



## Table of Contents

<b>1.</b>	<b>INTRODUCTION.....</b>	<b>3</b>
<b>2.</b>	<b>PROJECT OVERVIEW.....</b>	<b>5</b>
2.1	WORKERS' COMPENSATION SYSTEM EXPERIENCE .....	6
2.2	PUBLIC SECTOR EXPERIENCE.....	7
2.3	CHANGE MANAGEMENT .....	7
2.4	BEST PRACTICE REVIEW & ANALYSIS .....	7
2.5	BUSINESS PROCESS RE-ENGINEERING METHODS .....	7
2.6	COMMUNICATION AND STAKEHOLDER PARTICIPATION .....	7
2.7	RESOURCES AND TIMELINES .....	8
2.8	PROJECT MANAGEMENT - DELIVERABLES .....	8
2.9	PROJECT MANAGEMENT – MILESTONES AND PERFORMANCE.....	8
2.10	PROJECT MANAGEMENT - RISK MITIGATION .....	8
2.11	TECHNOLOGY – SYSTEM SELECTION AND INTEGRATION .....	8
2.12	TECHNOLOGY – ELECTRONIC DATA INTERCHANGE.....	9
2.13	TECHNOLOGY – THE INTERNET.....	9
2.14	PERFORMANCE MEASURES .....	9
2.15	OTHER INFORMATION .....	9
<b>3.</b>	<b>RESPONDENT INFORMATION.....</b>	<b>10</b>
3.1	ISSUING OFFICE .....	10
3.2	SCHEDULE OF DATES .....	10
3.3	FORMAT OF RESPONSE .....	11
3.4	REGISTERING INTEREST .....	11
3.5	RESPONDENT QUESTIONS .....	11
3.6	RFI-RELATED MEETING .....	11
3.7	INCURRING COSTS .....	12
3.8	DISCLOSURE OF RFI RESPONSE CONTENTS .....	12
3.9	CONTACT WITH EMPLOYEES .....	12
3.10	RESPONSE REQUIREMENTS .....	12
<b>4.</b>	<b>APPENDIX A – FUNCTIONAL DESCRIPTION OF WCB CURRENT PROCESS .....</b>	<b>14</b>
<b>5.</b>	<b>APPENDIX B – STAKEHOLDER GROUPS .....</b>	<b>20</b>
<b>6.</b>	<b>APPENDIX C – SIZE OF THE SYSTEM.....</b>	<b>21</b>
<b>7.</b>	<b>APPENDIX D – ROUNDTABLE DISCUSSION AGENDA.....</b>	<b>22</b>

## 1. INTRODUCTION

The mission of the Workers' Compensation Board (WCB, or the Board) is to protect the rights of New York's employees and employers by ensuring the proper delivery of benefits to those who are injured or ill, and by promoting compliance with the law. Injured workers may be eligible for a range of benefits including the complete cost of medical care, wage replacement benefits and vocational rehabilitation and counseling.

It is estimated that New York's workers' compensation system covers 5.5 million workers and nearly 1 million employers. Some employers buy workers' compensation insurance from among over 200 private insurance companies or from the New York State Insurance Fund. Some employers apply to become self insured and public sector employers (municipal, county and state government entities) may also become self insured. The WCB sits at the center of this system ensuring that all appropriate benefits are paid timely in all workers' compensation claims and ensuring that all employers required to provide coverage for their workers are in compliance with the law.

The WCB is a 1,500 employee, \$200+ million public agency that regulates the state workers' compensation system and resolves disputed issues in individual claims. Over 100,000 claims are filed each year. Each year, the WCB receives over 20 million documents filed by a variety of system stakeholders including health care providers, injured workers, employers, attorneys and insurance carriers. Although workers' compensation is a no-fault insurance system, resolving disputes in claims is one of the primary roles for the WCB. From the beginnings of workers' compensation at the turn of the last century until the mid-1990's the WCB conducted business entirely on paper. In the mid-1990's the WCB began deploying technologies to address its core functions and built an image-integrated Claims Information System (CIS). The WCB now pays to scan incoming mail and moves 20 million images into the CIS each year. In addition, the WCB made a substantial investment in modernizing the Insurance Compliance System which has all but eliminated paper handling in this area. Several other systems were also developed over time to address myriad related functions including Health Provider Administration which works to ensure injured workers' have access to timely and quality medical care.

Although these systems streamlined the WCB's internal processing significantly, they were all developed as stand alone systems using application development tools like PowerBuilder, FoxPro, Lotus Notes and other office automation platforms. These systems were designed and implemented largely to address internal WCB efficiencies and for use only by WCB employees. These systems do not directly interface with each other or with the internet and they do not readily enable system stakeholders to provide or

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## **New York State Workers' Compensation Board**

access information. The systems do not adequately address the changing functional or informational requirements of the WCB or its customers and stakeholders. These systems are now at least 10 year old with some built over 15 years ago.

The workers' compensation system in New York is a dynamic environment and the role of the WCB is evolving. New York's Workers' Compensation Law underwent substantial reform in 2007 and compels the WCB to engage in new activities. As part of the 2007 reform, a Workers' Compensation Reform Task Force was created. The task force looked at a wide range of topics including the availability of data to inform policy makers and system stakeholders. In its findings, the Data Collection Committee of the task force concluded that the WCB should be the central repository of data about New York's system. The goals of such a central repository are to ensure timely, complete and accurate data will be available to inform future refinements to the system.

