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## Commission To Study Costs of Worker's Compensation Insurance

A May 2014 press release from the New Hampshire Department of Insurance confirms what most of us already know. Worker's compensation insurance in New Hampshire is expensive. Very expensive. The Oregon Worker's Compensation Rate Ranking Study concluded that New Hampshire is the nation's 9<sup>th</sup> most expensive state for worker's compensation coverage.

The reason is medical benefits, according to Deb Stone, actuary and director of market regulation for the New Hampshire Department of Insurance. "It is my belief, based on actuarial analysis, that the lack of limitation on what can be charged by medical providers and facilities is a major contributing factor." New Hampshire is one of only 6 states that does not have a fee schedule for medical services covered by worker's compensation insurance. By way of example, the cost of physical therapy in New Hampshire is 95% more expensive than in the region at large when worker's compensation is the payor, according to the National Council on Compensation Insurance. Surgical procedures are 83% more expensive.

The lack of a fee schedule means that providers can use worker's compensation to help offset lower reimbursement rates from Medicare and private insurers. The New Hampshire Worker's Compensation Act provides that "The employer or the employer's insurance carrier shall pay the full amount of the health care provider's bill unless the employer or employer's insurance carrier can show just cause as to why the total amount should not be paid." N.H. RSA 281-A:24, I (2014). Excessive or unnecessary charges can be written down, and providers can be fined. N.H. RSA 281-A:24, I (2014). However, most defense counsel at the Department of Labor would agree that Section 24 has very little "bite" without further direction from the Legislature as to what's reasonable, and what isn't.

New Hampshire is a state in which medical benefits cannot be lump-sum settled, meaning that employers or their worker's compensation carriers can be required to extend medical benefits or dispute medical bills piecemeal for decades.

By Executive Order 2014-7, effective September 4, 2014, Governor Maggie Hassen has established a Commission to recommend reforms to reduce worker's compensation medical costs in New Hampshire. The Commission is comprised of employer and insurance company representatives, medical providers, and attorneys, and is required to issue its final report on or before December 1, 2014. □

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