

The Link

Department of Workers' Claims

Quarterly Report

October-December 2016



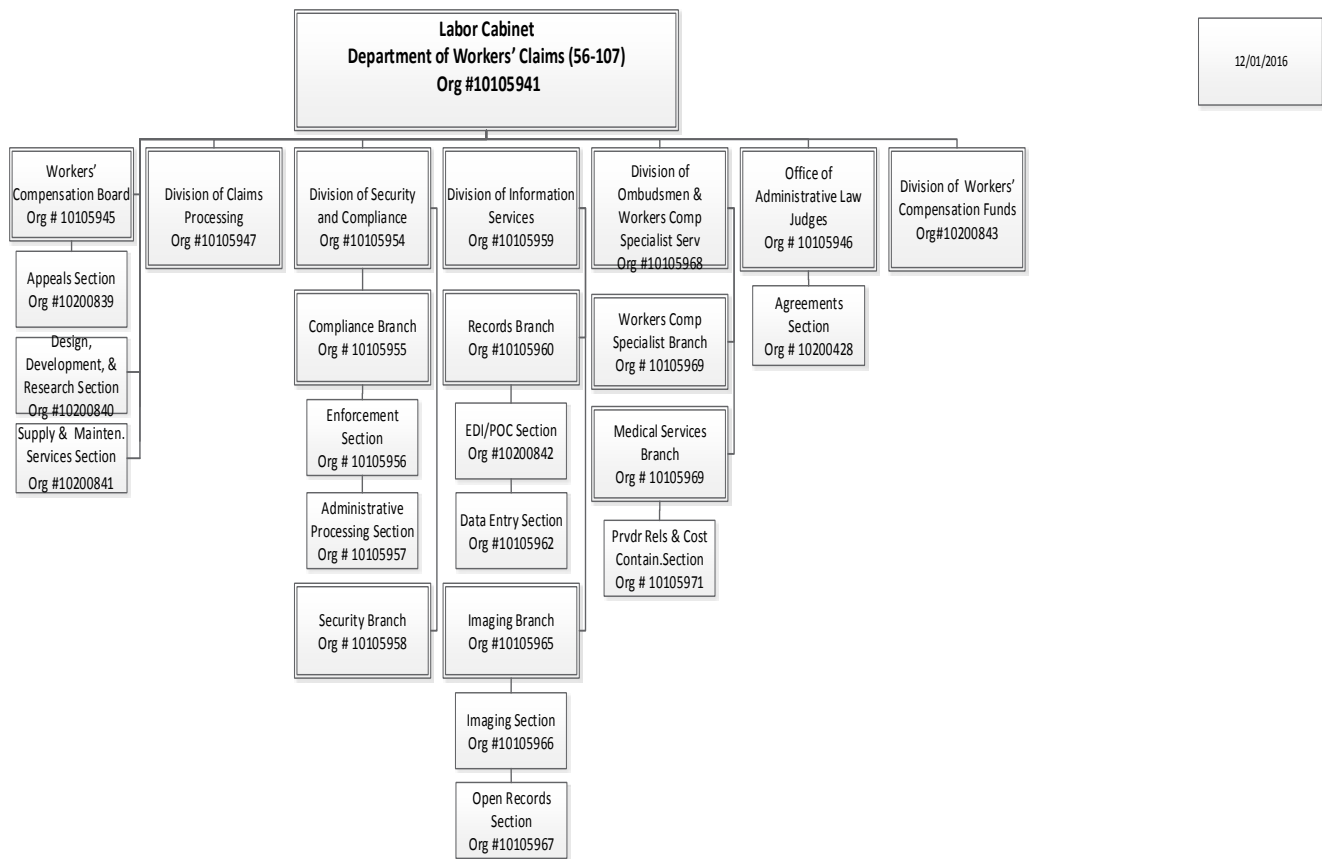
Table of Contents

DWC Reorganization	2
Update to the DWC's Litigation Management System	3
DWC Quarterly Statistics	4-6
Information Services	7-10
General Counsel	11
Administrative Law Judges	12
Claims Processing	13
Workers' Compensation Board and Appeals	14
Ombudsman and Workers' Compensation Specialists Services	15-19
Security & Compliance	20-22
Design & Development and Research	23-24
Workers' Compensation Funds	25

On December 1, 2016, Governor Bevin signed an Executive Order that reorganized certain agencies within the Labor Cabinet, including the Department of Workers Claims. On the same day, Secretary of Labor Derrick Ramsey signed an Administrative Order that complimented the Executive Order.

Consistent with statutory requirements, the reorganization promoted greater economy, efficiency, and improved administration. In regards to the Department of Workers Claims; the Division of Workers' Compensation Funds (formerly The Special Fund), previously in the Labor Cabinet's Department of Workplace Standards, was transferred to the Department of Workers' Claims in order to align its responsibilities with the Department's expertise and experience in the field of workers' compensation. The Division has physically relocated to its new home at the Department of Workers' Claims building on Chamberlin Avenue. In regards to legal services, the General Counsel for the Department of Workers' Claims has been consolidated within the Labor Cabinet's Office of General Counsel. Legal services that are related to the Department of Workers' Claims are now furnished through a new Workers' Claims Legal Division. Attorneys formerly assigned to the Office of General Counsel for Department of Workers' Claims have been reassigned to the new Workers' Claims Legal Division and they will maintain their physical location at the Workers' Claims building on Chamberlin Avenue.

