

Workers' comp 'Opt-Out' plan risky for Tennessee

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Tennessee's economy is thriving. Business is booming with major national and international companies like Nissan, Bridgestone and American Standard announcing expansions or relocation projects that will employ thousands of Tennesseans.



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Tennessee is attractive to companies because we have a business-friendly environment. A key component of that environment is the long-standing relationship between Tennessee workers and their employers, which has resulted in an increased quality of life and better prosperity for our state's communities.

We in the industry are wondering why anyone would want to disrupt the current favorable business climate. And yet, there is a push in the Tennessee legislature to begin dismantling the state's successful workers' comp program.

The Workers' Compensation Reform Act of 2013, approved nearly unanimously by the Tennessee General Assembly, has resulted in a 20 percent decrease in approved and mandated loss costs — which controls the employ-

er's premium rates — over the last two years.

The initial result is praiseworthy, not a red flag for change.

Program performance should get even better as the smart reforms made in '13 take hold.

We will continue to receive data, conduct research and make improvements so that workers' comp benefits get to the injured worker quickly, and the premiums continue to decrease for businesses.

That is why I believe the state should leave a working program in place.

This year key legislators pressed ahead with legislation to allow some employers to avoid the Tennessee workers' comp program with "Opt Out," which would allow businesses to do just that — opt out of workers' comp.

This proposal for unprecedented, sweeping change is led by some members who backed the '13 reform act but now want to take the state in a risky direction.

"Opt Out" ought to concern the state's business community and sound alarm bells for employees, too. The proposed legislation has dangerous consequences for the state, its businesses and workers.

For example, all of the declared savings in the proposal are based on

significant reduction of benefits to the injured worker. "Opt Out" is essentially a program to lower an employer's insurance overhead by limiting the benefits that an injured worker can receive.

Businesses opting out of workers' comp would be able to create their own individual policies, driven by the guiding principle of employer cost savings.

The current system of a uniform, established, transparent process to guide workplace injury would be discarded.

In an "Opt Out" gimmick system, employers — at their own discretion — would set deadlines for employees to settle claims.

Employers would hand pick what injuries are covered; limit the benefits provided; and select their employees' physicians.

In an "Opt Out" era, the State of Tennessee would no longer have regulatory authority over Opt Out plans, but instead yield control to the Federal Employees Retirement Income Security Act (ERISA) and its minimum standards.

Federal control of insurance scares me, and I think it would scare my clients and their employees as well.

Proponents will sell "Opt Out" as "pro-business" and congruent with Tennessee's conservative business climate.

In reality, it is bad for business and potentially harmful to Tennessee workers and their families.

Why opt out? As always, follow the money. The big advocate is a Texas-based consultant and self-described designer of alternatives to workers' comp.

If lawmakers kill the current program, the Texas consultant would presumably help design alternative plans for businesses.

Some good news — the Tennessee's Workers' Compensation Advisory Committee, a group independent of the insurance industry and appointed by the governor, voted 6-0 against SB 721/HB 997.

There has been broad agreement that the current plan works and fits Tennessee's needs. Due to the 2013 reforms and our state's competitive marketplace, professional independent insurance agents like me are able to deliver workers' comp rates to employers cheaper than at any time in recent memory.

Any changes to the program must be addressed with caution.

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