

**NATIONAL CONFERENCE OF INSURANCE LEGISLATORS (NCOIL)  
Resolution Urging States to Implement a System to  
Monitor and Analyze Workers' Compensation System Performance**

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*Adopted by the NCOIL Executive Committee on November 21, 2010, and the NCOIL Workers' Compensation Insurance Committee on November 18, 2010.*

**WHEREAS**, the National Conference of Insurance legislators (NCOIL) supports state workers' compensation systems that provide an injured worker with all reasonable and necessary medical treatment, of the nature and intensity to promote expeditious healing and return to work, and providing protection against lost wages and a fair level of income benefits during disability, while encouraging return to work, at a cost affordable to employers; and

**WHEREAS**, aided by data, policymakers can ensure that the state workers' compensation system yields better outcomes for workers while avoiding unnecessary system costs and achieving affordability for employers; and

**WHEREAS**, historically, workers' compensation data suitable to analyze trends and allow interstate comparison of system performance has been unevenly collected by the states; and

**WHEREAS**, when trouble arises, policymakers are often left to make decisions based on anecdotal or incomplete information rather than on meaningful, comparative analysis; and

**WHEREAS**, states should have a strong desire to fully understand the system performance in order for policymakers to accurately gauge the overall system performance; and

**WHEREAS**, having a data collection framework allows policymakers to plan for the future in light of the past, and present; and

**WHEREAS**, systems and policies that work in one jurisdiction may not work in another, but without a practical framework and standard approach to performance measurement, the opportunity to see differences and to explore the reasons behind them is lost; and

**WHEREAS**, most states collect data for insurance rate recommendations and to track operational aspects about individual claims, however, this may not allow states to fully understand system performance and inform policy makers as to the overall system; and

**WHEREAS**, the development of a standard set of performance measures for a state can provide objective evidence of improvement and early warnings of policies in need of review, as well as highlight potential best practices, allow comparison to national trends, and provide benchmarks for analysis; and

**WHEREAS**, a robust data collection and analysis system may be costly in some cases, neglecting this need may be far more costly in the long run to states, employers, and workers;

**NOW, THEREFORE, BE IT RESOLVED** that NCOIL urges states, in a consistent and timely manner, to monitor and analyze performance of the workers' compensation system to determine cost trends, measure system goals, and to gauge performance and expectations; and

**BE IT ALSO RESOLVED** that NCOIL supports states developing a robust data collection system that helps to answer the following questions:

- How is your state workers' compensation system performing?
- How does your state workers' compensation system compare to peer or neighboring states?
- How can the system better meet workers' and employers' needs?
- What factors are driving costs within the system?
- What is the impact of claims and premium fraud?
- What is the impact of legislative change?
- What are the possible consequences of proposed system changes? Are there alternative solutions that merit consideration? What are their consequences?

**BE IT FINALLY RESOLVED** that NCOIL forward a copy of this resolution to state insurance regulators and workers' compensation directors across the country.