

ANNUAL REPORT FISCAL YEAR 2004

July 1, 2003 - June 30, 2004

Robert L. Ehrlich, Jr., Governor

Michael S. Steele, Lt. Governor

Thomas Patrick O'Reilly, Chairman

Mary K. Ahearn, Executive Director



Maryland
Workers'
Compensation
Commission

90th 1914 - 2004
Anniversary
Serving the Workers' Compensation Community for 90 Years



Mission

The Maryland Workers' Compensation Commission seeks to secure the equitable and timely administration of the provisions of the Maryland Workers' Compensation Law on behalf of its customers, the injured worker and their employers by providing an efficient and effective forum for the resolution of individual claims.

Vision

The Workers' Compensation Commission envisions a state wherein injured workers and employers are empowered to create an equitable partnership to facilitate prompt and fair resolution of workers' compensation matters.

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History



The State of Maryland Executive Department

GOVERNOR'S PROCLAMATION

Workmen's Compensation Week
in Maryland
August 30-September 5, 1964

WHEREAS, the present Workmen's Compensation Law of this State was first effective November 1, 1914, and has continued to progress and be one of the leading such laws in the United States, and

WHEREAS, the legislative recognition of the principle of Workmen's Compensation in Maryland led the way for the recognition of the principle of Workmen's Compensation throughout the United States, and

WHEREAS, many workers of this State and throughout the Nation have benefited through the years and will continue to benefit from the broad vision demonstrated by Government, Labor and Management in Maryland.

NOW, THEREFORE, I, J. MILLARD TAWES, Governor of the State of Maryland, do hereby proclaim the week beginning August Thirtieth, Nineteen Hundred and Sixty Four as

WORKMEN'S COMPENSATION WEEK IN MARYLAND

in honor of the Fiftieth Anniversary of legislative recognition of the principle of Workmen's Compensation in Maryland and I urge all citizens to recognize and show appreciation to those in Labor, Management, Insurance, Public Service, and the Medical profession and the Legal profession for the accomplishments they have achieved in making Workmen's Compensation in this State such an effective program.

GIVEN Under My Hand and the Great Seal of the State of Maryland, at the City of Annapolis, this 20th Day of May, in the Year of Our Lord, One Thousand Nine Hundred and Sixty Four.

By the Governor:

Secretary of State



Letter from the Chairman

Once again, the Commission has pressed forward during this past year in our continuing effort to improve our service to the community. For the past few years, the Commission has witnessed the wrapping up of a number of important projects that will ensure the efficient and effective completion of our mission for years to come. It must be said at the outset, however, that none of these accomplishments could have been realized without the selfless efforts of our dedicated work force. To our employees, I extend my heartfelt thanks.

Completion of the Commission's permanent regional hearing site program is well on its way to conclusion. Four of the sites are up and running, while the fifth and final site in Frederick is well on its way to coming on line. Not only have these multiple regional sites allowed the Commission to schedule hearings more quickly than at any other time in the history of this Commission, but the entire workers' compensation community (including the citizens who have hearings scheduled at the regional sites), regularly express their gratitude for providing them with the class "A" facility.

The Commission is also putting the final touches on the highly-lauded web initiative. The final phase of this project will be completed in early 2005. At this stage, the remarkable benefits of the system had been limited to the attorneys of our community who registered with the Commission. Needless to say, the Commission is most excited to know that starting shortly after the beginning of the New Year, the system will begin a progressive expansion wherein all members of the workers' compensation community will be allowed access. Moreover, not only will users be permitted to access our files from any remote web location, but during the next fiscal year, the Commission will be prepared to accept on-line filing of documents, and notices of hearing dates and Awards will be made available on-line as well. Truly, this has been a remarkably successful IT project; not only in being completed on-time and under budget, but unlike many other IT projects that often fall short of expectations, the Web Initiative has far exceeded even the most critical skeptics when this project was initiated.

There are many more successes that could be enumerated as well, but as mentioned above, every success this Commission has enjoyed has been accomplished solely because of the dedicated commitment of our very valuable employees. I respectfully take this time to tip my hat to these fine civil servants and say thank you.

Sincerely,



Thomas Patrick O'Reilly
Chairman

Thomas Patrick O'Reilly
Chairman



Chairman's Biography

Thomas Patrick O'Reilly was appointed by Governor Parris N. Glendening to the position of Chairman of the Maryland Workers' Compensation Commission. He was appointed in 1994 by Governor William Donald Schaefer to serve as a Workers' Compensation Commissioner. Chairman O'Reilly earned his Bachelor of Science degree in Electrical Engineering under the Vietnam GI bill from the University of Maryland and later earned his J.D. from the University of Maryland School of Law. He worked for General Electric as an engineer, later becoming a patent attorney. The Chairman clerked for Prince George's Circuit Court Judge Robert Banks Mathias. In the early 70's, he opened a general law practice in the Riverdale/Greenbelt area of Prince George's County. He was elected to the Maryland Senate in 1974 and subsequently served four consecutive terms. Chairman O'Reilly held numerous offices while in the Senate, including Vice Chairman of the Judicial Proceedings Committee, Deputy Majority Leader and Chairman of the Senate Finance Committee.

Letter from the Executive Director

Mary K. Ahearn
Executive Director



Executive Director's Biography

Mary Ahearn, Executive Director, has been a member of the Workers' Compensation Commission since 1999, and was appointed Director in 2003. She graduated summa cum laude from the College of Notre Dame with a Bachelor of Arts degree in Business with a dual emphasis in Management and Human Resource Management. She sits on the Commission's web development team and is President-Elect of the Southern Association of Workers' Compensation Administrators. She is also a member of Kappa Gamma Pi and Delta Mu Delta, national graduate honor societies. In addition to her six years of experience with the Commission, she brings over ten years of management and administrative experience in both government and private industry.

As many are aware, the Workers' Compensation Commission has taken numerous steps over the years to reduce delays in setting claims and to expedite the adjudication process. Fiscal year 2004 was no exception. The agency continued to open additional permanent regional hearing sites in Beltsville and Cambridge, expedite the medical referral procedures, and develop a program to restructure the docket process from a monthly to a daily system which will be implemented in FY05.

Despite an increased workload in filings, issues, and hearings, Workers' Compensation Commission staff has worked diligently to process requests in a timely manner and meet all agency objectives. Over 90% of non-permanency hearings are now set within 60 days of the date issues are filed with the Commission. More than 95% of Commission Orders are issued within 30 days of the hearing.

Also, in addition to supporting the operation of the Workers' Compensation Commission electronic file system, the Information Technology Division has been busy completing the final phase of its Web-enabled File Management System. We are excited about the online filing capabilities, also to be introduced during the upcoming fiscal year. With over 700 subscribers to the online system, plans are to open up access to additional users during FY05.

This annual report contains information on the operations of various divisions over the fiscal year: statistical data on workplace incidents, claims, insurance industry premiums and losses, revenue and operating expenditures, as well as legislative, regulatory and case law changes.

Thanks to our hard working and dedicated employees who are committed to excellence, we have continued to fulfill our mission-related objectives. As we move into the next fiscal year, we encourage involvement with the many different projects and activities as our vision becomes reality.

Sincerely,

A handwritten signature in cursive script that reads "Mary K. Ahearn".

Mary K. Ahearn
Executive Director



Commissioners

Commissioner Biographies



Sheldon H. Press
Vice Chairman

Sheldon H. Press has been a member of the Maryland Workers' Compensation Commission since his appointment by former Governor William Donald Schaefer in May, 1994. He is a graduate of Baltimore City College, and obtained a Bachelor of Arts Degree in Government, History and Economics from the University of Maryland and a Law Degree from the University Of Baltimore School Of Law. He served in the United States Air Force Reserves, obtaining the rank of First Lieutenant. Engaged in the private practice of law until 1974, Commissioner Press concentrated in workers' compensation, negligence, criminal law and domestic relations. He then joined the Baltimore City Law Department, serving as the Chief Solicitor of the Workers' Compensation-Pension Section. During that time, he served as President of the Maryland Self-Insurer's Association. From 1989 until 1994, he was a member of the Board of Contract Appeals for the State of Maryland.



A. Frank Carven
Commissioner

A. Frank Carven, III has been a member of the Maryland Workers' Compensation Commission since his appointment by Governor Robert L. Ehrlich, Jr. in April, 2004. He is a graduate of the University of Delaware and the University of Baltimore School of Law. Commissioner Carven began his legal career in 1979 as an Assistant State's Attorney for Harford County. He remained in that position for almost nine years before being appointed as legal advisor to Governor William Donald Schaefer in 1987. He served in that capacity for two years before being appointed as Counsel and Chief of Staff to Lieutenant Governor Melvin A. Steinberg, former President of the Maryland State Senate until 1995. He was then appointed an Assistant Attorney General in the office of J. Joseph Curran, Jr., Attorney General for the State of Maryland, representing the Maryland Department of the Environment. Carven entered the private practice of law in 1996 as a member of the firm Brown, Brown & Brown in Bel Air, Maryland. The Brown firm is the legal firm in Harford County that was established in 1901. Commissioner Carven's area of practice focused on criminal and civil litigation, administrative and regulatory law, governmental relations and environmental law. Most recently, Carven served as County Attorney for Harford County Government, appointed in 1998 by County Executive James M. Harkins. He served in that position until being appointed to the Workers' Compensation Commission by Governor Ehrlich.



Richard LaFata
Commissioner

Richard LaFata has been a member of the Maryland Workers' Compensation Commission since his appointment by former Governor William Donald Schaefer in March, 1994. He is a magna cum laude graduate of the University of Maryland, Baltimore County. He received his J.D. from the University of Baltimore School of Law in 1980 and was admitted to the Bar. Since then, he has focused his

Commissioner Biographies

practice in the area of workers' compensation law. Commissioner LaFata has been a member of the adjunct faculty at the University of Baltimore School of Law for more than twenty years. He teaches the course in workers' compensation law and is also a frequent lecturer to professional associations and visiting international groups.

Cynthia S. Miraglia has been a member of the Maryland Workers' Compensation Commission since her January 11, 1999 appointment by former Governor Parris N. Glendening. In 1983, she graduated cum laude from the University of Baltimore School of Law with a J.D. Commissioner Miraglia received her Bachelor's Degree in Political Science from Goucher College in 1979. She was employed by Allstate Insurance Company as a Senior Casualty Claims Adjuster from 1979 until 1980. From 1983 until 1999, she engaged in the private practice of law, serving as a civil trial attorney for Ashcraft and Gerel, LLP where she concentrated on workers' compensation, personal injury, medical malpractice and products liability. Commissioner Miraglia is a past president of the Women's Bar Association of Maryland, Inc. and serves on the Board of the Maryland Chapter of the National Association of Women Law Judges.



Cynthia S. Miraglia
Commissioner

Maureen Quinn has been a member of the Maryland Workers' Compensation Commission since her 2002 appointment by former Governor Parris N. Glendening. In 1987, she graduated from Temple University School of Law with a J.D. Commissioner Quinn received her Bachelor's Degree in 1982 from the American University, where she was a recipient of the Stafford Cassell Award for Governmental Leadership. Commissioner Quinn engaged in the private practice of law as a trial attorney from 1987 until 2002 and opened her own law firm in 1995. Her primary focus was in the area of general civil litigation. Quinn is an adjunct professor for UMUC, teaching Business Law.



