

The Link

Quarterly Activity Report
April -- June 2002



“Who’s on First?”... To Be Announced.

*So, what’s the Department of Workers’
Claims new address?*

657 To Be Announced Avenue...

And what’s the street name?

To Be Announced...

When will it be announced?

It has been...

So what is it?

TO BE ANNOUNCED!



**Abbott &
Costello
“Who’s
on First?”**

In spite of all the confusion surrounding the agency’s street address, the Department of Workers’ Claims employees have settled into their new working quarters at *657 To Be Announced Avenue*. The building, located in Frankfort’s Prevention Park, provides enough work space for the Department’s 130 Frankfort based employees.



**Kentucky Department of Workers’ Claims
Prevention Park
657 To Be Announced Avenue
Frankfort Kentucky 40601**

The move to the new site was the culmination of a year long planning process during which staff members were involved in the selection of a floor plan, office layout, network design and the physical relocation of hardware and equipment. All efforts were made to prevent disruption to the workflow in order to deliver prompt services to the agency’s constituents.

Main phone numbers as well as all toll-free numbers remain unchanged.

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Quarterly



Statistics

QUARTERLY ACTIVITY

Lost Time First Reports of Injury	9,363	Dismissals	147
Claims Assigned	1,279	Re-openings (medical)	134
Pre-litigated Agreements	1,147	Re-openings (overruled)	15
Awards	273	Re-openings (sustained)	79
Agreements	796		

First Reports of Injury

There were 9,363 First Reports of Injury received by the Department of Workers' Claims this quarter. While this figure denotes an upsurge in reporting activity, it does not represent an increased incident rate. Of the 9,363 injuries reported during this quarter only 59% occurred during this period. Approximately 1,700 first report transactions actually occurred prior to 2002, but were not reported until now. Data clean up, data corrections and late notification by carriers and/or third party administrators are the primary reasons for the influx of reporting activity recorded during this quarter.

Fatalities

There were 17 on the job fatalities reported to the Department during this quarter. Three of these deaths occurred before 2002; one occurred in the year 2000 and two fatalities occurred in 2001.

The workers who died on the job ranged in age from 20 to 66. The most common cause was motor vehicle accidents and the second most common cause was falls.

The construction industry accounted for four of the fatalities, while the mining industry and transportation/communications/public utilities accounted for three each. Manufacturing, retail and services sectors all reported two fatalities and one fatality occurred within the public administration sector.



