

Maryland Workers' Compensation Commission Annual Report

Fiscal Year 2008



Martin O'Malley, Governor
R. Karl Aumann, Chairman

Anthony G. Brown, Lt. Governor
Mary K. Ahearn, Executive Director

TABLE OF CONTENTS

Letter from the Chairman	2
Mission and Vision	3
Biographies	4
Organizational Chart	10
Agency Highlights and Process Improvements	11
Agency Performance	14
Insurance/Self-Insurance	28
Revenues/Expenditures	31
Regulatory/Legal Update	32
Committees	34
Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee	
Governor's Advisory Committee on Budget of State Workers' Compensation Commission	
Advisory Committee on the Registration of Rehabilitation Practitioners	
Vocational Rehabilitation Committee	
Task Force on Employer Compliance	
Medical Fee Guide Revision Committee	
Online Services Advisory Counsel	
Contact Information	38

TABLES AND CHARTS

Figure 1	Filed Claims	14
Figure 2	eForms vs. Total Forms Filed	15
Figure 3	Filed Claims by Market Segment	16
Figure 4	Source of Filed Claims by Political Subdivision	17
Figure 5	Filed Claims by Industry	18
Figure 6	Awards According to Nature of Injury	19
Figure 7	Awards According to Weeks of Disability and Body Part	19
Figure 8	Permanency, Fatality and Compromise Awards by Type of Award	20
Figure 9	Commission Claims Data	20
Figure 10	Comparative Tri-State Employment, Claims and Fatalities	20
Figure 11	Fatalities by Industry Grouping	21
Figure 12	Filed Claims by Gender and Age	22
Figure 13	Source of Appeals	23
Figure 14	Source of Claims and Appeals by Political Subdivision	24
Figure 15	Scheduled Hearing Distribution	25
Figure 16	Emergency Hearing Requests on Filed Issues ..	26
Figure 17	Interpreter Office Program Statistics	27
Figure 18	Hearing Transcripts	27
Figure 19	Vocational Rehabilitation Case Management ..	27
Figure 20	Self-Insurance Program	28
Figure 21	Workers' Compensation Certification and Coverage Election	28
Figure 22	Workers' Compensation Premium Rate Ranking	29
Figure 23	NCCI Voluntary Market Premium and Loss Data	30
Figure 24	Licensed Insurers Writing Workers' Compensation Insurance	31
Figure 25	Insurer Assessments and Commission Expenses	31

LETTER FROM THE CHAIRMAN

I am delighted, once again, to have the privilege of presenting the Maryland Workers' Compensation Commission's Annual Report. On behalf of the Commissioners and staff, I welcome you to take advantage of the information contained in this annual publication. It is a fascinating overview of the Commission's work and the contributions made by the many groups and individuals in the community.

Stability and steady growth are the hallmarks of this past year. Maryland is extremely fortunate to have the collegial participation of every sector contributing to an even better system—government, attorneys, health care providers, employers, insurers and vocational rehabilitation specialists. Meeting and working with my colleagues from other states, it is undeniable that Maryland's Workers' Compensation Commission is recognized as among the very best in the nation. This would not be possible without the dedication and expertise of the Commission's employees. The citizens of our state are ably served by these outstanding people.

Without a doubt, one of the most encouraging developments of the past year is part of a national trend. The number of injuries on the job continues to decline, resulting in a reduction of new claims filed. This trend benefits the system by putting downward pressure on premiums and allowing hearings to be held with less delay. The most obvious advantage is the decline in the incidence of accidents and injuries, which everyone can agree is excellent news.

I would like to take this opportunity to thank the General Assembly and Governor Martin O'Malley for their strong support of the Commission and our work. Additionally, the members of the Legislative Oversight Committee and the Budget Advisory Committee have helped us improve the workers' compensation system in Maryland and I appreciate their efforts. I look forward to the excellent partnership of all sectors, which has characterized the workers' compensation community for years, continuing well into the future.

Sincerely,

R. Karl Aumann

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.



BIOGRAPHIES

R. Karl Aumann, *Chairman*

Appointed Commissioner of the Workers' Compensation Commission in February 2005, R. Karl Aumann was subsequently appointed as Chairman in October 2005 by Governor Robert L. Ehrlich, Jr. He earned a Bachelor of Arts in political science from Loyola College in Maryland in 1982. Chairman Aumann received his J.D. in 1985 from the University of Baltimore School of Law and was admitted to the Maryland Bar in 1986. As an attorney, he was an associate with the Towson firm of Power & Mosner, now Bodie, Nagle, Dolina, Smith & Hobbs, and later with the Baltimore office of Miles & Stockbridge. In 1991, Chairman Aumann was appointed by President George H. W. Bush as Counsel and Senior Policy Advisor to the Appalachian Regional Commission. When Governor Ehrlich was elected to the U.S. Congress in 1994, Mr. Aumann was named his Chief Administrator and District Director, a position he held until 2003. Appointed Secretary of State of Maryland, he was confirmed unanimously by the State Senate on January 31, 2003. A member of the Southern Association of Workers' Compensation Administrators' Executive Committee since 2005, Chairman Aumann is active on both the Adjudication and Self-Insurance committees. He also represents the Maryland Workers' Compensation Commission at meetings of the International Association of Industrial Accident Boards and Commissions and has been a featured speaker at NCCI's Annual Issues Symposium.