The changes embodied in the Executive Order and Administrative Order are intended to help the Labor Cabinet better serve the people of Kentucky.



Update to the DWC's Litigation Management System

On October 10, 2016, DWC began accepting electronic filings through LMS. While electronic filing is not mandatory until July 1, 2017, we have seen an excellent response from the legal community as many offices have begun the transition. We have received invaluable feedback as a result and plan to implement some of the changes that have been suggested.

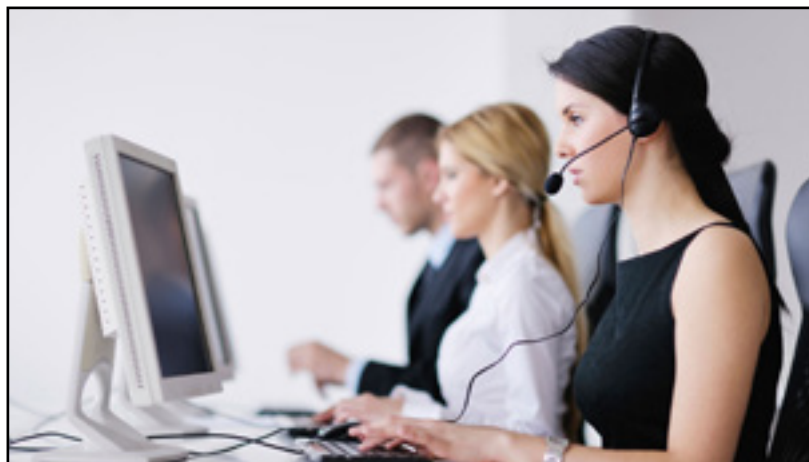
This quarter, the DWC continued to provide training to the legal community by hosting additional sessions in Frankfort. In addition, Insurers in Louisville and Lexington received in-office demonstrations of the functionality LMS has to offer. Demand for training continues to be strong and there are additional sessions scheduled in Frankfort at the end of January. Additional training opportunities may be provided later in the year if needed.

The first in a series of YouTube videos exploring the LMS user experience is expected to be published in early 2017.

The LMS Technical support email (LaborKYWCLMS.TechnicalSupport@ky.gov) continues to provide a vehicle for communication between the support team and external stakeholders. This allows for tracking and documentation of issues and suggestions made to enhance system functionality as well as prompt response to external users.

DWC's Design and Development team began to work with and make modifications to the LMS code this quarter. Two builds were deployed that addressed bug-fixes and added new functionality.

The DWC continued communicating with Kentucky Stakeholders via the communication network, the DWC web site, webinars and public presentations to keep everyone up to date on LMS progression.

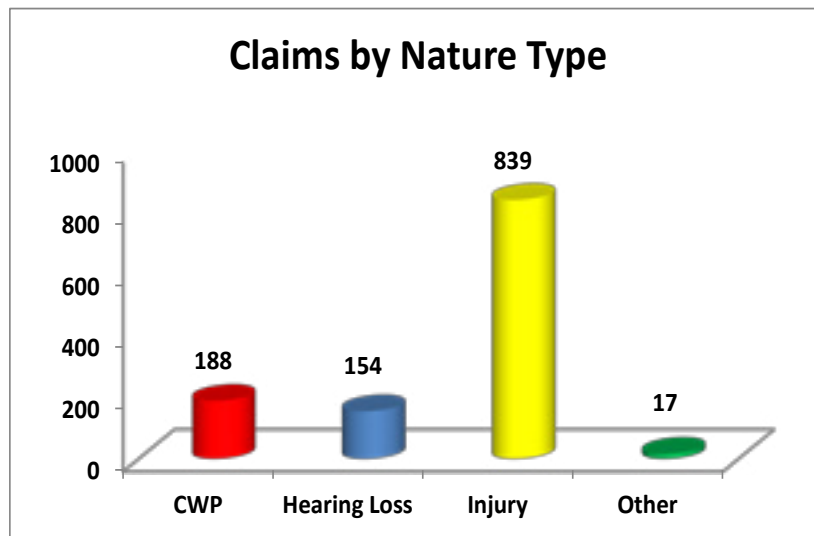


DWC Quarterly Statistics

Distribution of FROI's by Industry

	First *	Claims
	Reports	
Accommodation and Food Services	383	15
Admin. & Support & Waste Mgmt and Remediation Services	914	38
Agriculture, Forestry, Fishing & Hunting	114	3
Arts, Entertainment & Recreation	50	1
Construction	390	51
Educational Services	513	25
Finance and Insurance	60	6
Health Care and Social Assistance	759	42
Information	56	4
Mgmt. of Companies & Enterprises	9	0
Manufacturing	1,359	95
Mining	265	85
Other Services Except Public Admin.	174	18
Professional, Scientific & Technical Services	128	11
Public Administration	674	40
Real Estate and Rental & Leasing	57	7
Retail Trade	607	39
Services	0	0
Transportation and Warehousing	750	36
Transportation/Public Utilities	0	0
Wholesale Trade	252	20
Unclassified	5	656
Utilities	31	6

*This only includes First Report of Injury (FROIs) submitted via Electronic Data Interchange (EDI) to the DWC.



Claims figures are based on date of filing.