Quarterly

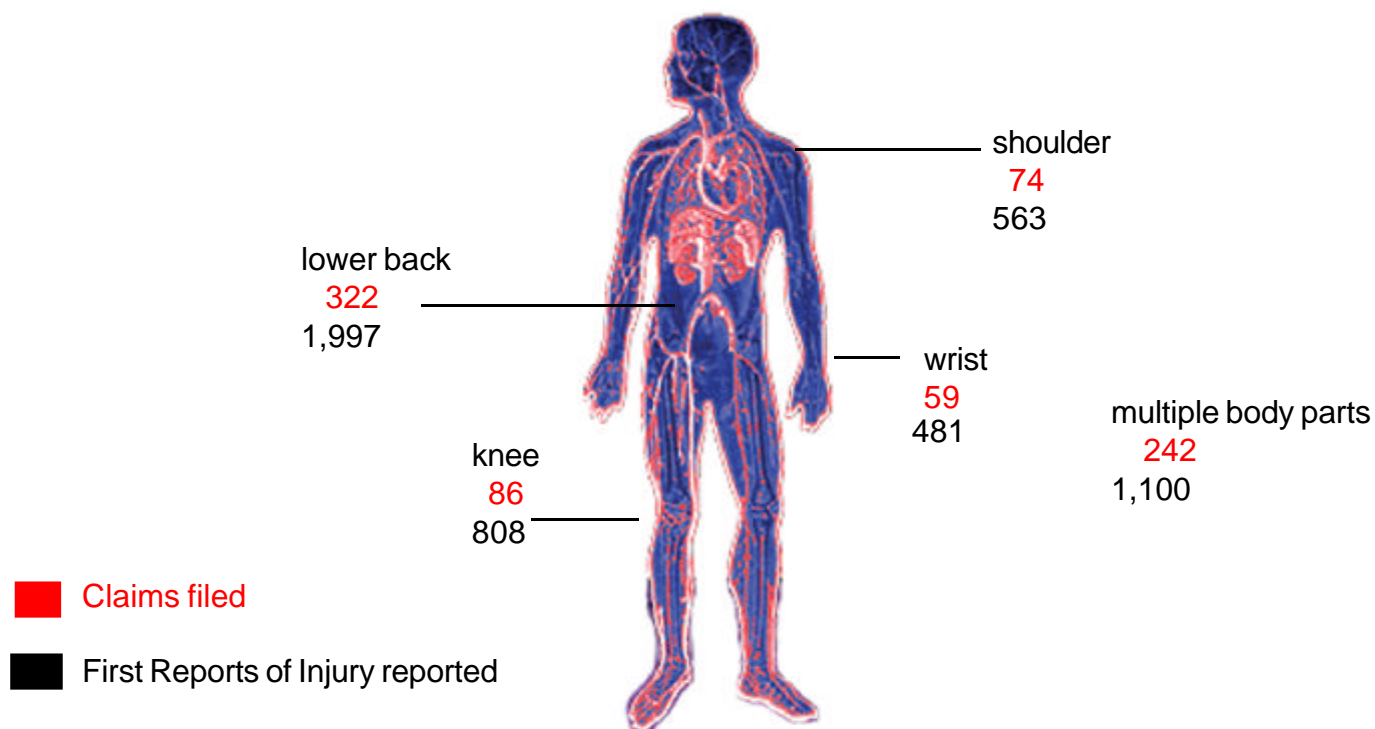


Statistics

DISTRIBUTION BY INDUSTRY

	CLAIMS	FIRST REPORTS
Agriculture, Forestry, Fishing	7	5
Mining	167	633
Construction	110	867
Manufacturing	335	2,241
Transportation, Communication, Public Utilities	110	655
Wholesale Trade	52	335
Retail Trade	143	1,477
Finance, Insurance and Real Estate	15	125
Services	291	2,384
Public Administration	31	565
Unclassified	18	76

Body Part Distribution (top five)



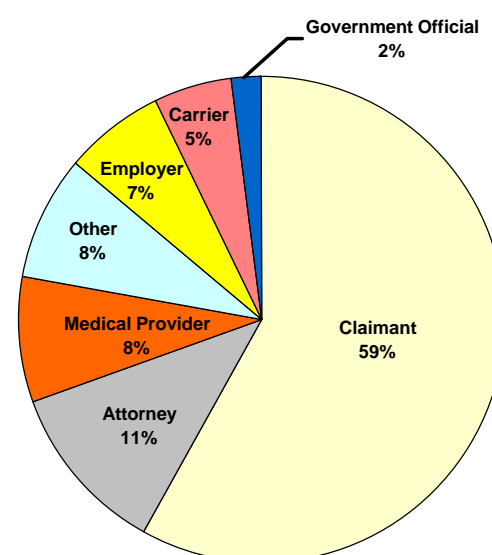
Division of Ombudsmen and Workers' Compensation Specialists Services

Workers' compensation specialists and ombudsmen received over 3,700 requests for assistance during this reporting period.

The most common topic related to rights and procedures (2,113), questions on the status of a claim (596), and requests for forms (365).

In addition to constituent services, requests for mediation are also handled by the Division of Ombudsmen and Workers' Compensation Specialists Services. Between April and June, the Division received 456 requests for mediation and successfully resolved 248 cases.

Sources of Requests for Assistance



MEDICAL EVALUATIONS



During this quarter there was a combined total of 34 medical evaluation reports received from the University of Kentucky and University of Louisville medical schools. Additionally, the Department's medical scheduling staff received 52 claims to be scheduled for evaluations at one of the university's medical schools.

Of the 52 claims, 32 involved hearing loss and 14 were injury related. There were two claims involving Coal Workers' Pneumoconiosis (black lung) and one case of each of the following: silicosis, asthma, fumes and chemicals and dermatitis.

Division of Claims Processing and Appeals

The **Claims Assignment Section** receives and processes all new applications for resolution of claim and reopenings from the Frankfort motion docket. They schedule the benefit review conferences and assign the claims and reopenings to the Administrative Law Judges. For the months of April - June, claims assignment staff processed 1,333 new claims, assigned 1,095 new claims and 143 reopenings to the judges for benefit review conferences.

