



June 7, 2017

The Honorable R.D. Maynard
The Honorable Thomas E. Limbaugh
The Honorable Thomas P. Baskin
Idaho State Industrial Commission
P.O. Box 83720
Boise, ID 83720-0041

RE: Negotiated Rulemaking – IDAPA 17.02.09, Medical Fees

Dear Commissioners,

I write on behalf of the nearly 600 member firms of the Idaho Associated General Contractors (Idaho AGC). Together these Idaho based companies employ tens of thousands of hard working Idahoans across every county of our great state. Our members build the commercial spaces where all Idahoans work, shop, play, and worship along with the roads and bridges we all use each and every day.

Idaho AGC member firms are concerned that the current negotiated rulemaking referenced above may yield an unnecessary increase in medical fees under Idaho's workers' compensation system, resulting in continued increases in the fees employers pay for workers' compensation rates. We strongly believe that no increase in medical fees is merited for the current year.

When the Commission considered an increase two years ago, the Idaho AGC pointed out that Idaho's workers' compensation premium rates continue to climb at a rate significantly higher than our neighbors. For example, in 2004 Idaho's rates were the 34th highest in the nation. By 2010 Idaho's ranking had climbed to number 29 and by 2014 it had reached number 14. Over the same decade, rates in Oregon have gone from 42nd in the nation to 43rd and Utah has moved from 38th to 45th. The fact that Idaho has gone from the business friendly 34th to having the 14th highest rate in the nation is alarming and should give us all pause.

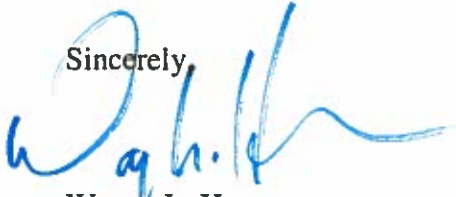
This dramatic increase in workers' compensation premium rates is directly tied to medical fees, which now make up 67 percent of the overall benefit costs in Idaho, compared to only 59 percent nationwide. The available data reflects that the average amount paid per claim in Idaho for inpatient hospital services is \$27,437 – or 128 percent of the regional average and 121 percent of the national average. Similar discrepancies can be found in other types of treatment. For example, Idaho's workers' compensation medical fee reimbursement rates for patient evaluations, physician services, and surgical procedures are already among the highest in the nation.

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Very little has changed since this issue was reviewed in 2015. Idaho's rates remain far above the regional and national averages. According, the Idaho AGC believes that all workers' compensation medical fees should remain at current levels until such time as the fees come into alignment with those across our region. Continuing to inflate the amount of money providers are paid has a direct impact on the premium rates paid by employers and diminishes their ability to continue to provide high paying jobs here in Idaho.

We greatly appreciate your willingness to consider the input from employers in this process and welcome the opportunity to continue to work with you to make Idaho a great place to live and work.

Sincerely,



Wayne L. Hammon
CEO, Idaho AGC

CC: The Honorable C.L. "Butch" Otter, Governor, State of Idaho
Mindy Montgomery, Director, Idaho State Industrial Commission