



MARYLAND



WORKERS' COMPENSATION COMMISSION

2002 ANNUAL REPORT

The Eighty-Seventh Edition
July 1, 2001 – June 30, 2002

PARRIS N. GLENDENING, *Governor*

KATHLEEN KENNEDY TOWNSEND, *Lt. Governor*

THOMAS PATRICK O'REILLY, *Chairman*

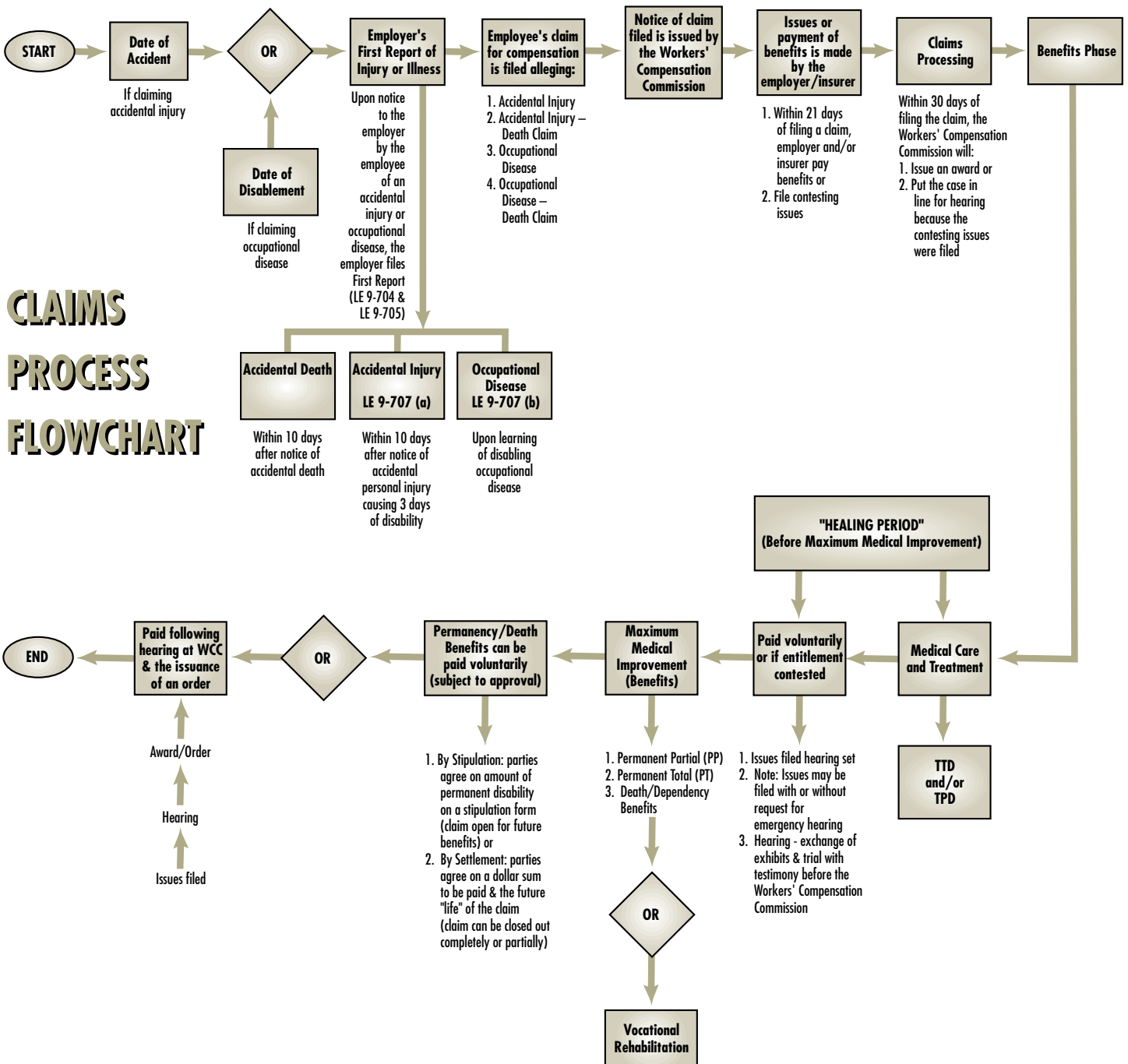
JOAN Y. CASE, *Executive Director of Administration*

The filing of a claim is the first step in a process that generally results in the acceptance or denial by the carrier or self-insured employer that the workers injury, illness or fatality is work related.

If the claim is accepted, medical care is paid by the carrier or the self-insurer employer.

The worker also receives compensation benefits to partially replace the wages that would have otherwise been lost because of the injury.

The carrier or self-insured employer may deny the claim on the grounds the injury is not work related. Claims involving a dispute may end up in a hearing before the commission.



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Declaration of Rights

We, the People of the State of Maryland, grateful to Almighty God for our civil and religious liberty, and taking into our serious consideration the best means of establishing a good Constitution in this State for the sure foundation and more permanent security thereof, declare:

Art. 19. That every man for any injury done to him in his person or property, ought to have remedy by the course of the Law of the Land and ought to have justice and right, freely without sale, fully without any denial and speedily without delay, according to the Law of the Land.

The Chairman of the Commission



Thomas Patrick O'Reilly

Governor William Donald Schaefer appointed Mr. O'Reilly to the Commission in 1994 and Governor Parris N. Glendening named him Chairman in 1999. Chairman O'Reilly took advantage of the Vietnam GI Bill to earn a Bachelor's Degree in Electrical Engineering from the University of Maryland and later received a J.D. from the University's School of Law. He began his career with General Electric, first as an engineer and then as a patent attorney. After clerking for Prince George's Circuit Court Judge Robert Banks Mathias, he opened a general law practice in the Riverdale/Greenbelt area of the county in the early 1970s. He was elected to the Maryland Senate in 1974 and served five consecutive terms. Chairman O'Reilly held a number of Senate offices, including Vice Chairman of the Judicial Proceedings Committee, Deputy Majority Leader and Chairman of the Senate Finance Committee.

Letter from the Chairman

It is with pride that I submit the 2002 Workers' Compensation Commission Annual Report.

2002 was a strong, productive year for the Commission under the leadership of Governor Parris N. Glendening and Lt. Governor Kathleen Kennedy Townsend, the guidance of the General Assembly, the Commissioners and the dedicated Commission staff.

Demonstrating the Commission's vision of partnership, we have been very actively listening to suggestions from the workers' compensation community and providing information to the Maryland General Assembly. Commission staff have attended and spoken at meetings, conferences and legislative hearings. Three committees with appointed members from the workers' compensation community are reviewing and making recommendations on procedures for vocational rehabilitation, medical fee guide and occupational disease.

In response to community input we have implemented many procedural changes outlined elsewhere in this report.

The Commission recognizes its obligations to the employees and employers of Maryland and is committed to its mission of securing equitable, timely administration of the provisions of Maryland's Workers Compensation Law. Outlined in this report are changes that are being implemented to fulfilling this mission and previews of our plans for the future.

We remain an agency in transformation with our focus sharp and our vision clear.

Sincerely,

A handwritten signature in dark ink that reads "Thomas Patrick O'Reilly". The signature is written in a cursive style.

Thomas Patrick O'Reilly

Sheldon H. Press has been a member of the Maryland Workers' Compensation Commission since his appointment by 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 his Law Degree from the University of Baltimore School of Law. He served in the United States Air Force Reserve and obtained the rank of First Lieutenant. Commissioner Press was engaged in the private practice of law until 1974, concentrating in workers' compensation, negligence, criminal law and domestic relations. In 1974, he joined the Baltimore City Law Department serving as the Chief Solicitor of the Workers' Compensation-Pension Section. During this time, he served as the president of the Maryland Self-Insurers' Association. From 1989 until 1994, he was a member of the Board of Contract Appeals for the State of Maryland.