The **Case Files Section** receives and processes motions to reopen, attorney fee motions, requests for widow's benefits and miscellaneous motions in cases that have not been assigned to the law judges and prepares them for assignment to the Docket Section at the appropriate time. For the period April - June, case files staff received and processed a combined total of 1,185 motions.

The **Docket Section** prepares motions in cases that have not been assigned to a law judge and places them on the Frankfort motion docket for a ruling by the Chief Administrative Law Judge. The docket specialist attends the docket meetings to record the rulings of the Chief Administrative Law Judge; staff members then complete and process the orders. In this quarter, they assigned 828 motions to the Frankfort docket.

The **Open Records Section** responds to open records requests for information contained in the departmental file system. The requests are received from attorneys, insurance carriers, employers, Social Security Administration and the general public. During this quarter, they processed 3,769 written requests, 3,588 pre-employment requests, 40 requests from the Social Security Administration, and 87 requests from the Department of Fish and Wildlife. Monies received for copy charges for this period totaled \$17,206.

Administrative Law Judges

During this quarter, the Administrative Law Judges held 1,295 benefit review conferences and 661 formal hearings. Additionally, the Administrative Law Judges produced 403 opinions and issued 28 decisions in claims on remand from the Workers' Compensation Board, the Court of Appeals and the Kentucky Supreme Court.

The judges were also involved in drafting regulations for the implementation of the new laws regarding coal workers' pneumoconiosis contained in House Bill 348.



Office of General Counsel

Between April and June, the Office of General Counsel received 82 citation cases and four Unfair Claims Practice cases, with fines and penalties collected totaling \$42,657. Additionally, the Office of General Counsel referred four cases to the Department of Insurance for fraud investigation.

Revisions to Administrative Regulations during this quarter included: 803 KAR 25:009E, 803 KAR 25:120E and 803 KAR 25:010, all of which are to implement House Bill 348 and became effective July 15, 2002.

Division of Information and Research

The Division of Information and Research responds to requests for information under Kentucky's Open Records Law. Data requests are submitted by attorneys, government agencies, health care representatives, the media and others.

Research results are used in a variety of ways: to assist in claim filings, prepare for safety training programs and to update state and national data banks as well.

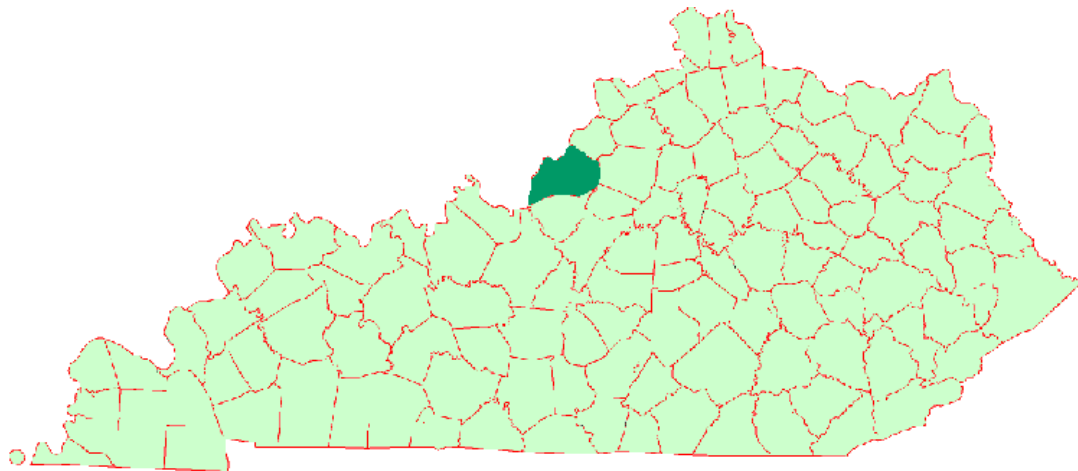
During this quarter, several research projects involved Jefferson County. One of these requests sought the number of lost time injuries that occurred in Jefferson County during 2001.

Research results indicated that there were 8,363 lost time first reports of injury reported to the Department by employers in Jefferson County in calendar year 2001. Based on the 38,434 injuries reported by employers throughout the state during that year, this represents 21% of all injuries. This increase in injuries of 1,500+ over previous year injuries occurred while the labor force in Jefferson County decreased.

Another request involving Jefferson County was seeking statistics on sanitation workers. Since January 1, 1997, there have been 3,053 injuries to sanitation workers reported from all across the state.