Top Ten Causes Of Injury Claims

Cumulative	224
Fall or Slip	166
Absorption, Ingestion and Inhalation	135
Continual Noise	97
Repetitive Motion	85
Lifting	83
Strain or Injury by	70
Struck or Injured by	64
Motor Vehicle	54
Other Injury (NOC)	52

QUARTERLY ACTIVITY*

Lost Time First Reports (FROI)	7,550	Re-openings (overruled)	4
Claims Assigned	1,198	Re-openings (sustained)	3
Re-openings (motion docket)	95		

MEDICAL DISPUTE PROGRAM

F112-Post Award Medical Dispute Filed	208
PL112-Pre-Lit Medical Dispute Filed	12
ROMD-Motion to Reopen Medical Dispute	364

*The above statistics are derived from the agency database by various dates determined by status code. Specific details may be obtained by contacting the Division of Information and Research. Individual section breakdown/statistics represent internal section activity that may differ from DWC database.

Distribution by Body Part (Top Ten)

Claims

Multiple Body Parts	245
Lungs	199
Ears	155
Low Back	134
Shoulders	73
Knee	56
Wrist	24
Fingers	21
Foot	21
Elbow	18



FROIs

Lower Back	811
Multiple Body Parts	646
Knee	644
Finger(s)	612
Shoulder(s)	568
Hand	411
Foot	360
Ankle	323
Wrist	288
Lower Arm	214

Division of Information Services

The Division of Information Services is comprised of two branches, Imaging and Records. This division is charged with a multitude of duties, some of which include:

- 1) Data Entry
- 2) Electronic Data Interchange
 - A) Claims
 - B) Proof of Coverage
- 3) Imaging of documents
- 4) Open Records requests

Further information about all activities for the quarter relative to the Division of Information Services follow.



Division of Information Services

Continued

Imaging Branch

The Imaging Branch is comprised of two sections: Imaging and Open Records. It is the responsibility of this branch to input, maintain and disseminate claim litigation information for reference and adjudication by agency staff as well as constituents.

Imaging Section

The Imaging Section is responsible for scanning all hard-copy claims and documentation into the agency's Sharepoint Imaging System, the DWC's storage medium and official record of the DWC.

During this quarter, the Imaging Section scanned 363,000 sheets.

Open Records Section

The Open Records Section responds to requests for claim and first report information pursuant to KRS 61.872(2). Requests are received from a variety of outside parties including attorneys, insurance carriers, employers, the Social Security Administration and the general public. Requests may be submitted by mail, fax or hand delivery. Currently, charges for copies are 15 cents per photocopied page and 75 cents per microfilmed page. Upon receipt of the request, Open Records staff compiles a cost estimate. The estimate is returned to the requesting party. The request is filled upon receipt of payment from the requestor, and materials are mailed by U.S. Mail or United Parcel Services. Open Records staff is not permitted to fax workers' compensation documentation.

A service of pre-employment screening is available to prospective employers through the Open Records Section. Work history may be obtained by submitting a written request along with pre-payment of \$2.00 per Social Security Number submitted. Pursuant to KRS 150.170, the Open Records Section also verifies workers' compensation awards for the Department of Fish and Wildlife for individuals applying for free hunting and fishing licenses.

During this quarter, the Open Records Section processed 2,405 written requests, 1,383 pre-employment requests and 5 Fish and Wildlife request.

Division of Information Services

Continued

Records Branch

The Records Branch consists of two sections: Data Entry and Electronic Data Interchange (EDI) Claims/ EDI Proof of Coverage (POC). These sections combine to ensure reliability, accuracy and integrity of the data that is submitted to the Department of Workers' Claims.

Data Entry Section

As of October 10, 2016, our Litigation Management System (LMS) was officially opened to the Workers' Compensation attorneys to allow them to file documents electronically. During this quarter, while some attorneys are filing their documents through our LMS system, some attorneys continue to file paper documents. Any paper documents such as motions for extension of time, to file late briefs, to place in/ or remove from abeyance; depositions of plaintiffs and physicians; notice of filings of medical reports, wage records, Claim Denials; as well as responses to motions filed in active claims with the Department of Workers' Claims continue to be processed by the Data Entry Section.

During this quarter, the Data Entry Section indexed 23,076 pieces of mail.

Since October 10, 2016, our Administrative Law Judges have been entering their own orders and opinions into the system. And since October 10, 2016, the medical dispute process was moved to another division. Please note – that the number of pieces of mail indexed also includes documents loaded into the system via the external users.

EDI Claims/POC Section

The EDI Claims personnel monitors the electronic reports submitted to the DWC by insurance carriers when an injury is reported. First Reports of Injury (FROI) and Subsequent Reports of Injury (SROI) are received daily from third-party administrators and insurance carriers through vendors. Each record goes through program edits prior to acceptance and is scrutinized by EDI staff for accuracy. The EDI staff provide assistance and information to third-party administrators and insurance carriers daily on how to file new FROIs/SROIs or to make changes to existing records. This quarter, the EDI Claims Section received and processed 9,687 records.

Division of Information Services

Continued

EDI Proof of Coverage (POC) Personnel

Every insurance carrier is required by statute to report coverage and cancellation of coverage of Workers' Compensation Insurance issued to the employers in Kentucky. The EDI POC Section of the Department of Workers' Claims is charged with receiving and maintaining workers' compensation coverage filings for employers doing business in the State of Kentucky. During this quarter, 134,841 proof of coverage transactions were received and processed, 93% of which were accepted.