Mary K. Ahearn, *Executive Director of Administration*

Mary K. Ahearn was appointed Executive Director of Administration of the Workers' Compensation Commission in 2003. 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, has completed the course of study at the International Workers' Compensation College, and is an at-large member of the Executive Committee of the International Association of Industrial Accident Boards and Commissions. In addition to nine years of experience with the Commission, Ms. Ahearn has more than 10 years of management and administrative experience in the public and private sectors. She sits on the Board of Directors of the Maryland Chapter of the Juvenile Diabetes Research Foundation International and co-chaired the foundation's Baltimore Walk for the Cure at Orioles Park in spring 2008.



BIOGRAPHIES

Patricia G. Adams, *Commissioner*

Patricia G. Adams was appointed 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.



Jeffrey C. Herwig, *Commissioner*

Jeffrey C. Herwig was appointed a member of the Workers' Compensation Commission by Governor Robert L. Ehrlich, Jr. in 2006. 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. In 1991, he founded Herwig & Humphreys, LLC with the late Robert L. Humphreys, Jr. and served as the 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 for Injured Workers' Rehabilitation, President of the District of Columbia Association of Insurance Compensation Attorneys, board member of various civic organizations, 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.



BIOGRAPHIES

Kenneth G. Macleay, *Commissioner*

Kenneth G. Macleay was appointed a member of the Workers' Compensation Commission by Governor Robert L. Ehrlich, Jr. on August 1, 2005. He is a graduate of Loyola College in Maryland and the University of Baltimore School of Law. Following a judicial clerkship at the Circuit Court for Baltimore City for Judge Thomas Ward, Commissioner Macleay joined a litigation firm in Baltimore, Maryland and became a partner in 2000. His practice included workers' compensation, transportation, insurance defense, personal injury and medical malpractice litigation. He regularly attended the American Bar Association's Transportation Megaconference. Prior to joining the Commission, Commissioner Macleay represented clients in litigation before the Circuit Courts for all 23 counties and the City of Baltimore in addition to Federal Court. He also appeared before the Maryland General Assembly legislative oversight panel concerning insurance coverage and the rental car industry. In 1997 Commissioner Macleay served as President of the Board of Trustees of the José Martí Monument Foundation and was integral in having a monument honoring José Martí, a Cuban patriot, erected in Baltimore City. Commissioner Macleay is a member of the Anne Arundel County Bar Association and the Association for Transportation Law, Logistics and Policy. He works on environmental causes with other educational associations, including the Chesapeake Bay Foundation. Commissioner Macleay currently serves as the Commission's Chair of the Medical Fee Guide Committee.



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 currently serves on the Board of Directors of the University of Baltimore Alumni Association and the Citizens' Review Board for Children for Montgomery County, Maryland.



BIOGRAPHIES

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 the 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 law.



Lauren A. Sfekas, *Commissioner*

Lauren A. Sfekas 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 Sfekas spent 14 years in private practice, concentrating on workers' compensation law. She has published and lectured extensively on workers' compensation matters.



BIOGRAPHIES

Kimberly Smith Ward, *Commissioner*

Kimberly Smith Ward was appointed a member of the Maryland Workers' Compensation Commission in February 2007 by Governor Martin O'Malley. She graduated from the University of Maryland with a Bachelor of Arts in history and from the Wake Forest University School of Law. Commissioner Ward served as a judicial clerk to the Honorable Dale R. Cathell, Judge, Court of Special Appeals of Maryland, and the Honorable Robert M. Bell, Chief Judge, Court of Appeals of Maryland. She was employed with the Office of the Attorney General in 1993, where she worked in the Opinions and Advice, Criminal Appeals, and Civil Litigation divisions and served as Principal Counsel to the Maryland Workers' Compensation Commission from 2001 to 2007. She is a member of the Bar of the Court of Appeals of Maryland, the United States District Court for the District of Maryland, the United States District Court for the District of Columbia, the Court of Appeals for the Fourth Circuit, and the Supreme Court of the United States. She has authored opinions on workers' compensation issues and has lectured on workers' compensation for the Maryland Institute for Continuing Professional Education of Lawyers. Commissioner Ward served on the Task Force for Racial and Ethnicity Fairness in the Courts and is a member of the National Association of Women Law Judges and the American Judges Association.