To address the evolving role of the WCB and to meet the emerging needs of the system, the WCB must replace its aging core technologies with new systems that are focused on internal processing efficiencies as well as the needs of our system stakeholders. To ensure that optimal solutions are selected, the WCB envisions conducting formal requirements gathering as a necessary precursor to modernizing these islands of automation. The WCB expects to evaluate not only the internal operational requirements of the Board, but the business requirements of system stakeholders and most importantly, the service requirements for our primary customers, New York's injured workers and employers.

As the WCB expects this study to recommend dramatic and substantial changes to its technology and process, the Board expects to approach this evaluation as a large scale Business Process Reengineering (BPR) exercise. The results of this requirements gathering will be the publication of a Target Environment Report and a Business Case/Project Proposal as well as other appropriate supporting documents. The Target Environment Report includes all of the materials necessary to craft a plan for moving from an "As Is" environment to a "To Be" improved system and is sometimes called the "Improvement Plan". This documentation will detail the needs of the WCB and the system and will outline how best to move forward implementing systems that will address a full spectrum of system requirements.

The purpose of this Request for Information (RFI) is to solicit information from interested parties ("Respondents") regarding a variety of topics related to business process reengineering, formal requirements gathering and system evaluation. This RFI is intended to inform a Request For Proposal (RFP) process that will enable the WCB to acquire the services of a vendor who can substantially assist with this formal requirements gathering and business process reengineering. There will not be a contract award for purchase of services or products directly resulting from this RFI. Respondents to this RFI may be invited to give presentations on the services and/or tools related to

information in the RFI. Respondents may be asked to setup and provide access to example deliverables to permit evaluation of the materials by WCB staff. Respondents will be invited to participate in a roundtable discussion to be scheduled by the WCB. Respondents will be placed on a mailing list and will receive an announcement of any subsequent RFP that may arise from the RFI. Any decision to subsequently issue a Request for Proposal for such services will be at the sole discretion of the WCB, and the WCB is under no obligation to initiate such an RFP.

## **2. PROJECT OVERVIEW**

The Claims Management System Redesign Project (Redesign Project) is the first phase in an envisioned multi-phased project that will ultimately deliver new systems that address New York's Workers' Compensation system requirements and WCB processing. This Redesign Project will enable the WCB to learn from system stakeholders how to improve the system by making it more responsive to the needs of our customers while driving efficiencies within the WCB and for the system's participants to reduce overall system cost wherever possible.

The WCB sits at the hub of a workers' compensation system that involves a disparate group of system participants. These include injured workers, "payers" (insurance companies and self-insured employers), attorneys, employers, health care providers, third party administrators (who help process claims on behalf of payers) and independent medical examiners (who provide medical consultant services to payers). In addition, the WCB exchanges data with a number of other state agencies and interacts with a variety of advocacy groups. Further, the WCB serves as a payer when workplace injuries occur to those whose employers cannot be found or are uninsured.

While the WCB strives to create processes that are efficient and effective, the core responsibility of the WCB is to administer the Workers' Compensation Law and other statutes as well as a body of regulations promulgated in support of the legislation. The WCB is bound by the law, case law and regulation in how it delivers service to its customers.

New York's workers' compensation law, one of the first in this country, has undergone substantial revision in the mid 1990s and again in 2007. Despite these overhauls, the WCB's Redesign Project may give rise to recommendations for additional changes to the law or regulations which govern the system.

This RFI is the first step in gathering information that will enable the WCB to conduct a formal requirements gathering and envisioning exercise involving representatives from all of the system participant groups and the WCB lines of business. This process must not

merely capture what system participants see as their current “as is” requirements but must challenge the stakeholder groups to envision an improved workers’ compensation system for all New Yorkers. The requirements of this envisioned target environment must be detailed and documented.

This RFI is intended to inform a RFP process to acquire a vendor to substantially assist the WCB in eliciting, detailing and documenting a re-engineered workers’ compensation system. At the conclusion of the requirements gathering, the WCB will have the ability to make informed decisions for moving forward with implementing changes identified in the target environment. The goals of this RFI include:

- Identify vendors who have conducted Business Process Reengineering projects of this type and magnitude.
- Identify how vendors have conducted projects of this type and magnitude.
- Identify what deliverables vendors produced attendant to projects of this type and magnitude.
- Identify when vendors concluded re-engineering studies relative to the start of the exercise.
- Identify where vendors have successfully deployed BPR methods and where target environment reports or other deliverables have successfully informed the subsequent deployment of technical solutions.
- Identify through vendor experience the deliverables that should be acquired as part of a major business process reengineering study.
- Identify through vendor experience the types of resources (from a reengineering partner as well as those provided by the WCB) that should be deployed to participate in a major reengineering study.

The WCB has some experience with formal business process reengineering and has specific interest in certain aspects of BPR including:

### **2.1 Workers’ Compensation System Experience**

While the WCB recognizes the value of generalized business process management methodologies, the WCB seeks information from vendors with specific experience with reengineering workers’ compensation systems in the United States, Canada or internationally. Of particular interest to the WCB is learning about experiences in managing input from the diverse collection of system stakeholders common for workers’ compensation systems including the tools and techniques used to gather, document and publish these requirements.

