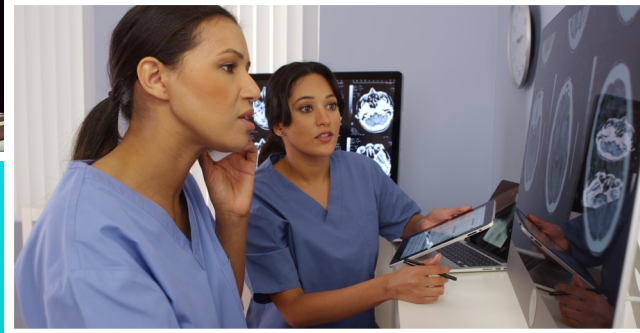


MARYLAND WORKERS' COMPENSATION COMMISSION



ANNUAL REPORT

fiscal year 2016



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

R. Karl Aumann, Chairman
Mary K. Ahearn, Chief Executive Officer

MARYLAND WORKERS' COMPENSATION COMMISSION

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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 workers and their employers, by providing an efficient forum for the resolution of individual claims.

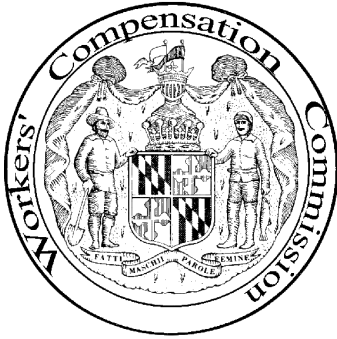
VISION

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.

Equal Opportunity Employer

The Workers' Compensation Commission continues to acknowledge and accept its commitment to equal opportunity for all current and prospective employees as well as its clients.

LETTER FROM THE CHAIRMAN



With my fellow Commissioners and our outstanding staff, it is a privilege to present the Maryland Workers' Compensation Commission's FY 2016 Annual Report. Pursuant to the legislative mandate in LE 9-312, this publication covers our fiscal year running from July 1, 2015 through June 30, 2016. We take sincere pride in serving the citizens of Maryland and these results are reflected in the work outlined in this report.

The Commission staff is committed to excellence and is focused on their efforts to perform their responsibilities. The professionalism and technical acumen of our team is what makes the agency operate smoothly and effectively. It is the foundation of why Maryland's workers' compensation system operates at a level rarely seen elsewhere in the United States.

This overview is an excellent resource for every stakeholder in the workers' compensation community. It is posted on our website to ease its availability to the public. The information included in it is extensive and gives specific insight to the facts and trends affecting the Maryland system. Special thanks go out to Amy S. Lackington and her colleagues for their work on the report.

On behalf of the entire Commission, I extend my gratitude to our indispensable partners and leaders in government. Governor Larry Hogan and the General Assembly have been stalwart supporters. I also appreciate the immeasurable help from the Legislative Oversight Committee, the Maryland Workers' Compensation Education Association, the Medical Fee Guide Committee, and the Budget Advisory Committee. Collectively, we are able to better serve the entire community.

Sincerely yours,

A handwritten signature in black ink, appearing to read "R. Karl Aumann". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

R. Karl Aumann

THE COMMISSION AT A GLANCE

The Maryland Workers' Compensation Commission (the "Commission" or "WCC") is an Independent Agency within the Executive Branch of Maryland State Government. *See generally*, Md. Code Ann., Labor and Employment Article ("LE"), §§ 9-101 - 9-1201. Appointed by the Governor with Senate advice and consent, the Commission's ten members serve twelve-year terms. LE § 9-302. The Governor names the chair. LE § 9-303.

Under Administration, work of the WCC is carried out by three offices: Finance, Information Technology, and Operations.

- a. Finance oversees Fiscal Services; Insurance Programs, Compliance and Reporting; Personnel; and Document Processing and is aided by the Budget Advisory Committee.
- b. Information Technology oversees Software & Database Development, Systems & Networks, Information Security, Datacenters and Technical Customer Support.
- c. Operations oversees Court Reporting, Hearings, Claims/Case Processing, Interpreter Services, Public Service, Appeals and Support Services (Medical Fee Guide Publisher, Vocational Rehabilitation Certification and Registry).
- d. WCC also is aided by the Advisory Committee on the Registration of Rehabilitation Practitioners, and the Medical Fee Guide Revision Committee.

The WCC administers the Workers' Compensation Law and adjudicates claims for compensation arising under the law. *See generally*, Md. Code Ann., Labor and Employment Article ("LE"), §§ 9-301 - 9-316. Reports of accidents are received and processed by the WCC which hears contested cases throughout the State. Claimants requiring rehabilitation are referred by the Commission to appropriate rehabilitation service providers.

Employers file a First Report of Injury form with the Commission after a qualifying employee injury occurs. If the injured worker files a claim for benefits within the statutory time limits, an Employee Claim/case file is created. Employee Claims for benefits may also be filed for occupational disease under specialized statutory

definitions. Although not directly subject to HIPAA as a covered entity or trading partner, WCC adheres to strict data privacy protections. Access to non-public data and document images is restricted.

The Commission functions similarly to a judicial system in adjudicating the disputed claims of injured workers in Maryland. A case may be set for one or more hearings before a Commissioner. The Commissioner makes decisions based on issues raised and creates Commission orders. Appeals of Commission decisions are sent to one of Maryland's 24 county or municipal circuit courts. The WCC is required to provide certain notifications to parties and, on request, case related documents to the circuit courts.

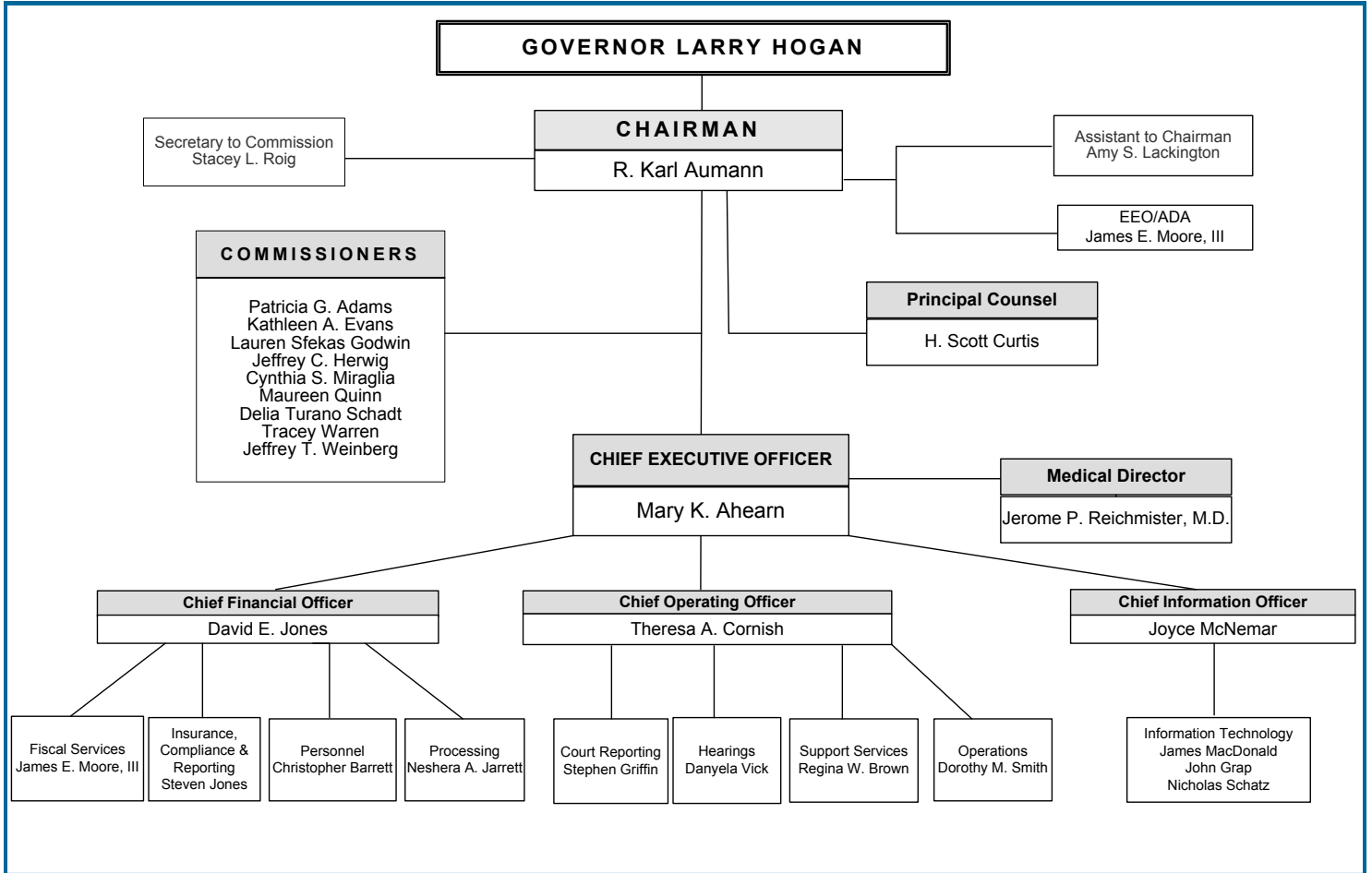
The WCC schedules and conducts hearings at multiple hearing sites strategically located across the State. Hearing sites are located in Abingdon, Baltimore City, Beltsville, Cambridge, Cumberland, Frederick, and LaPlata. Commissioners rotate among the hearing locations. The WCC coordinates and schedules language and hearing interpreters for case hearings. The interpreter service is available upon request by a party in the case at no charge to the parties. Interpreters are sourced from a combination of in-house and outside services.