John R. Webster, Jr., *Commissioner*

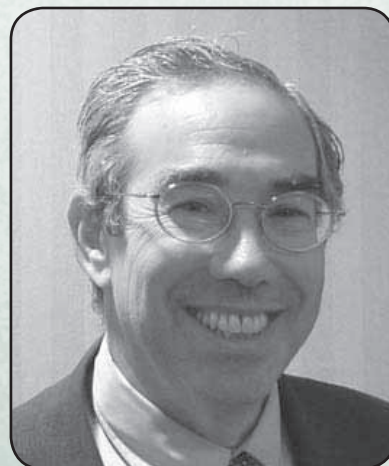
John R. Webster, Jr. was appointed a member of the Maryland Workers' Compensation Commission in December 1997 by Governor Parris N. Glendening. He completed his undergraduate degree at the University of Maryland and received his law degree from George Washington University where he graduated with honors. Commissioner Webster spent 24 years engaged in private practice with the firm of Miller & Webster, P.A., concentrating on 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.



BIOGRAPHIES

Jeffrey T. Weinberg, *Commissioner*

Jeffrey T. Weinberg 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. A graduate of the University of Maryland, College Park and University of Baltimore, School of Law, he was a former partner at Goodman, Meagher & Enoch where his practice concentrated in workers' compensation claims. Commissioner Weinberg has been a board member and Past President of the Maryland Workers' Compensation Educational Association, and served as a member of the Workers' Compensation Medical Fee Guide Advisory Committee. He is a Past President of the Baltimore City Bar Association Workers' Compensation Section. He is a past member of the Maryland Trial Lawyers Association Workers' Compensation Committee and served as the committee's Vice Chairman from 2005 to 2006. He also served on the Legislative Committee.



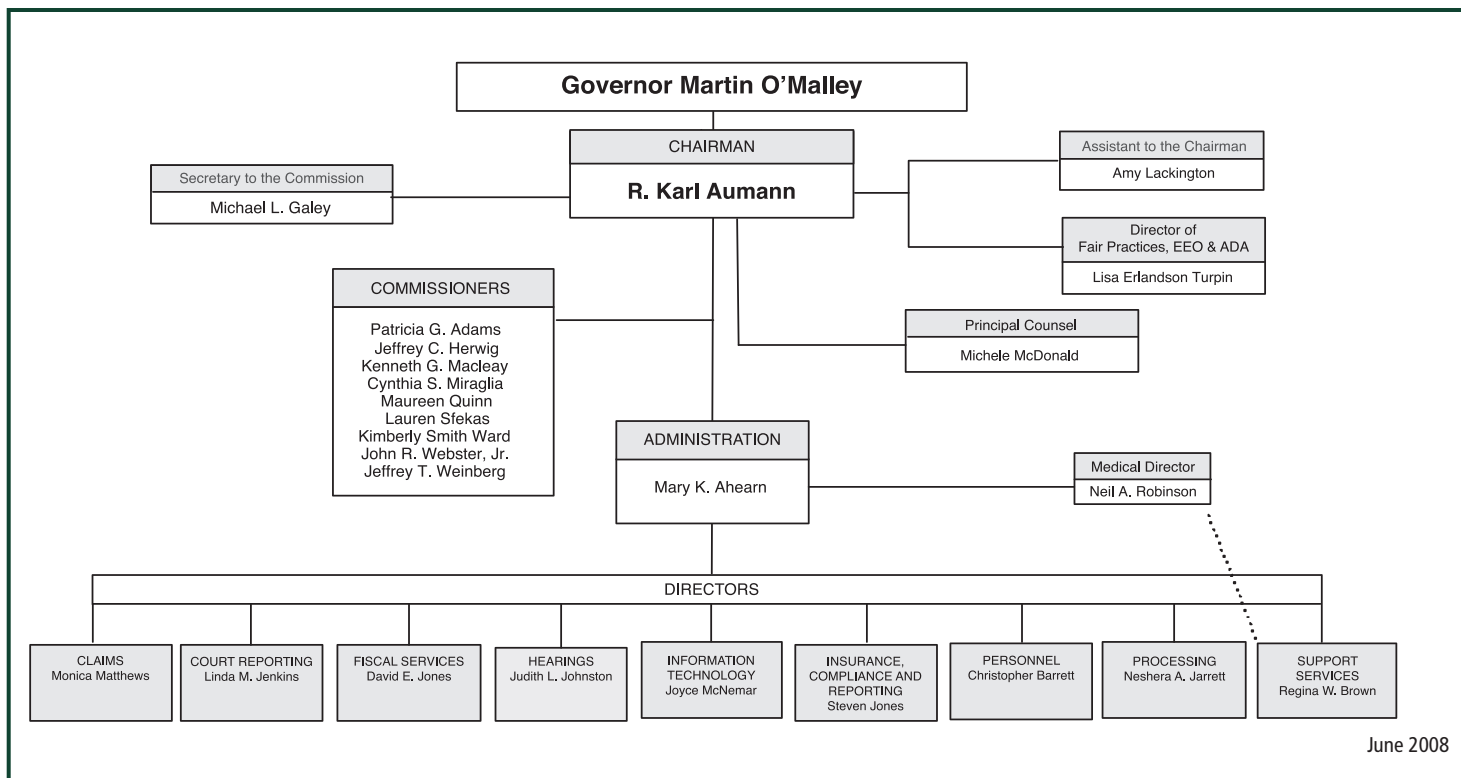
Michele J. McDonald, *Principal Counsel*