## **2.2 Public Sector Experience**

While the WCB recognizes the value of generalized business process management methodologies, the WCB seeks information from vendors with specific experience reengineering public sector agencies and the systems they oversee. While private sector process improvement initiatives may seek to enhance profit or market share, public Sector process improvement initiatives are constrained by statute and motivated to deliver sound public policy - factors that may not necessarily inform private sector reengineering. Of particular interest to the WCB is learning about experience with managing the development of a target environment for a public sector entity, including the tools and techniques used to gather, document and publish materials in support of the envisioned environment.

## **2.3 Organizational Change Management**

The WCB recognizes the impact of change on constituents, stakeholders, customers and staff. Further, the WCB recognizes the impact even of the prospect of change on people and is mindful that “change management” must start with the first step of a business process reengineering endeavor. The term “change management” should not be confused here with the processes or tools used to manage “version control” in a technical environment. Rather, “change management” here is intended to convey the recognition that human nature deals with change in a variety of ways and that managing responses to change (or even the potential for change) is critical in a business process reengineering project. Of particular interest to the WCB is learning about what activities are found to be effective in managing responses to change by participants in large scale business process reengineering initiatives.

## **2.4 Best Practice Review & Analysis**

The WCB recognizes the value of studying what other similar organizations have done to successfully reengineer systems. Of particular interest to the WCB is learning about the extent to which best practices study and evaluation should inform a business process reengineering project as well as the tools and techniques used to conduct and document such study.

## **2.5 Business Process Re-engineering Methods**

The WCB recognizes the value of formal business process reengineering methods. Of particular interest to the WCB is learning about the activities that should be expected and the deliverables that should be produced from a BPR project and a formal requirements gathering exercise.

## **2.6 Communication and Stakeholder Participation**

One of the most critical aspects for the WCB in the development of a target environment is the elicitation of system stakeholder requirements. To ensure that the workers' compensation system deliver timely and appropriate benefits to injured workers, system changes must consider the business processes of those who pay claims. Although the WCB is at the hub, it is the performance of the system stakeholder spokes which

ultimately determine the success of the system. Once underway, it will be imperative to inform system stakeholders about the nature of the project and its progress. Of particular interest to the WCB is learning about experiences with ensuring appropriate and sufficient stakeholder participation as well as communication programs in place during the conduct of a business process reengineering project.

## **2.7 Resources and Timelines**

The WCB recognizes the substantial scale of this endeavor and the important role its internal subject matter experts will play in the development of a target environment report. Of particular interest to the WCB is learning about how vendors staff large scale BPR projects over what periods of time as well as the level of subject matter expert support expected.

## **2.8 Project Management - Deliverables**

The WCB is committed to the practice of formal project management and follows, with customizations, the New York State Project Management Guidebook. The WCB also recognizes that some project management deliverables can be optional depending on the nature of the project. Of particular interest to the WCB is learning about the project management deliverables seen as requisite for the successful conclusion of a large scale BPR project.

## **2.9 Project Management – Milestones and Performance**

The WCB is committed to the practice of formal project management and follows, with customizations, the New York State Project Management Guidebook. Of particular interest to the WCB is learning about the project milestones deemed essential for sponsor communication as well as the milestones and project performance metrics necessary to manage a large scale BPR project.

## **2.10 Project Management - Risk Mitigation**

The WCB is committed to the practice of formal project management and follows, with customizations, the New York State Project Management Guidebook. The WCB also recognizes that risk management is an important aspect of sound project management. Of particular interest to the WCB is learning about the risk management strategies seen as requisite for the successful conclusion of a large scale BPR project.

## **2.11 Technology – System Selection and Integration**

The WCB envisions the results of requirements gathering informing an evaluation of various technical solutions that address some or all of the identified requirements. The WCB cannot anticipate whether the technology implementation will be a “buy” or a “build” or some combination. The Business Case/Project Proposal will detail options considered and make a recommendation for moving forward. The WCB has an interest in learning how vendors recommend concluding the business case evaluation and what activities and deliverables should be expected.

### **2.12 Technology – Electronic Data Interchange**

While the WCB cannot anticipate the outcome of this requirements gathering, the Board feels that enhancing the systems and processes in place to support the electronic interchange of data between the WCB and its stakeholders will be an integral component of the 21<sup>st</sup> century reengineered system. The WCB has particular interest in learning about the implementation of Electronic Data Interchange using national standard transactions as well as proprietary options.

### **2.13 Technology – The Internet**

While the WCB cannot anticipate the outcome of this requirements gathering, the Board feels that enhancing its presence on the internet to support robust customer service and to provide access to data, information and analysis will be an integral component of the 21<sup>st</sup> century reengineered system. The WCB has particular interest in learning about how vendors support the elicitation and documentation of requirements for internet based service delivery options.

### **2.14 Performance Measures**

The WCB is committed to the practice of formal performance management for internal WCB processes and envisions the development of system performance measures to help establish both a baseline and to track improvement over time. Of particular interest to the WCB is learning about the development of key performance indicators and the integration of performance management methods during the initial requirements gathering and target environment report development phase of a large scale BPR project.

### **2.15 Other Information**

While the WCB has some experience with BPR projects and formal requirements gathering, of special interest to the WCB is learning about aspects of business process reengineering with which it is unfamiliar. Respondents are encouraged to describe artifacts, deliverables or activities which they hold to be significant and important to the successful conclusion of a large scale BPR project.

