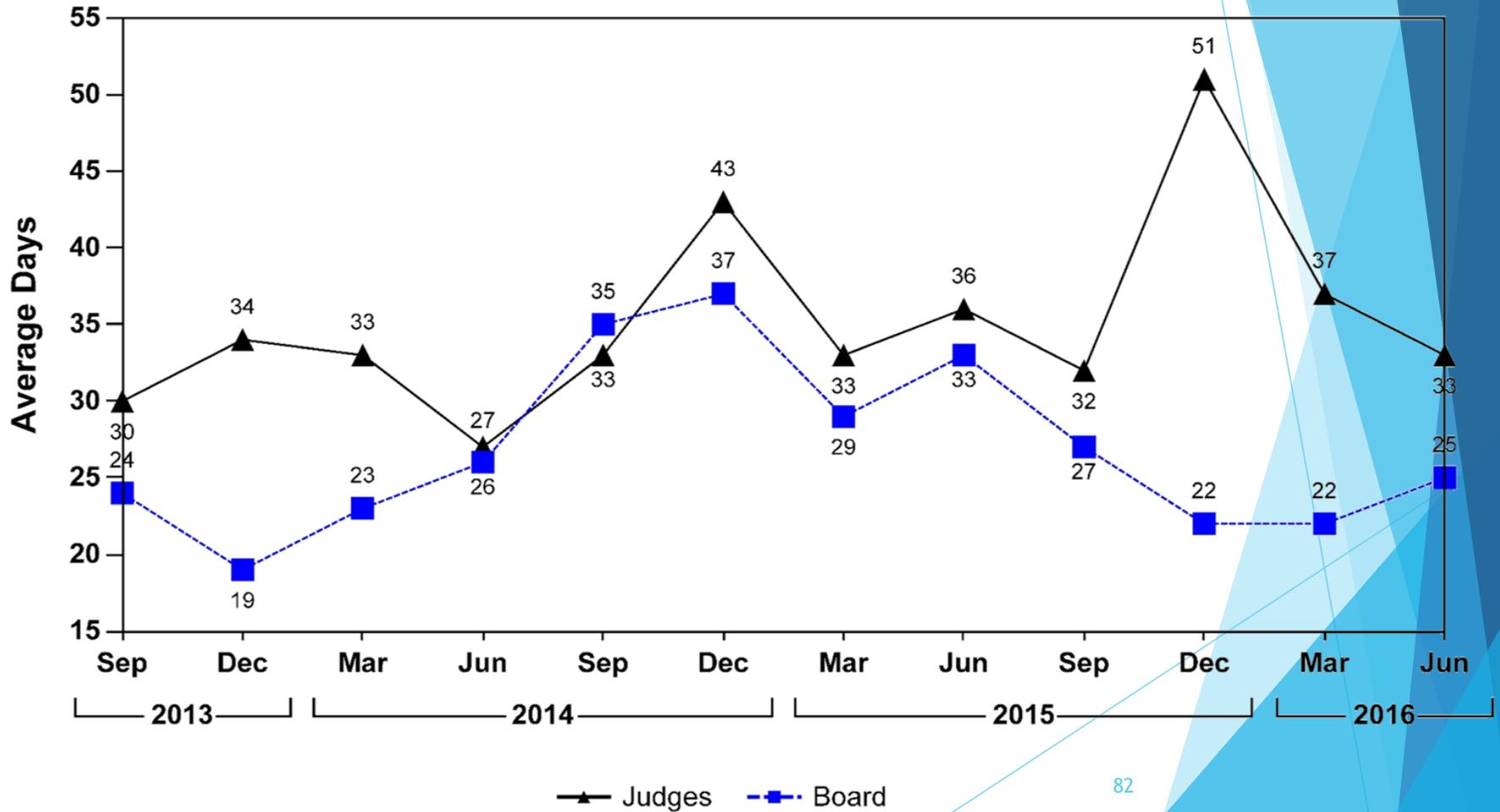
Total Appeals Filed and Granted