Maureen Quinn
Commissioner

Stephen Rosenbaum has been a member of the Maryland Workers' Compensation Commission since his 1983 appointment by former Governor Harry R. Hughes. He graduated from Syracuse University in 1972 with a Bachelor of Arts Degree, and from the University of Baltimore School of Law in 1975 with a J.D. He served as law clerk to the Honorable Richard P. Gilbert, Chief Judge, Court of Special Appeals of Maryland from 1976 until 1977. Commissioner Rosenbaum served as Assistant Attorney General of Maryland from 1977 until 1983. He is a member of the Bar of the Court of Appeals of Maryland, U.S. District Court for the District of Maryland, United States Court of Appeals for the Fourth Circuit and the Supreme Court of the United States.



Stephen Rosenbaum
Commissioner

Commissioner Biographies



Lauren A. Sfekas
Commissioner

Laura A. Sfekas has been a member of the Maryland Workers' Compensation Commission since her appointment by former Governor Parris N. Glendening in 1996. She is a 1978 cum laude graduate of Mount Saint Mary's College. In 1981, she graduated cum laude from the University of Baltimore School of Law, where she served as editor of the Law Review. Commissioner Sfekas spent fourteen years in private practice concentrating in the area of workers' compensation. She has published and lectured on various workers' compensation matters.



Lawrence M. Vincent
Commissioner

Lawrence M. Vincent has been a member of the Maryland Workers' Compensation Commission since his 1996 appointment by former Governor Parris N. Glendening. He is a 1965 graduate of Loyola College with a Bachelor of Science Degree and a 1976 graduate of the University of Baltimore School of Law with a J.D. He was employed in the Metal Products Division of Koppers Co., Inc. from 1965 until 1979 serving in various capacities including Manager of Employment and Employee Training and Development. From 1979 until 1996, Commissioner Vincent was engaged in the private practice of law. He is a past president of the Maryland Workers' Compensation Educational Association and a member of the Maryland State Bar Association.



John R. Webster, Jr.
Commissioner

John R. Webster, Jr. has been a member of the Maryland Workers' Compensation Commission since his 1997 appointment by former Governor Parris N. Glendening. He is a graduate of the University of Maryland and received his Law Degree at George Washington University, where he graduated with honors. He spent twenty-four years engaged in private practice with the firm of Miller and Webster, P.A., concentrating in civil and criminal law, personal injuries, medical malpractice, product liability and workers' compensation. Commissioner Webster is a member of the Prince George's County Bar Association, Maryland State Bar Association, American Bar Association and American Trial Lawyers Association.

Assistant Attorney General

Kimberly Smith Ward, Assistant Attorney General has been counsel to the Workers' Compensation Commission since November, 2001. She is a graduate of the University of Maryland with a Bachelor of Arts Degree in History and a law degree from Wake Forest University School of Law. She served as Law Clerk to the Honorable Dale R. Cathell, Associate Judge, Court of Special Appeals of Maryland and the Honorable Robert M. Bell, Chief Judge, Court of Appeals of Maryland. Ms. Ward has been employed with the Office of the Attorney General since 1993 where she has worked in the Opinions and Advice, Criminal Appeals, and Civil Litigation Divisions. She also served as counsel to the Sheriffs of Maryland, the Governor's Office on Service and Volunteerism, and the Open Meeting Compliance Board. Currently, Ms. Ward serves as a member of the Maryland Commission for Racial and Ethnic Fairness in the Courts.

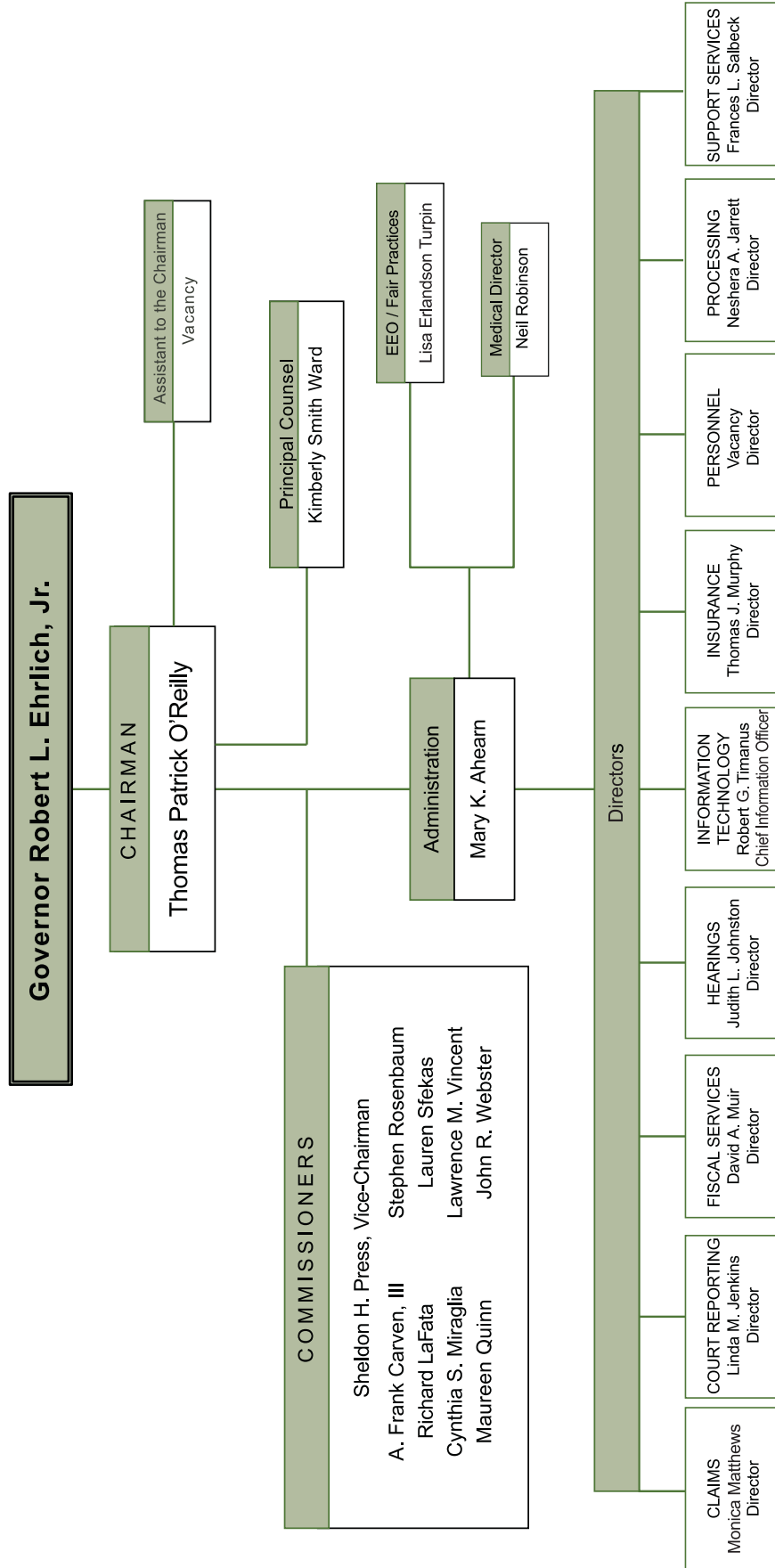


Kimberly Smith Ward
Assistant Attorney General

The Assistant Attorney General provides to the Workers' Compensation Commission general legal advice regarding personnel, contracts, procurement, litigation, legislative and regulatory issues.



Organizational Chart



July 2004

WORKERS' COMPENSATION COMMISSION



Divisions

Commission Staff



Hearing

Standing: Carolyn Drury, Phyllis Jackson, Christina White, Kim Kluver, Joyce Brown (left to right)

Sitting: Millette Murry-Wright, Kathy Bibo, Kathy Green, Lally Abraham (left to right)

Fiscal Services

Standing: James Moore, Derry Pemberton (left to right)

Sitting: Tamerra Gaines



Commissioners Working

Thomas Patrick O'Reilly, to left, Kimberly Smith Ward, Lawrence M. Vincent, Cynthia Miraglia, Richard LaFata (Covered), John R. Webster, Jr.



Communications, Technical Support

Tammy Savage, Latonya Hamlin, Carolyn Nelson, Venus Gray (left to right)



Processing

Standing: Selenia Bea, Barbara Walton, Shantana Smith, Starola Sparrow, Doris Coleman, Barbara Forrest, Priscilla Byrd, Karen Spence, Dorothy Bryant (left to right)

Sitting: Clinton Gregory

Commission Staff



Directors' Meeting

Standing: Neshera Jarrett, Linda Jenkins, Dave Muir, Judy Johnston, Tom Murphy, Bob Timanus (left to right)

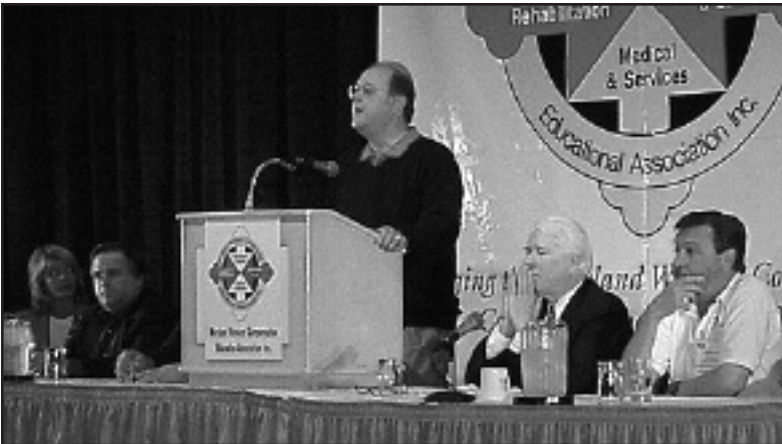
Sitting: Fran Salbeck, Mary Ahearn, Monica Matthews (left to right)



Insurance

Standing: Steven Jones

Sitting: Tom Murphy, Jessica Whalen



MWCEA Conference

Speaker: Commissioner Stephen Rosenbaum

Sitting: Commissioners Cynthia S. Miraglia, John R. Webster, Chairman Thomas Patrick O'Reilly, Lawrence M. Vincent (left to right)



MWCEA Conference

Assistant Attorney General, Kimberly Smith Ward, Judy Johnston, and other attendees (left to right)



MWCEA WCC Breakfast / Commission Update

Lisa Erlandson Turpin, Mary Ahearn, Andrew Knowles and other attendees (left to right)

Commission Staff



IT Communications, Technical Support, Statistics, Office Automation O/A, & Filenet Section

Standing: Tammy Savage, Shirleen Henderson, Venus Gray, Keven Lehmann, Latonya Hamlin, Vera Shalito (left to right)

Sitting: Valeriy Karpov



Court Reporting

Steven Griffin, Bernard-Edward Wier, Corey Genco, Nancy Donius, Nancy Allen, Kelly Weeks (left to right)



