

The Link

Quarterly Activity Report
July -- September 2003



Introduction of SSIMBA

The Department of Workers' Claims went on-line with SSIMBA (Server based System for Information Management and Business Applications) on September 12, 2003. This debut was a result of a three-year cooperative effort between the Department of Workers' Claims and the Governors' Office of Technology.

The transition from the AS400 to SSIMBA has been somewhat of a challenge, as would be expected with technological upgrades of this magnitude. However, department staff have embraced the opportunity

with renewed vigor and are working together to ensure departmental standards and quality of service are met.



Division of Information and Research

The **Records Branch** is primarily responsible for collection, storage, and retrieval of data and distribution of information. This Branch includes the Coding, Data Entry, Open Records, and Research Sections.

During this quarter, the **Coding Section** received 14,567 1st reports through EDI and manually added 752 1st Reports to the Department's database system.

The **Data Entry Section** received 27,729 pieces of mail (pleadings, motions, responses, documents, etc.), 7,355 orders from the Administrative Law Judges, 633 awards/opinions, and 739 docket orders during this period.

The **Open Records Section** responds to open records requests for information. This quarter, 3,576 written requests, 4,018 pre-employment requests, and 51 requests from the Social Security Administration were processed as well as 20 requests from the Department of Fish and Wildlife Resources.

The **Research Section** meticulously collects, reviews, and compares data pertinent to Workers' Compensation issues. Staff utilize the departmental database to establish trends or shifts varying by time period.

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Quarterly



Statistics

QUARTERLY ACTIVITY

Lost Time First Reports of Injury	8,170	Dismissals	227
Claims Assigned	1,782	Re-openings (medical)	139
Pre-litigated Agreements	1,081	Re-openings (overruled)	10
Awards	409	Re-openings (sustained)	75
Agreements	802	Re-openings (motion docket)	129

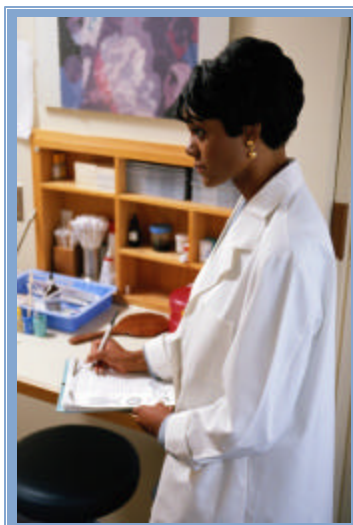
CWP Claims Processing Activity

Claims Received and Temporarily Assigned	127
Consensus from Panel	199
Final CWP Reading/No Consensus	2
Notice of Reconsideration - CWP	3
Claims Received with No Consensus	125
Parties Consensus	6

Distribution by Body Part (Top Ten)

Claims

Lower Back	338
Multiple Body Parts Including Systems	311
Lungs	251
Knee	109
Shoulders	88
Wrist	85
Ears	78
Disc	66
Multiple Upper Extremities	39
Soft Tissue	35



FROIS

(First Report of Injury)