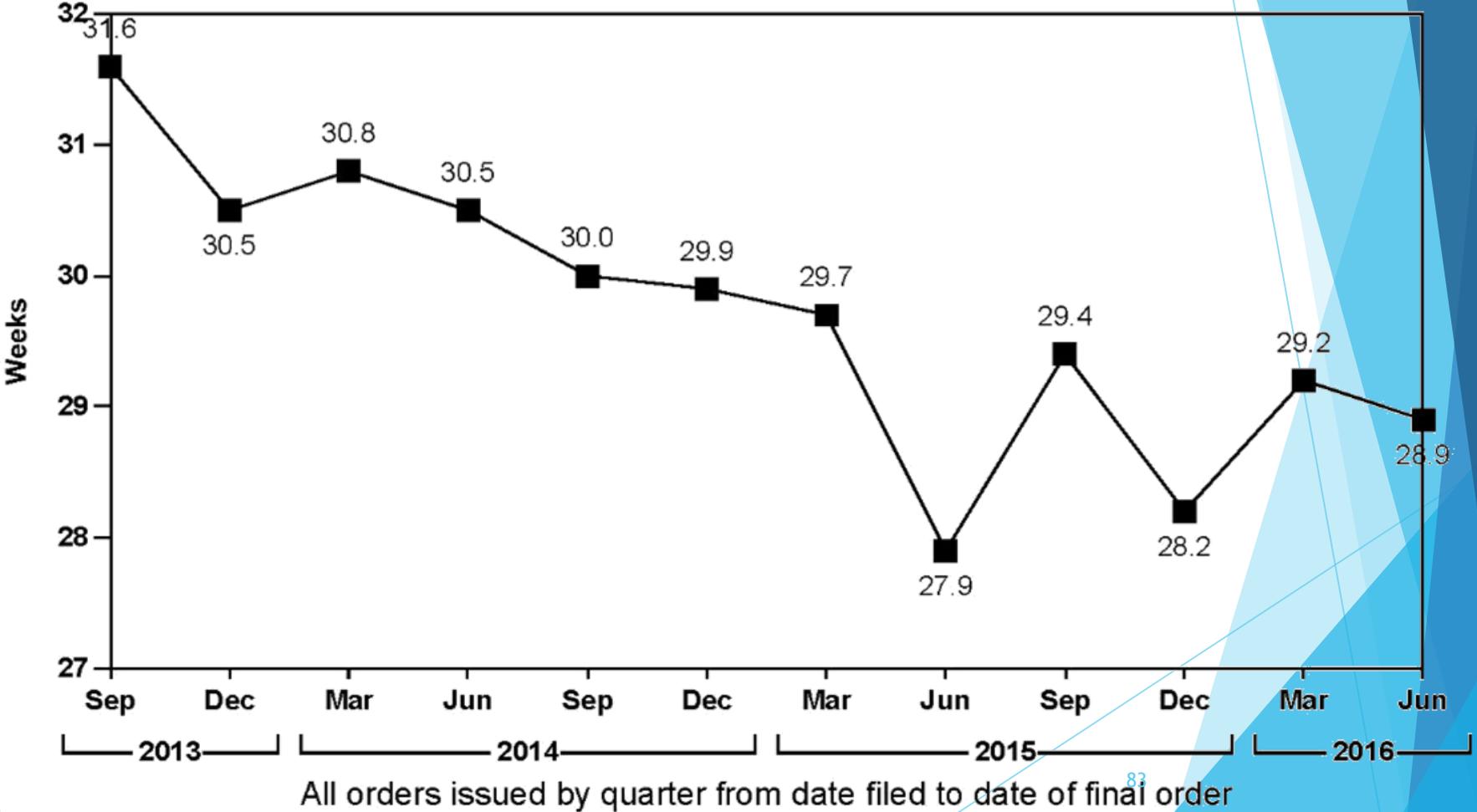
Average PD&O* Time-lag by Quarter for Hearing Judges