Court Reporting Division Continues

Standing: Linda Jenkins

Sitting: Jacqueline Proctor



Support Services

Standing: Larrice Logan, Cecelia Hazelwood, Fran Salbeck, Bert Davis (left to right)

Sitting: Vera Hope, Dr. Neil Robinson

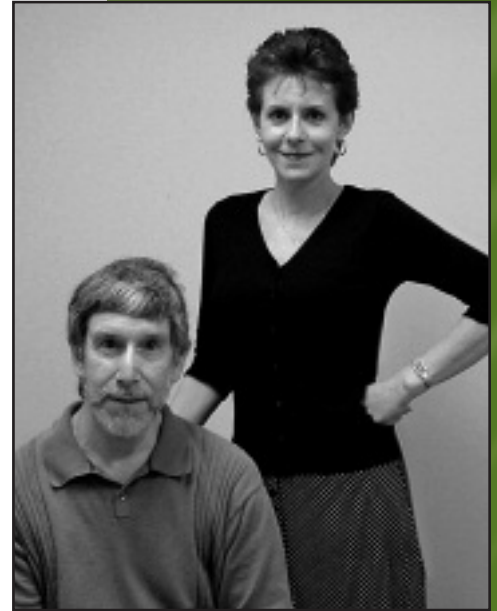
Commission Staff



Public Service & Security

Standing: Cherry Butcher, Kent Gooch, Tonia Carter, Jill Maszon (left to right)

Sitting: Leona Lancaster



*Douglas Morin,
Training Coordinator
and Lisa Erlandson
Turpin, Director, EEO
& Employee
Development*



Claims

Standing: Melody Ray, Naomi Edwards, Melody Offer, Shannon Dorsey (left to right)

Sitting: Olethia Bowman, Shelia Heward, Reggie McInnis (left to right)

Processing

Standing: Cheryl McLorn, Sabrina Hameed, Delise Andrews, Tanya Wynn, Jacqueline Megginson (left to right)

Sitting: Linda Solomon, Neshera Jarrett, Bernadette Cox (left to right)



Computer Operations

Terrence Broomes, Teresa Palugi, Ben Watson, Glenda Freeman, Cleveland Powell (left to right)

Claims Division

The Claims Division has gone through many changes through the years, from paper files and processing work manually to an almost completely computerized, electronic image system, with the exception of verifying incoming claims. This system enables staff to process documents in a more timely and efficient manner. Ninety percent of all documents received that previously took three (3) to four (4) weeks to be processed are now processed within 48 hours of receipt.

The Division's goal is to continue to provide prompt services to the general community in a timely and accurate manner. Modern technology, along with a dedicated staff, the Division continues to search for new ways that would enhance the daily operations of the Commission. Since the vast majority of information that is entered in the database is done in this Division, it is critical that the staff have extensive knowledge of the Commission's rules and procedures.

The Division is composed of four sub-sections: Public Service, Verification, Data Entry and Claims Service.

Public Service Section

In fiscal year 2004, this Section answered over 72,000 calls through the Automatic Call Distribution (ACD) system and 12,723 PBX direct calls from the general community. Ninety-six percent of these calls were answered in less than 60 seconds.

This Section also processed 2,195 subpoenas. This Section is also responsible for verifying attorney eligibility to subscribe to the Workers' Compensation Commission's On Line Services Web File Management System.

Verification Section

In fiscal year 2004, this Section processed approximately 28,000 claims. This is the only Section that still verifies and codes claims in paper form. We are optimistic that within the near future through advanced computer technology, the claim form will become an electronic image for processing. This will complete the entire electronic image system.

Division Staff

Monica Matthews

Director

*Supervisor/Assistant to
Director (1)*

Supervisors (4)

Case Reviewers (6)

*Data Processing
Technicians (3)*

*Office Service
Clerks (7)*

Claims Division

This Section is also responsible for processing employer designee requests and entering the information in the database, as well as, maintaining the attorney master file.

Data Entry Section

In fiscal year 2004, the Section completed the initial entry on approximately 28,000 incoming employee claims and 274 medical claims. This Section generated the following awards: 12,545 Temporary Total, 5,961 Claim Deferred, 59 Corrected/Amended, 53 Rescinds, 2 Reinstatements and 19 Death Claims. They also generated 570 Withdraw and 222 Dismissal of Duplicate Orders. In addition, Data Device Operators processed 824 impleads and placed over 31,000 claims in line for a hearing.

In August 2003, the Commission revised its previous policy regarding the entry process of allowing an attorney as counsel of record on behalf of an employer/insurer. Effective August 8, 2003, an attorney is required to enter his/her appearance in each individual case. Although this new policy has increased the volume of enter/strike appearances to be processed, in the near future this will become an automated process. Over 40,000 enter appearances and 8,000 strike appearances were processed.

This Section is also responsible for maintaining the employer master file on a daily basis.

Claims Service Section

In fiscal year 2004, this Section processed over 70,000 claim-related documents. This process consisted of reviewing a claim, making telephone calls, routing documents and entering information in the AS-400 database.

The varied duties of claims service are a compilation of the Public Service, Verification and Data Entry Sections. This is the direct link for the Commissioners and their Assistants for future adjudication of the claims process after the conclusion of a hearing or a pending hearing, and changes in cases.

Court Reporting Division

The mission of this Division is to monitor, record, prepare, and preserve all Maryland Workers' Compensation Commission proceedings, and timely produce and file accurate, verbatim transcripts of hearings for general requests and appellate review in conformance with the laws of Maryland.

Division Staff

Linda Jenkins

Director

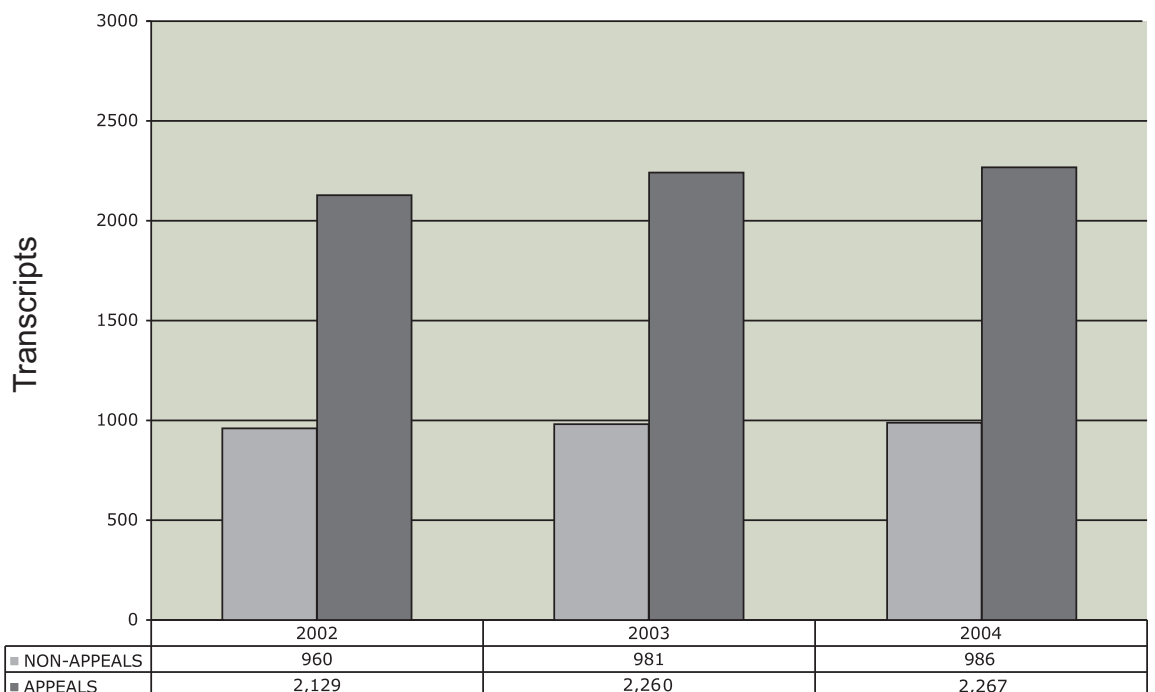
Supervisor/Court Reporter (1)

Court Reporters (12)

In order to accomplish this task, the Division employs a staff of thirteen court reporters who report verbatim the proceedings at all hearings held in Baltimore City and in the regional sites in Maryland. The reporters identify all parties of record who appear before the Commission and mark all exhibits entered at Commission hearings. Commission hearings are quasi-judicial proceedings which involve extensive legal and medical terminology.

The reporters transcribe and produce transcripts for appellate review in accordance with all statutory time requirements, forwarding copies to the appropriate Circuit Court and all parties involved in an

Transcripts Provided



Court Reporting Division

appeal. Transcripts are also produced for non-appellate purposes, such as third-party litigation, re-opening requests, fraud investigation, and general requests by other parties of interest. The Division oversees the preservation and safekeeping of the records for a period of fifteen years from the date of the hearing.

During this past year the Commission implemented the Limited English Proficiency (LEP) program. This program provides interpreter services upon request for all hearings. As a direct result of the LEP program the number of cases adjudicated involving the use of interpreters increased by at least 50 percent. In addition to the normal court docket, during a three-month period there was an increase in the number of cases set on each docket, which resulted in an additional 3,000 cases set for hearing.

In fiscal year 2004, the Division received 2,267 appeal notices for which the court reporters provided transcripts to the Circuit Courts and to all parties. The Division prepared 986 transcripts for non-appeal related requests.



EEO & Employee Development Division

The EEO and Employee Development Division contributes to the agency's business strategy by leading and supporting the continuous improvement of a work environment that encourages work force diversity, inspires staff, and supports and advocates their personal and professional growth.

Division Staff

Lisa Erlandson Turpin
Director

The agency sets high performance standards for the Director of the Division requiring the utmost integrity and honesty in the execution of all of the duties and responsibilities of the area.



Fiscal Services Division

The Division is responsible for the development and implementation of the Workers' Compensation Commission's annual budget of approximately 12 million dollars. The Division manages all financial functions including accounts receivable, accounts payable, financial reporting, procurement, fixed asset control, timekeeping, and payroll. In addition, the Division also manages security of hearing locations, the telecommunications system, facility maintenance, fleet operations and the inventory of supplies and forms.

Another important aspect of the Division's work involves the annual special tax on insurance carriers and self-insured employers that funds the cost of operating the Workers' Compensation Commission and the Maryland Occupational Safety and Health Program under the Department of Labor, Licensing and Regulation. This tax is allocated based on the total insured payroll in Maryland. Insurance firms and self-insured employers report their payroll to this Division which checks them for accuracy and assesses the appropriate pro-rated share of the total tax. Proceeds from the tax are sent to the State Treasury making the Workers' Compensation Commission and the Maryland Occupational Safety and Health Program under Department of Labor, Licensing, and Regulation entirely self-supporting.