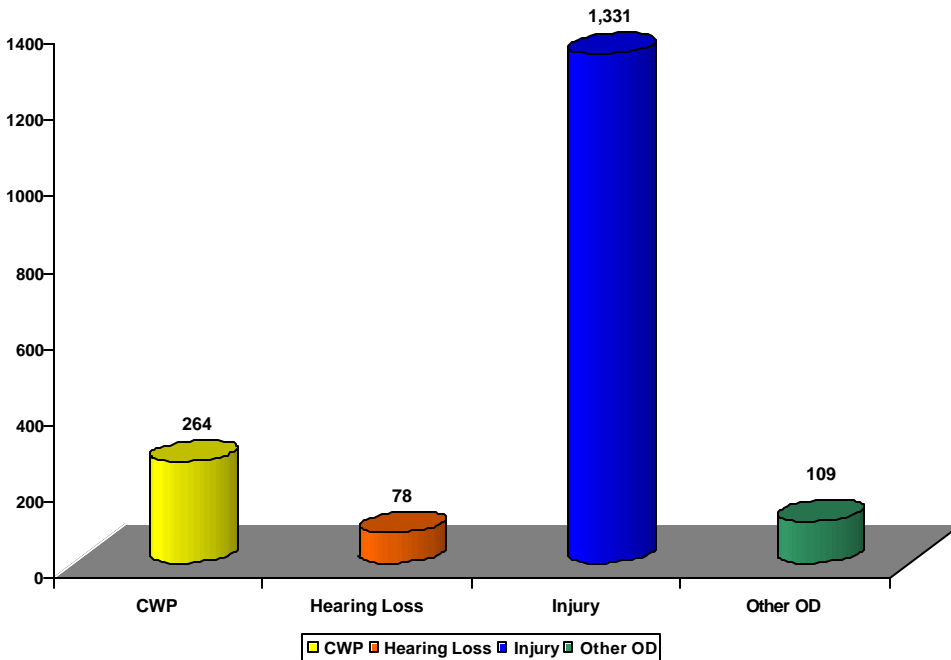
Lower Back	1,577
Multiple Body Parts Including Systems	1,047
Knee	693
Shoulders	526
Fingers	419
Wrist	356
Hand	354
Ankle	354
Foot	268
Abdomen Including Groin	266

Quarterly



Statistics

Distribution of Claims By Type



Top 10 Causes of Injury Claims

Absorption/Ingestion	255
Fall or Slip	247
Strains or Injured by	159
Repetitive Motion	106
Motor Vehicle	96
Pushing/Pulling	79
Continual Noise	78
Other Injury (NOC)	69
Falling or Flying Objects	67

Distribution by Industry

Industry	Claims	First Reports
Agriculture, Forestry, Fishing	29	146
Mining	509	411
Construction	142	885
Manufacturing	331	1,807
Transportation, Communication		
Public Utilities	141	738
Wholesale Trade	61	297
Retail Trade	163	1,235
Finances, Insurance, and Real Estate	18	114
Services	308	1,996
Public Administration	53	449
Unclassified	27	92

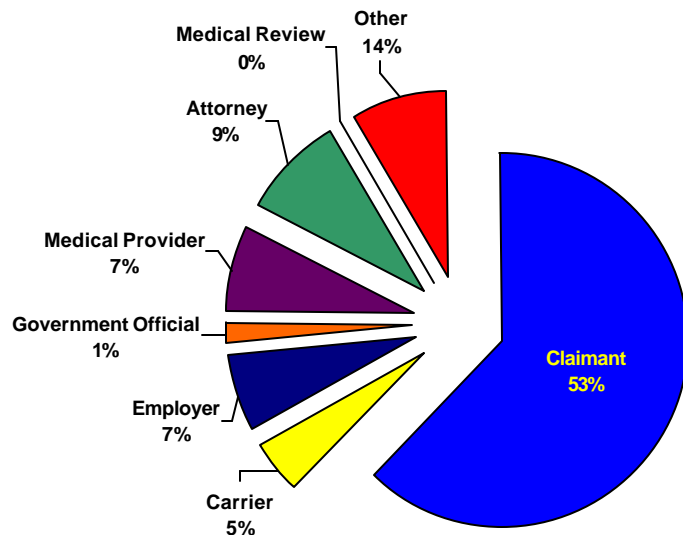
Division of Ombudsmen and Workers' Compensation Specialists Services

Sources of Requests for Assistance

Workers' Compensation Specialists and Ombudsmen received over 5,886 requests for assistance during this quarter.

The most common topics related to Rights and Procedures (4,049), questions regarding claim status (738), and Form Requests (711).

In addition to constituent services, 595 requests for mediation were handled by the Division of Ombudsmen and Workers' Compensation Specialists Services. Successful resolution of 324 mediated cases was achieved between July and September, 2003.