The Commission also:

- Tracks and orders employer compliance with workers' compensation insurance requirements.
- Processes attorney registrations for admission to worker's compensation law practice in Maryland.
- Assesses insurers for amounts based on the size of employer payrolls in Maryland for which they have written workers' compensation insurance policies.
- Oversees the self-insurance program and tracks the financial health of self-insured employers and establishes security deposit requirements.
- Registers and certifies vocational rehabilitation practitioners and providers and tracks their continuing education.
- Updates and publishes an annual medical fee guide and handles medical fee dispute resolution. The Commission maintains internal subject matter expertise and internal consultative services on workplace injury related medical topics.

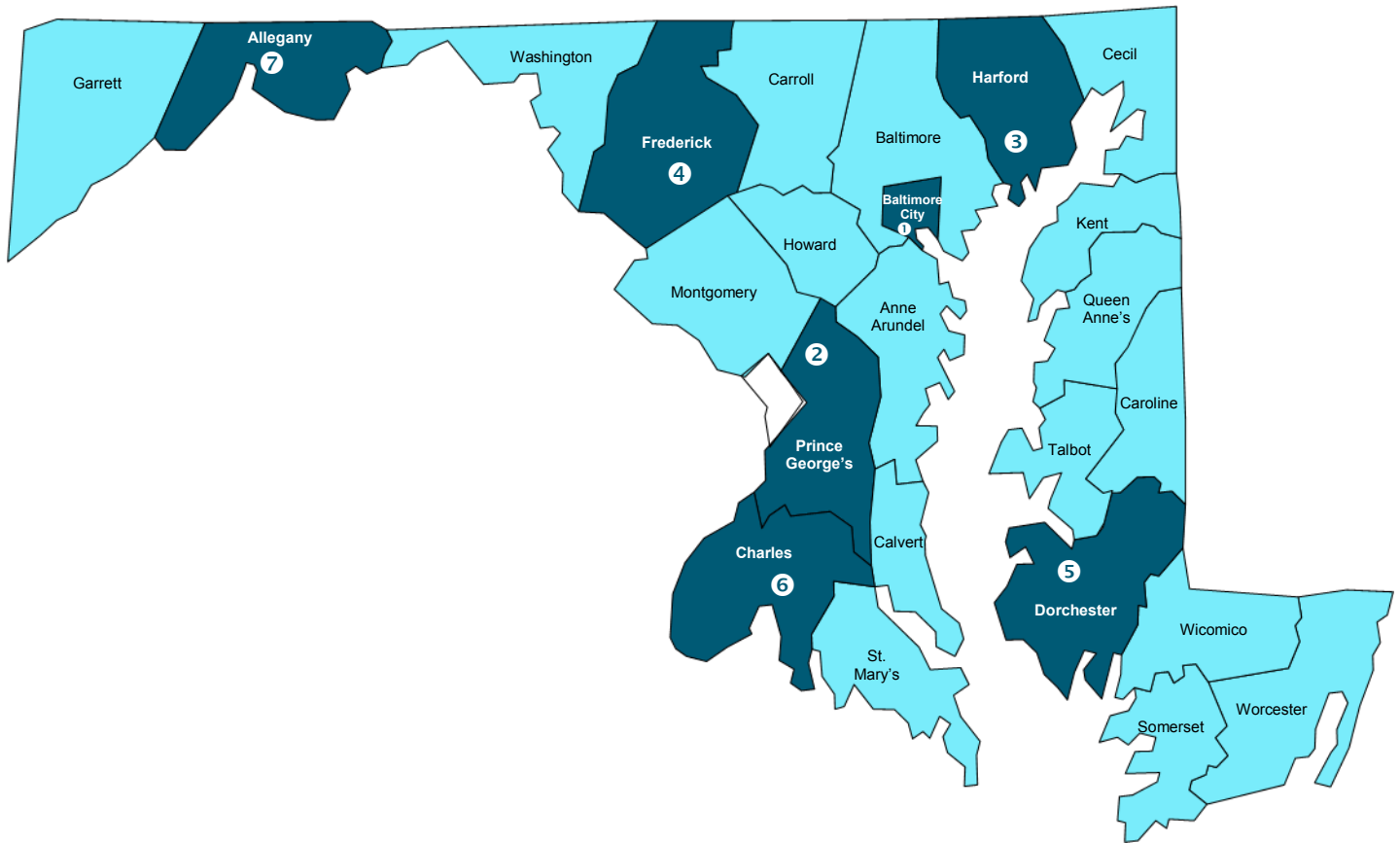
ORGANIZATIONAL CHART

Workers' Compensation Commission



Pictured (left to right) David Jones, Christopher Barrett, Theresa Cornish, Neshera Jarrett, Mary Ahearn, Joyce McNemar, Steven Jones, Amy Lackington, Regina Brown, Danyela Vick, Stephen Griffin, and Stacey Roig.

HEARING SITE LOCATIONS



1. BALTIMORE CITY
Commission Offices and Hearing Rooms
10 East Baltimore Street, 4th Floor
Baltimore, MD 21202

2. CENTRAL REGIONAL
4780 Corridor Place, Suite D
Beltsville, MD 20705

3. NORTH EAST REGIONAL
3465 Box Hill Corporate Center Drive, Suite E
Abingdon, MD 21009

4. NORTH WEST REGIONAL
1890 N. Market Street, Suite 200
Frederick, MD 21701

5. EASTERN REGIONAL
828 Airpax Road, Building B, Suite 400
Cambridge, MD 21613

6. SOUTHERN REGIONAL
403 East Charles Street
La Plata, MD 20646

7. WESTERN MARYLAND
Comfort Inn & Suites
1216 National Highway
Cumberland MD 21502

BIOGRAPHIES

R. Karl Aumann, *Chairman*



R. Karl Aumann was appointed to the Maryland Workers' Compensation Commission in February 2005, and subsequently named Chairman in October of that year. Immediately prior to this appointment, he served as Maryland's Secretary of State. He earned a B.A. from Loyola University in Maryland in 1982 and his J.D. in 1985 from the University of Baltimore, School of Law. Chairman Aumann was an associate with the Towson firm of Power & Mosner and later with the Baltimore office of Miles & Stockbridge. In 1991, President George H.W. Bush appointed him Counsel and Senior Policy Advisor to the Appalachian Regional Commission. From 1994 until 2003, Chairman Aumann

served as Chief Administrator and District Director for Congressman Robert Ehrlich. He is a Board member and past-president of the Southern Association of Workers' Compensation Administrators and is co-chair of the Dispute Resolution Committee of the International Association of Industrial Accident Boards and Commissions. Elected as a Fellow of the College of Workers' Compensation Lawyers in 2015, he has also served since 2010 on the board of the National Association of Workers' Compensation Judiciary, and since 2006 on the Maryland Workers' Compensation Educational Association board of directors.

Mary K. Ahearn, *Chief Executive Officer*



Mary Ahearn was appointed Executive Director of the Workers' Compensation Commission in 2003, and has been a member since 1999. She graduated summa cum laude from the College of Notre Dame with a Bachelor of Arts in Business with a dual emphasis in Management and Human Resource Management. She was a member of the national graduate honor societies Kappa Gamma Pi and Delta Mu Delta. She is a past president of the Southern Association of Workers' Compensation Administrators

(SAWCA) and is a past president of the International Association of Industrial Accident Boards & Commissions (IAIABC). In 2013, she served on the Governor's Task Force to Study Temporary Disability Insurance Programs & the Process for Assisting Individuals with Disabilities at Local Departments of Social Services. In addition to her years of experience with the Commission, Ms. Ahearn has more than 10 years of management and administrative experience in the public and private sectors.

BIOGRAPHIES

Patricia G. Adams, *Commissioner*



Patricia G. Adams was appointed a member of the Maryland Workers' Compensation Commission by Governor Martin O'Malley and confirmed by the State Senate on March 9, 2007. She previously served as a Commissioner from 1999 to 2004. Before her work at the Commission, she was the managing partner of Serio, Tansey and Adams from 1982 to 1999. During her tenure, she managed a large workers' compensation practice, representing primarily injured police officers and firefighters. In April 2003, the Daniel O'Connell Law

Society selected her as Lawyer of the Year for Distinguished Service in the Public Sector. She is also a former Commissioner with the Attorney Grievance Commission of Maryland. Before attending law school, Commissioner Adams worked as a public school teacher in Prince George's County. She is a 1980 graduate of the University of Baltimore School of Law. She graduated magna cum laude with a Bachelor of Science degree from the University of Maryland in 1976.

Kathleen A. Evans, *Commissioner*



Kathleen A. Evans was appointed a member of the Maryland Workers' Compensation Commission by Governor Lawrence J. Hogan, Jr., in 2015. She received her Bachelor of Arts from the University of Maryland in 1979 and earned her Juris Doctorate from the University of Baltimore Law School in 1982. Commissioner Evans served as a prosecutor in both Anne Arundel County and Prince George's County for 19 years. During her tenure as an Assistant State's Attorney, Commissioner Evans prosecuted all major violent crime felonies occurring throughout Anne Arundel County and Prince George's County including homicides, armed robberies, attempted murders and serious assaults, and related firearms, weapons, and drug felonies. She

served as the Assistant Division Chief of the Homicide and Narcotics Division in Prince George's County, Chief of the District Court Division in Anne Arundel County, and Chief of the Narcotics Unit in Prince George's County. Commissioner Evans is a member of the Maryland State Bar Association, the Maryland State's Attorney's Association, the Anne Arundel County Bar Association, and the Women's Bar Association, to name a few. She actively participates in many business and civic organizations and has been the recipient of numerous federal, state and local level awards for her work as a prosecutor. Commissioner Evans has been a frequent speaker for over 20 years on criminal and law enforcement related matters.