Division Staff

David Muir
Director

Accountant (1)

Budget Specialist (1)

*Procurement
Specialist Lead (1)*

*Building
Services Worker (.5)*

*Fiscal
Accounts Clerks (3)*

*Police Officer
Supervisor (1)*

*Police
Officers (2.5)*

*Services
Specialist (.5)*

Total Payrolls and Assessment Rates

Fiscal Year	Total Payroll	Total Expenses	Safety Program Cost	Assessment Per \$1,000 of Payroll
2001	\$64,486,468,402	\$19,615,072	\$7,528,517	0.304
2002	73,885,873,215	19,012,054	8,002,651	0.257
2003	80,014,325,889	19,829,559	7,660,628	0.245

Hearing Division

The overall mission of this Division is to adjudicate all legal issues presented before its quasi-judicial forum. The Commissioners and Division support staff in accordance with the laws of the State of Maryland continue to complete the process in a fair and equitable manner while providing quality service to the workers' compensation community.

In addition to the adjudication of claims, the Commissioners make contributions to the overall operation of the agency in accordance with the changes in workers' compensation laws of the State of Maryland. These include:

- Adoption of regulations as related to the law
- Setting of policies
- Educational outreach to the public and compensation community about the workers' compensation laws and fostering better understanding of the judicial process by accepting public speaking invitations.
- Creation of new forms
- Review of medical and attorney fee schedules
- Increasing the formation and creation of user-friendly information processing technology to improve service to the workers' compensation community, which includes acting on electronic documents which enable them to work from various locations.

Commissioner Assistants continue to assist the Commissioners with their assigned duties in a timely manner and serve as a liaison between the Commissioners and the workers' compensation community. In addition to these duties, Assistants have made contributions including:

- Assisted in the testing and final formation of new software applications of the Web-Enabled Electronic File on Management System to improve performance of judicial duties.
- Worked with the Medical Director and Commissioners on the updating and monitoring of the Medical Fee Guide and Attorney Fee Schedule.

Division Staff

Thomas Patrick O'Reilly

Chairman

Commissioners (9)

Recall

Commissioners (3)

Judith Johnston

Director

*Assistants to the
Commissioner (9)*

Hearing Division

- Attended training in order to efficiently accomplish the primary functions of the division.
- Continued in the efficient operation of each individual office and to successfully manage docket caseloads for the timeliness of Orders and other legal rulings.

The Maryland Workers' Compensation Commission currently has three former Commissioners who with minimum notification will ensure that hearings are conducted in the absence of the assigned Commissioner. They also, upon request, hear dockets to maintain consistency of the agencies' goals and objectives.

Commission Permanency and Compromise Awards by Type of Award

Fiscal Year									
Type	2002			2003			2004		
	Count	Amount	Average	Count	Amount	Average	Count	Amount	Average
Permanent Total	85	\$ 3,679,949	\$43,294	115	\$ 4,252,928	\$36,982	93	\$ 3,186,225	\$34,260
Percent Change - Prior Year				35.3%	15.6%	-14.6%	-19.1%	-25.1%	-7.4%
Permanent Partial	8,738	115,613,271	13,231	8,595	130,866,092	15,226	9,763	152,687,558	15,639
Percent Change - Prior Year				-1.6%	13.2%	15.1%	13.6%	16.7%	2.7%
Fatal	27	1,627,728	60,286	28	1,490,999	53,250	23	941,275	40,925
Percent Change - Prior Year				3.7%	-8.4%	-11.7%	-17.9%	-36.9%	-23.1%
Compromise	9,142	127,686,917	13,967	8,485	113,298,766	13,353	9,695	143,121,224	14,762
Percent Change - Prior Year				-7.2%	-11.3%	-4.4%	14.3%	26.3%	10.6%
Total	17,992	\$248,607,865	\$13,818	17,223	\$249,908,785	\$14,510	19,574	\$299,936,282	\$15,323
Percent Change - Prior Year				-4.3%	0.5%	5.0%	13.7%	20.0%	5.6%
Compromises as a percent of Permanent Partials		110.4%	105.6%		86.6%	87.7%		93.7%	98.0%

Information Technology Division

The mission of this Division is to continue to meet the Commission's challenges by expanding its prospective in computer technology, to ensure compliance with the State's security policies, making sure that all technological materials and services are within State law.

The Division is divided into three major sections or areas of responsibility. The sections are: Computer Operations, Systems & Programming and FileNet Administration/Office Automation.

The Division continues to meet the Commission's challenges by providing the tools necessary for the Commission to carry out its mission. The Division also ensures that the Commission is in compliance with the State's security policies by making sure that all technology materials and services meet State Law.

Fiscal Year 2004 was another busy year for the Division, and another successful and rewarding year. The following accomplishments were made:

Network MD

The Commission converted to networkMD on October 1, 2003. Although the yearly recurring cost is expensive, by using networkMD the cost saving is tremendous.

Regional Hearing Sites

The LaPlata and Beltsville sites were opened. The sites were cabled, card access was installed on the doors and the facilities were networked via networkMD. The Cambridge and Frederick sites will also be cabled; card access installed and connectivity will be established in the same manner utilizing networkMD.

The Commission has a DS-3 line into its Headquarters location in the city and also the Abingdon hearing site to support the Disaster Recovery Site. Each of the other three regional sites are connected via a T1 line.

Division Staff

Robert Timanus
Chief Information Officer

Management (4)

*Programming/
Web (7)*

Operations (8)

*Communications,
Technical Support (9)*

Information Technology Division

Disaster Recovery Plan

The Division participated in Verizon's Business Continuity Gap Analysis and Disaster Recovery Planning Preparedness Program offered to all State agencies.

The Commission has made progress in the establishment of its Disaster Recovery Site in Abingdon. The Disaster Recovery Site will house a small computer system designed to enable the Commission to continue carrying out its mission of resolving individual claims efficiently and effectively in the event of a disaster.

The Web File Management System (WFMS) has received rave reviews. There are approximately 700 users using the systems.

The Division has given many demonstrations of the system: The Maryland Workers' Compensation Education Association (MWCEA) Conference in Ocean City; Oversight Committee in Annapolis; Russ Douppnik, Deputy CIO for the State; Ellis Kitchen, State/CIO; our Legislative and Department of Budget and Management Budget Analysts, Carmella Thompson, Assistant Director of Security for the State, as well as, presenting at the Information Technology Board of the Document Imaging System.

The redesign of the Commission module is complete and in production. Workers' Compensation Commission's commissioners have been issued laptops so they can connect and access the system from any location.



Insurance Division

The Insurance Division administers several Commission programs. They are: Self-insurance for qualifying employers and governmental groups; Certification of coverage elections for small business owners; Approval of standard workers' compensation policies used by insurers and Interpreter services for individuals who are limited English proficient (LEP). The Division also performs studies and research on special issues impacting workers' compensation in the State. Our mission is to enhance the effective, timely, reasonable and fair regulation of groups we serve, and support policy direction through research and studies. Our vision is that of a fiduciary overseeing the self-insured employers' administration of their workers' compensation program and as a facilitator to the business and insurance communities.

Division Staff

Thomas Murphy
Director

Deputy Director (1)

Interpreter (1)

*Office Secretary
III (1)*

The Commission adopted new self-insurance regulations for individual employers and revised regulations for Governmental Groups. They became effective April 15, 2004.

Bethlehem Steel, who had been self-insured since 1919, officially went out of business on December 31, 2003. The final result is that all injured workers entitled to compensation under the company's self-insurance plan are receiving benefits. The Injured Workers Insurance Fund is administering the run off program. No portion of these funds comes from the State's General Fund.

Self-Insurance Program		
Item	2002	2003
Self-insurers & Group	116	122
Covered Employees	411.2 T	423.5 T
Covered Payroll	\$14.7 B	\$15.3 B
Security Held	\$225.1M	\$236.4M
Commission Orders	70	59

T = Thousand, M = Million, B = Billion

Insurance Division

Self-insured employers are now required to submit an actuarial report triennially. In addition, the Division updated its methods for determining the amount of security required to include three options; the widely used 3 years of claims experience plus 35 percent (financially sound companies), open reserves plus expected new claims during the year (companies with high open claim amounts) and an estimate of ultimate loss from actuarial report plus new claims in coming period (companies under financial stress).

Many self-insurers are significantly increasing their retention amount as a result of excess carriers increasing their premiums materially. Excess coverage is intended to protect self-insurers from the financial effects of catastrophic injuries and deaths within the workforce, which happens very rarely. Within the past two years, more than half of the self-insurers have increased their retention. Fortunately, in the past two years, there are only a few instances where a self-insurer used their excess coverage.

The number of sureties actively writing surety bonds in the State is decreasing. This is a direct result of surety failures and tougher financial standards for sureties. Sureties must maintain an A- or above AM Best or equivalent rating to continue serving as a surety for a self-insured employer. Many self-insurers are changing their security to letters of credit because of the tight bond market. During the year, 5 self-insurers shifted from bonds to letters of credit.

As of fiscal year end, the Department of Budget and Management approved several Commission contracts for audit and actuarial studies as provided for in LE § 9-405(e)(2). The Commission expects to audit self-insured employers and their TPA's, as well as, to perform independent actuarial studies when necessary to support program actions.

Under the law, sole proprietors and partners with no employees are exempt whereas corporate officers and members of LLC's can elect to be excluded from workers' compensation. This year, the Commission received and processed 4,075 Certificate of Compliance applications, which is a 20 percent drop from the previous year.

Coverage Elections		
Type	2003	2004
Certificate of Compliance	5,160	4,075
Exclusions	2,220	1,580
Inclusions	12	8

Insurance Division

Approximately 2,500 applications were from sole proprietors and partners and the balance of 1,580 from corporate officers and members of LLC's. Because the Certificate of Compliance does not require annual renewal unless required by the licensing agency, this number is representative of new businesses being licensed in the State who do not have employees. There are many small businesses in Maryland that are not required to be licensed to do business in the State.

On July 1, 2003, the Commission began providing interpreter support at hearings for individuals with limited English proficiency (LEP Program). By year-end, the Commission was averaging 3 to 4 LEP hearings per day, most of which were in the Beltsville Regional site. The Commission has provided hearing interpreters in 22 different languages.

LEP Program Statistics	
Requests	1,050
Interpretations Provided	398
Hearings Cancelled, Continued or Issues Withdrawn	570
Awaiting Hearing Date	120
Spanish Interpretations	358
Other Interpretations	40
Percent Spanish	90%



Personnel Division

The Personnel Division is the first point of contact at the Commission for personnel-related concerns and is responsible for providing assistance to all staff within the Commission. Staff provides a complete range of personnel activities including: Recruitment, Health Benefits, Risk Management, Retirement, position classification and compensation, maintenance of medical and personnel files and facilitates training workshops.

Division Staff

*Director
(Position Vacant)*

*Administrative
Officer (1)*

*Administrative
Aide (1)*

This Division assures that proper procedural aspects of personnel-related activities are followed and processes documentation of personnel actions in accordance with The Annotated Code of the Public General Laws of Maryland (State Personnel and Pensions Article and the Code of Maryland Regulations, Title 17). All personnel actions are subject to approval/audit by the State of Maryland's Department of Budget and Management.

Since people are the Commission's most important resource, the division is an integral part of the effort to provide equal employment opportunities for all applicants with the skills required to support the Commission's mission.