Michele J. McDonald is a graduate of Swarthmore College and the University of Maryland School of Law, where she was articles editor for the *Maryland Law Review*. She served as a judicial clerk to the Honorable Theodore G. Bloom, Maryland Court of Special Appeals. She joined the Office of the Attorney General in 1993 and has advised and represented the Department of Economic and Employment Development, the Department of Labor, Licensing and Regulation, and numerous other agencies. Since 1996, she has represented the Department of Public Safety and Correctional Services in civil rights, employment and labor litigation. She is a frequent lecturer on state personnel, discrimination, and administrative law for the Maryland Institute for Continuing Professional Education of Lawyers and the American Correctional Association. She serves on the Board of Directors of the Women's Law Center, St. Pius X Elementary School Board, and as Past Chair of the Maryland State Bar Association's Administrative Law Section.

The Principal Counsel provides the Workers' Compensation Commission with general legal counsel on issues pertaining to personnel, self-insurance, contracts and procurement, litigation, and regulation.



ORGANIZATIONAL CHART Workers' Compensation Commission



“Meeting and working with my colleagues from other states, it is undeniable that Maryland’s Workers’ Compensation Commission is recognized as among the very best in the nation. This would not be possible without the dedication and expertise of the Commission’s employees. The citizens of our state are ably served by these outstanding people.”

— R. Karl Aumann

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

FY 2008 Annual Report Available Online in January 2009

The Maryland Workers' Compensation Commission's Annual Report for fiscal year 2008 will be posted to the Commission's Publications and Reports page on its Web site in the beginning of calendar year 2009.

Revised Employee Claim Form C-1 in Use

Any claim filed on or after 12:01 a.m. October 1, 2007, must be filed on the revised Employee Claim Form C-1 that includes the Authorization for Disclosure of Health Information. The MD WCC C-1 form consists of three pages. The information on page 1 is similar to the old form. Page 2 is an Authorization for Disclosure of Health Information. Page 3 contains various notices and instructions relevant to completing the form.

The revised form is available for online submission. The injured worker is required to sign, date and provide a print version of the form to the Commission to complete the process.

An Online Employee Claim Form tutorial is being prepared by the Commission.

Claimant Privacy Protected

The Commission is diligent in protecting claimant private information. It has implemented a dual data input requirement for claim data search and has modified forms to remove unnecessary claimant information to ensure claimant privacy.

Attorney Subscribers May Choose e-Notifications

e-Notifications, a feature for subscribed attorneys, continues to offer the option to receive e-mail notifications in lieu of postal mail notifications of documents filed with the Commission for claims in which the subscribed attorney is a party. The benefits of e-Notifications include:

- Users can receive notices of documents filed more quickly than with postal mail.
- Hyperlinks in e-Notifications enable users to quickly open and view newly filed documents.

- Claim information is included within the e-Notification e-mail.
- Users can electronically forward e-Notifications to other subscribed attorneys or proxies for processing.

Attorneys interested in receiving e-Notifications may log in to their attorney subscriber account and update their user profile. More information about the e-Notifications feature for attorney subscribers is available from websupport@wcc.state.md.us.

Online Form Filing Service Available to Attorney Proxy

Authorized attorney proxy subscribers now have the ability to file appropriate Commission forms on their subscribed attorney's behalf. The options and requirements for the forms are the same as those provided the subscribed attorney, however the WebForm signature will contain three lines indicating the subscriber, the subscriber's e-mail address, and the attorney who has authorized the attorney proxy as the filing party ("on behalf of..."). This signature option is similar to the one featured in WebForms filed by an authorized insurer, where the third line indicates the insurer or self-insured employer name.

Insurer Designee Searches Simplified

In accordance with COMAR 14.09.06.02, the Commission requires all insurers that provide workers' compensation insurance in Maryland to register an Insurer Designee with the Commission who can provide the name of the competent individual handling and adjusting each disputed claim. The Insurer Designee does not have knowledge of the claim status but rather is required, upon inquiry, to provide the name, address, telephone number and e-mail address of the competent individual in the state of Maryland handling and adjusting the claim. When requested, this information must be provided within two business days.

A listing of all registered Insurer Designees is available on the Commission's Web site as a searchable Adobe® Reader document. This document lists all insurers alphabetically by name and includes the Insurer Designee's name as provided by the insurer, an e-mail address, and a Maryland local or toll-free telephone number.

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

Web-Enabled File Management System Expanded

The Commission's Web-Enabled File Management System (WFMS) allows those insurers and self-insured employers who have complied with COMAR 14.09.06.02 to have online access to workers' compensation claim-related documents for claims in which the insurer or self-insured employer is a party. With WFMS, insurers may also sign and file forms electronically with the Commission. The file management system also provides the option for subscribed insurers to authorize their administrative or support staffs to function as the authorizing insurers on their behalf.

