

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

May 12, 2014

The Honorable Matthew Denn
Lieutenant Governor
Tatnall Building, 3rd Floor
150 William Penn Street
Dover, Delaware 19901

RE: Workers Compensation Task Force Report

Dear Lieutenant Governor Denn:

Thank you for providing me with a copy of the Workers Compensation Task Force Report To The Governor And General Assembly Of The State Of Delaware, *Submitted pursuant to House Bill 175, 147th General Assembly, May 14, 2014* ("Report"). As a member of the Task Force, I know how hard all of the members have worked under your leadership in an effort to improve our workers compensation system in Delaware, and to come up with proposals that we all hope will succeed in lower medical and lower workers compensation insurance premiums.

While I voted to approve the Report, I write to correct any possible misimpression that may result from the following statement of the Report dealing with the Data Collection Committee ("DCC"):

[C]ollection of information on the medical cost control practices of individual workers compensation carriers and direction of examinations of those where there was evidence of inadequate practices – simply did not occur.

To the extent that this statement suggests that the Data Collection Committee did not collect "carrier-specific medical cost data for each workers' compensation carrier having a market share in Delaware of 3% or greater over the 12 preceding months," or that the Commissioner did not conduct financial examinations of such companies, the Report is in error.

First, the Data Collection Committee did receive "carrier-specific medical cost data for each workers' compensation carrier having a market share in Delaware of 3% or greater over the 12 preceding months," as required by 19 Del. C. §2301(f). An issue subsequently arose regarding confidentiality of the carrier-specific medical cost information, when members of the DCC asked to have the data reviewed by an actuary who was not a member of the DCC and who was acting as a consultant to the Ratepayer Advocate. This confidentiality issue significantly delayed the DCC's ability to review the carrier-specific cost information previously collected.

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Second, under my authority the Department conducted target examinations of the only two workers compensation insurance companies “having a market share in Delaware of 3% or greater over the 12 preceding months ... to determine compliance with applicable laws and regulations regarding medical reimbursements.” These examinations fulfilled the mandate of 19 **Del. C.** §2301E, which allowed (but did not require) the DCC to direct the Commissioner to examine those companies with a 3% or greater market share. In other words, my office examined the only two companies the DCC could have ordered me to examine under 19 **Del. C.** §2301E(f). The examination report concluded, among other findings, that both companies were in compliance with the HCAP fee schedule and were properly reporting claims data. The examination report has been available in its entirety on the Department of Insurance website.¹ A copy of the report is enclosed with this letter for your reference.

I appreciate the opportunity to submit these comments on the Report.

Respectfully,



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Enclosure

cc: Members of the Task Force

¹[http://delawareinsurance.gov/departments/berg/ExamReports/LIBERTYInsuranceCorpandLMInsuranceC
orpTARGET2014web.pdf](http://delawareinsurance.gov/departments/berg/ExamReports/LIBERTYInsuranceCorpandLMInsuranceCorpTARGET2014web.pdf).