Personnel staff handled over 800 inquiries from employees and outside sources and completed approximately 100 personnel transactions which included reclassifications, retirements, and recruitments. Staff also coordinated with the Injured Workers' Insurance Fund (IWIF) Loss Prevention Services staff to conduct worksite evaluations for each division. Furthermore, staff facilitated 25 training workshops and several informational seminars and fairs (Safety and Supervisory, Nationwide Retirement Solutions, and College & Health Benefits Fairs).

Processing Division

The Processing Division's mission is to provide efficient, accurate and expeditious processing of all incoming and outgoing mail activities and to ensure quality controlled placement and scanning of documents to assist the Workers' Compensation Commission. The Processing Division will be one of the first divisions to feel the effects of the implementation of the WEB - Web File Management System Initiative that will include the electronic filing of many documents. The Division embraces the opportunity to be involved in breaking new ground for public convenience and efficiency. The Division is working closely with the I. T. Division to test and implement new changes in conjunction with the Initiative.

Division Staff

Neshera Jarrett
Director

Supervisors (3)

*Data Processing
Operator Technician
II's (6)*

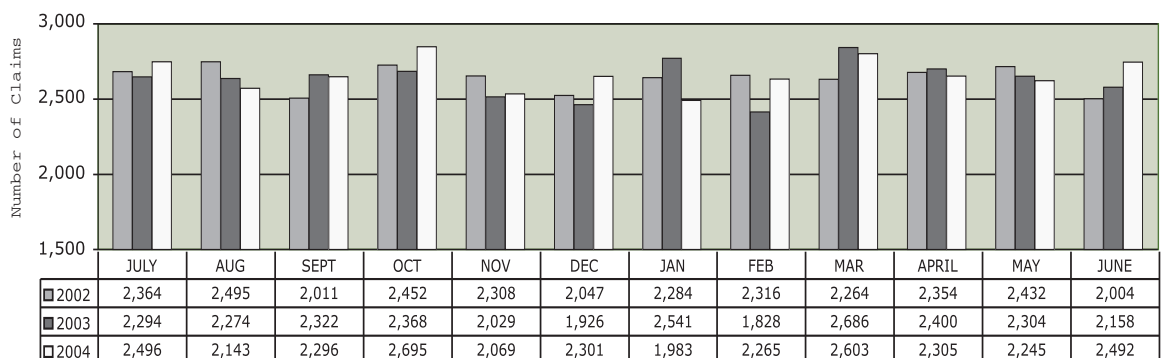
*Office Services
Clerks (9)*

The Processing Division is comprised of three sections: Mail Services, Document Preparation and Scanning & Indexing.

Mail Services Section

The Section receives, opens, sorts, date/time stamps and routes all incoming mail. The Section provides courier service throughout the agency and ensures proper postal service for all outgoing mail and packages. This Section processed 785,046 pieces of outgoing mail. The Section's goal is to process all mail, both incoming and outgoing, on the same day that it is received.

Employee Claims



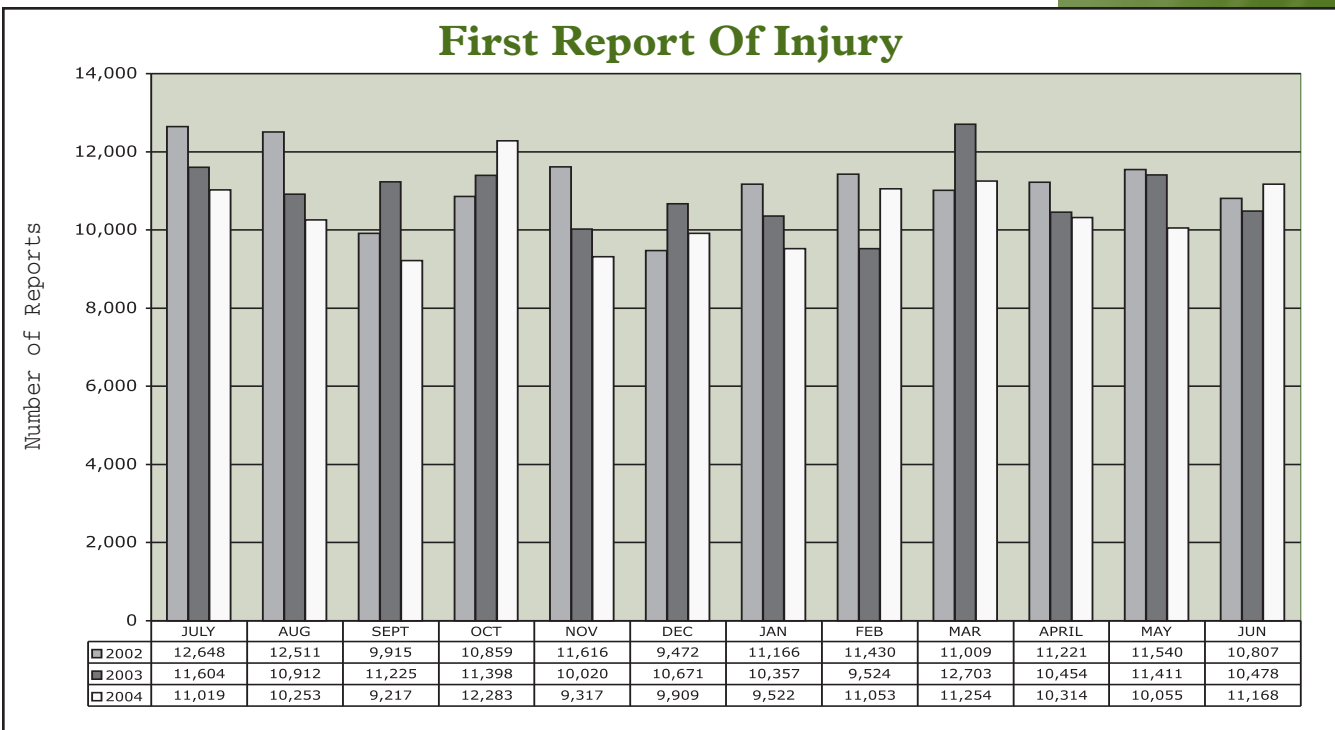
Processing Division

Document Preparation Section

This Section prepares all documents received for scanning into the electronic imaging system to ensure that they are prepped and batched according to proper classification and type. This Section reviews and routes priority documents and provides security codes for all secure documents. This Section prepared 1,555,458 pieces of mail for scanning within 24 hours of receipt.

Scanning & Indexing Section

This Section scans all paper documents into the Filenet imaging system, indexes the scanned documents, verifies and commits all documents received as a final step in the imaging process. There were 553,631 documents scanned with a total of 1,669,491 pieces scanned and committed into the Filenet imaging system. These figures included 28,380 claim forms that were received and scanned within 48 hours of receipt. The Section received and scanned 125,364 First Reports of Injury. The Scanning & Indexing Section maintained its goal by ensuring that all priority documents were scanned, verified and committed into Filenet within 24 hours of receipt.



Support Services Division

Based on the Commission's vision of facilitating prompt and fair resolution of workers' compensation matters, the Division's mission is to provide support services to the workers' compensation community. The Division is the Commission's liaison between rehabilitation and medical providers in its processing rehabilitation, appeal and medical documentation in a timely manner.

The Division consists of three sections: Rehabilitation, Medical and Appeals.

Division Staff

Fran Salbeck
Director

Deputy Director

Secretaries (2)

*Administrative
Specialists (2)*

Claims Reviewer (1)

Clerks (2)

The Rehabilitation Section

The Section's goal is to ensure, when appropriate, that rehabilitation services are available to injured workers when return to suitable and gainful employment is the eventual outcome. This Section monitors and directs the process by:

- Reviewing all referrals for rehabilitation services, Stipulated Rehabilitation and Rehabilitation Service Plans, and notification closure reports submitted to the Section. This fiscal year, the Section approved 698 Stipulated Rehabilitation Plans and processed 29 Rehabilitation Service Plans.
- Certifying the qualifications of rehabilitation providers, which includes nurse case managers, vocational counselors, physical and occupational therapists.
- This Section maintained a record of 1090 Workers' Compensation Commission certified rehabilitation providers, (278 counselors, 577 nurse case managers, 183 physical therapists, 36 occupational therapists and 16 evaluators).
- Providing informational workshops with instruction on the rules and regulations of workers' compensation certification procedures of rehabilitation providers.
- Due to the various locations of the certified providers throughout the state of Maryland and its bordering states, the Commission has expanded its meeting sites to accommodate rehabilitation providers wishing to maintain their Workers' Compensation certification in Maryland.

Support Services Division

- In fiscal year 2004, this Section received 4,012 referrals and 4,383 closure reports. Out of those closure reports, vocational rehabilitation providers reported that 2,045 returned to work, 645 closed at the insurer’s request and 370 injured workers declined or did not participate in the rehabilitation process.

The Appeals Section

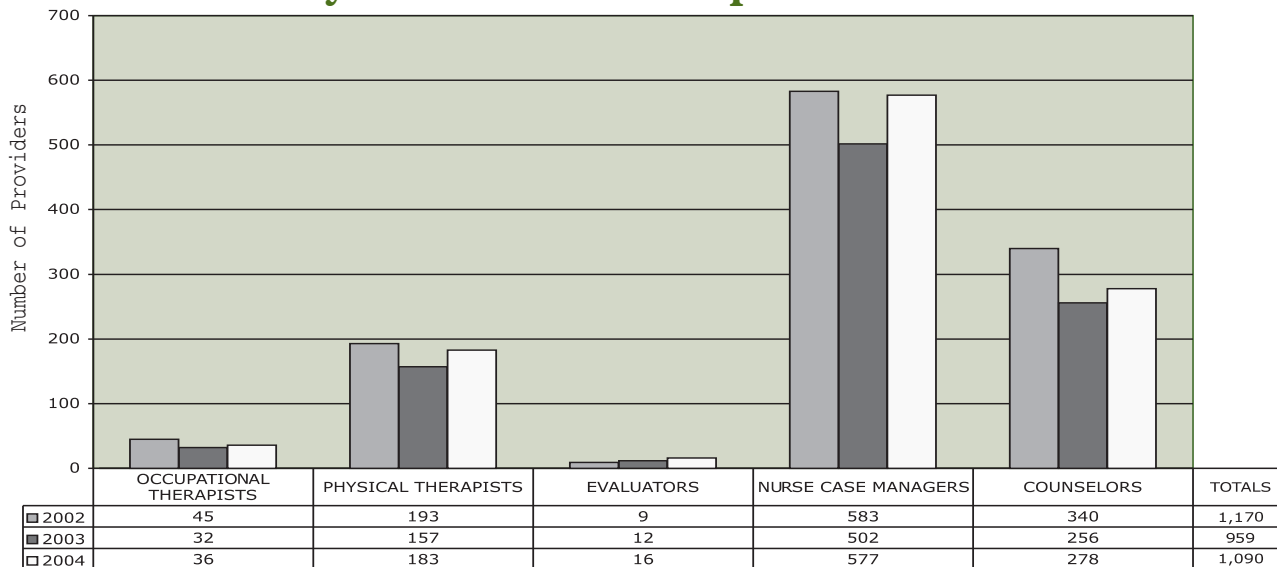
The Section’s goal is to ensure the timely processing of appeal court Orders submitted for action and case files needed by the Circuit Court on appeal cases. This section:

- Processes petitions for judicial review within 60 days of receipt from the Circuit Court.
- Receives and process Circuit Court Orders.
- Produces and forward copies of Workers’ Compensation Commission case files and transcripts to the requesting Circuit Courts.