Patricia G. Adams has been a member of the Maryland Workers' Compensation Commission since her 1999 appointment by Governor Parris N. Glendening. She is a 1980 graduate of the University of Baltimore School of Law with a J.D. and graduated magna cum laude in 1976 from the University of Maryland where she received a Bachelor of Science Degree. Commissioner Adams was the managing partner of Serio, Tansey and Adams from 1982 until August 1999 concentrating in the area of workers' compensation. She is also a former Commissioner with the Attorney Grievance Commission of Maryland. Currently, Commissioner Adams currently serves on the membership committee of the Maryland State Bar Association.



Richard LaFata has been a member of the Maryland Workers' Compensation Commission since his appointment by 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. He was admitted to the Bar in 1980. Since then, he has focused his 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 many years. He is currently teaching a course in workers' compensation law. Additionally, Commissioner LaFata is 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 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 May 1980. From November 1983 until December 1999, she was 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 product liability. Commissioner Miraglia is the immediate 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.





Stephen Rosenbaum has been a member of the Maryland Workers' Compensation Commission since his 1983 appointment by 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 Bars 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.



Lauren Sfekas has been a member of the Maryland Workers' Compensation Commission since her appointment by Governor Parris N. Glendening on January 1, 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 14 years in private practice concentrating in the area of workers' compensation. She has published and lectured on workers' compensation topics.



Richard Teitel has been a member of the Maryland Workers' Compensation Commission since his 1988 appointment by Governor William Donald Schaefer. He is a 1971 graduate of the University of Maryland Law School and a 1968 graduate of Northeastern University in Boston, Massachusetts with a Bachelor of Science Degree in Chemistry. He was an associate in the law firm of Rosen, Esterson & Friedman from 1972 until 1978. The Honorable Francis B. Burch appointed Commissioner Teitel Assistant Attorney General for the State Accident Fund in 1978. In 1984, he was appointed supervising attorney by the Honorable Stephen H. Sachs. Commissioner Teitel is active with the Maryland Institute for Continuing Professional Education of Lawyers (MICPEL) as well as the Maryland State Bar Association, Negligence, Insurance and Workers' Compensation Section Committee.



Lawrence M. Vincent has been a member of the Maryland Workers' Compensation Commission since his 1996 appointment by 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 with 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, he was engaged in the private practice of law. Commissioner Vincent is a Past President of the Maryland Workers' Compensation Educational Association and a member of the Maryland State Bar Association.



John R. Webster, Jr. has been a member of the Maryland Workers' Compensation Commission since his December, 1997 appointment by 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 24 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.

The Executive Director of the Commission

Joan Y. Case

In July 1999, Chairman Thomas Patrick O'Reilly appointed Ms. Case as the Executive Director for Administration of the Commission. In this position, she is responsible for the administrative operation of the Commission. Prior to the Commission, she was the Director of the Day Care Financing Programs for the State of Maryland in the Maryland Department of Business and Economic Development. She was also an administrator in the Baltimore City Public School System and a consultant to the Vanderbilt University School of Public Policy. She holds a Masters Degree of Education and a Bachelors Degree of Science from Coppin State College and has taken additional graduate courses toward her Ph.D. at the Johns Hopkins University.



Letter from the Executive Director

The Workers' Compensation Commission achieved many of its goals during fiscal year 2002. I am pleased to present a synopsis of these achievements in this annual report.

Maintaining pace with the ever evolving needs of the compensation community has always been an area of high emphasis with our management staff. This requires us to be flexible and aggressive in our plans to meet these needs in the most cost effective, yet efficient way. Meeting our technology goals while improving effective means of communication with all members of the community is a major concern of the Chairman.

These challenges create the need for the management staff to begin the process of cross-training our employees in the coming months. We will continue to examine the processing of claims by improving the content and usefulness of the forms that move through our electronic system.

All of our staff can be very proud of achieving many of our goals while improving our service to the citizens of Maryland. The cumulative efforts of the Commission's staff and the workers' compensation community make me confident that greater accomplishments will be achieved.

Sincerely,

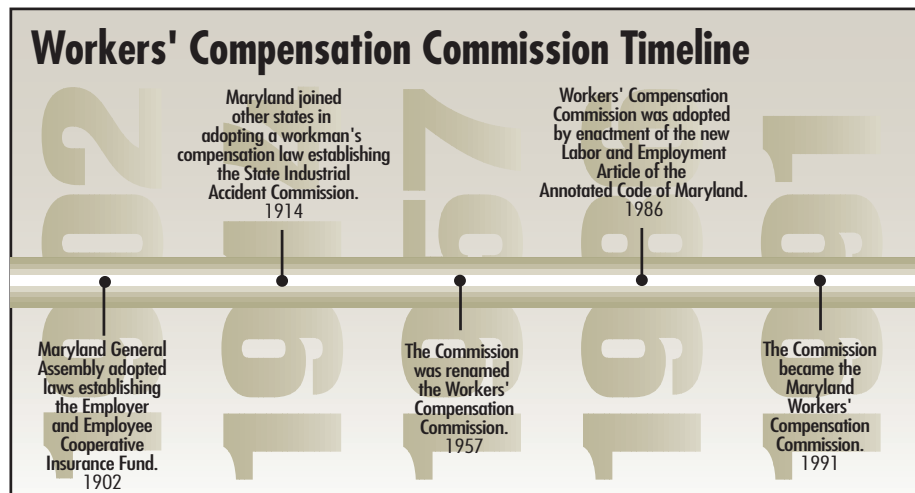
A handwritten signature in cursive script that reads "Joan Y. Case". The signature is written in dark ink on a light background.

Joan Y. Case
Executive Director of Administration

A History of the Commission

Workers' compensation laws were first developed in the U.S. in the early 1900s, as a result of the booming industrial age and a growing number of work-related injuries. Before the laws were developed, accidental, on-the-job injuries created a hardship for employees because they had no course of action for necessary assistance.

To remedy this situation, U.S. lawmakers reviewed the compensation laws being developed in Europe. The British Compensation Act was used as a model for many of the early legislative efforts. Maryland was one of the first states to adopt a comprehensive law, and its growth and application lead directly to today's workers' compensation system.



The Workers' Compensation Commission receives, processes, and adjudicates claims for injured employees and refers those claimants who need rehabilitation to the appropriate vocational rehabilitation services providers. Pursuant to a shared agreement, the Commission provides data processing support to the Subsequent Injury Fund and the Uninsured Employees' Fund. All expenditures of the Workers' Compensation Commission and the Department of Labor, Licensing and Regulation's Occupational Health and Safety Program are recovered from insurance companies and self-insurers through an annual maintenance assessment.

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 Maryland 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.

Organization

To fulfill its mission, the Commission has 139 employees. An organizational chart for the Commission is included on pages 16-17 of this document.

Schedule

The Commission holds both regular and emergency hearings in Baltimore City and surrounding counties to accommodate injured workers. Hearings are set at regional sites that are closest to the injured worker's residence.



Location

In December, 2000, the Commission moved into 51,584 square feet of new office space at 10 East Baltimore Street, Baltimore, MD. Each floor of the Commission has a reception and waiting area. The floors house the following Divisions:

- 3rd floor – Information Technology Division and the Supply Section of the Fiscal Division
- 4th floor – Court Reporting Division, Public Service Section of the Claims Division and the 4 court rooms of the Hearing Division
- 5th floor – Hearing Division (Commissioners' and Assistants' Offices)
- 6th floor – Insurance Division, Claims Division (3 Sections), and Processing Division
- 7th floor – Executive Division, Fiscal Services Division, Personnel Division, Support Services Division and the Assistant Attorney General's Office

Who is Required to Carry Workers' Compensation Insurance?