NCCI

Transactions Processed: 84,539

Acceptance Rate: 91%

CLAIMPORT

Transactions Processed: 33,590

Acceptance Rate: 98%

KESA

Transactions Processed: 15,669

Acceptance Rate: 95%

WORKERS COMPLINK

Transactions Processed: 132

Acceptance Rate: 63%

KAGC

Transactions Processed: 911

Acceptance Rate: 99%



Office of General Counsel

The attorneys in the Office of General Counsel provide legal representation to the Department.

One of the major functions of the Office of General Counsel is pursuing enforcement actions. Kentucky law requires all employers, except those engaged solely in agriculture, to have workers' compensation insurance or be self-insured. If an employer fails to do so, the employer can be penalized or fined \$100.00 to \$1,000.00 per employee for each day the employer fails to have insurance or be self-insured.

The Office of General Counsel serves as the prosecutor in enforcement cases in which the employer has been cited and fined for not having workers' compensation coverage. The foremost goal is to have the employer obtain coverage for its employees.

Once coverage is obtained, the Office of General Counsel diligently tries to negotiate a settlement of the fine or penalty with the employer. This may be done on a payment plan to make it more convenient and less onerous for the employer. If a compromise cannot be accomplished, the employer can have its case heard and decided by an Administrative Law Judge.

During this last quarter, the Office of General Counsel staff and attorneys handled 161 enforcement citation cases. A total of \$244,367.50 in enforcement fines and penalties was collected.

The Office of General Counsel also investigates, resolves and prosecutes unfair claims settlement practice (UCP) allegations. During this quarter, there were 9 UCP claims conducted. A total of \$12,500.00 in fines and penalties was collected.

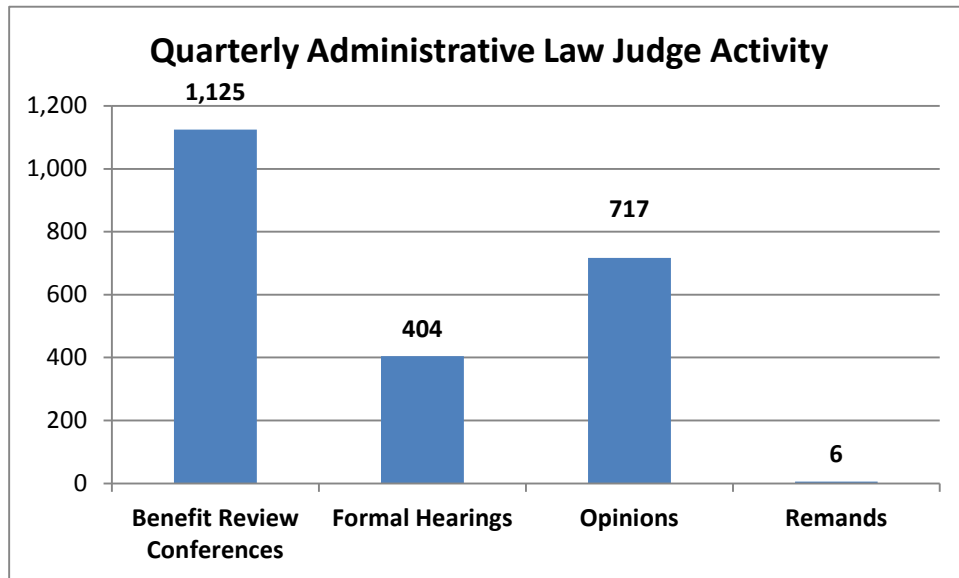
Finally, the Office of General Counsel litigates any claims brought by or against the Department, reviews and drafts potential legislation or regulations and answers questions on workers' compensation issues for claimants, insurance companies, legislators and the general public.



Administrative Law Judges

The Department of Workers' Claims has 19 Administrative Law Judge (ALJ) positions allocated, 11 of which are currently filled. Each ALJ is appointed by the Governor for a four-year term and is subject to confirmation by the Kentucky Senate. One of the ALJ's is designated Chief Administrative Law Judge (CALJ) pursuant to KRS 342.230(8).

The Chief Administrative Law Judge regularly works from the Frankfort office. The CALJ presides over the Frankfort motion docket. In addition, the CALJ rules on settlement agreements in unassigned cases and regularly conducts dockets for coal workers' pneumoconiosis (CWP) cases, as well as hearings in various enforcement actions. The CALJ supervises ALJ activities, prepares a rotation schedule for the ALJs, plans two adjudicator training sessions annually, takes initial assignment of all CWP claims and covers dockets for other ALJs on an emergency basis.



Agreements Section

All agreements (Form 110s) come through the Frankfort office to be processed and put into the record, whether signed by the CALJ or one of the other 11 ALJ's within the Department. Any agreements received prior to assignment to an ALJ (pre-litigation) are reviewed for accuracy and completeness and approved by the CALJ if appropriate. In this quarter, 1,544 agreements were received by the Agreements Section. Of those, 778 settlement agreements were approved by the CALJ; 654 were forwarded to the assigned ALJ; and 137 were returned to the parties for correction. Section staff also received 18 motions to substitute party during this period.

Division of Claims Processing

The Division of Claims Processing consists of two phases of processing: Claims Review, and Claims Assignment. Each phase has a distinct role in processing the workers' compensation litigated claims filed with the Department of Workers' Claims.