This section was able to achieve its objectives by processing 2,647 appeals in fiscal year 2004.

Pursuant to the decision by the Court of Special Appeals in the case “Hahn Transportation v. Thomas Gabeler” (156 Md.App. 213), the Commission has established additional procedural regulations addressing the submission of supplemental records to the Circuit Court on claims that are on appeal.

Number of Vocational Rehabilitation Service Providers Certified by the Workers’ Compensation Commission



Support Services Division

The Medical Section

The Section's goal is to ensure that providers are properly compensated for medical services provided to Maryland's injured workers. The Commission's Medical Director reviews payment requests that are not listed in the Medical Fee Guide. This Section:

- Processes health care provider claims for payment (C51), in accordance with the Maryland Workers' Compensation Medical Fee Guide.
- Issues Orders for payment.
- Refers injured workers for medical evaluations per Commission Order.

This fiscal year, the Section processed 2,194 C51s; issued 1,376 NISI Orders and 656 final NISI Orders.

The Section processed over 200 medical claims where medical providers were paid less than the allowable amount under the Maryland Medical Fee Guide.





Committees

Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee

Charter 590 and 591 of the Acts of 1987 established the Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee. The Oversight Committee was developed to:

- Examine and evaluate the condition of the workers' compensation benefit and insurance structure in Maryland and the impact these laws have on that structure.
- Review, with respect to adequacy and appropriateness, the changes made to the permanent partial benefits laws and make recommendations for necessary changes.
- Report to the Governor and the Legislative Policy Committee on December 31 of each year.
- Monitor, review and comment on salient workers' compensation issues for the Maryland Legislature.

The Oversight Committee membership includes representatives from the legislative, medical, legal and labor sectors, as well as the general public. An appointed State Senator and House of Delegates member serve as Chair and Co-Chairman.

2004 Membership Roster

Senator Nathaniel Exum	Presiding Chairman
Delegate John F. Wood, Jr.	Co-Chairman
Senator John J. Hafer	
Delegate Joseph J. Minnick	
Mary Anne Reuschling	Representative of MD Business Community
Jerry S. Lozupone	Representative of MD Labor Organizations
Charles H. Rush	Representative of MD Building and Construction Labor Organization
Harvey A. Epstein, Esq.	Representative of Public
Marcia P. Burgdorf DeWitt	Representative of Public
H. Glenn Twigg, Jr., CPCU,CIC	Representative of Insurance Industry
Lori Lovgren, Esq.	Representative of Workers' Compensation Rating Organization
Kenneth R. Lippman, M.D.	Member of Medical and Chirurgical Faculty of MD
Rudolph L. Rose, Defense Lawyer	Member of the Bar
P. Matthew Darby, Plaintiff Lawyer	Member of the Bar
Richard T. LaFata, Commissioner	Workers' Compensation Commission – Ex-Officio
Tami Burt	Committee Staff/Department of Legal Services
Mitch McCalmon	Committee Staff/Department of Legal Services

Governor's Advisory Committee on Budget of State Workers' Compensation Commission

Created in October 2002, the Advisory Committee on the Budget of the State Workers' Compensation Commission provides advice and recommendations to the Governor and Commission regarding the agency's budget (Chapter 487, Acts of 2002). The Committee consists of twelve members appointed by the Governor with the advice and consent of the Senate. They represent business & labor, insurance, vocational rehabilitation, members, medical, community, claimant and defense bars. Their three-year terms are staggered.

Committee Members

Patrick A. Roberson, Esq., Chair

Jeff Horowitz, Esq., Vice-Chair

Honorable Michael J. Wagner

W. Minor Carter, Esq.

John J. Coyle, Jr., Esq.

Jeffrey C. Herwig, Esq.

Monica M. Turnbo, Esq.

Kathleen Fink, M.D.

Kevin P. Foy, Esq.

Stephen G. Fugate

Mark T. Hackman, Esq.

Melinda L. Hayes

Advisory Committee on The Registration of Rehabilitation Practitioners

The Advisory Committee on the Registration for Rehabilitation Practitioners consists of seven members appointed by the State Workers' Compensation Commission in accordance with Section 9-6A-05 of the Labor & Employment Article. The Committee is comprised of registered rehabilitation practitioners who are registered with the Commission and serve a term of three years, with staggered membership.

Committee Members

Charles Smolkin, MS, LCPC, CRC, CVE, MSRSP – Committee Chair

Susan Budden, MS, CRC, MCRSP

Clyde Burke, MA, CPC, MCRSP

Cathryn Gustafson, R.N., WCCM, MCRSP

Janet Spry Ph.D., CRC, LPC, MCRSP

Vickie Butts, R.N., WCCM, CRN, MCRSP

Kathy M. Stone, MS, CDMS, CCM, MCRSP

Medical Fee Guide Revision Committee

Chairman Thomas Patrick O'Reilly established the Medical Fee Guide Revision Committee to review the methodology applied to the regulation of physician fees. The Committee was instructed to recommend to the Commission a method to both develop and regularly update a multiplier to be used with the CPT codes. The Committee was also charged with recommending the best approach for annually publishing, distributing and updating the fee guide. Committee members equally represent both the payers and receivers of health care services.

The Medical Fee Guide Revision Committee met monthly for over two years. During that time, the Committee collected and examined significant amounts of data regarding medical services and reimbursement rates, including private health care reimbursement data. From all the data examined, the Committee discovered that Maryland Workers' Compensation payments were on par, and in many cases, above the private health care reimbursement rates. The Medical Fee Guide Revision Committee recommended that the Commission adopt the RBRVS system with a conversion factor of 9%. On June 10, 2004, following a public meeting, the Commission adopted the proposed amendment to Regulation .01 under COMAR 14.09.03 (Guide to Medical and Surgical Fees).

Committee Members

Rudolph Rose, Esq.

Dennis Carroll, Esq.

Beth Porter

Michael Levin, Esq.

Lynne Burgoon

David Corum

Miriam Grice

Gregory M. Gilbert

P. Matthew Darby, Esq.

Diana Vincent Saquella

William Lauretti, D.C.

Keith A. Segalman, M.D.

Derek Kram, M.D.

Stephen Levine, P.T.

Commissioner Cynthia S. Miraglia, Co-Chair

Vice-Chairman Sheldon H. Press, Co-Chair

Neil Robinson, M.D.

Monica Matthews, Committee Secretary



Regulatory Update

Regulatory Update

14.09.01.13

Subsequent Injury Fund – Request for Impleader

On March 15, 2004, the Commission adopted an amendment to Rule 14.09.01.13 which now prohibits the practice of orally impleading the Subsequent Injury Fund on or near the date of a scheduled hearing. The new rule requires that the SIF be impleaded with a specific requirement that the impleading party identify the evidence which supports the claim that the SIF may be liable.

The new rule does not require that attorneys produce voluminous medical records when fulfilling this requirement and the Commission strongly discourages such a practice. The Commission carefully chose the words “identify the evidence” when drafting the new rule to convey its desire that the impleading party critically assess the potential SIF liability in the case at the time of filing and be capable of reciting in a brief and concise manner why the SIF should be a party to the proceedings.

14.09.03

Guide to Medical and Surgical Fees

On June 10, 2004 the Commission adopted the proposed amendment to Regulation .01 under COMAR 14.09.03 (Guide to Medical and Surgical Fees). The Medical Fee Guide (MFG) shall apply to all professional medical services provided on or after September 1, 2004. To determine the Maximum Reimbursement Allowable (MRA) for professional services and treatment, system participants shall apply the CMS payment policies. For all service categories, the conversion factor to be used for determining reimbursement in the Maryland Workers’ Compensation system is the effective conversion factor adopted by CMS for 2004 multiplied by 109%.

For professional medical services provided prior to September 1, 2004, Maryland Annotated Code, Labor and Employment §9-663 and 9-731 and COMAR 14.09.03 (relating to Medical Fee Guide) shall be applicable.

Regulatory Update

14.09.08

Open Meetings

The newly adopted Open Meetings Act applies to all public bodies created by statute, regulation or ordinance. Therefore, the regulations apply to the Commission. The purpose of these regulations, like the statute, is to provide guidelines to the public and insure that the public may observe the Commission transacting and conducting public business.

14.09.09

Public Information Act

The newly adopted regulations provide guideline for the public with regard to requesting public documents from the Commission.

14.09.10

Individual Employer Self-Insurer

The purpose of these newly adopted regulations is to inform those who self-insure in Maryland, as well as those currently self-insured, of the requirements to receive or retain approval as a self-insured.

14.09.01.06

Self-Insurance

The Commission repealed this particular provision as it relates to self-insurance and became obsolete in light of the newly adopted Individual Employer Self-Insurer regulation adopted by the Commission.



Legislation

Chairman O'Reilly and the Commissioners attended Senate and House of Delegates public meetings regarding workers' compensation matters. The following information highlights the legislation passed during FY 2004 pertaining to Workers' Compensation.

Workers' Compensation Benefits – Fraud

Senate Bill 639/House Bill 837 (both passed) require the Workers' Compensation Commission to refer to the Insurance Fraud Division of the Maryland Insurance Administration (MIA) any case in which a preponderance of the evidence establishes that a person knowingly effected or knowingly attempted to effect the payment of compensation, fees or expenses by means of a fraudulent representation. The Commission will be required to include in future annual reports the number of cases referred to MIA. MIA's annual report must include the number of referrals received from the Commission and the resolution of the cases. The Commission is also required, in consultation with MIA, to study how to prevent, identify and deter workers' compensation fraud. The Commission is to report its findings and recommendations to the Governor and the General Assembly on or before December 31, 2004.

Montgomery County Deputy Sheriffs

House Bill 776 (passed) includes Montgomery County deputy sheriffs in the list of public safety employees entitled to receive increased benefits for permanent partial disabilities under the State's workers' compensation laws. Deputy sheriffs who are awarded permanent partial disability claims of less than 75 weeks will be compensated at the rate used for awards of 75-250 weeks. Montgomery County, which is self-insured for workers' compensation, estimates annual increased claim payments of approximately \$25,000.00.

Accidental Personal Injury – Definition

In response to a June 2003 decision by the Maryland Court of Appeals (*Harris v. Board of Education of Howard County*), the General Assembly considered several bills that would have altered the definition of an accidental personal injury to include a specific requirement that the injury occur as the result of an unusual activity. Senate Bill 113/House Bill 13 (both failed), Senate Bill 468 (failed), and Senate Bill 638/House Bill 1069 (both failed) would have essentially reversed the court decision and preserved the unusual standard.