All employers having one or more full or part-time employees are required to carry Workers' Compensation Insurance. Employers are required to post official notice of the compensation program in a prominent location at the workplace. The notice informs the employee of the name of the insurance company providing workers' compensation coverage for the employer, outlines the responsibilities of both employers and employees, and identifies all pertinent information required for filling out a claim form.

Who Pays?

The cost of workers' compensation insurance is borne entirely by the employer. If a claim is justified, the weekly benefits and all medical bills will be paid directly by the employer or their insurer.

The Benefits

The Workers' Compensation Laws direct that benefits are payable for the disability or death of employees caused by accidental personal injury that arises out of and in the course of their employment, including occupational disease. The benefits include:

Medical Benefits - Payment for hospitalization, surgery, medicine, physical therapy and other expenses relating to the injury. Medical benefits may continue as long as the injured employee's condition requires treatment.

Disability Benefits - There are four categories of disability benefits:

Temporary Total - is paid when the injured employee is recuperating and has not reached maximum medical improvement.

Temporary Partial - is paid when the injured employee has returned to employment (usually on light duty) and has not reached maximum medical improvement.

Permanent Partial - is paid when the employee's injury results in a permanent impairment.

Permanent Total - is paid when the injured employee is unable to perform any kind of employment in the labor market.

Death Benefits - Paid to dependents to aid with the loss of financial support. Dependents may also receive an amount to help with funeral expenses.

Vocational Rehabilitation - When the worker is unable to return to employment due to an injury, that employee may be entitled to vocational rehabilitation services. The ultimate goal is to return the employee to the level of employment that was held at the time of the injury.

Occupational Disease Benefits - Paid for certain disabilities in which an illness occurs in the workplace and is not related to accidental injuries.

The Workers' Compensation Commission makes use of many electronic tools to achieve our goals. Some of the technologies currently in use include:

Automated Docket Setting System

The Commission has developed and implemented a new Automated Docket Setting System to increase automation and decrease the need for human intervention. This automated system will allow WCC to settle cases and set dockets on a regional level much more quickly than in the past. In addition, the Docket Display system in our public area interfaces with our newly implemented Docket Setting System. Therefore, the monitors continually roll listing cases scheduled for hearing listing the court rooms where hearings will be held.

Video Playback System

Monitors and VCRs were installed in each of the 4 hearing rooms allowing commissioners to retrieve additional case information during a hearing.

Card Access System

A card access system was installed to control unauthorized access to areas within the Commission's facility. The system is networked and capable of handling future remote locations.

Web Page

The Commission continues to increase the efficiency of agency operations by creating downloadable forms from its web page. Web access provides hearing schedules, maps to the various hearing sites and regulation changes. The workers' compensation community can stay informed of important information and changes by accessing the Commission's web page which provides the following information:

- Hearing docket schedules,
- Downloadable Commission forms,
- Maps to hearing site locations throughout the state,
- Compensation rates for the past 10 years, and
- Other important information.

Public Data Network (PDN)

The Public Data Network service (PDN) allows approximately 500 authorized users such as attorneys and insurance adjusters to remotely dial in, perform database queries and view pending case information and documents. All data on our AS/400 is available with the exception of Medical Records.

Forms Processing

The Workers' Compensation Commission is currently implementing a three-phase plan to allow the online filing, processing, and distribution of various forms. Our phased implementation plan follows:

Phase 1 – Completed by the end of September, 2002

- Online Filing and processing of the Employer's First Report of Injury (IA-1)
- Online registering for web access
- Online viewing of claim related documents and data stored on FileNET document imaging & AS/400 systems with following functions: search for cases, view list of cases matching search, select a specific case and view related imaged documents, access AS/400 public data menus, retrieve various forms and documents, online user instructions/documentation.

Phase 2 – Completed by the end of October, 2003

Online filing and processing of the following forms using digital signature technology:

- Issues (H24R)
- Surgeons Report (SF-2)
- Request for Emergency Hearings (H26R)
- Request for Postponement of Emergency Hearing (H29R)
- Request for Rehearing (H27R)
- Request for Reconsideration / Modification (H30R)
- Request to Enter/Strike/Substitute (C23R)
- Request for Action on Filed Issues (Reg. For action on a claim) (H25R)
- Rehab Service Plan (VR-10R)
- Stipulated Rehab Plan (VR-1)
- Initial Rehab Service Referral (VR-7)
- Vocational Rehab Closure Report (VR-2)

Phase 3 – Completed by the end of September 2004

Automatically route the following forms to email accounts of registered users:

- Hearing Notices
- Appeal Notices
- C30 (Claim Notification)
- C40 (Notification to Insurers for contesting claim)
- C17 (notification to Employer for insurance information)

The online processing of the Employee's Claim Form and Medical Claim forms are optional tasks and can be implemented anytime over the course of the initiative when and if funding allows.

Upgrading

The Commission has converted from a token ring environment to an Ethernet environment, enhancing our move towards online accessibility. The network is supported by a fiber-optic backbone, providing each workstation and office with state of the art technology and processes necessary to do business online with the workers' compensation community.

We are able to connect to the National Council of Compensation Insurers in Boca Raton, Florida through the Internet.

An upcoming Web Enablement Project will provide access to appropriate material, while maintaining the privacy of sensitive information.

Each workstation within the Commission is equipped with the latest technology. The IT Division keeps all the systems operational.

Notice of Emergency Hearing Closings

The Commission has made changes to improve the dissemination of information regarding closings due to inclement weather or emergencies at hearing locations. The hearing notices now list a toll-free number for specific hearing sites.

Fiscal Year 2002 was a busy one for the Workers' Compensation Commission. We are proud to highlight the following accomplishments and improvements during the past fiscal year.

Enhancing

The 2000 Legislative session granted the Commission authority to establish regional hearing sites. The consolidation of locations will be accomplished in phases pending establishment of the regional sites. The Commission is currently using temporary facilities to accommodate the areas where the need is most urgent, and four sites are being considered in:

- Northern Region - Abingdon
- Southern Region - LaPlata
- Central Region - Calverton
- Western Region - has not been identified
- Eastern Shore Region- has not been identified

The Northern Region is targeted to be in operation by early winter.

Security

The Baltimore City location employs a full-time security staff for the 4th floor hearing rooms. Our two security officers are retired Maryland State Troopers who were formerly assigned to the Executive Protection Unit in Annapolis.

Improving

The Commission revised its continuance procedures thus allowing us to hear the maximum number of cases with a minimum amount of delay. In addition, guidelines have been implemented to ensure that decisions are rendered by a Commissioner within 20 days from the date of the scheduled hearing.

Meetings

Public meetings were held at the Commission regarding proposed changes to Regulations for Average Weekly Wage and Procedural Regulation regarding Local Office requirements for Insurers.

Forms and Reports

The Request for Employer Designee to Receive Notice of Employee Claims (H23R) form has been revised. We have also revised the Subpoena/Subpoena Duces Tecum. The Maryland Medical Fee Guide is also in the process of being updated.

Parking

The Commission has, with the cooperation of the Baltimore City Parking Authority, secured two passenger unloading spaces at the entrance to our 10 East Baltimore Street Offices for the drop-off of handicapped claimants having a hearing at the Commission.

The Workers' Compensation Commission has established committees to study various issues and make recommendations to the Commission.

The Workers' Compensation Commission works with various professional associations to increase communication, gather information, and ultimately, improve the Maryland Workers' Compensation System. The following information highlights various associations we worked with during Fiscal Year 2002.