### 3. RESPONDENT INFORMATION

#### 3.1 ISSUING OFFICE

Michelle Schultz is the issuing officer and the sole point of contact in the WCB for matters relating to this RFI. All response and accompanying documentation should be submitted to:

Agency: New York State Workers' Compensation Board  
Address: 100 Broadway-Menands, Albany, NY 12241  
Attention: Michelle Schultz  
Phone No.: 518-473-1319  
E-mail: WCBcontracts@wcb.state.ny.us

The WCB expects responses in the format specified in Section 4 of this RFI by December 21, 2010. All responses should be addressed to the Issuing Officer Michelle Schultz. Responses should be emailed to wcbcontracts@wcb.state.ny.us and be received no later than December 21, 2010.

#### 3.2 SCHEDULE OF DATES

The following key events and dates apply to the RFI:

<u>Key Event</u>	<u>Date</u>
Release of RFI	October 12, 2010
Notice of Intent to Participate in RFI due to WCB	October 26, 2010
Notice of Intent to Participate in Roundtable due to WCB	October 26, 2010
Vendor Inquiries Regarding RFI due to WCB	November 4, 2010
Vendor Inquiries Regarding Roundtable Agenda due to WCB	November 4, 2010
Vendor Questions for Roundtable Q&A due to WCB	November 4, 2010
WCB Reply to Vendor Inquiries	November 12, 2010
WCB Reply to Vendor Roundtable Agenda Inquiries	November 12, 2010
Roundtable Discussion	December 7, 2010
Written Response due to WCB	December 21, 2010

### 3.3 FORMAT OF RESPONSE

This RFI will have two components: a Roundtable Discussion event and subsequent formal written responses from the vendor community.

To maintain an open dialogue with the vendor community, the WCB will facilitate and lead a structured Roundtable Discussion. This session will begin with a presentation by the WCB about the workers' compensation system in New York, the history of process improvement at the WCB and the vision for this upcoming business process reengineering project. Following the presentation, the facilitator will guide a structured discussion between WCB representatives and the vendor community. The Roundtable Discussion will conclude with a Question & Answer session. A proposed agenda for the Roundtable Discussion is included in Appendix D. Vendors are encouraged to submit Roundtable Discussion questions in writing by November 4, 2010.

The Roundtable Discussion will take place on December 7, 2010 from 8:30am to 5:00pm and will be held at the NYS Workers' Compensation Board, 100 Broadway-Menands, Albany, New York. Respondents are not required to participate in the Roundtable Discussion but are strongly encouraged to attend. In submitting written responses, Respondents are directed to follow all of the guidelines included in this section.

The WCB requests that Respondents be creative when providing information and include topics not specifically identified in this RFI but held important to this type of endeavor. Respondents are permitted to submit written responses, in whole or in part, in collaboration with other Respondents.

### 3.4 REGISTERING INTEREST

Potential respondents should register their interest in the RFI, the Roundtable Discussion or both, in writing (via letter or e-mail) with the Issuing Officer prior to the deadline for submission of questions. Submitted questions and the WCB's answers to those questions will only be distributed to those vendors who register their interest.

### 3.5 RESPONDENT QUESTIONS

All inquiries concerning this RFI should be submitted via e-mail to: Michelle Schultz (WCBcontracts@wcb.state.ny.us), subject RFI-inquiries. Written questions will be accepted until November 4, 2010. **When Michelle Schultz is not available, Evelyn Maney will be the alternate contact (wcbcontracts@wcb.state.ny.us).**

Questions and answers to all questions will be compiled and shared with all vendors that have either submitted questions or registered their interest in the RFI. The WCB will answer all questions as quickly as possible, but no later than, November 12, 2010.

### 3.6 RFI-RELATED MEETING

The WCB may elect to meet with a respondent to discuss their response to the RFI. The WCB may request the vendor to conduct an on-site presentation or demonstration for the WCB's consideration. The WCB will provide notification to respondents as soon as possible after receipt and evaluation of their RFI response, if such a meeting is requested.

### 3.7 INCURRING COSTS

The WCB is not liable for any costs incurred by respondents in the preparation and production of a response to this RFI.

### 3.8 DISCLOSURE OF RFI RESPONSE CONTENTS

To the extent permitted by law, Respondent's response to this RFI will not be disclosed, except for purposes of evaluation, and subsequently as may be required by the WCB. All material submitted becomes the property of the WCB and may be returned at the WCB's sole discretion. The WCB reserves the right to use any and all non-proprietary information presented in any response to the RFI.

If Respondent believes that any information in its response constitutes a trade secret and wishes such information not to be disclosed if requested by a member of the public pursuant to the New York State Freedom of Information Law, Article 6 of the Public Officers Law, the Respondent shall submit with its response a letter, specifically identifying by page number, line, or other appropriate designation, that information which is alleged to be a trade secret and explaining in detail why such information is allegedly a trade secret. **Failure by Respondent to submit such a letter with its response identifying alleged trade secrets shall constitute a waiver by the Respondent of any rights it may have under Section 89 (Subdivision 5) of the Public Officers Law relating to the protection of trade secrets.**

In no event will the WCB consider information to be a trade secret if that information is not the proprietary information or ideas of the Respondent and so designated in the response, or if that information:

1. was known to the WCB before submission of such proposal;
2. properly became known to the WCB thereafter through other sources; or
3. is in the public domain.