Legislation

The Court of Appeals held in Harris that, in order to be compensable, an accidental personal injury need not be the result of an unusual activity. While the case law dating to 1927 has generally supported the unusual activity standard, the Harris decision found no statutory basis for that standard and will presumably have the effect of aligning Maryland's definition of a compensable accidental personal injury more closely with workers' compensation law in 46 other states.

Key Cases

1. Accidental Injury

Harris v. Board of Education, 375 Md.21,825 A.2d 365 (2003)

2. Arising Out Of And In The Course Of Employment

Livering v. Richardson's Restaurant, 374 Md. 566, 823 A.2d 667 (2003)

3. Covered Employee

McElroy Truck Lines v. Pohopek, 375 Md. 574, 826 A.2d 474 (2003)

4. Limitations in Occupational Deafness

Tru-Rol Company, Inc. v. Yox 149 Md.App. 707, 818 A.2d 283 (2003)

5. Awarding Additional Benefits and Care

Hahn Transportation, Inc. v. Thomas Gabeler 156 Md. App. 213, 846 A.2d 462 (2004)



Statistics

Statistical Data

General

The statistical compilations presented in this section of the Annual Report show workers' compensation in the context of its position and impact on the Maryland economy, the drivers and relationships of workers' compensation premiums, paid losses, claims and the Commission's adjudication of injured workers' claims. The tables also show statistics on some of the administrative programs established by the Commission to make workers' compensation more efficient, effective and timely for all parties involved with the process.

Data Reliability

The data used in this section of the report was obtained from various sources. The Department of Labor, Licensing and Regulation (DLLR) data was taken from tables presented on their website and, on Commission request, supplemented by them with related data. The Harris Survey conducted by the Commission in June 2004 is the source of the data used to report on industry activity. There was no validation of this data except to perform reasonableness tests for year-to-year change and relative standing with other insurers. As a result of some late responses to the survey, the Commission now believes that all significant insurers have responded to the survey and the results are substantially representative of all paid losses and premium earnings of insurers operating in the State of Maryland. The survey excluded any insurer/self-insurer terminated or withdrawn from active participation in Maryland prior to or during the period of the survey. Accordingly, payment on run-off claims have been excluded including Bethlehem Steel paid losses. However, the Bethlehem Steel's claim count in 2003 was included in table 5a to be consistent with the filed claim data of the Commission. Data taken from Commission files is subject to validation.

Data Differences

There are two things that can cause differences in data presentation in this report with prior Commission reports; the date the data was extracted from the database, and the date used to segregate claim actions between periods. The status of a claim changes as it moves through the system and is updated on an ongoing basis. When presented as a statistic in a prior year report it may change for the following year's report because there was an update placing it in a different category. Division processing statistics shown in the body of the report may vary with Commission statistics reported in this section. These differences are a result of timing differences or the Division statistics are a subset of the total Commission volume.

Employment, Payroll, Unemployment and Workers' Compensation Benefits

Statistic	2001		2002		2003	
	Data		Data	% Change	Data	% Change
Average Weekly Wage (DLLR)	735		757	3.0%	782	3.3%
Average Employment (DLLR)	2,423,138		2,427,396	0.2%	2,434,480	0.3%
Annual Payroll (DLLR)	\$92.6 Bil		\$95.5 Bil	3.1%	\$99.1 Bil	2.7%
Covered payroll (WCC)	\$64.5 Bil		\$73.9 Bil	14.6%	\$80.0 Bil	8.3%
Paid Unemployment Benefits (DLLR)	\$402.8 Mil		\$509.0 Mil	26.4%	\$537.3 Mil	8.3%
Paid Workers' Compensation Losses (WCC)	\$538.7 Mil		\$524.4 Mil	-2.6%	\$584.6 Mil	11.5%
Paid Losses as a Percent of Covered Payroll	0.8%		0.7%		0.7%	
Paid Losses as a Percent of Unemployment	133.7%		103.0%		108.8%	

SOURCES:

Department of Labor, Licensing and Regulation (DLLR) - Excludes Supplemental Unemployment Benefit Payments
Workers' Compensation Commission (WCC), Harris Study, June 2004

Paid Losses and Number of Claims Processed by Market Benefits

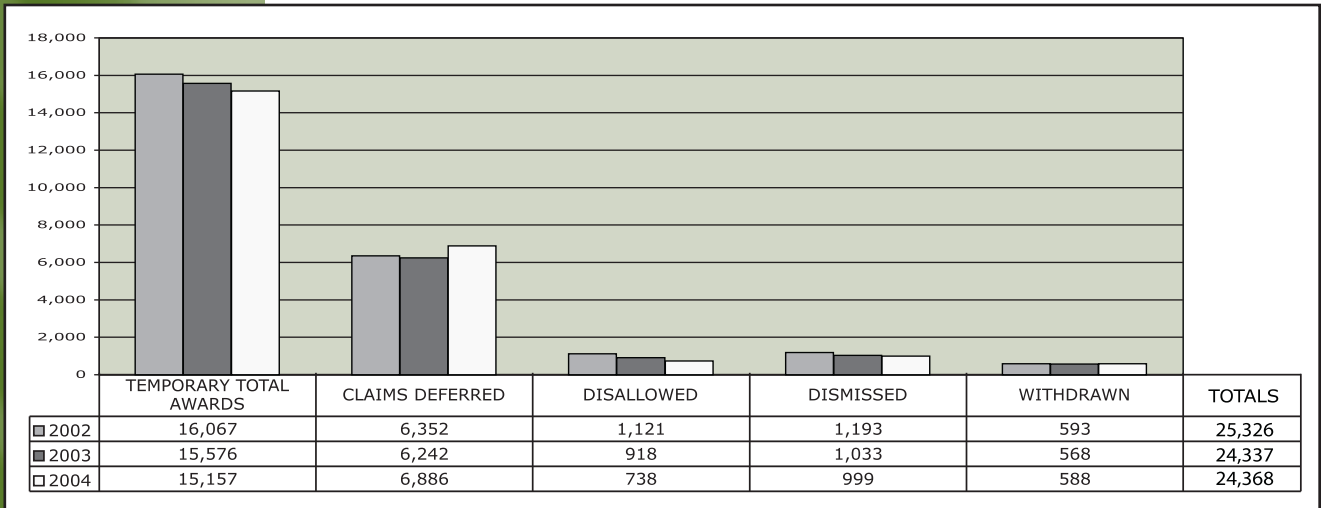
Paid Losses by Market Segment						
Market Segment	2001		2002		2003	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Insurers	220,322,694	44.2%	222,963,620	47.3%	230,618,741	42.7%
Self-Insured Employers	101,315,024	20.3%	84,538,751	17.9%	134,510,883	24.9%
IWIF - Commercial Insurance	166,153,654	25.2%	169,930,090	24.8%	169,930,090	23.3%
State Self-insurance Program	44,249,022	8.9%	39,772,913	8.4%	40,487,207	7.5%
Private Groups	6,629,471	1.3%	7,233,795	1.5%	9,008,603	1.7%
TOTAL	538,669,865	99.9%	524,439,169	99.9%	584,555,524	100.1%

Number of Claims Processed by Market Segment						
Market Segment	2001		2002		2003	
	Count	% of Total	Count	% of Total	Count	% of Total
Insurers	46,132	52.5%	45,925	52.3%	48,201	48.3%
Self-Insured Employers	25,123	22.3%	20,995	23.7%	23,504	23.6%
IWIF - Commercial Insurance	12,796	14.3%	11,313	12.8%	17,647	17.7%
State Self-insurance Program	7,496	8.4%	7,643	8.6%	8,070	8.1%
Private Groups	2,204	2.5%	2,290	2.6%	2,290	2.3%
TOTAL	93,751	100.0%	88,166	100.0%	99,712	100.0%

SOURCE:

Harris Survey, June 2004

Comparison of Insurance Company Initial Awards



Annual Claim Volume and Percentage Relationships

Table A

Annual Insurer Claim Volume and Percentage Relationship To Claim Filings

Market Segment	2003				
	Insurer Data			WCC Data	
	Processed Count (1)	Accepted Count	Accepted %	Filed Count (2)	(1)/(2) %
Insurers	47,598	39,453	82.9%	15,540	32.6%
Self-Insured Employers	19,095	17,209	90.1%	6,660	34.9%
IWIF - Consolidated	28,881	23,472	81.3%	4,816	16.7%
Private Groups	2,290	2,038	89.0%	545	23.8%
TOTAL	97,864	82,172	84.0%	27,561	28.2%

Table B

Annual Insurer Claim Volume and Percentage Relationship To Claim Filings

Market Segment	2002				
	Insurer Data			WCC Data	
	Processed Count (1)	Accepted Count	Accepted %	Filed Count (2)	(1)/(2) %
Insurers	45,925	37,093	80.8%	14,366	31.3%
Self-Insured Employers	27,503	21,484	78.1%	6,803	24.7%
IWIF - Consolidated	23,748	19,210	80.9%	5,684	23.8%
Private Groups	2,382	2,068	86.8%	474	19.9%
TOTAL	99,558	79,855	80.2%	27,297	27.4%

Table C

Annual Insurer Claim Volume and Percentage Relationship To Claim Filings

Market Segment	2001				
	Insurer Data			WCC Data	
	Processed Count (1)	Accepted Count	Accepted %	Filed Count (2)	(1)/(2) %
Insurers	46,132	33,518	72.7%	17,001	36.9%
Self-Insured Employers	25,123	21,574	85.9%	6,562	26.1%
IWIF - Consolidated	20,292	16,589	81.8%	4,443	21.9%
Private Groups	2,204	1,910	86.7%	466	21.1%
TOTAL	93,751	73,591	78.5%	28,472	30.4%

Excludes SIF and UEF

Note: Insurer data presented on calendar year basis and Workers' Compensation Commission data is presented on a fiscal year

Source: Insurer Data - Harris Survey, June 2004;

Workers' Compensation Commission data files - August 2004

Insurers with Paid Losses In Excess of One Million Dollars

Insurers with Paid Losses in Excess of \$1.0 Million in One Six Month Period Calendar Year Summary			
Description	2001	2002	2003
Total Insurers Meeting Criteria During Year	38	39	41
Total Paid Losses by these same Companies	\$460,119,959	\$419,382,259	\$443,025,447
Total paid Losses	\$498,197,279	\$471,377,369	\$540,291,881
Percent of Market Represented by these Insurers	92.4%	89.0%	82.0%
Top 5 Individual Insurers/Self-Insurers by Claim Count			
	Claim Counts of Insurers		
Insurer/ Self-Insurer	2001	2002	2003
Injured Workers' Insurance Fund	12,796	16,105	17,647
Liberty Mutual Insurance Company	8,680	7,904	8,408
State of Maryland Self Insured Program	7,496	7,643	8,070
Hartford Underwriters Ins. Co.	6,015	5,104	5,269
Montgomery County Government	3,902	3,788	4,570