Claims Review

The Claims Processing staff reviews all of the Applications for Resolution of Claim filed with the Department, verifying that filing requirements as outlined in 803 KAR 25:010 are followed. A total of 1,248 new claims were filed this quarter including 866 injury claims, 19 occupational disease claims, 162 hearing loss claims and 201 coal workers' pneumoconiosis claims.* The staff identifies and verifies insurance coverage for all named defendant employers. If no workers' compensation insurance is found, steps are taken to join the Uninsured Employers Fund as a party to the claim. Once the claims have been verified through the Claims Review process, they are assigned to an Administrative Law Judge.

Claims Assignment

For this quarter, a total of 1,213 new and reopened claims were assigned by the Claims Processing staff to ALJ's and scheduled for Benefit Review Conferences. Claims staff processed 364 reopened claims (that were routed to motion docket). In addition, this division contacted and scheduled court reporter services to attend and transcribe 631 hearings; each transcript is examined and verified for payment within the Claims Assignment Section.

Once the claim is final, it is returned to Frankfort to be audited by confirming all documents are present in the electronic file before the hardcopy is purged. A total of 1,218 claims were audited and purged during this quarter.

*This depicts division activity, not necessarily what is derived from the agency database.



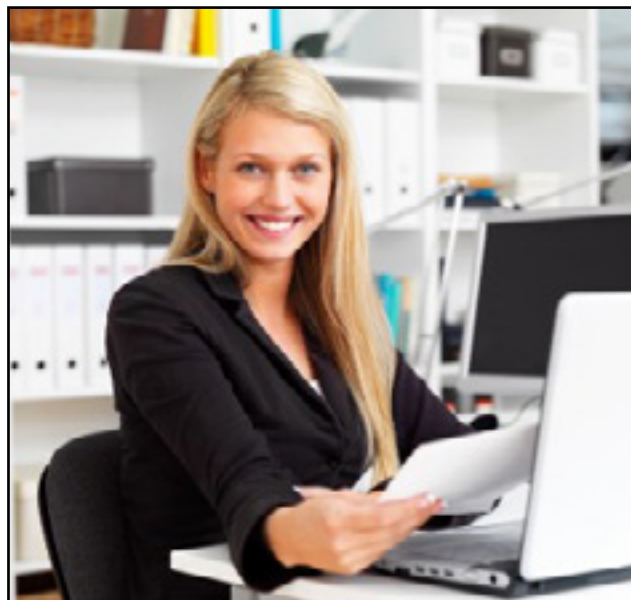
Workers' Compensation Board and Appeals

Appeals Section

The Appeals Section serves as support for the Chairman and two Board Members that comprise the Workers' Compensation Board, Court of Appeals, and Supreme Court. Appeals Staff enters the appeals information into the DWC database, verifies that briefs filed in each appeal are in compliance with 803 KAR 25:010, Section 21, prepares a weekly roster of requests for additional actions filed on appealed claims, assigns appealed claims to the Workers' Compensation Board, and enters and complies with all pertinent information/requests from the Court of Appeals and Supreme Court. A total of 60 appeals were filed before the Workers' Compensation Board. When the appeal is final, it is reviewed by the Appeals Section to be routed to an ALJ for outstanding litigation or audited for finality (confirming all documents are contained in the electronic file) before the hardcopy is purged.

Opinions rendered by Board Members:

Stivers:	15
Alvey:	16
Rechter:	18
Total opinions rendered:	<hr/> 49
Appeals to Court of Appeals:	12
Court of Appeals Opinions:	11
Appeals to Supreme Court:	4
Supreme Court Opinions:	1



Division of Ombudsman and Workers' Compensation Specialists Services

Services provided by the Division of Ombudsman, Workers' Compensation Specialists and Medical Services personnel are a vital component to the delivery of quality, timely medical service and assistance to workers injured in the workplace and their families.

The **Medical Services Branch** has 7 main tasks that relate to the mission of the Department of Workers' Claims (DWC). Those tasks are: (1) **Certification of Managed Care Organization's Plans** which encompasses physician certification (AMA licensed); proper legal documentation for the managed care provider (provider contracts, etc.); compliance with Kentucky Revised Statutes (KRS) regarding grievance rights and procedures for claimants and their employees; (2) **Utilization Review (UR) Certification** which assists in determining necessary and appropriate medical care for claimants; (3) **Medical Bill Audit (MBA)** which is to assure compliance with adopted fee schedules; (4) **Hospital Fee Schedule (cost-to-charge)** pursuant to 803 KAR 25:091 and the latest cost report (HCFA-2552) which is supplied by the Kentucky Cabinet for Health and Family Services ; (5) **Pharmacy Fee Schedule** pursuant to 803 KAR 25:092 which mandates using the average wholesale price; (6) **Physician Fee Schedule** pursuant to 803 KAR 25:089 and related medical data supplied by Fair Health Inc. which is an independent nonprofit organization that supplies medical billing data; (7) **University Evaluations** whereby Medical Services personnel schedule appointments for Pneumoconiosis (Black Lung), Hearing Loss and Occupational Disease claimants at University of Kentucky and University of Louisville Medical Centers, Commonwealth Respiratory Consultants, University of Louisville Pulmonary Clinic and Coal Miners Respiratory Clinic (Muhlenberg Community Hospital).

Medical Services 4th Quarter Report

Currently, there are thirty-five (35) Managed Care Organizations (MCO) that are certified by DWC and sixty-one (61) UR/MBA plans that are DWC certified.

