

California Chamber of Commerce
California Coalition on Workers' Compensation
Acclamation Insurance Management Services
Actief Case Management
Allied Managed Care
ALPHA Fund
American Insurance Association
Associated General Contractors
Association of California Healthcare Districts
Association of California Insurance Companies
Building Owners and Managers Association of California
California Apartments Association
California Business Properties Association
California Business Roundtable
California Chapter of the American Fence Association
California Clubs of Distinction
California Construction and Industrial Materials Association
California Farm Bureau Federation
California Fence Contractors' Association
California Grocers Association
California Independent Grocers Association
California Joint Powers Association
California Landscape Contractors Association
California League of Food Processors
California Manufacturers and Technology Association
California Restaurant Association
California Retailers Association
Camarillo Chamber of Commerce
Chambers of Commerce Alliance of Ventura & Santa Barbara Counties
Claremont Chamber of Commerce
County of San Bernardino
Dowdle & Sons Mechanical
El Dorado Hills Chamber of Commerce
Engineering Contractors' Association
Flasher Barricade Association
Fullerton Chamber of Commerce
Garden Grove Chamber of Commerce
GMGS Risk Management & Insurance Services

Greater Bakersfield Chamber of Commerce
Greater Riverside Chambers of Commerce
Independent Cities Risk Management Authority
Independent Insurance Agents & Brokers of California
International Paper
Irwindale Chamber of Commerce
League of California Cities
Lodi Chamber of Commerce
Long Beach Chamber of Commerce
Los Angeles Chamber of Commerce
Marin Builders Association
Marriot International
Metro Risk Management
National Federation of Independent Business
North Bay Schools Insurance Authority
Orange Chamber of Commerce
Oxnard Chamber of Commerce
Palm Desert Chamber of Commerce
Porterville Chamber of Commerce
PPG Aerospace
Property Casualty Insurers Association of America
Redondo Beach Chamber of Commerce
Regional Council of Rural Counties
San Fernando Valley Chamber of Commerce
San Jose Silicon Valley Chamber of Commerce
Santa Clara Chamber of Commerce
Schools Insurance Authority
Schools Insurance Group
Sedgwick Claims Management Services
Simi Valley Chamber of Commerce
South Bay Association of Chambers of Commerce
Stuart Baron & Associates
Tiger Lines LLC
Torrance Chamber of Commerce
United Parcel Service
Valley Industry & Commerce Association
Visalia Chamber of Commerce
Western Electrical Contractors Association
Western Growers Association

March 12, 2013

The Honorable James Beall, Jr.
California State Senate
State Capitol, Room 2068
Sacramento, CA 95814

**SUBJECT: SB 626 (BEALL) — WORKERS' COMPENSATION
OPPOSE**

Dear Senator Beall:

The above named organizations are **OPPOSED** to your **SB 626 (Beall)** because it would severely undercut the recent balanced workers' compensation reform deal agreed to by labor unions and employers and would result in dramatic cost increases to California employers.

Last year, labor unions and employers came together to reform California's workers' compensation system. The goal of this reform package was to provide injured workers with needed benefit increases, but offset these increased costs by closing certain loopholes and making California's workers' compensation system operate more efficiently with fewer disputes and litigation. The reforms achieved this balance – injured workers are guaranteed nearly \$1 billion in benefit increases, while employer costs are projected to be reduced after regulatory implementation of system reforms. The proposals contained in this reform were forged and vetted by representatives of both labor and employers through a multi-year process of research, discussion and extensive negotiations.

SB 626 eliminates the entire balance of the deal and would erase hundreds of millions of dollars in projected savings. Specifically, SB 626 would roll-back reforms dealing with timely, high-quality medical treatment and a more predictable – and less litigious – permanent disability system. SB 626 assaults the reforms on many fronts:

- It eliminates the cornerstone cost saving provision contained in SB 863 – independent medical review (IMR). Under SB 626, IMR decisions would be fully appealable to the WCAB taking medical necessity decisions away from physicians and putting them back in the hands of judges. It would also result in treatment delays for injured workers. The savings associated with IMR are estimated at around \$400 million.
- It repeals a provision in SB 863 that eliminates impairment ratings for psychiatric add-ons in some, but not all, cases. Numerous data driven analyses demonstrated applicant attorneys had excessively abused this add-on to artificially inflate permanent disability ratings.
- It repeals a provision in SB 863 that prohibits a chiropractor from being a primary treating physician once the maximum number of chiropractic treatments has been received.
- It unnecessarily limits utilization review and independent medical review by requiring that the reviewing physician hold the same license as the physician requesting treatment. Current law requires reviewers to be competent to evaluate the specific clinical issues involved in the medical treatment and utilize relevant, evidence-based medical treatment guidelines, which are not state-specific.

SB 626 leaves California employers worse off than they were before the reforms. Not only will they face pre-reform escalating costs, they will be burdened by an additional \$1 billion in benefit increases with no expectation that this cost will be offset by system savings. SB 626 is a giant step backwards for California employers during the current fragile economic recovery. Additionally, SB 626 reverses a bipartisan labor-employer compromise. These types of agreements between key stakeholders that enjoy overwhelmingly bipartisan approval should be encouraged and protected, not attacked and diluted.

For these reasons and more, the above named organizations are **OPPOSED** to your **SB 626 (Beall)**.

cc: David Lanier, Office of the Governor
The Honorable James Beall, Jr., District Office