### 3.9 CONTACT WITH EMPLOYEES

From the issuing date of this RFI until a determination and approval is made regarding the course of action to be taken by the WCB, the WCB will not allow respondent's staff to make direct contact with any Board staff regarding this initiative without prior approval. Requests for contact should be directed to the WCB's Issuing Officer, Michelle Schultz (WCBcontracts@wcb.state.ny.us).

### 3.10 RESPONSE REQUIREMENTS

The WCB prefers that responses be returned in electronic format but will accept paper submissions. The WCB can accept a variety of electronic formats including MS-Word, MS-Excel, MS-PowerPoint, Portable Document Format (.pdf) files or other industry standard file types.

The response should consist of the following:

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## New York State Workers' Compensation Board

- Respondents should provide a one- or two-page cover letter that includes a brief description of their submission and a description of their company. The respondents should submit feedback on their opinion of the overall feasibility of the project.
- Respondents are encouraged to provide solutions and suggestions for each of the areas the WCB needs to evaluate but specialized responses that only address limited aspects of the envisioned requirements gathering project will be accepted.
- Respondents are encouraged to provide a recommended approach for interacting with the WCB stakeholders based on previous successful reengineering engagements to assist WCB in planning for the required level of commitment of WCB staff and stakeholders. The response should identify:
  - The types (title or job description) and number of resources the respondent would typically use on this type of engagement.
  - The timeline for phasing respondent personnel into and out of the effort, and their level of interaction contemplated with WCB staff and stakeholders.
  - The degree to which it is anticipated that staff would be located at the WCB offices to interact with stakeholders.
- Respondents are encouraged to provide copies of actual deliverables (or significant portions thereof) used in previous successful reengineering engagements that support narrative descriptions of methods, practices or tools.
- Respondents are encouraged to provide client references from previous successful reengineering engagements.
- Respondents are encouraged to provide solutions and suggestions not specifically identified in this RFI but are known to be proven components of successful business process reengineering.
- Supplemental materials — including software and hardware product data sheets, independent service reviews, Web site links, industry awards and recognitions, and client references may be submitted.

#### **4. APPENDIX A – FUNCTIONAL DESCRIPTION OF WCB CURRENT PROCESS**

Workers' Compensation insurance provides weekly cash benefits in lieu of lost wages and the cost of medical care and treatment, including rehabilitation, for covered employees who are injured on the job or have a job-related illness. It also provides for payments to eligible survivors if the job related injury or illness results in the death of the worker. Claims management involves the entire process from establishing an injured worker's claims for benefits to the resolution of all contested issues to ensure that the injured worker receives cash benefits and necessary medical treatment in a prompt and equitable manner.

The primary participants in any workers' compensation claim are the injured worker and his or her employer. The injured worker may or may not be represented by an attorney. The employer is usually covered by an insurance policy. The injured workers' doctor also plays a central role in the claim process because the injured worker must demonstrate the existence of a medical disability to be eligible for cash benefits.

The WCB has a Bureau of Compliance who ensures that all eligible employees are covered, through their employers, by workers' compensation and disability benefits insurance, and that all workers receive appropriate benefits in an equitable, efficient and timely manner. The Bureau of Compliance has two main functions 1) Employer compliance and 2) Employee claims' processing and investigation when the employer is uninsured. The WCB's IC-2 system contains proof of coverage (POC) information for every employer who has workers' compensation coverage using a national EDI standard. The IC-2 system matches POC data against a data feed of all active employers from the Department of Labor and processes a series of automated compliance steps, including possible assessment of penalties for those employers that do not have coverage.

The WCB also has a Medical Director's Office (MDO) with general oversight of medical issues at the Board. The office is comprised of the Medical Director, Assistant Medical Director and nursing staff located in Albany and Brooklyn. Organizationally the MDO oversees the Bureau of Health Management and the Office of Health Provider Administration. The MDO responsibilities include the formulation and implementation of strategies, guidelines and policies which will promote high quality care and positive outcomes for all injured workers, implementation and updating of the Medical Treatment Guidelines (MTG) and the education and training of guideline users. The MDO works to ensure that injured workers' obtain efficient and timely medical treatment. The MDO resolves disputes in individual claims over whether a requested medical test, treatment or procedure meets the criteria of the MTG. The office also resolves disputes over variance requests, which involve the request to perform a particular test, treatment or procedure that is not covered by the MTG or exceeds the treatment recommendations prescribed by the MTG.

The Office of the Fraud Inspector General (OFIG) of the Workers' Compensation Board investigates violations of the laws and regulations pertaining to the operation of the workers' compensation system. Through its investigations, audits, and reports OFIG focuses on reducing costs to the workers' compensation system by eliminating fraud, to include fraud by employers, employees, health care providers, and attorneys.

Finally the WCB's Office of Self Insurance's (OSI) conducts an annual process of review to ensure that the self insured entities have the financial resources required to continue the privilege of being self insured. The Office of Self Insurance is also responsible for regulating a process that ensures that the proper workers' compensation benefits are paid to injured workers in the event a self insurer defaults. The Licensing Office within OSI is responsible for processing applications submitted for a license to appear before the Workers' Compensation Board as a Third Party Administrator (TPA) or Claimant Representative (Licensed Rep).