The Managed Care Plans (MCP) that are operational in Kentucky (FY 2015-2016) covered 6,402 employers and 858,555 employees. The percentage of workers in a MCP was 52%. For Fiscal Year 2015-2016, there were 1,847,938 Kentucky Jobs and 959,826 Covered Lives under Managed Care and other plans.

*In FY-2014-2015; Kentucky Jobs: 1,960,690; Covered Lives: 990,951 (50% under Managed Care Plans).

Certifications

Managed Care Plans
35
(2 year certification cycle)

Utilization Review/Medical Bill Audit Plans
61
(4 year certification)

Division of Ombudsman and Workers’ Compensation Specialists Services Continued

The Hospital Fee Schedule (cost-to-charge ratio) governs the reimbursement for hospital charges in workers’ compensation claims and these ratios are modified April 1st each year.

The Department of Workers’ Claims promulgated the cost-to-charge for 111 in-state hospitals and 243 out-of-state hospitals during FY 2015-2016. Out-of-state hospitals, by regulation are reimbursed in the same manner as Kentucky hospitals.

University Evaluations Hearing Loss

University of Kentucky
Hearing Loss Claims Received
76

University of Louisville
Hearing Loss Claims Received
85

Coal Workers Pneumoconiosis (CWP) (Black Lung)

Commonwealth Respiratory Consultants
Claims Referred for Evaluations
41

Owensboro Health/Muhlenberg Community Hospital
Claims Referred for Evaluations
42

University of Louisville Pulmonary Clinic
Claims Referred for Evaluation
0

Medical Service personnel make and coordinate these evaluation appointments for miners with CWP. During October, November and December 2016, 244 claims were referred for university evaluations.

Division of Ombudsman and Workers’ Compensation Specialists Services Continued

Workers’ Compensation Specialists (KRS 342.329)

The Workers’ Compensation (WC) Specialists Branch is tasked with providing assistance to claimants, attorneys, medical providers, employers, family members of claimants and Administrative Law Judges (ALJ). Individuals seeking assistance may call, toll free, 1-800-554-8601. Additional information may be found on the Department of Workers’ Claims web site: www.labor.ky.gov/workersclaims.

WC Specialists provide intervention service (i.e. assist with resolving issues between claimants, insurance adjusters and medical provider) on issue(s) that might otherwise have to be resolved by an Administrative Law Judge. The specialists are supervised by two (2) attorneys, the Attorney/Chief Specialist and a Staff Attorney.

The other entities within the WC Specialists Branch are: Drug Free Workplace Certification Program (803 KAR 25:280); Vocational Rehabilitation Program (KRS 342.710); Retraining Incentive Benefits (RIB) Program (803 KAR 25:120); and Workplace Fatality Reporting.

Requests Received	
New Request	Requests from Claimants
1873	507
Request from Attorneys:	Request from Employers
724	101
Request from Medical Providers	Request from Government Official
126	29
Request from Widow/Widower	Request from Family Member
8	149

The balance of requests received come from Carriers, Medical Reviews, Drug Free, and Other.
329

Division of Ombudsman and Workers’ Compensation Specialists Services Continued

Assistance Type

Claim Status 802	Rights and Procedures 802
Coverage 92	Medical Fee Dispute 45
Medical Fee Schedule 11	First Report of Injury 61

Additional assistance in this area concerns Managed Care, Utilization Review, Fraud, and Unfair Claims, Form Request, Referrals to Outside Agencies, Other, Rehabilitation, Open Records and Referral to Inside Agencies: **657**

Beginning in October 2016, with the advent of the Litigation Management System (LMS), the Worker’s Compensation Specialist acquired additional tasks of assigning user Access Numbers, assist Pro Se claimants with filing claims. WC Specialist also assist law firms, insurance companies and other authorized entities with non-technical navigation of LMS.

**Requests for Assistance
October, November, December
505**



Division of Ombudsman and Workers' Compensation Specialists Services Continued

Drug Free Workplace

This is a voluntary program which allows employers (private or governmental) to promote a workplace free from drugs. Employers must submit a drug free workplace plan, make application to DWC and upon satisfactory review will be certified by the Commissioner. Upon satisfactory completion of the process, the employer (private) may be eligible for a 5% reduction of their worker's compensation insurance premium pursuant to KRS 304.13-167(6).

New Plans Certified

10

Plans Renewed

79

Workplace Fatality Report*

Tracks workplace fatalities (with assistance from OSHA) and pursuant to KRS 342.750(6), pays death benefits to the worker's estate.

Fatalities

29

Vocational Rehabilitation

KRS 342.710 permits retraining for those who are unable to perform work for which they have previous training or experience due to the effects of work-related injury. Evaluations are scheduled to determine aptitude, educational level and employment interest. The test results are provided to all parties and assistance is offered to the injured worker. Most injured workers complete the evaluation but do not request to complete the retraining process.

New Cases

9

Retraining Incentive Benefits (RIB)

This program dedicated to individuals who contract Pneumoconiosis (Black Lung) and is designed to provide an alternative work environment. The program provides for attainment of a GED and other bona fide training and education programs for those who do not desire to or cannot reenter the coal mining profession.