Medical Fee Guide Committee

Chairman Thomas Patrick O'Reilly established the Medical Fee Guide Revision Committee to review the methodology applied to regularly review physician fees. The Committee is charged with the responsibility of recommending to the Commission a method for both developing and regularly updating a multiplier to be used with the CPT codes. The Committee is also charged with the responsibility of recommending to the Commission the best approach for publishing, distributing and updating the fee guide on an annual basis. Committee members equally represent both the payers and receivers of health care services. The progress of the Medical Fee Guide Revision Committee is available on the Commission's web page.

The Vocational Rehabilitation Committee

Chairman O'Reilly established the Vocational Rehabilitation Committee to develop a process for selecting a vocational rehabilitation service provider for the Maryland injured worker. The Committee was to ensure the selection process was accomplished in a fair and reasonable manner that ensures both independence in selection as well as quality of services. The minutes of the Committee's meetings are on the Commission's web page and the public will have the opportunity to provide input to the committee. The Committee's recommendations are completed and have been presented to the Commission for review and consideration.

Occupational Disease Committee

Chairman O'Reilly established the Occupational Disease Committee at the suggestion of Chairman Michael Busch of the House Economic Matters Committee. This Committee's key role is to study and make recommendations to the legislative committee of the occupational disease statute related to blood and airborne diseases. The committee is chaired by retired Circuit Court Judge Carroll Byrnes.

Maryland Workers' Compensation Educational Association

The Maryland Workers' Compensation Educational Association (MWCEA) was established in 1984 to provide an opportunity for individuals and organizations to participate in educational activities designed to improve the Maryland Workers' Compensation System. The Board consists of thirteen organizations and associations within the Workers' Compensation Community. The Commission is a charter member of the Association and continues to serve as an active participant. The theme of the 17th Annual MWCEA Conference was "Professionalism, Collegiality and Civility Through Communication." Over 800 participants attended the three-day conference in Ocean City, Maryland. Chairman O'Reilly and the Commissioners were major contributors, served as presenters and moderated many of the workshops and general sessions. Commission staff also participated in the conference answering questions regarding Commission rules and procedures and advising attendees of the information available on the Commission web page.



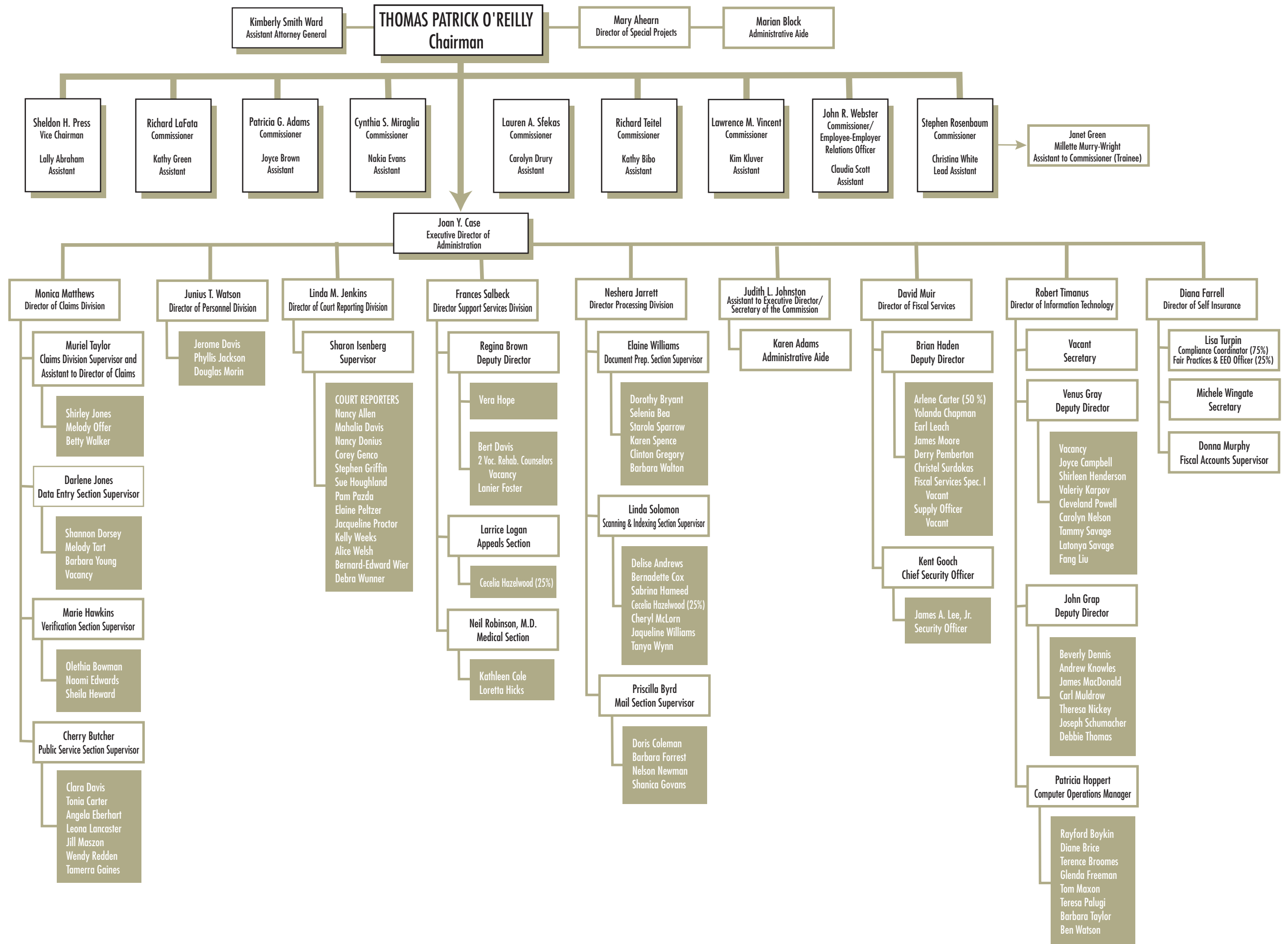
Task Force on Rehabilitation for the Injured Worker

The Task Force on Rehabilitation for the Injured Worker was created in 1983 to provide an educational forum and promote better communication between parties regarding rehabilitation services for the Maryland injured worker. The Commission is a charter member of the Task Force and continues to be an active participant. The membership consists of 15 organizations and associations within the workers' compensation community. Each member organization is responsible for assigning a representative to serve on the Task Force. The Task Force has developed a "Good Practice Manual" and other educational materials to promote good rehabilitation service guidelines for professionals and interested parties. The theme of the 18th Annual Conference was "Workers' Compensation Ethics." Commissioner Miraglia represented the Commission on the panel. The Commission's rehabilitation staff participated in the one-day conference, which attracted over 250 professionals.

Southern Association of Workers' Compensation Administrators

The Commission has been a member of the Southern Association of Workers' Compensation Administrators (SAWCA) since 1964. SAWCA is an association composed of 19 state workers' compensation commissions and boards. The Commission has held leadership positions in this Association with representatives serving on the Executive Board and as President. Directors at the Commission also serve as active members on the Information Technology, and Self Insurance Committees. The Director of Support Service serves as chair of the Medical/Rehabilitation Committee and the Commission's Executive Director serves as chair of the Administration and Procedures Committee.