Weekly Hearing Schedules Available Online

The implementation of a weekly docket display system continues to offer the general public online access to the Commission's hearing schedules. The information, accessible under the Claims and Adjudication section of the Commission's Web site, is available in Adobe® Reader (PDF) or Microsoft Excel® format and can be searched online or downloaded to the user's personal computer.

Processing of Awards

MergeDoc is being updated to automatically capture statistical information directly from each Order and improve user efficiency through tighter integration with our claims data and automatic calculation of certain award values.

Employer's Posting Notice C-24 Available in Spanish, English

The Employer's Posting Notice C-24 is now available in Spanish and English on the Commission's Web site on the "Forms & Instructions" and "Publication" pages.

Frequently Asked Questions, Answers Posted Online

The Commission has posted frequently asked questions and answers to its Web site. Topics include:

- Appeals in the Circuit Court
- Hearings
- Medical (Information and Regulations)

- Vocational Rehabilitation
- Assessments
- Hearing Transcripts
- Personnel
- Web Site Information
- Certificate of Compliance
- Interpreter Services
- Self-Insurance
- Mailing Address, Telephone Numbers and Names of Commissioners
- Claims
- Mail Services
- Settlements

The direct link to the Commission's Frequently Asked Questions page is: www.wcc.state.md.us/Gen_Info/WCC_FAQ.html.

New Forms and Revisions

New Forms

Statement of Wage Information (WCC C-2, 9/2007)

Claim Amendment (WCC C-3, 10/2007)

Dependent's Claim for Death Benefits (WCC C-35, 10/2007)

Certification of Funeral Expenses (WCC C-18, 10/2007)

Claimant's Consent to Pay Attorney and Doctor Fees
(WCC H-44, 10/2007)

Revised/Web-Enabled Forms

All forms required to be served on the opposing party have been revised to include a uniform Certificate of Service.

Employee Claim Form (C-1, 10/2007)

Employer's Posting Notice (WCC C-24, 11/2007)

Request for Continuance or Postponement of Hearing (WCC H28R, 01/2008)

Request for Document Correction (WCC C90R, 02/2008)

Controversion of Medical Claim (WCC H24M, 01/2008)

Claim for Medical Services (WCC C-51, 03/2008)

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

Report on Fraud Program

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. By regulation a party may request a hearing for referral to the Insurance Fraud Division. During fiscal year 2008, 10 cases were referred to the Fraud Division. The Commission has been advised that at least two of these referrals are being actively investigated.

When the Commission receives electronic or written correspondence from a non-party alleging fraud, the matter is researched by Commission personnel. Such communication is typically anonymous and in most instances there is insufficient information to positively identify the individual allegedly committing fraud. If sufficient information does exist, the matter is forwarded to the employer/insurer and the Fraud Division.

When the Commission receives a telephone call alleging fraud, a record is made of the call and the caller is referred to the Fraud Division's toll free "Fraud Hotline." The Commission referred 24 callers to the Fraud Division during fiscal year 2008.

Attorney Verification Services Expanded

The Commission now provides verification services for attorneys at its regional site locations, rather than require all attorneys to come to Baltimore City for these services. A new program that allows attorney users to gain access to the Commission's Web-based services was also implemented this year.

Real-time Translation Services Provided

The Commission responded to the request to provide Communication Access Realtime Translation (CART) services for a hearing-impaired attorney who expects to appear on a regular basis at Commission hearings. CART is the instant translation

of the spoken word into English text using a stenotype machine, notebook computer and real-time software. The text appears on a computer monitor or other display. CART is often referred to as real-time captioning. A program for CART services has been initiated at the Commission and a plan to train additional court reporting staff is underway.

Medical Fee Guide Training Conducted

The Commission conducted two orientation/training sessions in March 2008 in an effort to assist the community with its understanding of the changes to the Medical Fee Guide and the methodology for calculating the reimbursement for health care services.

Overview of Southern Association of Workers' Compensation Administrators Conference

The 59th Annual Convention of the Southern Association of Workers' Compensation Administrators (SAWCA) was held at the Hyatt Regency Town Lake in Austin, Texas July 14-18, 2007. The convention featured nationally known speakers including legendary basketball Coach Billy Tubbs who ranks among the NCAA's all-time winningest active coaches with an overall head coaching record of 439 victories, 200 defeats and a winning percentage of .687. The keynote speaker was futurist Garry Mathiason, senior shareholder of Littler Mendelson and a leading authority on employment trends and the changing workforce. The program offered additional insight into the future with speakers from Toyota Motor Manufacturing, Wal-Mart and PMSI. Ernie Richardson with Toyota Motor Manufacturing discussed "Toyota's Texas Integrated Medical Plan." Max Koonce from Wal Mart discussed "The New Era of Workers' Compensation," and Matthew Foster with PMSI focused on off-label use of medication in workers' compensation.