Program Participants

25

Division of Security & Compliance

Security Branch

The Security Branch regulates companies that have been approved by the Commissioner of The Department of Workers' Claims (DWC) to self-insure their workers' compensation liabilities as opposed to purchasing primary coverage. A self-insured company is required to deposit security. The security must be a bond, letter of credit, or deposit contract. The security is used to pay injured employees in the event a company is insolvent or defaults on its workers' compensation liabilities. The DWC currently has approximately \$1.3 billion in security on file from the 107 current and 354 former self-insured employers.

Annually, the security branch reviews audited financial statements in order to determine if the self-insured employer is financially viable enough to maintain self-insured status. 15 financial statements were reviewed this quarter.

Self-insured employers are required to submit loss reports on an annual basis. One of the main duties of the branch is providing data and information to the Commissioner to utilize in setting the required amount of security. The Branch conducts reviews using loss data when assessing the amount of required security. 10 reviews were completed this quarter.

Formerly self-Insured employers must wait a period of 5 years before seeking a reduction in the amount of security held by the DWC. Subsequent reduction requests may be made no more frequently than every two years. The Branch requests updated loss reports and audited financial statements in order to review the security reduction request and submits the result to the Commissioner for his decision. 1 review(s) of a former self-insured employer was conducted this quarter.

A reserve is the estimated amount necessary to pay a claim to its conclusion. There are basically two types of reserves:

- 1) Indemnity (reimbursement for lost wages)
- 2) Medical

Adequate reserves must be reported to assure the proper amount of security is required. The Branch reviews the loss data to ensure self-insured employers are reporting adequate reserves. 9 external medical reviews were conducted this quarter.



Division of Security & Compliance

Continued

Compliance Branch

The Compliance Branch consists of two sections:

- 1) Administrative Processing Section
- 2) Enforcement Section

The Administrative Processing Section is responsible for multiple tasks involving proof of coverage which include the following:

- 1) Issues certifications of coverage to Administrative Law Judges, private attorneys, and open records requests.
 - a. 65 certifications of coverage were issued this quarter.
- 2) Issues certifications of coverage to Mines & Minerals.
 - a. 19 certifications of coverage were issued this quarter.
- 3) Process Professional Employer Organizations (PEOs), Wrap Up, and Split Coverage Applications.
 - a. Maintains files on 194 currently registered Professional Employer Organizations (PEOs) who provide employee leasing services to Kentucky businesses.
- 4) Responsible for processing and maintaining workers' compensation coverage files for coal, employee leasing, and wrap up (special projects) employers doing business in the State of Kentucky.
 - a. Coal Transactions
 - i. 1,223 Coal transactions submitted this quarter
 - ii. Accepted 1,053 transactions for filing.
 - b. Employee Leasing Transactions
 - i. 1,826 PEO POC transactions submitted this quarter
 - ii. Accepted 1,626 transactions for filing.
 - c. Wrap Up / Split Coverage Transactions for Owner Controlled Insurance Programs (OCIP) and Contractor Controlled Insurance Programs (CCIP).
 - i. 562 transactions submitted this quarter
 - ii. Accepted 406 transactions for filing.
- 5) Prepare citation docket and process citations payments. Prepare citation files for remittance to General Counsel's office.
 - a. The branch processed \$1,172,250.00 in collected penalties, which includes penalties paid in full to the Branch and collections received by our legal division from contested citations.
 - b. Collected penalties are deposited into a fund created by KRS 342.920. These funds are used to pay benefits to employees injured before March 1, 1997 when their employer's security is exhausted.
- 6) Maintain Employee Written Notice of Rejection of the Workers' Compensation Act (Form 4's). The proper filing of this form permits an employee to waive the right to protection under the Kentucky Workers' Compensation Act.
 - a. 1,998 Form 4's received
 - b. 744 Form 4's approved

Division of Security & Compliance

Continued

The Enforcement Section's primary function is to ensure employers provide insurance coverage as required by statute. This is achieved primarily through the efforts of its 11 investigators. The investigators cover Kentucky's 120 counties from field offices located throughout the state. The investigators make on-site inspections to ensure employers have workers' comp insurance. The investigators also investigate leads generated by section staff, referrals submitted to the DWC by telephone and through the department's Web site, and in matters involving the Uninsured Employer Fund (UEF). Non-compliant employers are subject to citations and civil penalties issued by the Commissioner. However, a large number of investigations reveal employers are aware of their requirements and have voluntarily purchased workers' compensation insurance. The investigators also conduct educational presentations throughout the state in order to educate employers on their workers' compensation requirements and to encourage compliance.

During this quarter, the Branch's investigators conducted 2,494 on-site investigations of Kentucky businesses. The Commissioner issued 115 citations to employers for failure to comply with the requirements imposed by KRS Chapter 342.



Design and Development And Research Section

The Department of Workers' Claims Design and Development Section actively develops and maintains in-house programs using C# and .NET. Maintains the SIMBA/LMS, EDI/POC programs and ensures these in-house programs meet the IAIABC standards concerning submitting FROI/SROI and POC data electronically from approved Trading Partners/Vendors. Researches, analyzes, and tracks user request for new programs. Meets with management and additional staff for ways of improving current programs. Supplies statistical information to management. Develops database scripts to enhance productivity for Department of Workers' Claims programs. Responsible for SQL database backups, disaster recovery, and optimizing performance of SQL servers. Develops in-house user reports, form letters, and on-line forms. Enters and/or deletes user SIMBA/LMS security permissions for SQL server security. Creates, compiles, and runs queries for the department's monthly, quarterly, annual reports and any additional reports requested. Develops scripts for new program designs. Assists with the KRONOS/KHRIS timekeeping systems. Imports WC Board opinions to the web application monthly to ensure up-to-date reference material is available. Staff assists management with deadlines and special projects.