BIOGRAPHIES

Lauren Sfekas Godwin, *Commissioner*



Lauren Sfekas Godwin was appointed a member of the Maryland Workers' Compensation Commission in 1996 by Governor Parris N. Glendening. 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 Godwin spent 14 years in private practice,

concentrating on workers' compensation law. She serves on the President's Council of Mount Saint Mary's University, is a volunteer driver for the Road to Recovery Program of the American Cancer Society and participates on the scholarship committees of the Ulman Cancer Foundation and the Community Foundation for Howard County. She has published and lectured extensively on workers' compensation matters.

Jeffrey C. Herwig, *Commissioner*



Jeffrey C. Herwig was appointed a member of the Maryland Workers' Compensation Commission in 2006 by Governor Robert L. Ehrlich, Jr. He graduated from Loyola College in Maryland summa cum laude in 1978 and earned his J.D. from the University of Maryland School of Law in 1981. After clerking for Judge James A. Perrott in the Circuit Court for Baltimore City, he joined Smith, Somerville and Case where he became a partner in 1989. He founded Herwig & Humphreys, LLC, in 1991 with the late Robert L. Humphreys, Jr., and served as managing partner until his appointment to the Commission. Throughout his 25 years in legal practice, Commissioner Herwig has concentrated in the defense of workers' compensation claims in Maryland, the District of Columbia, and in the Federal Longshore and Harbor Workers'

Compensation System. He has been chair of the Maryland State Bar Association's Negligence and Workers' Compensation Section, Chair of the Joint Task Force on Injured Workers' Rehabilitation, President of the District of Columbia Association of Insurance Compensation Attorneys, board member of various civic organizations, and author of the annual supplement to the *Maryland Workers' Compensation Handbook* (Gilbert and Humphreys; Michie Pub.1993), author of articles on vocational rehabilitation issues, and a frequent lecturer on Maryland and District of Columbia workers' compensation law, vocational rehabilitation, Social Security disability and related topics. Commissioner Herwig is an Adjunct Professor at the University of Baltimore School of Law.

BIOGRAPHIES

Cynthia S. Miraglia, *Commissioner*



Cynthia S. Miraglia was appointed a member of the Maryland Workers' Compensation Commission in January 1999 by Governor Parris N. Glendening. She graduated cum laude with a J. D. from the University of Baltimore School of Law in 1983. 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 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 a past president of the Women's Bar Association of Maryland, Inc., and former board member of the Maryland Chapter of the National Association of Women Law Judges. She has served as a board member of the University of Baltimore Alumni Association and is a current member of The Citizens' Review Board of Maryland for Baltimore County and is a current member of The Board of Trustees for The Caroline Center. Commissioner Miraglia was the recipient of the 2009 Rita C. Davidson award by the Women's Bar Association of Maryland.

Maureen Quinn, *Commissioner*



Maureen Quinn was appointed a member of the Maryland Workers' Compensation Commission in 2002 by Governor Parris N. Glendening. She graduated from Temple University School of Law with a J.D. in 1987. Commissioner Quinn received her bachelor's degree in 1982 from American University, where she was a recipient of the Stafford Cassell Award for Governmental

Leadership. She was engaged in the private practice of law as a trial attorney from 1987 until 2002. She established her own law firm in 1995 and was primarily focused on general civil litigation. Commissioner Quinn is an adjunct professor at the University of Maryland University College where she teaches Business Ethics.

BIOGRAPHIES

Delia Turano Schadt, *Commissioner*



Delia Turano Schadt, a native of Cumberland, Maryland, graduated from James Madison University with a Bachelor of Science Degree in Political Science in 1989. She earned her Juris Doctor from The University of Dayton School of Law in 1992. She then served as law clerk to The Honorable J. Frederick Sharer and The Honorable Gary G. Leasure in the Circuit Court for Allegany County. She began her

legal career practicing workers' compensation law and was employed by the Injured Workers' Insurance Fund from 1993 until 2000. Following this, she was employed with the Maryland Office of the Attorney General where she served as Board Counsel to health occupation licensing boards until being appointed to the Maryland Workers' Compensation Commission by Governor Martin O'Malley in 2011.

Tracey Warren, *Commissioner*



Tracey Warren was appointed a member of the Maryland Workers' Compensation Commission in June 2016 by Governor Lawrence J. Hogan, Jr. Immediately prior to this appointment, she served as an Administrative Law Judge in the Office of Administrative Hearings. She graduated *cum laude* from the University of Baltimore School of Law. Commissioner Warren subsequently clerked for The Honorable Arrie W. Davis (Ret.), Court of Special

Appeals of Maryland, and through the US Attorney General's Honors Program, she served as Attorney Advisor for the Department of Justice. She was also an attorney with the US Department of Veterans Affairs. She is a member of the Board of Regents for Morgan State University and a member of the Appellate Judicial Nominating Commission. She is a member of the bars of Maryland, the District of Columbia, and the Supreme Court of the United States.

BIOGRAPHIES

Jeffrey T. Weinberg, *Commissioner*



Jeffrey T. Weinberg was appointed to the Maryland Workers' Compensation Commission on February 16, 2007 by Governor Martin O'Malley. Commissioner Weinberg was confirmed by the State Senate on March 9, 2007. Jeffrey T. Weinberg attended the University of Maryland at College Park and the University of Baltimore School of Law. Prior to being appointed to the Commission, Mr. Weinberg was in private practice, focusing primarily on workers' compensation matters. Commissioner Weinberg has been a board member and past

president of the Maryland Workers' Compensation Educational Association; past Chairman of the Bar Association of Baltimore City Workers' Compensation Section; past member of the Workers' Compensation Medical Fee Advisory Committee; past member of the Maryland Trial Lawyers Association Workers' Compensation Committee as well as its Vice Chairman 2005-2006 and a past member of its Legislative Committee; and a member of the Maryland State Bar Association.

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

PERSONNEL IN THE NEWS

New Commissioner

The Commission is pleased to announce that Tracey Warren has been appointed a member of the Workers' Compensation Commission effective June 22, 2016. Please join us in welcoming Commissioner Warren.

Retirements

After many years of dedicated service with the State of Maryland and the Workers' Compensation Commission, the following employee retired in Fiscal Year (FY) 2016. We wish him the best of luck in this new chapter of his life!

Dates of Service

Terence Broomes
Computer Operator II
12/1/99—12/31/15

WORKERS' COMPENSATION PROFESSIONAL ASSOCIATIONS

Each year the Commissioners participate in a number of events sponsored by local, national, and international workers' compensation professional associations. This year, the Commission presented and participated in the following events:

International Association of Industrial Accident Boards and Commissions (IAIABC)

The International Association of Industrial Accident Boards and Commissions (IAIABC), is an association of workers' compensation regulators and industry professionals who work to advance the efficiency and effectiveness of workers' compensation systems throughout the world and provides information and education on workers' compensation policy, regulation, and administration. The IAIABC works to improve and clarify laws, identify best practices, develop and implement standards, and provide education and information sharing. The IAIABC was founded in 1914 and is the largest trade association of workers' compensation jurisdictional agencies in North America. <http://www.iaabc.org>

- 101st Annual Convention: August 31-Sept. 3, 2015, Chicago, IL
- The Forum: April 18-21, 2016, Santa Fe, NM

Maryland Workers' Compensation Educational Association

The Maryland Workers' Compensation Educational Association (MWCEA) is dedicated to promoting education, communication and collegiality by bringing together the Maryland Workers' Compensation community to provide a forum for employees, employers, insurers, program administrators, medical and rehabilitation providers and attorneys. Their goal is to provide education and support for the strategic continuation and betterment of the Workers' Compensation system to the benefit of all participants. <http://mwcea.com>

- 31st Annual Convention: October 4-7, 2015, Ocean City, MD

National Association of Workers' Compensation Judiciary, Inc.

The National Association of Workers' Compensation Judiciary, Inc. (NAWCJ) is a non-profit organization designed to provide educational forums for the workers' compensation judiciary concerning issues that are unique to this system of justice. Emphasis is placed on providing an educational source and national forum that will enhance the ability of workers' compensation judges on a national scale to deal with a commonality of issues, regardless of the substantive laws of the different states.

- National Workers' Compensation Judiciary College: August 23-26, 2015, Orlando, Florida

National Council on Compensation Insurance

The National Council on Compensation Insurance (NCCI) is the nation's most experienced provider of workers' compensation information, tools, and services. NCCI gathers data, analyzes industry trends, and prepares objective insurance rate and loss cost recommendations. These activities, together with research, analytical services and tools, and overall commitment to excellence furthers NCCI's mission to help foster a healthy workers compensation system. <https://www.ncci.com>

- State Advisory Forum: September 15, 2015, Baltimore, MD
- Annual Issues Symposium: May 4-6, 2016, Orlando, FL

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

Southern Association of Workers' Compensation Administrators

The Southern Association of Workers' Compensation Administrators (SAWCA) is an organization which makes available to its members information and instruction regarding the administration of workers' compensation laws by means of forums, lectures, meetings, and written material. SAWCA provides an avenue by which those interested in workers' compensation may interact with one another to share information and address issues common to each jurisdiction. <http://www.sawca.com>

- 67th Annual Convention: July 20-24, 2015, Williamsburg, VA
- All Committee Conference: November 16-20, 2015, White Sulphur Springs, WV

Workers' Compensation Institute

The Workers' Compensation Institute (WCI) is a nonprofit educational organization that serves as a comprehensive resource to all workers' compensation stakeholders. WCI is an outgrowth of the long-established Florida Workers' Compensation Institute (FWCI). FWCI remains in existence under the WCI umbrella and continues its Florida focus, while the national organization provides a broader outreach across all states.