Other Professional Associations

The Commissioners and staff were actively involved in providing information statewide to the Workers' Compensation Community in Fiscal year 2002. The Commissioners participated in statewide workshops, seminars and conferences, sponsored by the following organizations:

- Maryland State Bar Association
- Baltimore Trial Lawyers Association
- American Insurance Executives
- Howard County Women's Bar Association
- Maryland Law Association
- The Montgomery County Bar Association

The Commissioners and staff participated in conferences with the following organizations:

- Maryland Institute for Continuing Professional Education of Lawyers (MICPEL)
- Maryland Workers' Compensation Educational Association (MWCEA)
- Chesapeake Association of Rehabilitation Professionals in the Private Sector (CARPPS)
- Maryland Rehabilitation Association (MRA)
- The Task Force on Rehabilitation for the Injured Worker
- The Southern Association of Workers' Compensation Administrators (SAWCA)
- Maryland Association of Counties (MACO)

Commissioners and staff also participated in informational meetings with insurance companies, rehabilitation companies, nursing organizations and other professional groups and associations.

The MWCEA's Al Porth Award is proudly displayed in the Commission lobby area. The first recipient, Martin E. Gerel, Esq., attended the unveiling ceremony on April 18, 2002 with Mrs. Porth and family.



Maryland Legislature

The Commission has been active in working with Maryland Legislators. Chairman O'Reilly and Commissioner Lafata conducted a briefing for the legislative staff on workers' compensation processes in Maryland. The commissioners attended all Senate and House of Delegates public meetings regarding workers' compensation matters.

The following information highlights legislation passed during Fiscal Year 2002 pertaining to the Maryland Workers' Compensation Commission.

Modification of Awards

House Bill 1318 (passed) clarifies that, except in specified cases involving fraud, the Workers' Compensation Commission may not modify an award unless the modification is applied for within five years after the latter of:

- the date of the accident;
- the date of disablement; or
- the last compensation payment.

The first two time constraints are added to a provision in current law that requires the modification to be applied for within five years of the date of the last compensation payment. The intent of the bill is to address the situation when no wage compensation is paid. Medical benefits awarded from a claim are lifetime benefits.

Workers' Compensation Commission Budget Process

Senate Bill 772 (passed) creates a 12-member advisory committee appointed by the Governor to review the annual proposed budget of the Workers' Compensation Commission. Committee members will represent business, labor, insurance, vocational rehabilitation, medical, and legal interests. The committee is required to report annually to the Governor, who must give due consideration to the recommendations. Senate Bill 772 also creates a special fund to pay specified costs and expenses of the Commission prior to an assessment on insurers to reimburse the special fund. The State Treasurer is custodian of the continuing, nonlapsing fund and must deposit payments received from the commission into the fund. The bill specifies that, unless otherwise provided by law, no part of the fund may revert or be credited to the general fund or another special fund. The commission will continue to pay all fines and penalties collected into the general fund.

Principal Contractor Liability

House Bill 491 (passed) provides that a principal contractor is not liable to pay workers' compensation to an individual who is a sole proprietor subcontractor if the individual does not notify the principal contractor of the individual's status as a covered employee and does not elect to be a covered employee.

Further, House Bill 491 states that an individual is presumed to be a sole proprietor who is not a covered employee if:

- a substantial part of the individual's income is from work for which a principal contractor has engaged the individual and from which the individual has attempted to earn taxable income; and
- the individual notifies the principal contractor that the individual has not elected to become a covered employee or the individual has filed the appropriate IRS Form 1040, Schedule C or F, for the previous taxable year.

Both notifications must be made on a form approved by the Workers' Compensation Commission.

Construction Carve Out

The repeal of the termination date for the "construction carve out" was approved in Senate Bill 522 (passed). The "construction carve out" authorizes an employer and a recognized bargaining representative of employees under the purview of the Building and Construction Trade Council to adopt an alternative dispute resolution system for workers' compensation claims as part of a collective bargaining agreement. The legislation which originally established the carve out provisions (Chapter 591 of 1997) had a termination date of September 30, 2002.

Partly Dependent Individuals

House Bill 887 (passed) modifies the calculation for payment of weekly death benefits to partly dependent individuals and increases the maximum amount of death benefits that may be received by partly dependent individuals from \$45,000 to \$60,000.

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.

The Oversight Committee also monitors, reviews and comments 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.

2002 Membership Roster

Senator Arthur Dorman	Presiding Chairman
Delegate Van T. Mitchell	Co-Chairman
Delegate Tony E. Fulton	
Senator Jean W. Roesser	
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	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 LaFata, Commissioner	Workers' Compensation Commission - Ex-Officio
Tami Burt	Committee Staff
Kristin Jones	Committee Staff
Shannon McMahon	Committee Staff



Processing Division

This Division is responsible for processing all incoming paper documents in an efficient, accurate and expedient manner in accordance with the Workers' Compensation Commission's mission statement. This division is considered the "Alpha and Omega" of the Commission's paper processes.

The Processing Division is comprised of three sections: Mail Section, Document Preparation Section and Scanning & Indexing Section. These three sections are responsible for the paper-to-imaging processes for all incoming documents:

- Mail Section receives and routes approximately 100,000 pieces of mail each month.
- Document Preparation Section prepares all documents received for scanning into the Commission's electronic imaging system.
- Scanning & Indexing Section scans, indexes and commits all paper documents to the imaging system.

Department Infrastructure:
Director - Neshera A. Jarrett

Mail Room

- (1) Service Supervisor
- (4) Office Clerk II
- (1) Office Clerk I

Document Preparation

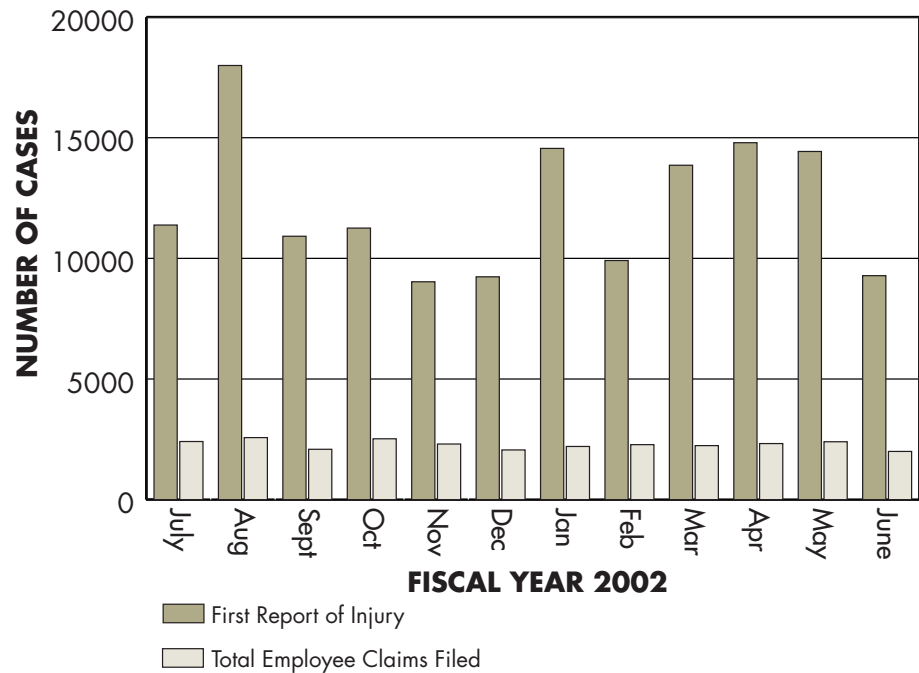
- (1) Office Supervisor III
- (1) Office Supervisor I
- (5) Office Clerk II

Scanning & Indexing

- (1) Data Device Supervisor II
- (6) Data Processing Tech II
- (1) Office Clerk



ACCIDENT REPORTS AND CLAIMS



The total number of "First Report of Injury" in 2002 was 146,645. This is 12,750 fewer than in 2001. A total of 27,407 "Employee Claims" were filed in 2001. Twenty seven of those claims were fatal claims. That is 18 more fatal claims than 2001.