SOURCES:
Harris Survey, June 2004

Insurers with Premium Earnings In Excess of One Million Dollars

Insurers with Premium Earnings in Excess of \$1.0 Million Calendar Year Summary			
Description	2001	2002	2003
Total Premium of Active Insurers Over \$1.0 Million	\$442,581,140	\$512,358,365	\$615,386,267
Total Premium Earned by All Insurers	\$460,829,287	\$552,321,670	\$654,999,084
Percent of Total Premium	96.0%	92.8%	94.0%
Active Insurers over \$1.0 million in premium	47	51	51

Top 5 Individual Insurers by Premium Earned Calendar Years 2001 through 2003

Injured Workers' Insurance Fund
Hartford Underwriters Insurance Company
Erie Insurance Exchange
Liberty Mutual Insurance Company
Manufacturers Alliance Insurance Company

SOURCES:
Harris Survey, June 2004

Awards According to Percentage of Disability and Body Part

Top 10 Body Parts Disabled												
Body Part	0% to 10%	11% to 20%	21% to 30%	31% to 40%	41% to 50%	51% to 60%	61% to 70%	71% to 80%	81% to 90%	91% to 100%	Total	% of Total
THORAX-LOWER (BACK)	1,245	1,224	620	376	249	112	70	72	21	3	3,992	26.6%
SHOULDER	463	718	397	190	92	55	24	18	8	0	1,965	13.1%
NECK	618	541	274	173	113	59	24	31	5	3	1,841	12.3%
LEG OR LEGS	276	402	390	230	130	61	46	31	7	4	1,577	10.5%
KNEE OR KNEES	269	423	439	204	95	48	21	16	3	0	1,518	10.1%
HAND OR HANDS	318	487	264	113	54	32	20	12	13	4	1,317	8.8%
ARM OR ARMS	171	309	222	123	65	35	20	22	8	2	977	6.5%
FOOT OR FEET	178	247	138	95	43	28	21	10	3	3	766	5.1%
WRIST OR WRISTS	106	212	119	60	27	12	5	2	0	0	543	3.6%
MULTIPLE OR ALL OTHER	120	138	81	39	43	36	28	23	12	6	526	3.5%
TOTAL	3,764	4,701	2,944	1,603	911	478	279	237	80	25	15,022	100.0%
% of TOTAL	25.1%	31.3%	19.6%	10.7%	6.1%	3.2%	1.9%	1.6%	0.5%	0.2%	100.0%	

Awards According to Percentage of Disability

Limited Top 10 Body Parts Disabled											
Fiscal Year	0% to 10%	11% to 20%	21% to 30%	31% to 40%	41% to 50%	51% to 60%	61% to 70%	71% to 80%	81% to 90%	91% to 100%	Total
2004	3,764 25.1%	4,701 31.3%	2,944 19.6%	1,603 10.7%	911 6.1%	478 3.2%	279 1.9%	237 1.6%	80 0.5%	25 0.2%	15,022 100.0%
2003	4,558 26.9%	5,532 32.6%	3,409 20.1%	1,512 8.9%	882 5.2%	486 2.9%	271 1.6%	216 1.3%	91 0.5%	17 0.1%	16,974 100.0%
2002	5,326 27.0%	6,341 32.2%	3,923 19.9%	1,836 9.3%	1,067 5.4%	508 2.6%	318 1.6%	247 1.3%	91 0.5%	36 0.2%	19,693 100.0%

Awards According to Nature of Injury

Fiscal Year												
Nature of Injury	2002 Awards				2003 Awards				2004 Awards			
	TT	PT/PT	Total	% of Total	TT	PT/PT	Total	% of Total	TT	PT/PT	Total	% of Total
Burns	262 66.3%	133 33.7%	395	1.6%	186 57.2%	139 42.8%	325	1.4%	198 61.3%	125 38.7%	323	1.3%
Cuts, Abrasions, Punctures	1,415 72.3%	542 27.7%	1,957	8.0%	1,118 69.2%	497 30.8%	1,615	6.7%	1,262 70.3%	533 29.7%	1,795	7.3%
Fractures	368 66.2%	188 33.8%	556	2.3%	329 63.3%	191 36.7%	520	2.2%	263 58.3%	188 41.7%	451	1.8%
Dislocations/Strains	11,925 63.2%	6,932 36.8%	18,857	76.8%	12,127 63.9%	6,851 36.1%	18,978	79.3%	11,803 59.8%	7,936 40.2%	19,739	79.8%
Multi/Other	1,746 62.3%	1,056 37.7%	2,802	11.4%	1,433 57.6%	1,055 42.4%	2,488	10.4%	1,357 55.5%	1,086 44.5%	2,443	9.9%
TOTAL	15,716 64.0%	8,851 36.0%	24,567	100.0%	15,193 63.5%	8,733 36.5%	23,926	100.0%	14,883 60.1%	9,868 39.9%	24,751	100.0%

TT - Temporary Total, PT - Permanent Total, PP - Permanent Partial, PERC - Nature of Injury as Percent of Total Injuries

Reported Claims by Industry

Industries With More Than 100 Filed Claims	2002 Count	2003 Count	Percent Change	2004 Count	Percent Change
Policemen - Security	2,168	2,532	16.8%	2,337	-7.7%
Truck Men N.O.C.	2,062	1,867	-9.5%	1,789	-4.2%
Colleges Or Schools Inc. Day Care	1,360	1,457	7.1%	1,385	-4.9%
Building Raising Or Moving - General Construction	1,203	1,216	1.1%	1,202	-1.2%
Hotels, Restaurants, Bars & Nightclubs	1,269	1,173	-7.6%	1,100	-6.2%
Top 5 Industries In Filed Claims	8,062	8,245	2.3%	7,813	-5.2%
Meat Combined Grocery And Provision Stores Retail	872	850	-2.5%	788	-7.3%
Hospitals - All Other Employees	775	783	1.0%	851	8.7%
Convalescent Or Nursing Homes All Employees	672	690	2.7%	731	5.9%
Automobile Garages Or Repair Shops Inc. Dealers	581	639	10.0%	598	-6.4%
Carpentry N.O.C.- Renovations	616	576	-6.5%	562	-2.4%
Taxicab And Bus Companies	509	566	11.2%	562	-0.7%
Firemen Inc. Volunteer Dept & Ambulance Service	685	708	3.4%	639	-9.7%
Municipal Township County Or State Employees N.O.C.	653	545	-16.5%	470	-13.8%
Storage Warehouses General Merchandise N.O.C.	475	466	-1.9%	388	-16.7%
Clothing Or Dry Goods Stores Retail	324	356	9.9%	379	6.5%
Clerical Office Employees N.O.C.	385	458	19.0%	400	-12.7%
Charitable Organizations (Goodwill)	295	327	10.8%	356	8.9%
Electrical Wiring In Buildings	343	333	-2.9%	306	-8.1%
Store Risks Wholesale Or Combined N.O.C. K-mart	287	254	-11.5%	304	19.7%
Sheet Metal Work Inc. Air Conditioning & Refrigeration	252	263	4.4%	250	-4.9%
Plumbing-steam Fitting	290	314	8.3%	283	-9.9%
Landscape & Tree Surgery	281	240	-14.6%	255	6.3%
Employment Agencies	353	282	-20.1%	251	-11.0%
Unclassified (Insufficient Data)	295	206	-30.2%	230	11.7%
Buildings Operation By Contractors	185	206	11.4%	217	5.3%
Housing Authorities-Apts & Condos Inc. Real Estate	226	274	21.2%	248	-9.5%
Physicians Include Clerical	226	188	-16.8%	147	-21.8%
Industries With More Than 200 Reported Claims	17,642	17,769	0.7%	17,028	4-2%
No. Of Industry Groups Represented Over 200 Filed Claims	26	26		26	

Claims Filed by Residence of Claimant Organized by Region

REGIONAL SITES	2002	%	2003	%	2004	%
FAR WESTERN (CUMBERLAND)						
ALLEGANY CO.	399		318		439	
GARRETT CO.	149		146		146	
TOTALS	548	2%	464	2%	585	2%
<i>Percent Change Prior Period</i>			-15.3%		26.1%	
CENTRAL (BELTSVILLE)						
ANNE ARUNDEL CO.	2,453		2,344		2,317	
PRINCE GEORGE'S CO.	3,101		3,065		3,184	
MONTGOMERY CO.	2,307		2,295		2,346	
HOWARD CO. (1/2)	290		325		332	
TOTALS	8,151	30%	8,029	30%	8,179	29%
<i>Percent Change Prior Period</i>			-1.5%		1.9%	
NORTHWESTERN (ABINGDON)						
BALTIMORE CO.	4,581		4,714		5,053	
HARFORD CO.	1,218		1,226		1,266	
CECIL CO.	343		347		365	
TOTALS	6,142	22%	6,287	23%	6,684	24%
<i>Percent Change Prior Period</i>			2.4%		6.3%	
EASTERN SHORE (CAMBRIDGE)						
WICOMICO CO.	432		441		478	
CAROLINE CO.	184		177		200	
DORCHESTER CO.	177		137		180	
QUEEN ANNE'S CO.	207		195		185	
KENT CO.	89		83		93	
SOMERSET CO.	102		113		111	
TALBOT CO.	87		117		125	
WORCESTER CO.	196		181		194	
TOTALS	1,474	5%	1,444	5%	1,566	6%
<i>Percent Change Prior Period</i>			-2.0%		8.4%	
SOUTHERN (LA PLATA)						
CALVERT CO.	359		410		369	
CHARLES CO.	467		473		533	
ST. MARY'S CO.	330		300		281	
TOTALS	1,156	4%	1,183	4%	1,183	4%
<i>Percent Change Prior Period</i>			2.3%		0.0%	
WESTERN (FREDERICK)						
CARROLL CO.	766		775		777	
FREDERICK CO.	957		926		923	
WASHINGTON CO.	802		778		831	
HOWARD CO. (1/2)	290		325		332	
TOTALS	2,815	10%	2,804	10%	2,863	10%
<i>Percent Change Prior Period</i>			-0.4%		2.1%	
BALTIMORE CITY						
	5,129	19%	5,050	19%	5,259	19%
<i>Percent Change Prior Period</i>			-1.5%		4.1%	
OUT OF STATE CLAIMS						
	2,008	7%	1,955	7%	2,061	7%
<i>Percent Change Prior Period</i>			-2.6%		5.4%	
GRAND TOTALS	27,423	100%	27,216	100%	28,380	100%

Language Requests for Hearings LEP

Language Requests for Hearings	
Language Requested	Requests
Amharic	7
Arabic	3
Cantonese	1
Bosnian	1
Farsi	3
French	5
Greek	2
Haitian Creole	3
Hindi	2
Hungarian	1
Korean	24
Mandarin	6
Polish	2
Portuguese (Brazil)	5
Punjabi	2
Russian	15
Spanish	952
Swahili	1
Thai	3
Turkish	1
Ukrainian	1
Vietnamese	10
Total Requested	1050
Spanish as a Percent of Total Requested	90.7%

LEP Program

On July 1, 2003, the Commission implemented a program to provide interpreter services at hearings for individuals with limited English proficiency (LEP). This table shows the wide variety of languages for which claimants have requested interpreter assistance. The Commission has received requests for interpreters in 22 different languages with requests for Spanish interpreters representing 90 percent of the total.

Note: Includes Cancellations and Withdrawals





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