#### 4.1.1 WC Claims Process

The Office of Operations, through its 11 District Offices and 30 customer service centers throughout the state, establishes claimant's cases, performs case maintenance and assembles needed documentation of the facts, resolves uncontroverted issues relating to a case and prepares and executes a calendar for both informal meetings and regular hearings before Workers' Compensation Law Judges or Conciliators. Every District Office has examining staff organized into teams, consisting of a Team Leader, Mentor, and a number of claims examiners. In addition to processing claims in an administrative manner, the team members provide both in- person and telephone customer service to the injured workers and other external customers, including employers, attorneys, health care providers, insurance carriers, and their third party administrators. All of this work is processed through the Claims Information System which is an in-house application developed in a 2 tier PowerBuilder environment which is presently running version 10.5.

Forms from the claimants, payers and medical providers are filed on paper forms, through the web, or electronically through batch reports. The majority of papers filed with the Board are sent to an outside scanning vendor and scanned into an electronic case folder.

#### 4.1.2 Local Office Support

Each of the 11 District Offices contains a Local Office Support Unit (LOSU) comprised of a supervisor, examiners and clerks. This unit performs claims support functions which include receipt and preparation of mail for scanning into the case folder, or "no claims" files, the indexing of new claims to create a case folder, maintenance of a hearing/meeting calendar, receiving and cataloging physical evidence, assisting injured workers and other parties of interest at customer service centers, and telephone customer service managed through the WCB's Virtual Call Center. All of this work is processed through the Claims Information System. All calls are handled through a centralized Contact Management Office (CMO) and administered using Aspect ACD technology.

#### 4.1.3 Adjudication Process

The WCB resolves issues in claims when parties request Board intervention. Issues may be resolved informally through written decisions, either administrative determinations issued by claims examiners or proposed decisions issued by conciliators. These informal decisions may be objected to by any party, in which case a revised decision may be issued or, if the objection is substantive, a hearing may be scheduled. Claims examiners also render administrative determinations that impose penalties on carriers and self-insured employers. Other issues necessitate a formal hearing, and usually require testimony before a Workers' Compensation Law Judge (WCLJ). If an issue cannot be resolved in a single hearing, a WCLJ may continue the matter to one or more hearings. Hearings are conducted in every district office and numerous customer service centers. Hearings may utilize video conference equipment, telephone conferencing equipment or combinations thereof. Any party may seek administrative review of the decision of a Workers' Compensation Law Judge. Such requests are reviewed by a panel of three Workers' Compensation Board members. Panel decisions may be appealed to the Appellate Division, Third Department, and parties may simultaneously request review by the Full Board. All of the work handled by claims examiners, conciliators, WCLJs, Administrative Review staff and Board Panel members is processed through the Claims Information System through work queues and work requests.

#### 4.1.4 Verbatim Reporters

Each District Office is assigned verbatim reporters, who assist the hearing process by the taking of formal minutes of all regular hearings and Board Panel hearings. A Verbatim reporter is present at every hearing either in person, or by video conferencing to take the minutes of the hearing and transcribe the minutes, when required or requested by a party of interest. Minutes may consist of simple findings, to very lengthy and complex medical and/or lay testimony. The Senior verbatim reporter in each District reports to the local District Manager, and the Supervisor of Hearing Reporter Services in the Office of Operations. All hearing minutes are collected using Diamante writing machines. Once meeting minutes are transcribed they are imported into the Claims Information System.

#### 4.1.5 Social Services/Rehabilitation

Social Services provide assistance to injured workers with family or financial problems which may be interfering with the injured workers ability to return to work. The Rehabilitation Unit provides services for injured workers who cannot return to their former jobs providing guidance to the injured worker to determine the best way to return to the workforce. All work (reports, letters, etc) for this area is done using a variety of Microsoft Office tools (Word, Excel, etc). These documents are then imported as needed into the Claims Information System.

#### 4.1.6 Disability Benefits Claims Processing

The Disability Benefits Bureau processes claims for temporary cash benefits payable for a maximum of twenty-six weeks in a fifty-two week period for "off the job" injuries and illnesses. Medical care is not a covered benefit. The Disability Benefit Bureau conducts a paper based system with virtually no automated processing. The Bureau is comprised of three units: Control Unit, Review Unit, and Special Fund for Disability Benefits. The

Control Unit indexes new claims, tracks existing disability benefits claims in the Bureau; all correspondence, inquires, and requests are routed through the Control Unit. Closed cases are maintained for three years at which time the folders are sent for disposal. The Review Unit processes denials and rejection of claims by carriers and self-insured employers as the claimant may contest or appeal that denial. The Assistant Examiner determines whether the claimant is entitled to Disability Benefits or whether the issue requires a hearing. The Special Fund for Disability Benefits (Special Fund) acts as a disability benefits carrier paying claims where those persons have been out of work for more than four weeks at the time of their disability. This requires the Assistant Examiners to have a working knowledge of the Unemployment Insurance Law as well as the Disability Benefit Law making decisions and determinations on eligibility and entitlement to benefits and directing payment amounts and periods to the Finance Unit. While this unit interacts with CIS the majority of their processes are maintained in a paper based system.

#### 4.1.7 Procedural Penalty Processing

Procedural Penalties are issued through hearing process or the Health Provider Administration (HPA) process. Penalties may also be appealed to Board Panels or through the HPA process. Once per quarter, every penalized party is forwarded a statement of all penalties that have not been paid or appealed. (i.e. more than 90 days old and unpaid and have no outstanding appeal). Penalties on the statement may not be appealed further except for issues such as they have been previously paid/rescinded or have been charged to the wrong party. These issues must be raised within 30 days of the statement. Any objections are reviewed in the Penalty Collection Unit and the results forwarded to the party prior to the next statement being issued. Judgments may be filed as an option or accounts forwarded to the Board's debt collection if statements are ignored or for any other reason at the discretion of the Board.