This Division is responsible for coding, verification of insurance, data entry and case review. The Claims Division's goal is to continue to provide prompt and accurate services to the public and to process documents that require immediate attention within 24 hours. The Claims Division is responsible for reviewing, analyzing, routing and efficiently processing hundreds of documents on a daily basis. The Claims Division is comprised of four sections:

- Public Service staff greets the public and seeks answers to all their inquiries.
- Verification staff reviews and verifies the insurer, the employer's identification codes and attorney codes.
- Data Entry staff takes appropriate action on incoming mail via the data systems.
- Claims Services staff reviews and processes various types of documents and handles inquiries from all parties about the claims.

Department Infrastructure:
Director - Monica Matthews
Public Service Section
 (1) Supervisor
 (7) Office Services Clerk
Verification Section
 (1) Supervisor
 (3) Case Reviewer II
Data Entry Section
 (1) Supervisor
 (3) Data Processing Tech II General
Claims Services Section
 (1) Supervisor/Assistant to Director
 (1) Case Reviewer Supervisor
 (2) Case Reviewer II



Claims filed by Residence of Claimant

Counties	Totals	Counties	Totals
Anne Arundel County	2,452	Howard County	584
Allegany County	398	Kent County	89
Baltimore County	4,579	Montgomery County	2,306
Baltimore City	5,123	Prince Georges County	3,096
Caroline County	184	Queen Anne's County	207
Cecil County	342	St. Mary's County	330
Charles County	466	Somerset County	102
Carroll County	766	Talbot County	87
Calvert County	359	Washington County	803
Dorchester County	177	Wicomico County	432
Frederick County	958	Worcester County	197
Garrett County	149	Out Of State Claims	2,003
Harford County	1,218		
	Total		27,407

Hearing Division

The Hearing Division consist of the Commissioners, the Assistants to the Commissioners and the Assistant Trainees. The primary job of the Commissioners is to preside over hearings and decide issues in dispute. In addition to hearing and deciding cases, the Commissioners set Commission policy, adopt regulations and forms and are intimately involved in the operation of the Agency. The Commissioners also participate in a variety of educational conferences and seminars.

Department Infrastructure:
Chairman
Thomas Patrick O'Reilly
Vice Chairman Sheldon H. Press
 (8) Commissioners
 (3) Recall Commissioners
 (1) Lead Commissioner Assistant
 (8) Commissioner Assistants
 (1) Commissioner Assistant Trainee
 (1) Commissioner Assistant Trainee/
 Receptionist



Each Commissioner receives administrative support from their Assistant who serves as the Commissioners liaison to the public and assumes responsible for the daily operation of the Commissioner's office. The Assistants also prepare and process all legal documents, including the Orders, which incorporate the Commissioners' decisions. Along with learning the duties of the position and performing other clerical tasks, the Assistant Trainees provide support to the recall Commissioners and Assistants as needed.

Performance Measures/Performance Indicators

Inputs	FY 2001	FY 2002
Employee Claims filed	28,421	27,407
Employer First Reports filed	159,395	146,645
Outputs		
Hearings Set During Period	41,145	41,435
Stipulated Awards	2,690	2,302
Rehabilitation Stipulated Orders	413	719
Outcome of Cases		
Compromised Agreements Approved	8,733	8,822
Cases Appealed to Circuit Courts	2,244	2,229
Injured Workers Returned to Employment following rehabilitation and/or case management	1,633	1,976

This Division consists of 13 court reporters who are responsible for producing accurate transcripts of the proceedings for appellate purposes, third-party litigation, re-openings, fraud investigations and general requests by other parties of interest.

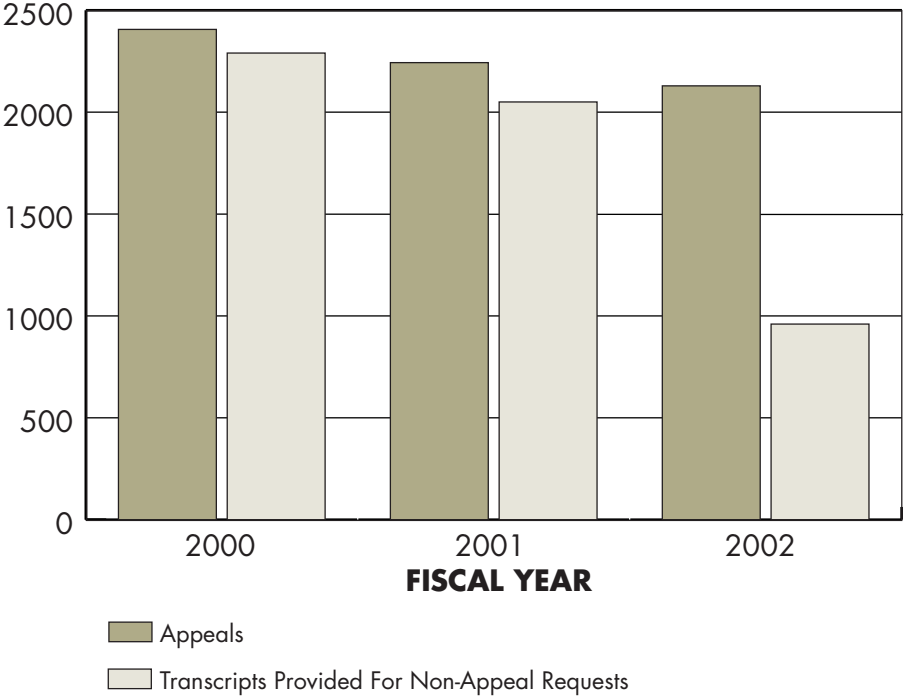
Department Infrastructure:
Director – Linda Jenkins
(1) Supervisor/Court Reporter
(13) Court Reporters

The Court Reporting Division is responsible for making a verbatim record of all Workers' Compensation Commission hearings held in Baltimore City and at the various regional sites in Maryland. The Division oversees the safekeeping and preparation of records in conformance with the laws of Maryland for a period of 15 years from the date of the hearing.

The reporter identifies all parties of record who appear before the Commission, marks all exhibits entered at Commission hearings, prepares accurate transcripts in accordance with all statutory time requirements and forwards copies to the Circuit Court and to all parties involved in an appeal. Commission hearings are quasi-judicial proceedings, which involve extensive legal and medical terminology.



TRANSCRIPTS PROVIDED FOR APPEALS



In fiscal year 2002, the Division received 2,129 appeal notices for which it provided transcripts to the Circuit Courts and all parties of record. In addition, the Division prepared 960 transcripts for non-appeal related requests. The past three years of reporting are illustrated in this chart.

Support Services Division

This Division manages all medical issues submitted to the Commission, mails copies of case files and transcripts to the Circuit Court, certifies and registers rehabilitation services providers/organizations, and monitors all rehabilitation activities pursuant to the Maryland Workers' Compensation Law.