- Workers' Compensation Educational Conference: August 23-26, 2015, Orlando, FL

NEW FORMS, REVISION, AND REPRINTED

- C-10 Insurer's Termination of Medical Benefits, including an interactive PDF version. (07/2015) (rev. 01/2016),
- C-15R Sole Proprietor's Status as a Covered Employee and Inclusion Form. (PDF version)
- H-07 Settlement Worksheet (rev. 05/2016)
- H-31R Claimant Request for Change of Address, including an interactive PDF version. (rev. 01/2016)
- H-34 Stipulation of Parties & Award of Compensation (rev. 11/2015)
- H-50 Request for Transcript (PDF version)
- IC-03 Joint Election Form (07/2015)

HIGHLIGHTS AND PROCESS IMPROVEMENTS

In 2015 the Commission partnered with SLI Global Solutions to obtain consulting services to lead an organizational analysis and assessment of the Agency's functions.

Thereafter, the Commission conducted the first phase of its Enterprise Modernization: a Business Process and Technology Assessment designed to collect, document, and recommend high level business and technical processes for reengineering. This included analyzing existing work flow processes, existing data models, business rules, and recommending improvements in order to meet the goal of maintaining a secure Enterprise Content Management System which supported all key business processes. The Commission used the results and has developed requirements for a future project to migrate from its legacy collection of disparate user interfaces, computing platforms, and programming languages to an integrated and adaptive enterprise-wide framework of sustainable and extensible current technologies. This initiative was completed in January 2016 and documented the present-state business/technology environment and identified future needs and strategies.

Employer Compliance Program

Chapter 676 of the Acts of 2013 altered the procedures for the Workers' Compensation Commission to enforce compliance with workers' compensation insurance coverage requirements. Under Labor and Employment Article § 9-407, if an employer fails to secure compensation for all covered employees of the employer as required by LE § 9-402, the Commission has the authority to issue an Order directing the employer to attend a hearing to show cause as to why the employer should not be required to (1) secure compensation; (2) be found in violation of § 9-402; and (3) be assessed a penalty for noncompliance with § 9-402 of the Labor and Employment Article. In FY 2016, the Commission scheduled 364 show cause hearings for those employers whose workers' compensation policies had lapsed and/or cancelled without corresponding new coverage. Thereafter, 53 penalty orders were issued with fines totaling \$449,000. The goal of the Employer Compliance Program is to enforce employer compliance with the

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

requirement that an employer secure workers' compensation insurance for covered employees, thereby reducing the cost associated with workers' compensation for all stakeholders.

Insurance Coverage

As of June 30, 2016, 143,398 insurance verification searches were performed by the public using the Coverage Verification web tool, and employer details were provided on 62,076 searches. This information can also be obtained by accessing the Workers' Compensation Coverage Verification mobile app through the Apple Store for iPhones and iPads and through the Google Play Store for Androids.

Self-Insured Employer Audits

The Commission has audited the accuracy and validity of self-insured employer reporting (Annual Information Report) since 2009. The audits are conducted by independent accounting firms and assist the Commission in determining compliance with State laws and regulations and the adequacy of security deposits. Since inception of the program, the Commission has audited 85 self-insured employers.

Regional Site Lease Renewals

In March the Commission renewed its lease at the Cambridge hearing location. The lease renewal is for a ten year period with a five year renewal option after the ten year term. The lease was renewed at a minimal increase of approximately 4% more than the ending rate of the original lease negotiated in September 2010.

The Commission also began negotiations to renew the lease in its Frederick hearing location. The terms of this lease are currently being finalized and it is anticipated there will not be a significant increase in the lease costs.

Workday Human Resources Application Implementation

The Commission, along with all Executive Branch agencies in the State of Maryland, implemented the second phase of the mandated Workday human resources application. This second phase combined both the timekeeping and payroll processes administered by the Fiscal Services Division. The new process and

system allows greater flexibility for employees to enter work time data from any location via the internet and, for the first time, includes a mechanism for electronically recording time worked by contractual employees.

Workforce Training and Development

As part of workforce development and retention efforts, the Personnel Department provided Commission employees excellent training and education opportunities to enhance service to the community. A total of 23 employees engaged in more than 25 classes ranging from how to be a first time supervisor to "Information Technology Infrastructure Library Foundation" certification to financial accounting.

D.C. Office of Workers' Compensation Visits Maryland

The Commission hosted an onsite overview and walkthrough of the operations and technology function of its workers' compensation program for the D.C. Office of Workers' Compensation. While technology continuously changes, both agencies came together in an effort to analyze similarities and differences in processes and systems with the goal of creating and developing a more efficient and effective work product.

Interpreter Office Program

This fiscal year the Commission received 2,861 requests for interpretations and provided services for 38 languages. The Commission's most requested language is Spanish. 84.3% of all interpreter language services provided was Spanish and 1,592 Spanish interpretation requests were fulfilled.

Data Entry

In an effort to reduce the duplications and inconsistencies of the employer and insurer data, the Commission is enhancing its data bases and updating processes to better serve the workers' compensation community. The Commission continues to work closely with the Maryland Insurance Administration and the National Council on Compensation Insurance, as well as utilizing other research techniques and tools to capture the most updated employer and insurance information.

How We Measure Up

In Fiscal Year 2016, the Maryland Workers' Compensation Commission:

- Produced 2,672 hearing transcripts
- Answered over 61,500 incoming telephone calls
- Processed over 80,000 documents and transactions through its Claims Division
- Scheduled 43,870 hearings
- Issued 30,882 Commissioner Orders through its Hearing Division
- Instituted new filing procedures for Settlement Agreements which resulted in a 12% decrease in the number of Settlement Agreements returned for incorrect or missing information
- Continued and reset 900 cases for hearing on an expedited basis due to inclement weather in January and February
- Scanned over 2,100,000 pages through its Processing Division
- Processed over 676,000 pieces of mail

Reminder— Withdrawing Issues/Filing New Issues

To withdraw issues previously filed, attorneys must file a Request for Action on Filed Issues, Form (H25R). Withdrawn issues may not be refiled for a period of 90 days. If filing new issues (other than the ones that were previously withdrawn), the new issues should not be filed until the next business day or later, following the date of withdrawal.

Appeals

The Commission received and processed 1,906 appeals in fiscal year 2016.

Appeals Rule Change

Appellate Practice – Petition for Judicial Review – Record on Appeal: Effective July 1, 2015, the Maryland Rules regarding appeal procedures changed. For cases heard de novo, no record is to be transmitted unless ordered by the circuit court and no additional time is required to transmit a record that has not been ordered to be transmitted in the first place. A summary of the new Rules follows:

De Novo

Pursuant to Md. Rule 7-202(d)(2), when filing a petition for judicial review de novo, the petitioner must:

(1) attach to the petition:

(A) a certificate that copies of the petition and attachments were served ..., and

(B) copies of (i) the employee claim form and (ii) all of the Commission's orders in the petitioner's case.

Pursuant to Md. Rule 7-206.1(c)(2)), when filing a petition for judicial review de novo, the petitioner must not:

- (1) File a request for extension of time to transmit the record unless the court has ordered that the transcript and all of portions of the record be transmitted to circuit court in the first instance; or
- (2) Routinely request an extension of time to transmit the record unless the court reporter requires prepayment from you and your billing practices will not permit the reporter sufficient time to prepare the transcript. (Court reporters no longer routinely require prepayment from those who pay timely.); or
- (3) Routinely request that the circuit court order that the transcript and all of portions of the record be transmitted to circuit court.

On the Record

Pursuant to Md. Rule 7-202(c)(1)(D), when filing a petition for judicial review on the record, the petitioner must:

- (1) state whether any issue is to be reviewed on the record before the Commission and, (2) if it is, identify the issue.

When filing a petition for judicial review on the record, the petitioner must not: Routinely request an extension of time to transmit the record unless the court reporter requires prepayment from you and your billing practices will not permit the reporter sufficient time to prepare the transcript. Court reporters no longer routinely require prepayment from those who pay timely.

Cost savings from Appeals Rule Change

As a result of the above rule change, the Commission reduced the number of records mailed to the Circuit Courts by 668. These reductions represent a cost savings in excess of \$5,000.

Report on Fraud Unit

Labor and Employment Article, § 9-310.2, Annotated Code of Maryland, requires the Commission to refer to the Insurance Fraud Division of the Maryland Insurance Administration any case in which it is established by a preponderance of the evidence, after a hearing, that a person knowingly affected or knowingly attempted to affect the payment of compensation benefits, fees or expenses under the Workers' Compensation Act by means of a fraudulent representation. During FY 2016, the

Commission continued to review cases for possible referral to the Insurance Fraud Division and referred nine (9) files for investigation.

Additionally, the Commission receives frequent anonymous allegations of fraudulent activity including the improper collection of benefits and failure to maintain workers' compensation insurance. In such instances there is generally insufficient information to positively identify the individual allegedly committing fraud. If sufficient information does exist, the matter is forwarded to all of the parties in the claim or to the Insurance Fraud Division.

Information Technology

The Commission's Information Technology Division works constantly throughout the year to deliver, maintain, and improve technology-based services for internal and external customers.

The IT division maintains its production data center at the Baltimore City location, a business continuity data center at its Abingdon location and technical resources at all regional hearing sites.

In FY 2016 the IT division accomplished many core improvements and updates to improve business efficiencies.