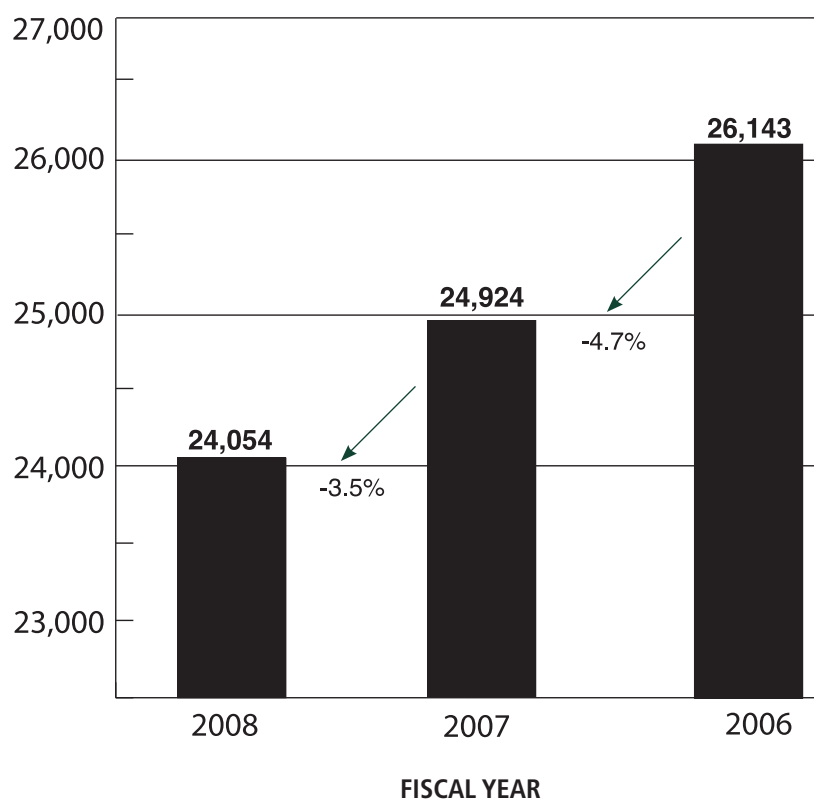
SAWCA will hold its 60th Annual Convention at the Hyatt Regency Washington on Capitol Hill on July 21-25, 2008.

AGENCY PERFORMANCE

Maryland's workers' compensation system is among the best in the nation, and continues to improve with the support and participation of government, attorneys, health care providers, employers, insurers, and vocational rehabilitation specialists. The agency's performance in this fiscal year related to claims, hearings, transcripts, and vocational rehabilitation is presented here and in the following charts and tables.

Filed claims in 2008 decreased by 3.5 percent as compared to last year's decrease of 4.7 percent. The metropolitan jurisdictions showed the majority of this drop in claims again this year. Claims filed from Anne Arundel County, Baltimore City, Baltimore County and Prince George's County decreased. Claims filed from Montgomery County and Harford County increased.

FIGURE 1 • Filed Claims



The Maryland Workers' Compensation Commission continues to see an increase in the percentage of Employee Claim Forms received electronically. In this fiscal year, 16.7 percent of the Employee Claim Forms were received electronically versus

7.4 percent in the year prior. Figure 2 lists a sample of the forms available electronically, and indicates the number and percent of e-forms filed in fiscal years 2007 and 2008.

AGENCY PERFORMANCE

FIGURE 2 • eForms vs. Total Forms Filed

FORM TYPE	FISCAL YEAR						
	2008			2007			
	Total Forms	Total eForms	Percent	Total Forms	Total eForms	Percent	Percent Change
Postponement Request	11,365	6,398	56.3%	10,948	4,384	40.0%	40.7%
Enter/Strike Appearance	61,156	13,586	22.2%	63,325	10,936	17.3%	28.3%
Issues Controversion	30,976	13,739	44.3%	31,494	9,520	30.0%	47.7%
Vocational Rehabilitation Progress Report	12,643	7,321	57.9%	12,427	7,056	56.8%	1.9%
Vocational Rehabilitation Referral Notice	5,779	3,577	61.9%	5,708	3,860	67.6%	-8.4%
Employee Claim Form	25,257	4,220	16.7%	26,099	1,920	7.4%	125.7%
Withdraw Issues/Set With	11,769	7,148	60.7%	11,850	5,286	44.6%	36.1%
TOTAL	158,945	55,989	35.2%	161,851	42,962	26.5%	32.8%

Source: Commission Data, July 2008

Note: 2007 Withdraw Issues were revised to include Set With statistics to be consistent with 2008.

Based on award data, the average permanent partial award increased to \$18,678, a 6.4 percent increase compared to last year, whereas the average weekly wage increased 4.8 percent. The growth rate of compromise and settlement awards was higher than the growth rate of permanent partial awards. This year's average award of \$20,563 is a 14.1 percent increase over the prior year's average award.

Maryland continues to rank the 12th lowest state (out of 51 including Washington, D.C.) nationally in premium rates. The National Council on Compensation Insurance, Inc. (NCCI) reported that incurred losses have increased at a rate higher than our neighboring states but less than the national average since 2003. Premium growth in Maryland is comparable to that of Virginia; Pennsylvania and the national average have experienced slower premium growth.