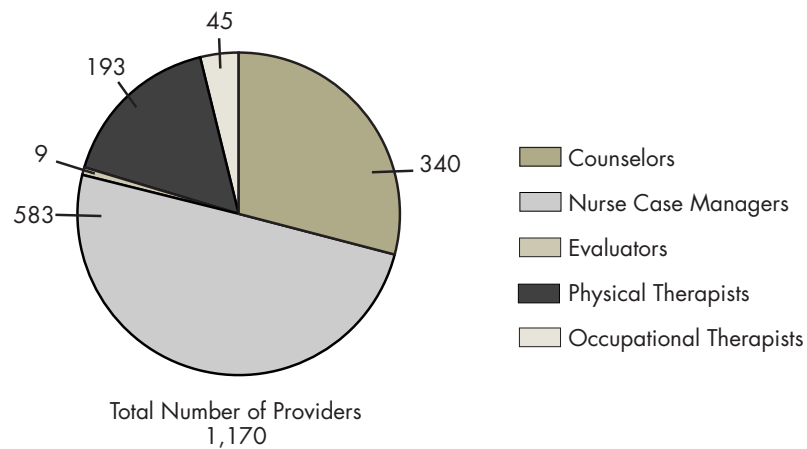
The Support Services Division consists of the Rehabilitation Section, Appeals Section and the Medical Section. Their responsibilities are as follows:

- Rehabilitation Section registers vocational rehabilitation service providers of vocational rehabilitation services every two years and certifies vocational rehabilitation service providers for three years. The section oversees the activities of the rehabilitation service providers and monitors the status of rehabilitation of claimants by reviewing reports, evaluations and rehabilitation plans. Staff participate in creating and modifying legislation regarding the rehabilitation process.
- Appeals Section mails copies of case files and transcripts of hearings to the Circuit Court, processes Circuit Court orders and maintains computer records of court actions.
- Medical Section processes health providers' claims for payment and issues orders for payment. Staff review and refer medical evaluations per the Commissioner's order and maintain the Workers' Compensation Commission's Guide to Medical & Surgical Fees. The medical examiner serves on the Medical Fee Guide committee. The Medical Fee Guide committee members include three doctors, a representative for industrial clinics, a physical therapist, a self-insurer, three attorneys and an insurer representative. This Committee also prepares, updates and reviews the Maryland Medical Fee Guide.

Department Infrastructure:
Director - Frances Salbeck
Deputy Director- Regina Brown
 (1) Administrative Specialist
Rehabilitation Section
 (2) Rehabilitation Specialist
 (2) Secretary
Appeals Section
 (1) Administrative Specialist
 (1) Clerical Assistant
Medical Section
 (1) Medical Examiner
 (1) Medical Claim Reviewer
 (1) Medical Secretary



NUMBER OF VOCATIONAL REHABILITATION SERVICE PROVIDERS CERTIFIED BY THE WORKERS' COMPENSATION COMMISSION



In FY 2002, a total of 1,170 certified rehabilitation service providers are on record with the Workers' Compensation Commission.

The Insurance Division's main function is to monitor individual self-insured employers, government self-insurance groups and approved service companies for compliance with State laws, rules, regulations and the Commission's policies and procedures. Applications for the privilege of self-insurance are processed to guarantee that the employer is financially able to pay compensation. Thereafter, a recommendation is made to the Commission to approve or disapprove the application. Self-insurance is continuous until revoked or withdrawn. Each self-insured employer is required to secure payment of compensation by depositing security with the Commission. As of June 30, 2002, there were 110 employers approved with this status.

Department Infrastructure:

Director - Diana E. Farrell

(1) Fiscal Accounts Supervisor II

(1) Office Secretary III

(1) Compliance Coordinator/EEO Officer

The Insurance Division also processes applications for approval to represent self-insured employers and makes recommendations for approval or disapproval to the Commission. The approval must be renewed annually. As of June 30, 2002, there were 28 service companies approved to represent self-insured employers. If a self-insured employer chooses to process workers' compensation claims "in house," the Division decides whether their processing function meets Commission requirements. Applications for certificates of compliance and insurance review filings are processed for approval or disapproval.



Information Technology Division

This Division deals with all data processing activities, systems and programs, networking, technical support, operations, system security, workflow management and maintenance of the Commission's web site.

The IT Division maintains a public data network for the workers' compensation community. The network has inbound and outbound facsimile capacities. The Commission's Web site (www.wcc.state.md.us) has more than 30 linked pages of current information. The Commission uses three automated systems to gather, process, and distribute information to the appropriate Commission staff:

- File Net is an electronic depository where all claims and case documents are scanned, indexed and assigned;
- AS400 stores information related to hearings. This information consists of claimant, attorney, employer and employment information, fiscal and personnel information, and provides support to the Subsequent Injury Fund (SIF) and the Uninsured Employers' Fund (UEF)
- Workflow routes each document to the appropriate Commission staff member for review and action.

IT continues to meet the Commission's challenges by expanding its perspective in computer technology and ensuring compliance with the State's security policies by making sure that all technology materials and services meet State law.

Department Infrastructure: Director - Robert G. Timanus System & Programming

- (1) Assistant Director
- (1) Web Master
- (1) Program Supervisor
- (1) Lead Programmer
- (1) Programmer/Analyst
- (1) Administrative Specialist
- (1) Case Reviewer

Communications, Tech Support, Statistics, Office Automation & FileNet Section

- (1) Assistant Director
- (1) Supervisor
- (1) Administrative Specialist
- (1) Secretary
- (1) Clerical Assistant
- (2) Communication Tech
- (4) Programmers

Computer Operations

- (1) DP Tech Support Specialist
Supervisor
- (8) Computer Operators



This Division is made up of three full time staff members who perform a full range of personnel activities assuring adherence to all relevant rules, regulations, processes and procedures.

Department Infrastructure:
Director - Jonius T. Watson Jr.
(1) Office Secretary II
Training
(1) Administrative Officer I

The Personnel Division is the first point of contact at the Commission for personnel-related matters and is directly responsible for providing assistance to all staff within the Commission. This Division is responsible for recruitment and retention, hiring, benefits, position classification and compensation, performance evaluation, training and staff development.

The Personnel Division assures that there is a common understanding of the Commission's personnel priorities and requirements, that documentation of personnel actions are processed 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) and that proper procedures are followed. All personnel actions are subject to approval/audit by the State of Maryland's Department of Budget and Management, Office of Personnel Service and Benefits.

Understanding that people are the Commission's most important resource, the Personnel 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.

The Training Unit component of the Personnel Division serves to facilitate the enhancement of professional growth and development of all employees.



Fiscal Services Division

The Fiscal Services Division is responsible for the development and implementation of the Commission's annual budget of approximately 11 million dollars.

The Fiscal Services Division manages all financial functions, including budget preparation accounts receivable, accounts payable, financial reporting, procurement, fixed assets control, time keeping and payroll. The Division also administers the telecommunications system and oversees facility-related matters such as supply and form management, vehicle operations, building maintenance, and security.

Another important aspect of the Division's work involves the annual special tax on insurance carriers, and self-insured employers that funds the operation of the Commission and the Occupational Safety and Health Program under the Department of Labor, Licensing, and Regulation. This tax is based on the total insured payroll in Maryland. Insurance firms and self-insured employers report their payroll to the Fiscal Services 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 Commission and the Occupational Safety and Health Program completely self-supporting.

Department Infrastructure:

Director - David Muir

Deputy Director - Brian Haden

(1) Agency Procurement Specialist
Lead

(1) Administrative Specialist

(1) Administrative Aide

(1) Fiscal Account Clerk

(1) Accountant

(1) Services Specialist

(2) Security Officers

(1) Service Worker



Assistant Attorney General

The Assistant Attorney General assigned to the Worker's Compensation Commission provides general legal advice regarding personnel, contractual, procurement, litigation, legislative and regulatory issues.

In the past year, our Assistant Attorney General has:

- Successfully defended 3 suits in court.
- Advised the WCC with regard to the notification, publication and adoption of regulations.
- Helped develop our Equal Employment Opportunity program including holding seminars for all employees.
- Helped develop the overall employee/employer relations and grievance procedures.
- Handled miscellaneous court-related issues such as subpoenas or disposition notices served upon Commissioners

The Assistant Attorney General also advises the WCC with regard to the Public Information and Open Meetings Acts.

