

# Hunter's Ambulance Service, Inc.

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Testimony of David Lowell, Executive Vice President, Chief Operating Officer

Labor and Public Employees Committee, Tuesday, February 16, 2016

**H.B. No. 5075 (RAISED) AN ACT CONCERNING WORKERS' COMPENSATION.**

Senator Gomes, Representative Tercyak, and members of the Labor and Public Employees Committee,

My name is David Lowell, Executive Vice President and Chief Operating Officer of Hunter's Ambulance Service, Inc. I would like to offer testimony in support of H.B. No. 5075 (RAISED) AN ACT CONCERNING WORKERS' COMPENSATION.

Hunter's Ambulance is a Medical Transportation Company who employs 450 professionals who perform emergency (911) and non-emergency ambulance, wheel chair van and special education school transportation throughout New Haven, Hartford, Middlesex and New London Counties.

Workers' Compensation is essential insurance coverage provided by employers for employees who are injured on the job. We support the intent of workers' compensation to provide medical coverage and lost wages for employees injured in the workplace.

The purpose of this testimony is to bring to your attention, situations that exist where the workers' compensation system is not functioning as intended. As a result, businesses (and their employees) across the state are experiencing significant and debilitating financial strains.

**Costs related to the current worker's compensation system are skyrocketing. They are crippling to existing employers (Including the State of Connecticut and Municipalities), and are prohibitive to new business development in the state. Reasons for the high costs, include but are not limited to the following:**

- **Employers insured under a high retention policy are required to post very large operating capital as collateral against existing and potential (developed and undeveloped) claims. This money is tied up and not able to be used in any manner by the employer or its employees.**
- **Compensability needs to be defined with greater specificity. "Arising In and Out of the course of employment" is too liberal and open for broad interpretation and exposing employers for costs not associated with a true work event.**
- **Permanency ratings more often than not include the cost of preexisting conditions for which an employer should not be financially liable for. (see attached example)**

Specializing in Medical and Special Needs Transportation Services  
Ambulance ~ Wheel Chair Vans / Buses ~ Student Transportation Vehicles

*Concern for Others*

- **Permanency ratings are inconsistently applied which do not treat either the employee or the employer fairly.**
- **Insurance companies establish their own reserve level on claims. Reserve levels are representative of what the claim is likely to cost in medical, expenses and indemnity. When these reserves are set too high, they create an aggregate amount of potential liability for the employer that then impacts higher premiums and higher collateral demands from the insurer.**
- **Fee schedules associated with medical visits and procedures for injuries related to worker's compensation claims are often higher than the same procedures that would be claimed under an insured private insurance.**
- **Discounting of subrogated claims by 1/3 has a compounded negative impact on an employer. Not only does the employer not collect 1/3 of the money they paid on a claim that was not their fault, but their overall loss ratio is adversely affected which in turn negatively impacts their experience mod. This is a three-year penalty and raises future premium costs and collateral requirements.**
- **There are unacceptable lags in the system between medical appointments, filing of medical reports, etc. that add significant time to claims management that delay an employee's return to work and needlessly increase costs to employers.**

In closing, I believe these highlight the significant areas that when addressed will improve the efficiency and effectiveness of workers' compensation and will be fair to both employees and employers.

Thank you for your time and consideration.



David D. Lowell, Executive Vice President  
Chief Operating Officer

Testimony of David Lowell re. HB 5075

Permanency Rating Example

**Issue with current system:** The employer is required to pay for permanent partial disability that has nothing to do with the work related injury.

**Example:** Two people have the same back injury at work and earn the same money.

**Employee A** - has no prior problems

**Employee B** - has prior congenital or degenerative back problems.

- **Both employees receive full treatment.**
- **Both have a compensation rate of \$500 a week.**

**When they are rated for maximum medical improvement:**

**Employee A:** Gets a 5% rating, due to the injury, entitling her to an award of 18.7 weeks of permanency benefits, for a total of **\$9,350**.

**Employee B (had the same injury as employee A):** Gets 5% due to the injury, but gets an additional 20% due her pre-existing condition, for a total of 25%, or an award of 93.5 weeks totaling **\$46,750**.

**This is not equitable between the two injured parties, and is certainly not fair to the employer. It is axiomatic that each employee should get the same award for the same injury.**