- Updated critical technical environment hardware and software to the most current platforms, including the Cisco Unified Communications Manager, Unity Connection, and Call Center Express VOIP based telephone system, voice mail, call center ACD, data integrated IVR systems and the companion call accounting system.
- Increased use of virtualization and related resiliency and management tools.
- Updated and improved docketing and claims management processes and systems to be more flexible and reliable.
- Enhanced online annual reporting tools used by insurers and group/self-insured employers.

LOOKING AHEAD

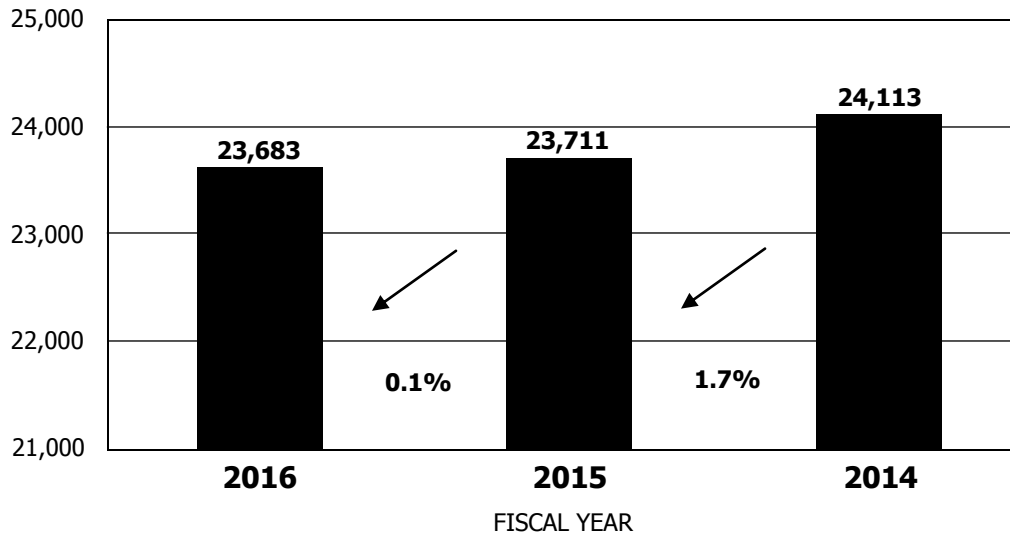
Enterprise Systems Modernization Project

As a result of its organizational analysis and assessment, the Commission will continue to implement the recommendations based on current risks involving hardware failures and aged technologies. Implementing the recommendations discussed and presented during the Business Process and Technology Assessment project will result in reducing or resolving risks involved in the Enterprise Systems Modernization implementation. By consolidating the disparate mix of applications, technologies, and platforms into a single platform with a normalized data model, the Commission will create a foundation that is scalable and extensible to meet Commission requirements for many years to come. A low-code platform will nominally solve current challenges associated with lack of software coding resources and processes. Once the new system is implemented, as systems and requirements evolve, employees will no longer have to juggle interactions with two, three, or more simultaneous applications in order to facilitate their workflow and complete tasking. The system will become maintainable both by implementing newer technologies and adopting development processes and governance that ensure smooth, controlled, documented implementations. Further, they should result in a solution set that the Commission should be able to sustain independently, once trained, without long-term contractor support.

AGENCY PERFORMANCE

TABLES AND CHARTS

FIGURE 1 • Filed Claims



MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 2 • Filed Claims by Industry

INDUSTRIES WITH MORE THAN 100 FILED CLAIMS	FISCAL YEAR					
	2016		2015		2014	
	Count	Percent	Count	Percent	Count	Percent
Policemen - Security	2,007	8.5%	2,309	9.6%	2,478	10.7%
Colleges Or Schools Incl. Day Care	1,440	6.1%	1,641	6.8%	1,916	8.2%
Municipal Township County Or State Employees N.O.C.	1,168	4.9%	635	2.6%	382	1.6%
TOP 3 INDUSTRIES IN FILED CLAIMS	4,615	19.5%	4,585	19.3%	4,776	19.8%
Hospitals - All Other Employees	1,007	4.3%	1,126	4.7%	1,020	4.4%
Truckmen N.O.C.	795	3.4%	1,005	4.2%	1,124	4.8%
Hotels, Restaurants, Bars & Nightclubs	772	3.3%	872	3.6%	871	3.7%
Firemen Incl. Volunteer Dept & Ambulance Service	763	3.2%	754	3.1%	799	3.4%
Convalescent Or Nursing Homes All Employees	641	2.7%	663	2.7%	813	3.5%
Storage Warehouses General Merchandise N.O.C.	622	2.6%	486	2.0%	472	2.0%
Building, Raising Or Moving - General Construction	614	2.6%	696	2.9%	683	2.9%
Taxicab And Bus Companies	573	2.4%	688	2.9%	768	3.3%
Automobile Garages Or Repair Shops Inc. Dealers	426	1.8%	463	1.9%	573	2.5%
Meat Combined Grocery And Provision Stores Retail	415	1.8%	497	2.1%	569	2.4%
Store Risks Wholesale Or Combined N.O.C. K-MART	395	1.7%	306	1.3%	332	1.4%
Clerical Office Employees N.O.C.	359	1.5%	233	1.0%	182	0.8%
Charitable Organizations (Goodwill)	341	1.4%	311	1.3%	332	1.4%
Unclassified (Insufficient Data)	340	1.4%	305	1.3%	218	0.9%
Buildings Operation By Contractors	333	1.4%	342	1.4%	243	1.0%
Landscape & Tree Surgery	233	1.0%	242	1.0%	229	1.0%
Clothing Or Dry Goods Stores Retail	222	0.9%	186	0.8%	313	1.3%
Carpentry N.O.C. - Renovations	209	0.9%	254	1.1%	353	1.5%
Aircraft Operation	206	0.9%	194	0.8%	219	0.9%
Mail & Parcel Delivery Employees, Salespersons & Drivers	200	0.8%	103	0.4%	N/A	
Sheet Metal Work Incl. Air Conditioning & Refrigeration	180	0.8%	177	0.7%	193	0.8%
Employment Agencies	179	0.8%	201	0.8%	208	0.9%
Housing Authorities - Apts & Condos Incl. Real Estate	177	0.7%	228	0.9%	276	1.2%
Garbage Refuse Collecting	176	0.7%	173	0.7%	140	0.6%
Electrical Wiring In Buildings	155	0.7%	158	0.7%	219	0.9%
Physicians Incl. Clerical	138	0.6%	263	1.1%	283	1.2%
Plumbing-Steam Fitting	136	0.6%	145	0.6%	184	0.8%
Concrete Construction N.O.C.	108	0.5%	N/A		N/A	
Hardware Stores - Locksmiths	101	0.4%	N/A		N/A	
Public Health Nursing Association All Employees	N/A		131	0.5%	N/A	
Street or Road Construction Paving or Repaving	N/A		109	0.5%	118	0.5%
Industries With More Than 100 Filed Claims	10,816	45.7%	10,714	45.2%	11,734	48.7%
Number Of Industry Groups Represented	32		32		30	
All Other	8,252	34.8%	8,412	35.5%	7,603	31.5%
TOTAL	23,683	100.0%	23,711	100.0%	24,113	100.0%

Source: Commission Data, July 2016

Note: Chart represents filed claims in which an award has been ordered.

NOC: Not Otherwise Classified

FIGURE 3 • Awards According to Weeks of Disability and Body Part

FISCAL YEAR 2016					
TOP TEN BODY PARTS DISABLED					
BODY PART	1–74 Weeks	75–249 Weeks	Greater than 249 Weeks	Total	Percent of Total
Thorax-Lower (Back)	1,634	498	33	2,165	25.0%
Shoulder	701	771	22	1,494	17.3%
Knees	887	404	8	1,299	15.0%
Neck	667	192	11	870	10.0%
Hands	480	124	4	608	7.0%
Legs	353	153	8	514	5.9%
Ankle or Ankle and Leg	395	104	3	502	5.8%
Spinal Cord	346	124	7	477	5.5%
Arms	229	133	6	368	4.3%
Wrists	268	88	4	360	4.2%
TOTAL	5,960	2,591	106	8,657	100.0%
PERCENT OF TOTAL	68.9%	29.9%	1.2%	100.0%	

Source: Commission Data, July 2016

FIGURE 4 • Permanency Awards According to Weeks of Disability

FISCAL YEAR	1–74 Weeks	75–249 Weeks	Greater than 249 Weeks	Total
2016	7,681	3,085	164	10,940
	70.3%	28.2%	1.5%	100.0%
2015	6,883	2,767	183	9,833
	70.0%	28.1%	1.9%	100.0%
2014	7,059	3,005	210	10,274
	68.7%	29.3%	2.0%	100.0%

Source: Commission Data, July 2016



MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 5 • Permanency, Fatality, and Compromise Awards by Type of Award

TYPE	FISCAL YEAR								
	2016			2015			2014		
	Count	Amount	Average	Count	Amount	Average	Count	Amount	Average
Permanent Total	61	\$5,719,367	\$93,760	45	\$4,065,561	\$90,346	59	\$4,913,717	\$83,283
Percent Change - Prior Year	35.6%	40.7%	3.8%	-23.7%	-17.3%	8.5%	-36.5%	-30.9%	8.9%
Permanent Partial	10,940	199,600,677	18,245	9,833	180,637,285	18,371	10,274	194,310,608	18,913
Percent Change - Prior Year	11.3%	10.5%	-0.7%	-4.3%	-7.0%	-2.9%	-6.8%	-10.3%	-3.8%
Fatality	40	6,676,372	166,909	45	7,231,937	160,710	41	6,688,330	163,130
Percent Change - Prior Year	-11.1%	-7.7%	3.9%	9.7%	8.1%	-1.5%	13.9%	61.3%	41.6%
Compromise	6,035	151,515,415	25,106	6,139	156,140,777	25,434	6,290	158,716,626	25,233
Percent Change - Prior Year	-1.7%	-3.0%	-1.3%	-2.4%	-1.6%	1.0%	8.0%	-4.8%	-11.9%
Total	17,076	363,511,831	21,288	16,062	348,075,560	21,671	16,664	364,629,281	21,881
Percent Change - Prior Year	6.3%	4.4%	-1.8%	-3.6%	-4.5%	-1.0%	-1.8%	-7.6%	-5.9%
Compromise as a Percent of Permanent Partials		75.9%	137.6%		86.4%	138.4%		81.7%	133.4%