This number represents approximately 7% of all lost time injuries reported during this 5 ½ year period. More than half of these injuries – 1,626 – were attributed to Jefferson County collection providers.



Division of Security and Compliance

The Division of Security & Compliance, through the efforts of the Coverage, Self-Insurance and Enforcement Branches focuses its resources on ensuring that non-exempt Kentucky employers maintain workers' compensation insurance coverage.

Self-Insurance

Work continued on the system redesign project. Routine activities of the Self-insurance Branch included the completion of surety calculations and surety revisions, analysis of corporate financial statements, preparation and completion of simulated premium calculations and examinations of self-insured group funds. These functions and various other duties are all designed to ensure adequate security exists to fund the workers' compensation obligations of the self-insured employers.

The self-insured employers of the Commonwealth continued to struggle with an insurance industry that is reeling from the terrorist attacks of last September and the bankruptcies of major corporations. Kentucky continued to work through the complications arising due to Kmart's bankruptcy proceedings and subsequent default on its workers' compensation obligations.

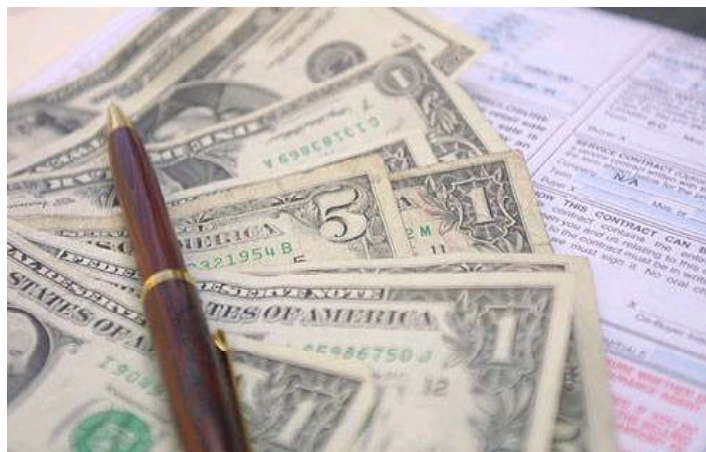
Exacerbating the situation were the various cancellations of surety bonds by insurance carriers placing additional financial pressures upon the self-insured employers. Finally, the bankruptcies of several former self-insured employers stretched thin the resources of the Self-Insurance Branch, placing an increased demand upon the staff to respond in a timely manner.

Coverage

The Coverage Branch maintains records documenting insurance coverage for Kentucky employers. As part of the Department's overall

system redesign project, the Coverage Branch participated in numerous meetings and work sessions.

Electronic Data Interchange (EDI) continues to work well for the branch as it processes transactions received from the Proof of Coverage vendors, ISO and Workers CompLink, as well as KEMI who provides coverage data directly to the Branch. Transactions received and processed



from all vendors for this quarter totaled 51,306 with an overall acceptance rate of 86%.

As the Department's redesign project brings the EDI-POC system on line, the Branch anticipates new opportunities that will increase the efficiency and accuracy of these transmissions.

Enforcement

The Enforcement Branch has the responsibility to monitor Kentucky employers for compliance with the Workers' Compensation Act. Ten officers located throughout the Commonwealth conduct periodic investigations of Kentucky's employers, large and small, across all industry segments as

Division of Security and Compliance

we strive to proactively encourage all employers to comply with the workers' compensation laws. During this quarter, Compliance Officers conducted 2,625 investigations, the Commissioner issued 80 noncompliance citations to employers and the Department collected \$60,797 in penalties.

Continuing education is a cornerstone of the Department's effort to provide quality service in all areas. At a recent educational retreat, Enforcement personnel participated in various sessions including exercises involving role-playing, mock hearings and simulated employer interviews. The Department's Office of General Counsel provided valuable assistance during this two-day training session. This interactive experience led to modifications of the independent contractor investigative report. It is anticipated that these changes will help clarify the question as to whether an individual is considered an independent contractor or an employer for purposes of compliance with the Workers' Compensation Act.

The Enforcement Branch continues to enjoy the benefits of placing technology in the field with full deployment of handheld computers to the field enforcement officers. Increased efficiency, accuracy and consistency remain the trademarks of this process that have changed the way investigations are conducted and significantly increased the value of the data obtained. In mere minutes, 78 fields of coverage data and 34 fields of information relating to independent contractor status can be collected.



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

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