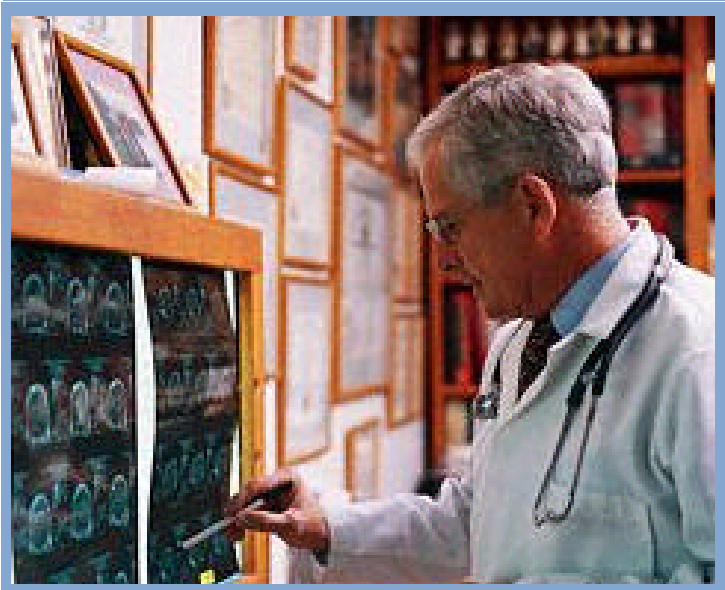


Medical Evaluations

During this quarter, 73 medical evaluation reports were received from the University of Kentucky and the University of Louisville medical schools. The Department's medical scheduling staff received a total of 130 claims to be scheduled for evaluations at one of the university's medical schools.

Of the 130 claims to be scheduled, 86 involved hearing loss and 35 were injury related. There were seven claims for fumes/chemicals, one for retraining incentive benefits (RIB), and one for asthma.

This division also processes all x-rays for CWP to "B" reader panels. The medical schedulers had combined x-ray shipment of 489 x-rays for this quarter. Of the total x-rays, 163 were at the first "B" reader level, 154 x-rays for a second "B" reader interpretation, and 172 submitted for a third "B" reader interpretation.



Division of Claims Processing

The Department of Workers' Claims was reorganized effective June 16, 2003 which relocated the Open Records Section back to the Division of Information and Research/Records Branch. The Agreement Section was placed back under the Division of Claims Processing/Claims Branch. The Claims Branch currently consists of the Claims Assignment, Agreement, Docket, and Case Files Sections. The staff of all sections provide support to the Administrative Law Judges. On a regular basis, the staff provides information and assistance to claimants, employers, attorneys, court reporters, and insurance representatives concerning claim and agreement status and various other issues.

The **Claims Assignment Section** processes and assigns all new applications for resolution of claims and re-openings to the law judges. During this period, 1,543 new claims were processed (208 were CWP Claims) and 1,216 new claims were assigned. Additionally, 333 cases were referred from the motion docket for assignment to the judges making a combined total of 1,549 cases assigned.

The **Agreement Section** receives and processes all agreements as to compensation filed on first reports of injury only, motions for attorney's fees filed on first report agreements, lump sum settlement agreements, and requests for widow's benefits. They prepare the motions for submission to the Frankfort Motion Docket, attend the docket meetings, and process orders from the dockets. The database is updated from all filings including agreements that are assigned to the law judges. For this quarter, staff received 1,215 first report agreements, 261 attorney fee motions, 151 lump sum settlements, 962 law judge agreements, and 58 requests for widow's benefits.

The **Docket Section** prepares motions in cases that have not been assigned to a law judge and places them on the Frankfort Motion Docket for a ruling by the Chief Administrative Law Judge (CALJ). Section staff assigned 736 motions to 23 Frankfort Dockets. The specialist attended the docket meetings and recorded the rulings of the CALJ. The staff completed and processed the judge's orders.



The **Case Files Section** receives and processes motions to reopen, attorney fee motions, requests for widow's benefits, and miscellaneous motions in cases that have not been assigned to the law judges and prepares them for assignment to the Docket Section. The staff received 604 new motions and assigned a total of 567. The section processes documents and mail in cases that have been assigned to the judges and forwards accordingly. They audit files that have been returned to the Department by the law judges after final decisions have been rendered and the appeal time has expired. Total files returned for the period was 1,164.

Appeals Branch

The Appeals Branch of the Department of Workers' Claims processed 192 first time and seven second time appeals during the first quarter of fiscal year 2003-2004.