Source: Commission Data, July 2016

FIGURE 6 • Commission Claims Data

COMMISSION CLAIM ACTIONS	FISCAL YEAR					
	2016		2015		2014	
	Count	Percent	Count	Percent	Count	Percent
First Reports of Injury	91,109		96,579		105,081	
Total Filed Claims	23,683		23,711		24,113	
Disputed Accidental Injury Claims	8,981	37.9%	8,626	36.4%	8,447	37.1%
Temporary Total Awards	13,126	55.4%	13,494	56.9%	14,060	58.9%
Claims Settled	6,035	25.5%	6,139	25.9%	6,290	26.1%
Claims Deferred	7,171	30.3%	6,909	29.1%	6,905	28.0%
Claims Disallowed by Commission	610	2.5%	584	2.5%	645	2.6%

Source: Commission Data, July 2016

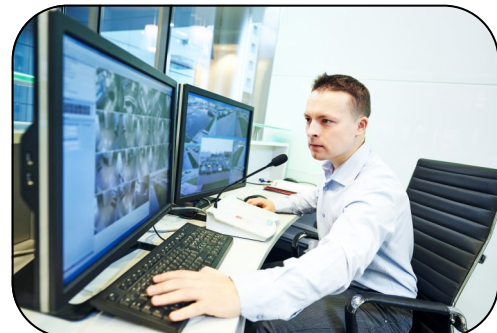


FIGURE 7 • Fatalities by Industry Grouping

INDUSTRY GROUP	Employment ⁽¹⁾	FISCAL YEAR		
		Fatalities ⁽²⁾		
		2016	2015	2014
STATE GOVERNMENT	99,166	1	2	5
LOCAL GOVERNMENT	251,778	16	19	14
GOVERNMENT SECTOR TOTAL	350,944	17	21	19
GOOD PRODUCING				
Natural Resources and Mining	6,255	1	0	0
Construction	159,580	3	8	7
Manufacturing	103,994	1	1	2
SERVICE PROVIDING				
Trades, Transportation , and Utilities	472,781	1	4	3
Information Technology	38,204	0	0	0
Telecommunications	14,775	0	0	0
Financial Activities	139,791	0	1	0
Professional and Business Services	437,135	1	1	0
Education and Health Services	424,791	0	1	0
Leisure and Hospitality	263,406	1	0	1
Other Services	90,129	2	2	1
UNCLASSIFIED	0	19	28	25
PRIVATE SECTOR TOTAL ALL INDUSTRIES	2,150,841	29	46	39
TOTAL EMPLOYMENT/FATALITIES	2,501,785	46	67	58

Source: ⁽¹⁾ DLLR 4th Quarter 2015

⁽²⁾ Commission Data, July 2016



FIGURE 8 • Filed Claims by Gender and Age

FISCAL YEAR 2015			
Gender	Age Group	Claims Filed	Percent
Male	Unknown	7	0.0%
Male	10 - 19	150	0.6%
Male	20 - 29	2,432	10.3%
Male	30 - 39	3,426	14.5%
Male	40 - 49	3,624	15.3%
Male	50 - 59	3,512	14.8%
Male	60 - 69	1,351	5.7%
Male	70 - 79	200	0.8%
Male	80 - 89	22	0.1%
Total		14,724	62.2%
Female	Unknown	4	0.0%
Female	10 - 19	106	0.4%
Female	20 - 29	1,378	5.8%
Female	30 - 39	1,679	7.1%
Female	40 - 49	2,130	9.0%
Female	50 - 59	2,499	10.6%
Female	60 - 69	993	4.2%
Female	70 - 79	154	0.7%
Female	80 - 89	16	0.1%
Total		8,959	37.8%
Total Filed Claims		23,683	100.0%

Source: Commission Data, July 2016



FIGURE 9 • Source of Appeals

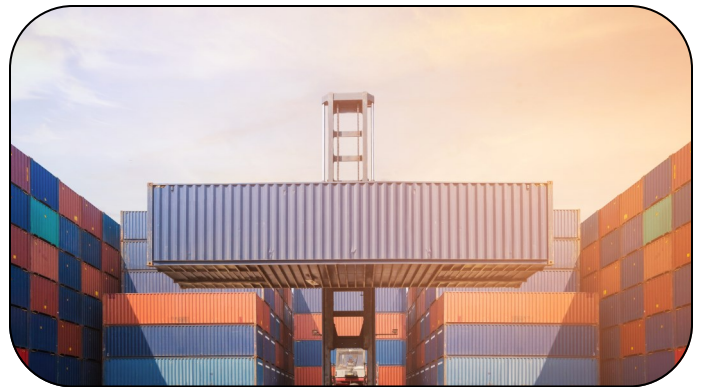
SOURCE	FISCAL YEAR		
	2016	2015	2014
Claimant	1,154	1,190	1,206
Employer/Insurer	705	737	783
Subsequent Injury Fund	38	36	19
Uninsured Employers' Fund	10	12	10
TOTAL	1,907	1,975	2,018

Source: Commission Data, July 2016

FIGURE 10 • Hearing Transcripts

CATEGORY	FISCAL YEAR		
	2016	2015	2014
Non Appeal Transcripts	1,321	1,381	1,572
Appeal Transcripts	1,676	1,810	1,824

Source: Commission Data, July 2016



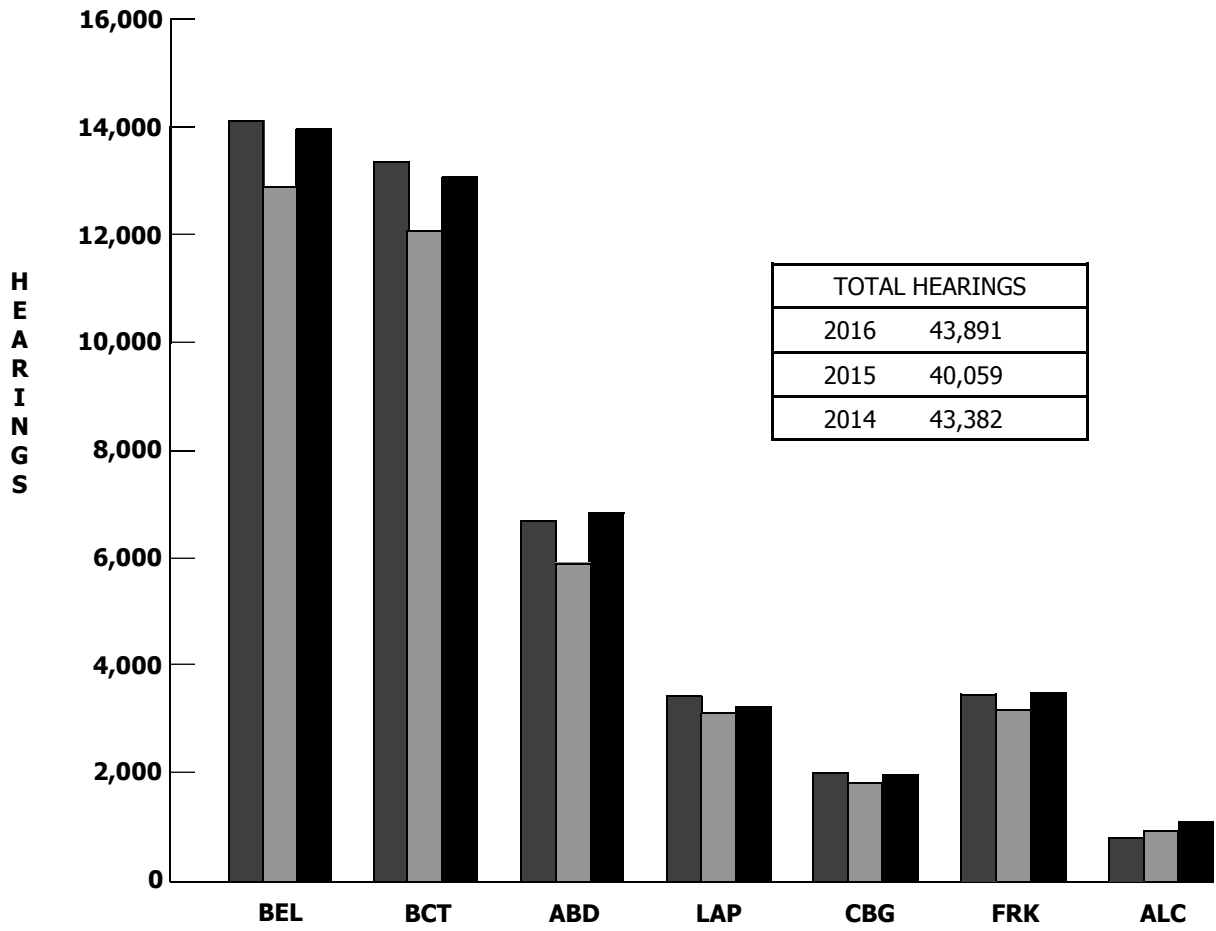
MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 11 • Source of Claims and Appeals by Political Subdivision