A total of 45,296 issues were filed with the Commission this fiscal year and the Commission scheduled 45,417 hearings. The Commission's daily docketing system successfully scheduled 98.5 percent of those issues of the most urgent nature within 60 days of the issue file date. Emergency hearing requests accounted for 6.1 percent of the total issues filed. The Commission continued to demonstrate a high level of efficiency, issuing 97 percent of hearing Orders within 30 days of the hearing date.

The Commission received 3,071 requests for transcripts this fiscal year, of which 1,780 were provided for appellate litigation and 1,291 for other general request purposes such as third-party litigation, reopening, and general requests by other parties of interest.

The Commission approved 544 Stipulation Rehabilitation Plans and 10 Rehabilitation Service Plans were processed this year. There are currently 770 workers' compensation certified rehabilitation providers working with Maryland injured workers. The Commission publishes a list of these providers and a directory of registered vocational rehabilitation companies online, www.wcc.state.md.us/Navigation.html.

The Commission continues to sponsor informative workshops as part of the Workers' Compensation Rehabilitation Provider Certification Program. The Commissioners held 11 informational workshops with the assistance of the Rehabilitation Department covering workers' compensation laws, rules and regulations pertaining to vocational rehabilitation provider roles and responsibilities.

In fiscal year 2009, the Commission will release an online vocational rehabilitation workshop as part of continuing efforts to educate vocational rehabilitation providers regarding statutory requirements and the level of service required.

AGENCY PERFORMANCE

Additionally, a significant responsibility of the Commission is to review and process disputed claims for medical services. This fiscal year, the Commission received and processed 1,400 C-51s. Of these, 676 were controverted by the employer and/or insurer, and were subsequently set for a hearing before a Commissioner.

The Commission also refers medical evaluations to medical providers, as per Commission Order. This year 10 medical evaluations were referred.

In addition to handling subpoenas, requests to review claims on microfilm, attorney registrations, photocopying, greeting and directing the public to the proper areas of the Commission, staff

handled more than 3,500 telephone calls. The average call was answered in less than one minute. The Commission's telephone system continues to improve with technological advances. Claim status information is available through an automated voice response system along with emergency closings and changes in hearing status due to inclement weather. Security measures have also been improved to maintain the highest level of security.

This year the Commission processed 652,771 pieces of outgoing mail. This number is reduced from 683,531 pieces of mail processed last year. The quantity of processed mail continues to decrease as the Commission's Web-based file system develops and as more members elect to receive electronic notifications.

FIGURE 3 • Filed Claims by Market Segment

MARKET SEGMENT	FISCAL YEAR					
	2008		2007		2006	
	Count	Percent	Count	Percent	Count	Percent
Voluntary Market Insurers	11,562	48.1%	12,012	48.9%	12,785	48.9%
Injured Workers' Insurance Fund	5,093	21.1%	5,597	23.2%	6,068	23.2%
Self-Insured						
Governmental Entities	4,634	19.3%	4,552	17.2%	4,488	17.2%
Hospitals	747	3.1%	727	2.4%	632	2.4%
Other Self-Insured Employers	1,243	5.2%	1,256	4.3%	1,128	4.3%
Other Private Groups	373	1.5%	346	1.6%	430	1.6%
Other – Uninsured	402	1.7%	434	2.3%	613	2.3%
TOTAL	24,054	100.0%	24,924	100.0%	26,143	100.0%

Source: Commission Data, July 2008

AGENCY PERFORMANCE

FIGURE 4 • Source of Filed Claims by Political Subdivision

JURISDICTIONS	FISCAL YEAR		
	2008	2007	2006
	Claims	Claims	Claims
Baltimore City	4,155	4,425	4,494
Baltimore County	3,991	4,015	4,425
Prince George's County	3,000	3,201	3,315
Montgomery County	2,224	2,163	2,307
Anne Arundel County	1,844	1,951	2,056
Harford County	1,098	1,063	1,213
SIX MAJOR METRO AREAS - COUNT	16,312	16,818	17,813
Percent of Total Filed Claims	67.8%	67.5%	68.1%
Frederick County	740	804	841
Washington County	616	652	686
Carroll County	641	729	682
Howard County	545	554	575
Charles County	439	493	526
Wicomico County	399	408	403
Calvert County	366	393	394
Allegany County	332	303	360
Cecil County	355	359	403
St. Mary's County	357	327	368
Caroline County	221	178	191
Queen Anne's County	136	155	168
Worcester County	188	173	161
Dorchester County	200	128	163
Talbot County	84	101	91
Garrett County	111	136	107
Somerset County	86	92	114
Kent County	58	67	70
Unclassified	0	0	4
EIGHTEEN NON-METRO AREAS - COUNT	5,874	6,052	6,307
Percent of Total Filed Claims	24.4%	24.3%	24.1%
OUT-OF-STATE CLAIMS - COUNT	1,868	2,054	2,023
Percent of Total Filed Claims	7.8%	8.2%	7.7%
TOTAL	24,054	24,924	26,143