The Workers' Compensation Board ordered final disposition on eleven claims while no full board opinions were rendered. Board member Honorable Jonathan Stanley rendered 39 opinions, Honorable John A. Gardner 35 opinions, and Honorable Dwight T. Lovan 37 opinions.

A total of 39 records were prepared and transferred to the Court of Appeals by the Appeals staff in the first quarter. The court rendered 48 opinions including eight final dispositions on the claims considered.

There were 23 claims that went to the Supreme Court which issued 21 opinions and two final dispositions.

Office of General Counsel

Between July and September, the Office of General Counsel received 37 citation cases, two unfair claims practice cases, and seven fraud cases with fines and penalties collected totaling \$76,470.51.

The Office was involved with continued activity relating to Green Coal/Green Coal Construction Escrow Account. In addition, the Regulation Subcommittee passed 803 KAR 25:010.



Administrative Law Judges

During this quarter, there were 16 Administrative Law Judges, one of whom was designated as Chief Administrative Law Judge. The Administrative Law Judges have offices in ten locations and hear cases at hearing sites in twelve cities.

The Administrative Law Judges held 1,623 benefit review conferences during this quarter. During these conferences, the Administrative Law Judges presided over settlement negotiations, ruled on evidentiary disputes and identified contested issues. During this period, 712 formal hearings were conducted and 623 opinions were rendered. They also issued 26 decisions in claims on remand from the Workers' Compensation Board, Court of Appeals, and Supreme Court of Kentucky.

Division of Security & Compliance

Self-Insurance

The Self-Insurance Branch periodically reviews the financial strength of individual self-insured employers, audits each self-insured group fund, and determines the surety requirements necessary to secure the benefits of the self-insured employer's workforce. Branch auditors utilize independent resources, including business periodicals, regional and national newspapers, Internet business sites and Dun & Bradstreet services to monitor the financial condition of self-insurers.

The economic downturn and hardening of the insurance industry continue to challenge Kentucky employers committed in their effort to maintain self-insured status. The Department is receiving an increasing number of requests for surety reductions. The greater collateral requirement imposed by the insurance carriers, along with the increase in the required level of financial stability prevent a growing number of employers from obtaining surety bonds. As a result, surety bonds, once the primary surety instrument available to employers seeking self-insured status, has become increasingly difficult to obtain.

Another impact of the current economic environment is the bankruptcy of several former self-insured companies. Although many employers seeking protection under Bankruptcy Code continue to make workers' compensation benefit payments, a growing number of companies within this group have defaulted on payment of workers' compensation benefits requiring the activation of the Guaranty Funds.

The three self-insured Guaranty Funds were established by the General Assembly in 1996 to ensure that injured workers of self-insured employers, like their counterparts insured under a voluntary market policy, would be provided a safety net enduring the continuation of benefits. Within this mechanism, statutory provisions provide for an assessment to be charged against other self-insured members of that group in the event of a shortage of funds posted by the defaulting member. Both the Kentucky Individual Self-Insured Guaranty Fund (KISGF) and the Kentucky Coal Employers Self-Insurance Fund (KCESF) have been administering and paying benefits on several insolvent former self-insured employers since FYE 2000. As a result of some defaulting former self-insured companies underreporting their reserves, member companies of the KISGF will be assessed for the first time since the inception of the Guaranty Funds. The DWC has employed an auditor with experience and knowledge of reserve setting practices to enable the Branch to establish additional monitoring procedures that will identify companies underreporting reserves.