JURISDICTIONS	FISCAL YEAR					
	2016		2015		2014	
	Claims	Appeals	Claims	Appeals	Claims	Appeals
Baltimore County	3,985	299	3,982	298	4,178	317
Baltimore City	3,780	231	3,754	229	3,671	213
Prince George's County	3,072	342	3,136	355	3,215	369
Montgomery County	2,188	192	2,402	207	2,141	174
Anne Arundel County	2,001	133	1,979	123	1,991	153
Harford County	971	55	961	90	1,013	78
SIX MAJOR METRO AREAS - COUNT	15,997	1,252	16,214	1,302	16,209	1,304
Percent of Total Filed Claims	67.6%	65.7%	68.4%	65.9%	67.2%	64.6%
Frederick County	906	67	838	65	873	55
Washington County	614	38	568	42	644	62
Howard County	608	43	531	42	588	43
Charles County	513	53	536	66	523	63
Carroll County	483	33	471	39	617	38
Wicomico County	349	26	342	19	354	18
Caroline County	338	28	319	24	346	21
Calvert County	312	38	338	36	328	50
Cecil County	306	30	311	19	333	21
St. Mary's County	296	33	328	22	270	37
Allegany County	256	17	256	30	330	27
Worcester County	161	10	162	8	168	12
Dorchester County	152	8	150	6	171	5
Queen Anne's County	148	11	211	15	163	12
Talbot County	101	7	87	14	102	13
Garrett County	97	6	109	5	105	4
Somerset County	96	0	86	1	81	8
Kent County	73	3	76	2	72	3
EIGHTEEN NON-METRO AREAS - COUNT	5,809	451	5,719	455	6,068	492
Percent of Total Filed Claims/Appeals	24.5%	23.6%	24.1%	23.0%	25.2%	24.4%
OUT OF STATE CLAIMS - COUNT	1,877	204	1,778	218	1,836	222
Percent of Total Filed Claims	7.9%	10.7%	7.5%	11.0%	7.6%	11.0%
TOTAL	23,683	1,907	23,711	1,975	24,113	2,018
PERCENT OF CLAIMS APPEALED		8.1%		8.3%		8.4%

Source: Commission Data, July 2016

FIGURE 12 • Scheduled Hearing Distribution



REGIONAL SITES							
	BELTSVILLE	BALTIMORE CITY	ABINGDON	LA PLATA	CAMBRIDGE	FREDERICK	CUMBERLAND
	BEL	BCT	ABD	LAP	CBG	FRK	ALC
2016	14,149	13,187	6,717	3,514	2,018	3,515	791
2015	12,881	12,044	5,959	3,147	1,907	3,263	858
2014	13,972	12,847	6,839	3,291	1,976	3,556	901

FIGURE 13 • Interpreter Office Program Statistics

ITEM	FISCAL YEAR		
	2016	2015	Change
Requests	3,334	3,062	8.9%
Interpretations Provided	1,888	2,117	-10.8%
Requests Continued or Withdrawn	1,446	945	53.0%
Spanish Interpretations	1,592	1,819	-12.5%
All Other Interpretations	296	298	-0.7%
Percent Spanish	84.3%	85.9%	-1.6%
Number Of Languages Provided	33	35	-5.7%

Source: Commission Data, July 2016

FIGURE 14 • Vocational Rehabilitation Case Management

FISCAL YEAR 2016		
	Count	Percent
Return to Work		
Same Employer, Same Job	686	51.7%
Same Employer, Different Job	114	8.6%
New Employer, Same Occupation	32	2.4%
New Employer, Different Occupation	237	17.9%
Self-Employment	3	0.2%
Medical Issues, Not Employed	125	9.4%
Subtotal	1,197	90.2%
Employment Status Unknown		
Rehabilitation Services Declined	56	4.2%
Rehabilitation Program Dropout	59	4.5%
Claimant Moved Out of State	3	0.2%
Claimant Declined Job Offers	12	0.9%
Subtotal	130	9.8%
Total Vocational Rehabilitation Case Dispositions	1,327	100.0%

Source: Commission Data, July 2016

FIGURE 15 • Self-Insurance Program

ITEM	FISCAL YEAR		
	2016	2015	2014
Individual Self-Insurers and 1 Group	99	101	102
Covered Self-Insured Employees ⁽¹⁾	431.1 k	432.8 k	430.5 k
Covered Self-Insured Payroll ⁽¹⁾	\$22.8 B	\$22.8 B	\$22.1 B
Self-Insured Payroll as Percent of All Covered Payroll	15.4%	16.1%	16.2%
Security Held ⁽¹⁾	\$220.7 M	\$237.1 M	\$227.9 M
Commission Orders ⁽²⁾	21	28	34

k = Thousand, M = Million, B = Billion

⁽¹⁾ Source: A-01/IC-1 Report 2013 - 2015 Note: Security includes active self-insurers only.

⁽²⁾ Commission Data 2014 - 2016



MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 16 • Workers' Compensation Premium Rate Ranking

2014 Ranking	2012 Ranking	2010 Ranking	State	Median Index Rate	State % of Median
1	3	5	California	3.48	188%
2	2	6	Connecticut	2.87	155%
3	7	7	New Jersey	2.82	152%
4	5	13	New York	2.75	148%
5	1	13	Alaska	2.68	145%
6	6	4	Oklahoma	2.55	137%
7	4	3	Illinois	2.35	127%
8	14	18	Vermont	2.33	125%
9	30	34	Delaware	2.31	125%
10	15	25	Louisiana	2.23	120%
11	8	1	Montana	2.21	119%
12	9	10	New Hampshire	2.18	118%
13	10	8	Maine	2.15	116%
14	19	29	Idaho	2.01	109%
17	13	26	Washington	2.00	108%
17	16	12	South Carolina	2.00	108%
17	12	14	Pennsylvania	2.00	108%
20	27	32	New Mexico	1.99	108%
20	20	28	Rhode Island	1.99	107%
20	17	16	Minnesota	1.99	107%
21	36	33	Missouri	1.98	107%
22	19	20	Tennessee	1.95	105%
23	12	19	Wisconsin	1.92	104%
24	25	36	Iowa	1.88	101%
25	23	28	South Dakota	1.86	100%
27	35	40	Hawaii	1.85	100%
27	25	23	North Carolina	1.85	100%
28	29	40	Florida	1.82	98%
29	21	10	Alabama	1.81	97%
30	33	30	Nebraska	1.78	96%
31	31	37	Wyoming	1.76	95%
32	27	24	Georgia	1.75	95%
33	28	17	Ohio	1.74	94%
34	32	23	Michigan	1.68	91%
35	34	42	Maryland	1.64	88%
36	38	12	Texas	1.61	87%
37	37	38	Arizona	1.60	86%
38	42	31	Mississippi	1.59	85%
39	41	43	Kansas	1.55	83%
40	22	15	Kentucky	1.51	82%
41	43	47	Colorado	1.50	81%
42	40	35	West Virginia	1.37	74%
43	39	41	Oregon	1.37	74%
45	45	45	Utah	1.31	71%
45	47	48	District of Columbia	1.31	70%
46	46	21	Nevada	1.26	68%
48	44	44	Massachusetts	1.17	63%
48	48	47	Virginia	1.17	63%
49	49	49	Arkansas	1.08	58%
50	50	50	Indiana	1.06	57%
51	51	51	North Dakota	0.88	47%

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services (Rev. 10/2014)

Notes: 1. Starting with the 2008 study, when two or more states' Index Rate are the same, they now are assigned the same ranking.

FIGURE 17 • Licensed Insurers Writing Workers' Compensation Insurance

Fiscal Year	Licensed Insurers ⁽¹⁾	Licensed Insurers Billed	Percentage of Licensed WC Insurers
2016	673	378	56.2%
2015	677	340	50.2%
2014	658	337	51.2%

Source: Commission Data, July 2016

⁽¹⁾ Includes Self-Insurers

FIGURE 18 • Insurer Assessments, Safety/Fraud Costs and Commission Expenses

Fiscal Year	Assessment Base Insured Payroll	Total Insurer Assessments	Safety and Fraud Program Cost	WCC Cost	Assessment per \$1000 of Payroll
2016	\$130,198,276,239	\$25,522,429	\$12,278,948	\$14,124,799	0.196
2015	\$123,788,020,927	\$24,742,542	\$11,332,540	\$14,281,727	0.200
2014	\$121,027,528,186	\$25,684,112	\$12,157,148	\$13,898,109	0.212

Source: Commission Data, July 2016



REVENUES/EXPENDITURES

The Commission collects an assessment from licensed workers' compensation insurers and self-insurers for the operating budget of the Commission as well as the Occupational Safety and Health Program and the Workplace Fraud Act within the Department of Labor, Licensing and Regulation (DLLR). During this fiscal year, \$25,522,429 was assessed and collected with \$12,278,948 being transferred to DLLR for its safety program and workplace fraud initiative. The remaining funds were retained in the Workers' Compensation Fund and were disbursed as Commission operating expenditures as appropriated. The fiscal year 2016

Legislative Appropriation for the Commission's operating expenditures totaled \$14,345,399. Approximately 78.1 percent of this budget provided for the Commission's allotment of 117.0 full-time equivalent permanent position salaries and 11.25 full-time equivalent contractual position salaries, 11.9 percent for fixed costs to include lease agreements and lease escalations, 4.0 percent for contractual services to include computer software and hardware maintenance contracts, 3.3 percent for communications and postage, and 2.7 percent for travel expenses, supplies and equipment.

