

QUARTERLY ACTIVITY REPORT

April 1 - June 30, 1998

Walter W. Turner, Commissioner
KY Department of Workers Claims

2ND QUARTER ACTIVITY

803 Kar 25:190 Amended

**220 Workers Referred To Universities
For Medical Evaluations**

873 Awards Rendered

1,590 Settlements Approved

12,136 Injuries Reported

Administrative Costs below Budget

2nd Fatality Report Cards Issued

rendered to injured workers. Specifically, the definition of "preauthorization" has been enlarged to include the agreement that the particular course of treatment is authorized as medically necessary, and that the carrier *will pay for it*. This change addresses the growing concern that physicians and other medical providers are not receiving prompt payment for treatment provided within the workers compensation system. Assured payment is expected to improve access to medical providers for injured workers.

Recent amendments also address review of chiropractic services delivered to injured workers. The reasonableness of chiropractic care is a common area of dispute between injured workers and insurance carriers. As a result of amendment, necessity and appropriateness of chiropractic care is to be determined by a chiropractor who has been certified as an authorized reviewer by the Kentucky Board of Chiropractors.

Additional amendments within 803 KAR 25:190 reduce system friction by requiring initiation of the utilization review process and ultimate decision notification in shortened time frames.

MEDICAL UTILIZATION REVIEW. An amended version of the regulation 803 KAR 25:190, Utilization Review and Medical Bill Audit, was adopted. The amendments streamline the process whereby medical providers can receive an assurance of payment for services

UNIVERSITY MEDICAL EVALUATIONS.

Two hundred twenty workers were referred to the University of Kentucky or the University of Louisville for medical evaluation during the second quarter. Forty claimed disability due to occupational hearing loss, 28 due to coal workers pneumoconiosis and 152 claims involved in other categories of injury and occupational disease.

ment, explaining the circumstances concerning the violation(s) by August 15, 1998.

It is the Department's intention to use the information contained within these report cards to evaluate carrier performance and identify areas for improvement in an effort to ensure prompt delivery of benefits.

These report cards serve not only as a medium for determining statutory compliance and assessing penalties, but also as a vehicle for the Department to provide carriers with the feedback they want in order to improve their services.

MEDICAL EVALUATIONS				
University of Kentucky	Apr-98	May-98	Jun-98	TOTAL
RIB	3	4	5	12
BL	8	3	4	15
Hearing Loss	10	7	6	23
Injury (all)	25	17	15	57
Asbestosis	0	1	0	1
University of Louisville	Apr-98	May-98	Jun-98	TOTAL
RIB	5	6	3	14
BL	5	4	4	13
Hearing Loss	8	4	5	17
Silicosis	1	0	0	1
Injury (all)	28	17	19	64
Dermatitis	1	0	0	1
Asbestosis	2	0	0	2
TOTAL	96	63	61	220

ENFORCEMENT. Year to date, 231 citations have been issued with \$240,650 in citation dollars assessed and \$129,121 collected. Assuming this level of activity continues, we expect the number of citations issued to exceed prior years. At the close of business June 30, 1998, enforcement administrative costs equal \$237,500.

CARRIER FATALITY PERFORMANCE.

On July 24, 1998, the Department of Workers Claims issued the second in a series of report cards pertaining to the timely filing of Fatality Reports. Twenty-three companies electronically reported 41 work related deaths for the period July 1, 1997 through December 30, 1997. Twenty-six of the 41 fatalities were reported outside the acceptable time frame. Seventeen companies reporting violations were asked to repond in writing to the Depart-

CONSTITUENT SERVICES. Specialists assisted in 27 new claim filings, 528 new dispute resolutions, and completed 356 successful mediations during this quarter. Ombudsmen and Specialists fielded 7,277 requests for assistance, compared to 7,098 for the second quarter of 1997.

REQUESTS FOR ASSISTANCE			
	OMBUDSMEN	SPECIALISTS	TOTAL
APR	1,172	1,270	2,442
MAY	1,136	1,195	2,321
JNE	1,208	1,296	2,504
	3,516	3,761	7,267

ARBITRATOR ACTIVITY. Claims filings in the second quarter were down 16% from first quarter activity. Forty-three percent of claims were resolved through settlement. Although the number of claims before the arbitrators for more than 90 days has increased, the vast majority of those claims have been placed in abeyance upon motion of a party.

ALJ ACTIVITY. Administrative Law Judges continue to decide claims upon de novo review from Arbitrator benefit review determinations and upon transfer of complex claims prior to an initial arbitrator decision. In the second quarter of 1998, ALJ's scheduled 452 formal hearings in these claims and also conducted informal prehearing conferences as a dispute resolution tool. Four hundred twelve opinions were rendered by the judges.

Half of the ALJs serve as arbitrators during a six-month rotation. During the second quarter,

534 cases were assigned to six ALJs acting as Arbitrators. Also, ALJs acting as Arbitrators conducted 387 benefit review conferences and rendered 158 benefit review determinations.

GROUP SELF-INSURANCE. There have been no insolvencies of self-insureds to impact any of the guarantee funds. The DWC continues to initiate audits of self-insured groups while monitoring those groups operating pursuant to Agreed Orders resulting from previous examinations. Fieldwork has been completed on the Kentucky Employee Safety Assn. (KESA) audit initiated on March 23, 1998 and the auditor's report is under review. On June 18, 1998, the DWC initiated an examination of the Kentucky School Board Self-Insurance Trust. Fieldwork is ongoing. A report is expected to be available for review prior to the end of the third quarter. Two additional examinations of self-insured groups are tentatively scheduled for 1998.

FISCAL ACTIVITY

1997-98 Actual Expenditures as of Close of Business 6/30/98

	Budgeted	Spent	Balance	% Spent
Personnel	\$11,489,700	9,960,614	1,529,086	86.7
Operating	3,530,800	2,816,105	714,695	79.8
Capital Equip.	<u>162,000</u>	<u>111,807</u>	<u>50,193</u>	<u>69.0</u>
Total Budget	\$15,182,500	12,888,526	2,293,973	84.9

Through conservation of resources, the Department of Workers Claims will show surplus funds at the close of the 1997-98 fiscal year of approximately \$2,293,973. With the lapse of 100% of the fiscal year, the Department of Workers Claims spent only 84.9% of its budget allotment.

Number of full-time personnel positions approved-	268
Number of filled positions as of June 30, 1998-	231

KY Department of Workers Claims
Perimeter Park West, Building C
1270 Louisville Road
Frankfort, KY 40601
502.564.5550

<http://www.state.ky.us/agencies/labor/wrkclaim.htm>