#### 4.1.8 Administrative Review

The Administrative Review Division assists the WCB Commissioners in producing consistent and legally sustainable decisions to answer objections filed by parties of interest in response to decisions made by Law Judges. This office also works with the Office of General Counsel to administer the Full Board Review process. All of this work is processed through the Claims Information System

#### 4.1.9 Employer Compliance

The employer compliance function relies upon the Insurance Compliance 2 (IC2) system which is a in-house application developed in a 3 tier PowerBuilder environment and is presently running version 10.5. IC2 receives employer information from the New York State Department of Labor and policy information from insurance companies and interfaces with the CIS application. The Insurance Compliance Unit monitors all New York State employers and issues penalties to those employers that are out of compliance, while the Data Administration Unit manages the employer and coverage records. All employers have the right to appeal their penalties, which are evaluated by the Penalty Review Unit. The Penalty Collection Unit manages the activities of the WCB's two

collection agencies. The Judgment Unit files judgment liens against employers with unpaid penalties or uninsured claims.

#### 4.1.10 Employee Claims Processing and Investigation

The employee claims processing and investigation function relies upon both IC2 and the Claims Information System (CIS). The No Insurance Unit collects all evidence, prepares workers' compensation claims for hearings and administers the payment of all compensation and medical benefits. A team of lawyers in the Legal Hearings Unit represents the Uninsured Employers' Fund at Board hearings to ensure that only valid claims are compensated. The Enforcement Unit investigates employers who may be out of compliance, collects evidence for criminal prosecutions and investigates uninsured claims.

#### 4.1.11 Uninsured Employers' Fund (UEF)

The Uninsured Employers' Fund (UEF) is the funding mechanism for paying claims, including compensation and medical bills, related to uninsured workers' compensation on-the-job accidents. The Special Funds for Disability Benefits provides a similar funding mechanism to pay compensation claims for uninsured disability benefits off-the-job accidents. Medical payments are not covered under disability benefits insurance. All revenue received from workers' compensation and disability benefits penalties/claim reimbursements is deposited in the UEF and Special Funds, respectively. While this unit interacts with CIS the majority of their processes are maintained in a paper based system.

#### 4.1.12 Health Management Process

The Bureau of Health Management is responsible for the authorization of licensed physicians, chiropractors, podiatrists and psychologists to provide treatment to workers' compensation claimants and for the establishment and maintenance of the workers' compensation medical fee schedules associated with that treatment. The Bureau authorizes independent medical examiners (IME) and registers entities that derive income from independent medical examinations. The Bureau also licenses medical bureaus/centers and x-ray facilities and determines and/or facilitates determinations of appropriateness of medical bills in dispute (via an administrative award or arbitration panel decision) as well as all aspects of health care delivery in the workers' compensation system. Most of this work is processed through the Health Provider Administration System (HPA) which is a in-house application developed in a 3 tier PowerBuilder environment which is presently running version 10.5. The HPA application interacts with CIS for determinations of appropriateness of medical bills in dispute.

#### 4.1.13 Self Insurance & TPA licensing

The Office of Self Insurance's annual process of review ensures that the self insured entities have the financial resources required to continue the privilege of being self insured. The four main self insurance programs administered by the Board include: individual private self insurance, group self insured trusts, political subdivisions, and disability benefits. Individual private self insured employers are large individual employers who have the desire and financial resources to self insure their New York workers' compensation costs and benefits. Group self-insured trusts generally consist of

smaller employers in similar industries or trade associations who wish to self insure but do not demonstrate the financial resources to self insure individually. These smaller employers band together to form a trust for whose liabilities each member is jointly and severally liable. Political subdivisions include counties, municipalities, school districts, fire districts, and other eligible public entities that elect to self insure their workers' compensation costs. Employers, including political subdivisions, may also self insure the costs associated with disability benefits for off the job injuries and illnesses. The Licensing Office within OSI is responsible for processing applications submitted for a license to appear before the Workers' Compensation Board as a Third Party Administrator (TPA) or Claimant Representative (Licensed Rep). Complaints from claimants and medical providers concerning a TPA or Licensed Rep are also handled by the Licensing Office. Presently, there are several specific technologies in use by OSI. They include: Microsoft Excel and Word, the Self Insurance Correspondence Tracking System (Lotus Notes based application used to track completion of the application process), a Security Deposit Calculation Program (Microsoft Excel based application which calculates the amount of security deposit that a self insurer needs to deposit with the Board), the IC2 System (used by OSI to enter and maintain SI coverage for employers, the Foxpro Self Insurance Application (a database maintaining information on all self insurers), and CIS for inquiring on claims related data.

#### 4.1.14 Investigation of Fraud

Office of the Fraud Inspector General (OFIG) investigates violations of the laws and regulations pertaining to the operation of the workers' compensation system. OFIG conducts and supervises investigations, within or without this state, of possible fraud and other violations of laws, rules and regulations pertaining to the workers' compensation system; and subpoenas witnesses, administers oaths or affirmations, takes testimony and compels the production of such books, papers, records and documents as the inspector general may deem to be relevant to an investigation undertaken pursuant to WC law.