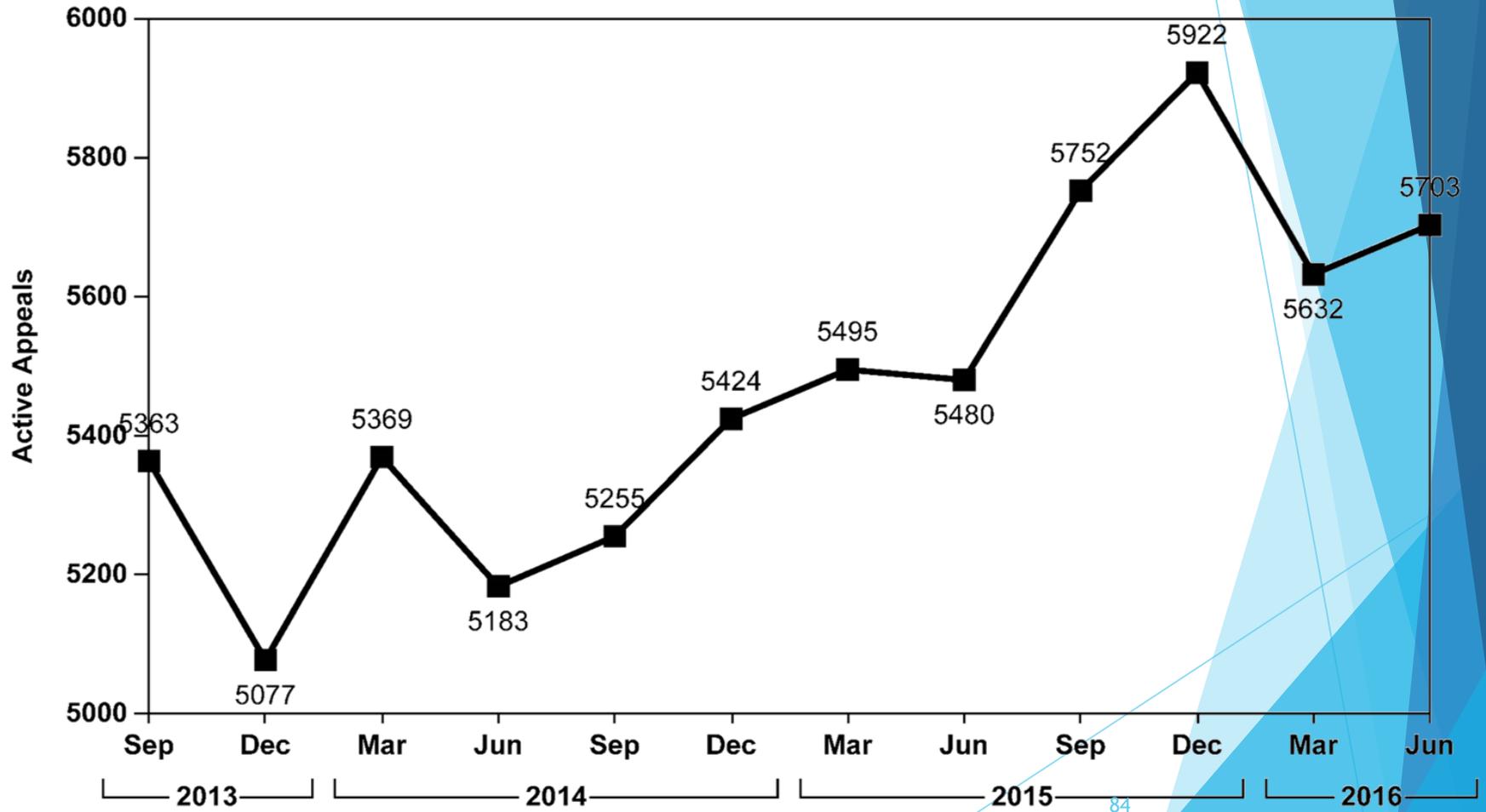
D & O* Time-Lag by Quarter



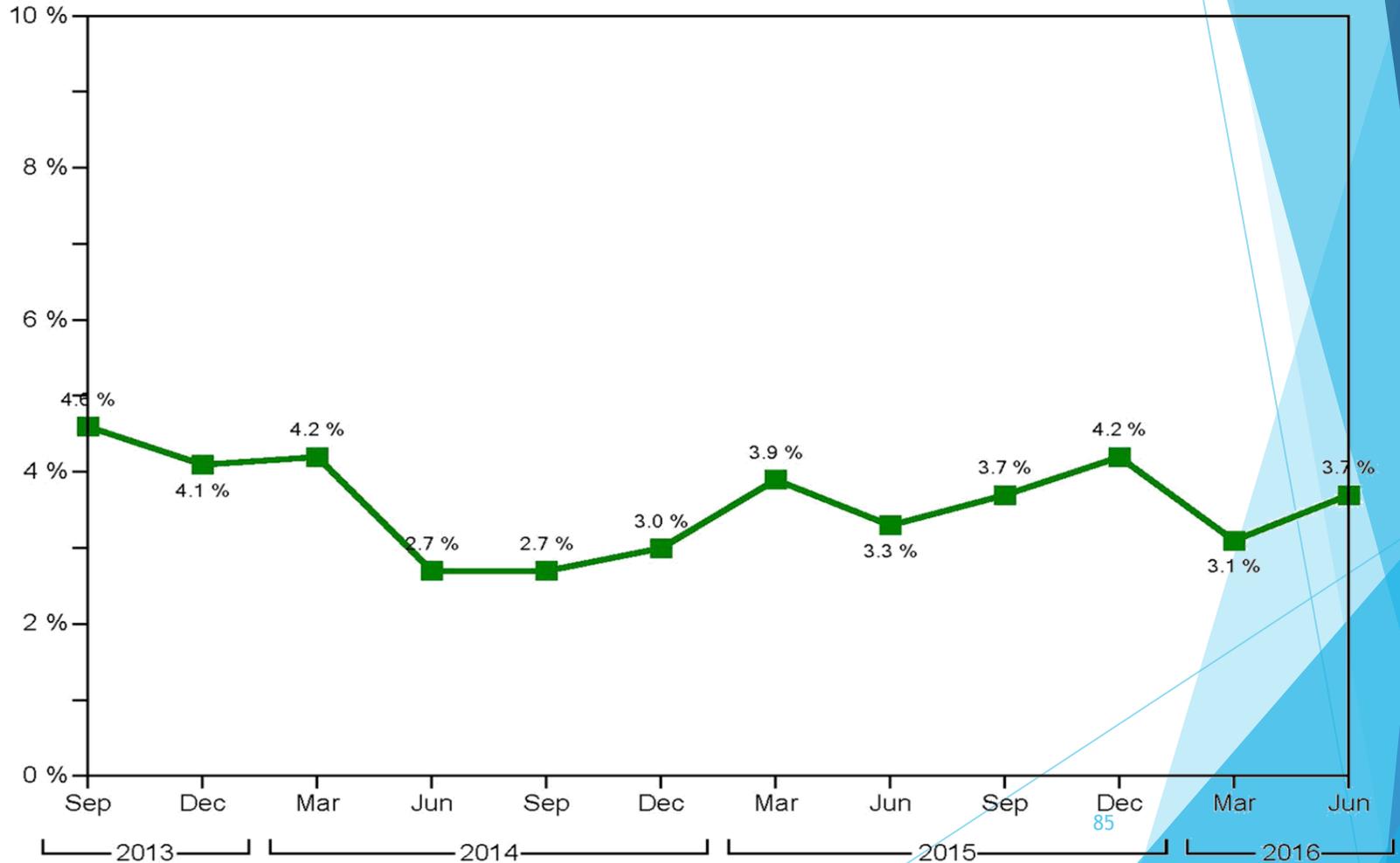
Quarterly Average Weeks to Completion



Caseload at End of Quarter



Percentage of Final Orders Appealed to Superior Court - Quarterly





CLOSING COMMENTS & ADJOURN

Vickie Kennedy, Assistant Director for Insurance Services
Joel Sacks, Agency Director