Self-Insurance Special Projects:

- * Completed market conduct and financial audit for Kentucky School Boards Self Insurance Trust (KSBIT)
- * Initiated self-insurance examination of Forest Industries Workers' Compensation Fund
- * Initiated program to identify employers experiencing loss reserve irregularities
- * Continued work on establishing audit program for self-insured Boards of Education
- * Prepared documentation to assist West Virginia with restructuring their self-insurance program

Routine Self-Insurance Branch Activities include the following:

- * Prepare for 2004 simulated premium submissions
- * Complete surety calculations and surety revisions for current and former self-insured employers
- * Review annual group renewals
- * Address surety reduction requests
- * Analyze corporate financial statements
- * Analyze, update, and review former self-insured coal and non-coal companies
- * Prepare simulated premium calculations
- * Prepare loss updates for former bankrupt self-insured companies
- * Utilize A.M. Best ratings in evaluation of participating insurance companies
- * Prepare re-certification dockets for self-insured employers

Coverage

The Coverage Branch maintains proof of coverage information received from carriers and self-insured groups for each insured Kentucky employer. This information is submitted to the Coverage Branch through Electronic Data Interchange (EDI) and maintained in a master database eliminating the receipt of paper forms.

Transactions received and processed from all vendors for this quarter totaled 43,915 with an overall acceptance rate of 74%. Kentucky Employers Mutual Insurance Company (KEMI) maintained the greatest acceptance rate among the vendors at 82% for this quarter.

Full implementation of the department's new system redesign project occurred this quarter. The new system represents a considerable change in the actual workflow process for the staff of the Coverage Branch. As they diligently continue their transition to the new SIMBA database and the EDI transaction system, they continue to explore new opportunities to improve both the accuracy of the electronic transmissions as well as the efficiency of the work process.

Enforcement

Enforcement of the statutory requirements of the Workers' Compensation Act helps to assure prompt medical care for injured workers and timely delivery of income replacement in the event of a work related disability. Compliance Officers located throughout the Commonwealth conduct site visits in order to verify coverage and encourage voluntary compliance with statutory requirements. In the absence of employer compliance, benefits to injured employees is almost certain to be significantly delayed. To their credit, 55.02% of those employers cited this quarter had obtained appropriate workers' compensation insurance coverage within the month in which they were cited.

Citation and Collection statistics for this Quarter:

- * Investigations totaled 2,405 with 295 employers found to be in violation of the Act
- * Employer citations issued for non-compliance totaled 124
- * The Department of Workers' Claims collected \$74,451 in penalties

Administrative Services

The Department of Workers' Claims receives funding from an assessment levied on workers' compensation insurance premiums and simulated premiums on self-insurance employers, which is collected by the Workers' Compensation Funding Commission (KRS 342.122). The Department has expended 20.6% of its budget for personnel totaling \$2,807,231.54. Also, 20% of budget has been used for discretionary expenditures totaling \$693,449.88.

The Technical Support & Design and Development Section

The Technical Support & Design and Development Section responds to all technical, networking and programming needs for the Department of Workers' Claims. Technical Support staff responded to 324 Helpdesk calls for the quarter. Staff did a relocation of an entire section, moved computers and changed telephone extension for those offices. Technical Support re-evaluated yearly maintenance contracts and submitted to the Labor Cabinet. Staff surplused computers and monitors for two elementary school donations. Staff did a random check of virus software to verify that updates were accomplished. Staff updated Microsoft Security patches and updated (or verified that they were updated) all dat files on workstations and servers. Staff worked with GOT correcting errors on FOT and resetting ports on Accelar. Section staff worked with various users to install VPN software as well as updating the CPMS program. Staff made sure critical updates were loaded on all training room machines. They also worked with GOT staff on SIMBA issues. Four machines were Re-ghosted as well. Technical Support staff wrote login scripts for installation of SSimba on all DWC workstations. Staff attended a meeting with Kizan and Labor Cabinet to discuss Active Directory.

Design and Development finished development and testing on a new EDI system for POC, FROI & SROI interfacing into SSIMBA. Users were trained on how to use the new EDI system. Section staff assisted in the analysis and troubleshooting of the new SSIMBA system. A new Open Records Transmittal database was developed to provide better reporting and more flexibility. The Rehabilitation Web Tracking Application was redesigned and rewritten to provide more features and better reliability.

Technical Support attended 6 classes & Design and Development attended 6 classes making a total of 12 classes attended during this quarterly period.



This agency does not discriminate on the basis of race, color, national origin, religion, age or disability in employment or provision of services.

Kentucky Department of Workers' Claims
657 To Be Announced Avenue
Frankfort, Kentucky 40601
502-564-5550