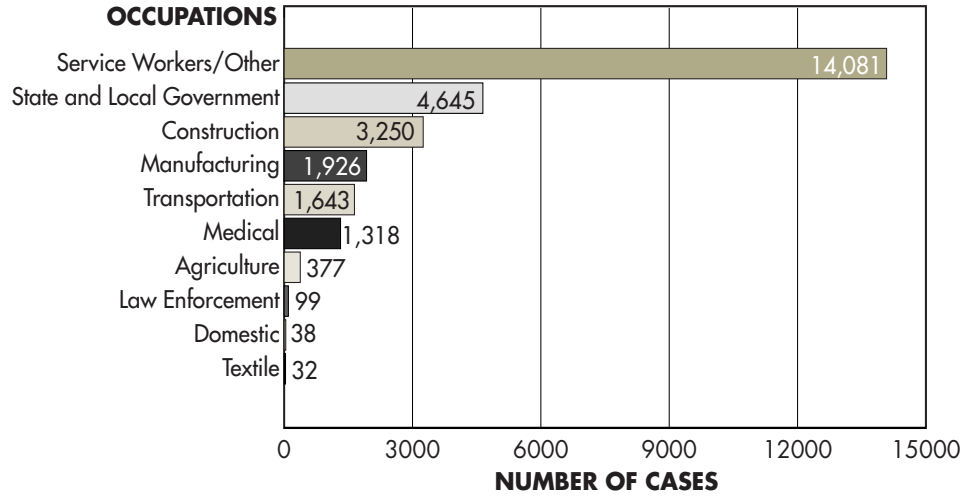
All workers' compensation insurance policy forms are reviewed by the Assistant Attorney General for conformity with Maryland workers' compensation law.



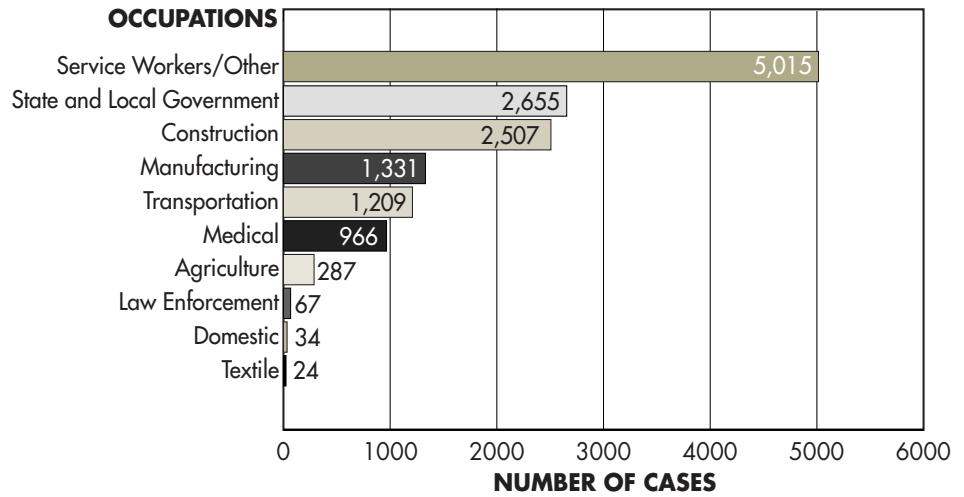
Kimberly Smith Ward
Assistant Attorney General

Industrial Classification Lost - Time Claims

TOTAL NUMBER OF CLAIMS BY OCCUPATION



TEMPORARY TOTAL DISABILITY BENEFITS BY OCCUPATION*

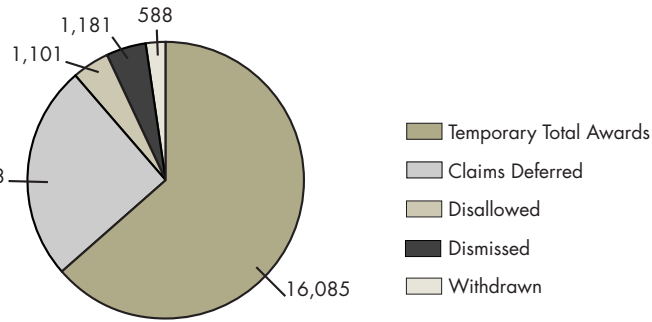


* These benefits are paid when the injured employee is recuperating and has not reached maximum medical improvement

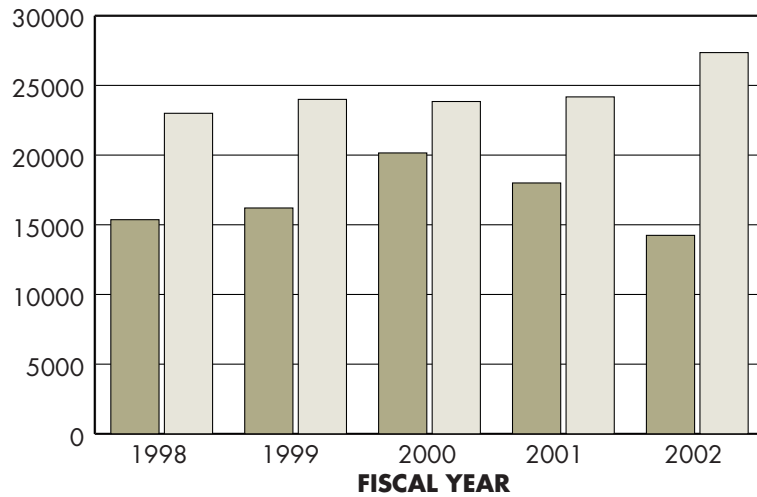
Hearing Division

COMPARISON OF INSURANCE COMPANY INITIAL AWARDS

This chart outlines the various types of initial awards.



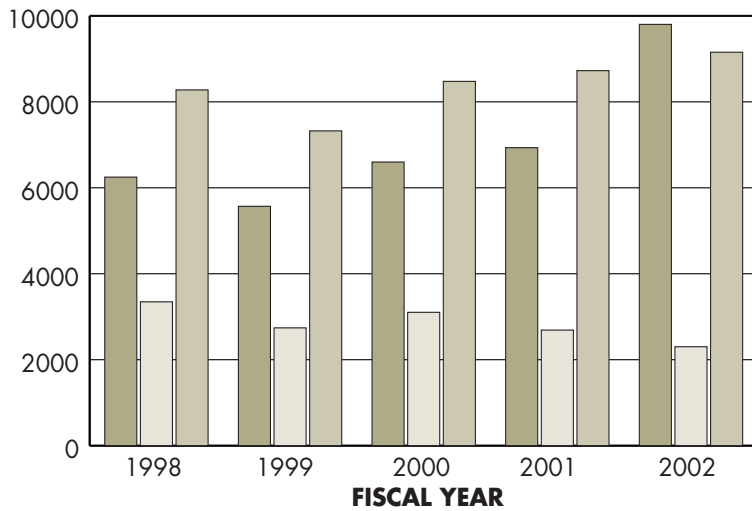
COMPARISON OF HEARINGS IN BALTIMORE CITY vs. OTHER COUNTIES



The number of hearings in Baltimore City as compared to the county locations.

■ Baltimore City Hearings
 ■ Other County Hearings

COMPARISON OF PERMANENCY AWARDS



A comparison of permanency resolutions by stipulation, settlement or Commission Order

■ Commission Ordered Permanency Awards
 ■ Stipulated Awards
 ■ Settlement Agreements

MARYLAND WORKERS' COMPENSATION COMMISSION

10 East Baltimore Street
Baltimore, MD 21202-1641

410.864.5100

1.800.492.0479

Maryland Relay 1.800.735.2258 for the hearing impaired

FAX 410.864.5101

e-mail: info@wcc.state.md.us

<http://www.wcc.state.md.us>

Equal Employment Opportunity

The Workers' Compensation Commission is committed to the fair and equitable treatment of all of its employees. The agency sets high performance standards for the position of the Equal Employment Opportunity Officer requiring the utmost integrity and honesty in the execution of all of the duties and responsibilities of the area.