REGULATORY/LEGAL UPDATE

Legislation

SB 0135/Chapter 324

Workers' Compensation — Heart Disease and Hypertension Presumption—Anne Arundel County Detention Officers

Extending the presumption of compensability under the workers' compensation law to include Anne Arundel County detention officers who suffer from heart disease or hypertension resulting in partial or total disability or death.

(Eff. Date: 10/1/15)

SB 0331/Chapter 339

Workers' Compensation—Baltimore County Deputy Sheriff

Altering a specified definition of "public safety employee" to include a deputy sheriff in Baltimore County for purposes of providing enhanced compensation benefits under the Workers' Compensation Law for a compensable permanent partial disability of less than a specified number of weeks.

(Eff. Date: 10/1/15)

Regulatory Updates

14.09.04.03 - Schedule of Attorney's Fees

On June 25, 2015, the Workers' Compensation Commission adopted amendments to Regulation .03 under COMAR 14.09.04 to address an ambiguity in the Schedule regarding fees for the representation of the dependents of deceased workers. (Eff. Date: 7/20/15)

14.09.11 – Judicial Review Procedures

.01 - .05

On June 25, 2015, the Workers' Compensation Commission adopted amendments to existing Regulations .01 - .05 under COMAR 14.09.11 to comply with new Md. Rule 7-206 and 7-206.1, and to update the language to accord with Labor and Employment Article, § 9-742, Annotated Code of Maryland.

(Eff. Date: 8/3/15)

14.09.01.04 - Filing Forms and Documents with the Commission

14.09.02.02 - Requirements for Filing and Amending Claims

On November 12, 2015, the Workers' Compensation Commission adopted amendments to Regulations 14.09.01.04 and 14.09.02.02 to provide a claimant the means to cure an improperly submitted claim within a reasonable time. (Eff. Date: 12/10/15)

14.09.12.02 – Notices of Insurance, Cancellation, Reinstatement, and Election of Coverage

On December 10, 2015, the Workers' Compensation Commission adopted amendments to Regulation .02 under COMAR 14.09.12 to conform to the changes made necessary by the adoption of Ch. 88, Acts of 2015, which altered the time period (from 30 to 45 days) within which an insurer must serve notice on an employer for canceling or refusing to renew workers' compensation insurance.

(Eff. Date: 1/7/16)

REGULATORY/LEGAL UPDATE

Appellate Opinions

Board of Education of Prince George's County v. James Brady

Court of Special Appeals No. 781, September Term, 2015

Where Employee elected to use his accrued paid personal and sick leave, rather than seek temporary total disability ("TTD") payments afforded under the Workers' Compensation Act, the Board of Education of Prince George's County is entitled to an offset against the award for the Board's prior leave payments to Employee based on Maryland Code (1991, 2008 Repl Vol), Labor and Employment Article, § 9-610. After a proceeding in front of the Workers' Compensation Commission on Employee's claim for permanent partial disability payments, where Employee was awarded a permanent partial disability award, the Commission granted the Board of Education an offset. The Court of Special Appeals reversed the Circuit Court for Prince George's County which had reversed the decision of the Commission granting the offset.

Patrick Long v. Injured Workers' Insurance Fund, et al.
225 Md.App. 48

In a question of first impression in Maryland, the Court of Special Appeals held that when an injured worker is a sole proprietor, his or her average weekly wage should be based upon the income of the sole proprietorship after deducting business expenses as shown on claimant's federal income tax return.

Terry Bradley v. Construction Labor Contractors, et al.
227 Md.App. 64

The Workers' Compensation Law provides two options in the exercise of the Commission's authority to grant a "motion for rehearing", other than acquiescence, when a party is aggrieved by a Commission decision. Md. Code, § 9-726(a) of the Labor and Employment Article (LE) permits a party, within 15 days after the decision, to file with the Commission a written motion for a rehearing. Alternatively, LE § 9-737 permits an

aggrieved party, within 30 days after the mailing of the decision, to file an action for judicial review in accordance with the Rules in Title 7 of the Maryland Rules.

Prince George's County, Maryland, et al. v. Frederick Minor

227 Md.App. 233

In brief, Claimant's attorney did not file a consent for attorney's fees at the time he sought permanent partial disability for his client. The employer/insurer (Prince George's County) paid the full amount of the award to the claimant and mailed the check to claimant's attorney. Attorney forwarded check to claimant, who cashed it. Claimant's attorney belatedly sought order for attorney's fees (and doctor's fees), but wanted the County to pay. The Court of Special Appeals upheld the Commission's decision to award attorney's fees to be paid by the Claimant (either directly from claimant, or as a lien against future awards). In upholding the Commission, the Court of Special Appeals reversed the circuit court which had ordered the County to pay.

Injured Workers' Insurance Fund v. Subsequent Injury Fund, et al.

Court of Appeals No. 39, September Term, 2015

The assessment payable to the Subsequent Injury Fund pursuant to Maryland Code (1991, 2008 Repl. Vol., 2015 Cum. Supp.) § 9-806 of the Labor and Employment Article is calculated based on the amount of an award prior to the statutory offsets for retirement benefits provided by §§ 9-610 and 9-503(e) of the Labor and Employment Article. This interpretation is based on the clear and unambiguous language of § 9-806 of the Labor and Employment Article and is consistent with the broad statutory scheme of the Workers' Compensation Act.

COMMITTEES

Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee

Chapters 590 and 591 of the Acts of 1987 established the Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee. Chapter 5 of the Acts of 2011 expanded the membership to include a representative from a self-insured local government entity. 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, labor sectors, and self-insured local government, as well as the general public. The Committee is co-chaired by an appointed State Senator and a House of Delegates member.

2016 Committee Roster
 Katherine A. Klausmeier, Senate Chair
 Kriselda Valderrama, House Chair
 Senator Brian J. Feldman
 Delegate Cheryl D. Glenn

Representative of Maryland Business Community:
 Mary Anne Reuschling

Representative of the Maryland Labor Organization:
 Craig Simpson

Representative of Maryland Building and Construction Labor Organization:
 Thomas W. Hayes

Two Members of the Public:
 Debora Fajer-Smith
 Michael G. Comeau

Member of the Insurance Industry:
 Thomas J. Phelan

Member of a Workers' Compensation Rating Organization:
 David Benedict

Member of Medical and Chirurgical Faculty of Maryland:
 Kenneth R. Lippman, M.D.

Members of the Bar:
 Rudolph L. Rose, Defense Lawyer
 P. Matthew Darby, Plaintiff Lawyer

Maryland Certified Rehabilitation Service Provider:
 Kathy M. Stone

Self-Insured Local Government Entity
 Ronald J. Travers

Workers' Compensation Commission—Ex Officio:
 Maureen Quinn

Committee Staff:
 Tami Burt
 Laura Atas
 Department of Legislative Services

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

Pursuant to the requirements of Labor and Employment Article §§ 9-317 and 9-318, a Budget Advisory Committee was established to review the annual proposed operating budget of the Workers' Compensation Commission and make recommendations to the Commission. The Budget Advisory Committee will perform this review and make its recommendations by November 1 of each year. The Committee submits its annual report and recommendations to the Governor and Legislature by December 1 of each year.

2016 Committee Roster

Michael G. Comeau, Chairman	Ricardo Loaiza
Sandra Dorsey	Adrienne M. Ray
Kevin P. Foy, Esq.	Patrick A. Roberson, Esq.
Melinda Hayes	Matthew D. Trollinger, Esq.
Heather H. Kraus, Esq.	
Mary C. Larkin	

COMMITTEES

Advisory Committee on the Registration of Rehabilitation Practitioners

The Advisory Committee on the Registration of Rehabilitation Practitioners was formed by the Workers' Compensation Commission in 1997. The Committee's role is to review, evaluate and provide recommendations to the Commission regarding a vocational rehabilitation practitioner's application where questions or clarifications are needed. Members are appointed to a three-year term by the Workers' Compensation Commission. The Committee consists of seven members who are certified rehabilitation practitioners (Labor and Employment Article, Section 9-6A-05).

2016 Committee Roster

- Charles Smolkin, MS, LCPC, CRC, CVE, MSRP
Committee Chair
 Susan Budden, MS, CRC, MCRSP
 Mary Sevinsky, MS, CRC, CCM, MCRSP
 Janet Spry, Ph.D., CRC, LPC, MCRSP
 Kathy M. Stone, MS, CDMS, CCM, MCRSP
 Carole Stole-Upman, MA, RN, CCM, CRC, CDMS, CNLCP, WCCM, MCRSP
 Cathryn Winslow, RN, WCCM, MCRSP

Medical Fee Guide Revision Committee

The Medical Fee Guide Revision Committee (MFGRC) was established in response to Labor and Employment Article § 9-663(b)(3). It reviews medical and surgical fees for completeness and reasonableness as well as provides a forum for discussing the fee guide. Recommendations are then made to the full Commission. The MFGRC, whose membership consists of an equal number of payers and receivers of workers' compensation medical benefits, engages in an ongoing analysis of reimbursement rates and recommends modifications to the Commission. In 2008, the Medical Fee Guide was fully incorporated into COMAR and was updated to include an annual adjustment factor that will help reimbursement rates stay current. In fiscal year 2016, the MFGRC met on August 17, 2015.

2016 Committee Roster

- Commissioner Jeffrey C. Herwig, Committee Chair
 Jerome P. Reichmister, M.D., Physician Adviser, WCC
 Janet Vanderpuije, Committee Secretary, WCC

Payers

- Edward J. Bernacki, M.D.
 Dennis Carroll, Esq.
 Antonio R. Lopez, Esq.
 Rudolph Rose, Esq.
 Craig J. Ross, M.D.
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