During this quarter, Design and Development staff implemented modifications to EDI/POC, SIMBA programs, SIMBA reports and SQL databases. Section activity also included the following:

- Completed 21 SharePoint Issues/Test Track Issues.
- Received 43 SharePoint Issues/Test Track Issues.
- Installed monthly CompLaw Board Opinions into NXT4
- Submitted requests for addition and removal of SIMBA/LMS and SharePoint accounts
- Answered questions from Trading Partners/Vendors and assisted them in answering questions concerning FROI/SROI & POC electronic filings
- Met with users to discuss issues for upcoming builds, patches and new development
- Attended meetings with DWC sections for Litigation Management System
- Worked on Labor Cabinet Service Level Agreement with COT
- Completed 3rd Interim Review Evaluations
- Monitored log files for LMS/SharePoint submissions
- Ran queries for specific data as requested by in-house management
- Started analysis of Division of Special Funds Claims Payment Management System
- Migrated two of the three DWC Shared folders used by the agency.

Design and Development and Research

Research Section

The Research Section coordinates the DWC web site, produces all the agency's publications and has the responsibility of processing WC letters that are driven by statute. During this quarter, the Research Section received 218 pieces of mail and 37 web/email inquiries.

Statute of Limitation letters are generated and processed daily by the Department of Workers' Claims. They are generated by certain Maintenance Type Codes (MTC) that come in on the EDI records. These letters serve as a notice to the injured worker that the statutory timeline for work-related injury has begun.

MTC codes that generate a statute letter are:

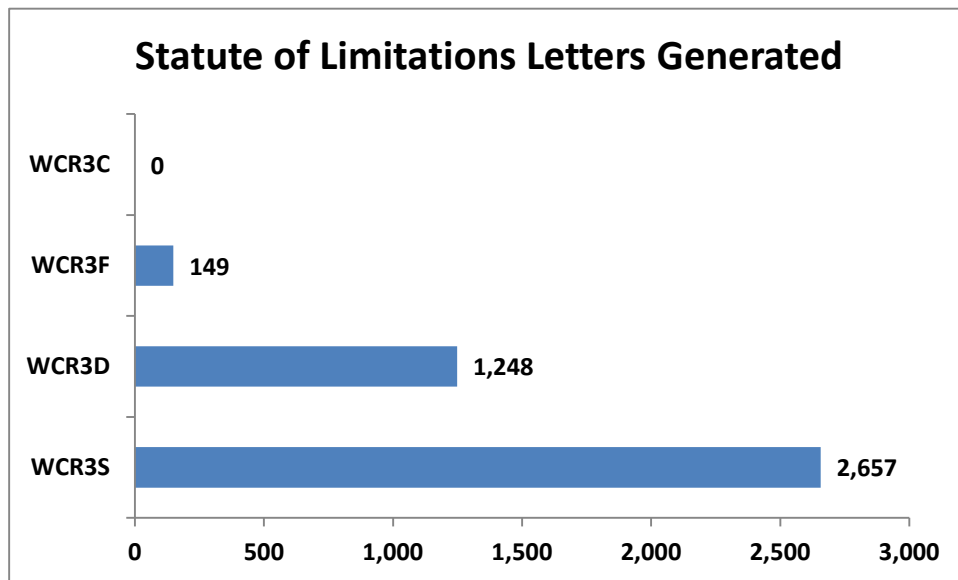
MTC S1-9 (excluding S7) and SD, suspension of benefits (WCR3S)

MTC 04, claim denial from carrier (WCR3D)

MTC with a date of death reported (WCR3F)

MTC01 cancellation with open benefits (acts as a suspension of benefits) (WCR3C)

The chart represents the number of letters generated this quarter.



The fatality letters generated are driven by EDI filings submitted to DWC by the insurance carriers. Follow-up filings by the insurance carrier that contain a date of death trigger a fatality letter. This isn't indicative that the fatality actually occurred in the time frame specified.

Division of Workers' Compensation Funds

On Thursday, December 1, 2016, Governor Bevin signed an Executive Order that reorganized certain agencies within the Labor Cabinet. On the same day, Secretary Ramsey signed an Administrative Order that compliments the Executive Order by restructuring certain branches and sections within the Cabinet's two departments.

Per Governor Bevin's Executive Order signed on December 1, 2016, the Division of Workers' Compensation Funds has been transferred to the Department of Workers' Claims in order to align its responsibilities with the Department's expertise and experience in the field of workers' compensation.

The Division of Workers' Compensation Funds (formerly Division of Special Fund) is responsible for the administration of the Special Fund and Coal Workers' Pneumoconiosis Fund. The Special Fund is liable for part of the income benefits awarded for occupational injuries and diseases resulting from incidents or last exposures occurring prior to Dec. 12, 1996, while the coal fund is liable for 50 percent of the income and retraining benefits awarded for coal workers' pneumoconiosis claims arising from last exposures occurring after Dec. 12, 1996. The division pays about \$70 million in benefits per year to approximately 7,000 disabled workers or surviving dependents.

Benefits are funded by assessments on workers' compensation insurance premiums and severed coal funds collected by the Kentucky Workers' Compensation Funding Commission.