To accomplish this mission, OFIG investigators investigate allegations throughout New York State and together with audit and legal staff evaluate the information and, as appropriate, refer matters for criminal prosecution to the New York State Attorney General or to the local district attorney offices. Even in those cases where criminal prosecution is not warranted, OFIG may pursue the matter in civil litigation to remedy abuses to the workers' compensation system that were identified in the course of investigation. Typical areas of investigation by OFIG include: employer fraud, healthcare provider fraud and claimant fraud. Records of their investigations are maintained in a separate off-the-shelf claims management system recently procured by the WCB.

## 5. APPENDIX B – STAKEHOLDER GROUPS

### **Employees:**

Approximately 8,000,000 employees work in New York and the WCB estimates that 5.5 million are covered by workers' compensation insurance. Each year, more than 100,000 covered workers are injured on the job. A workers' compensation claim can last several or many years; benefits include lifetime medical treatment of the workplace injury or disease and may include lifetime payments for permanent partial disability.

### **Employers:**

There are approximately 1,000,000 employers in New York and approximately 600,000 are identified as required to maintain workers' compensation coverage in New York. Employers may satisfy their obligation to provide compensation through one of three ways: 1) secure workers' compensation insurance from a private insurance carrier (there are more than 300 that provide coverage in New York) or the New York State Insurance Fund; 2) self-insure for benefits (municipalities may be self-insured by right; private companies must demonstrate long-term financial viability and provide security bond to the Board); 3) join a group self-insurance trust (regulated by the Board).

### **Insurance Carriers:**

More than 200 private insurance carriers write workers' compensation insurance in New York. The State Insurance Fund is the largest carrier; it writes approximately 40% of the insurance market.

### **Medical Providers:**

More than 32,000 medical providers are authorized by the Board to treat injured workers and over 8000 medical providers are authorized by the Board to provide independent medical examinations (IME) on behalf of the employer, insurance carrier or the injured worker.

### **Attorneys and Licensed Representatives**

Hundreds of attorneys appear regularly at hearings before the Board on behalf of injured workers and/or employers/insurance carriers in hearings. The Board also licenses non-attorneys to represent injured workers or employers in hearings. The Board regulates the fees paid by injured workers to their attorneys in individual claims.

### **Third Party Administrators (TPA)**

A Third Party Administrator (TPA) is a company that provides claim management services to self-insured employers and insurance carriers. A TPA must be licensed by the WCB to operate in New York State. The WCB currently licenses approximately 120 TPA organizations in New York.

## 6. APPENDIX C – SIZE OF THE SYSTEM

The following metrics help describe the size of the Workers' Compensation (WC) System in New York:

- There are 8 million employed workers in New York and the WCB estimates that 5.5 million of these workers are covered by New York's WC system.
- Employers are required to report workplace accidents each year in accordance with a statutory reporting requirement. In 2009 over 183,000 accidents were reported to the WCB.
- If indicated, the WCB will assemble a claim – creating an electronic record – corresponding to an accident report, medical report or filing from an injured worker. In 2009 the WCB assembled nearly 116,000 claims.
- Historically, the WCB “resolves” assembled claims. Under the 2007 Workers' Compensation Reform, the WCB “resolves” assembled claims that are “complete” claims – those having the minimum set of forms filed with the WCB. The WCB “resolves” claims whether or not there is any disputed issue in a claim. Resolutions may be informal through an Administrative Determination or Conciliation agreement. Resolutions may also be achieved through the WCB's formal hearing process. In 2009, the WCB informally resolved all pending issues over 109,000 times and used the hearing process to formally resolve all pending issues over 185,000 times.
- New York held nearly 280,000 formal hearings in 2009.
- At the end of 2009, there were 90,000 claims pending before the WCB – a historic low (26,000 fewer pending claims than at the start of 2008).
- In 2009, the WCB received over 21,670,000 forms for scanning – a new record and over 500,000 more forms than the year before.
- The WCB ensures that over 600,000 active employers have appropriate workers' compensation coverage.
- Nearly 2000 Stop Work Orders were served on employers in New York in 2009.
- The WCB handled over 5,000 appeals (requests for Administrative Review) in 2009.
- The WCB administers a self-insurance program for over 9,000 employers.
- Over 30,000 health care providers are registered and approved by the WCB to treat New York's injured workers.

## 7. APPENDIX D – ROUNDTABLE DISCUSSION AGENDA-

December 7, 2010

8:00am Registration and Sign In

Registration of attendance is mandatory. Only those who have responded in advance according to the schedule set forth in the RFI will be accommodated at the Vendor Registration Tables.

8:30am Welcome

8:45am Overview of New York's Workers' Compensation System

9:00am Overview of the role of the WCB

Those We Serve & System Stakeholders

Process Areas

Issue Resolution

Compliance

Medical Director and Health Provider Administration

Self Insurance

Rehabilitation & Return to Work

Fraud Detection

Internal Service Providers

Information Technology

Policy and Program Development

Finance and Administration

10:30am Break

10:45am Overview of the Claims Management System Redesign Project

Stakeholder Interaction & Requirements Gathering

WC System Process Improvement & WCB Process Improvement

Reducing Paper

Return on Investment & Total Cost of Ownership

12:00 Lunch (on your own)

1:00pm Vendor Question and Answer

5:00pm Wrap Up