Source: Commission Data, July 2008

AGENCY PERFORMANCE

FIGURE 5 • Filed Claims by Industry

INDUSTRIES WITH MORE THAN 100 FILED CLAIMS	FISCAL YEAR					
	2008		2007		2006	
	Count	Percent	Count	Percent	Count	Percent
Policemen - Security	2,043	8.5%	2,154	8.6%	2,247	8.6%
Truckmen NOC	1,303	5.4%	1,370	5.5%	1,467	5.6%
Colleges or Schools Including Day Care	1,306	5.4%	1,418	5.7%	1,324	5.1%
Building, Raising or Moving - General Construction	818	3.4%	1,006	4.0%	1,065	4.1%
Hospitals - All Other Employees	768	3.2%	896	3.6%	753	2.9%
TOTAL OF TOP 5 INDUSTRIES IN FILED CLAIMS	6,238	25.9%	6,844	27.5%	6,856	26.2%
Hotels, Restaurants, Bars and Nightclubs	626	2.6%	763	3.1%	886	2.7%
Firemen Including Volunteer Department and Ambulance Service	480	2.0%	558	2.2%	627	2.4%
Meat Combined Grocery and Provision Stores Retail	527	2.2%	500	2.0%	625	2.4%
Automobile Garages or Repair Shops Including Dealers	369	1.5%	403	1.6%	506	1.9%
Taxicab and Bus Companies	539	2.2%	527	2.1%	500	1.9%
Convalescent or Nursing Homes All Employees	440	1.8%	487	1.9%	485	1.9%
Carpentry NOC - Renovations	338	1.4%	411	1.6%	484	1.9%
Clothing or Dry Goods Stores Retail	303	1.3%	292	1.2%	393	1.5%
Municipal Township County or State Employees NOC	392	1.6%	369	1.5%	382	1.5%
Storage Warehouses General Merchandise NOC	292	1.2%	325	1.3%	347	1.3%
Clerical Office Employees NOC	339	1.4%	315	1.3%	311	1.2%
Charitable Organizations (Goodwill)	251	1.0%	261	1.0%	299	1.1%
Plumbing - Steam Fitting	208	0.9%	221	0.9%	272	1.0%
Store Risks Wholesale or Combined NOC (K-Mart)	225	0.9%	326	1.3%	267	1.0%
Sheet Metal Work Including Air Conditioning and Refrigeration	171	0.7%	216	0.9%	220	0.8%
Buildings Operation by Contractors	146	0.6%	200	0.8%	216	0.8%
Landscape and Tree Surgery	144	0.6%	186	0.8%	207	0.8%
Unclassified (Insufficient Data)	138	0.6%	161	0.7%	201	0.8%
Electrical Wiring in Buildings	197	0.8%	194	0.8%	196	0.7%
Housing Authorities - Apts. and Condos Including Real Estate	163	0.7%	203	0.8%	182	0.7%
Employment Agencies	N/A		173	0.7%	178	0.7%
Physicians Including Clerical	170	0.7%	174	0.7%	160	0.6%
Bakeries	N/A		103	0.4%	115	0.4%
Bottling NOC Soda	N/A		N/A		103	0.4%
Telephone or Telegraph Companies	112	0.5%	146	0.6%	103	0.4%
Concrete Construction NOC	N/A		101	0.4%	101	0.4%
Mail and Parcel Delivery Employees	N/A		130	0.5%	N/A	
Iron or Steel Works Shop	N/A		117	0.5%	N/A	
Hardware Stores - Locksmiths	104	0.4%	108	0.4%	N/A	
Industries with More Than 100 Filed Claims	6,674	27.7%	7,970	32.0%	8,366	32.0%
Number of Industry Groups Represented	28		33		31	
All Other	11,142	46.3%	10,110	40.5%	10,921	41.8%
TOTAL	24,054	100.0%	24,924	100.0%	26,143	100.0%

Source: Commission Data, July 2008

NOC: Not Otherwise Classified

AGENCY PERFORMANCE

FIGURE 6 • Awards According to Nature of Injury

NATURE OF INJURY	FISCAL YEAR											
	2008				2007				2006			
	TT	PT/PP	Total	Percent of Total	TT	PT/PP	Total	Percent of Total	TT	PT/PP	Total	Percent of Total
Burns	134 55.8%	106 44.2%	240	1.1%	149 57.3%	111 42.7%	260	22,978	164 60.7%	106 39.3%	270	1.2%
Cuts, Abrasions, Punctures	969 67.2%	474 32.8%	1,443	6.5%	1,000 68.7%	456 31.3%	1,456	6.3%	1,063 68.5%	488 31.5%	1,551	6.7%
Fractures	180 63.4%	104 36.6%	284	1.3%	186 58.7%	131 41.3%	317	1.4%	186 63.7%	106 36.3%	292	1.3%
Dislocations/Strains	10,385 56.6%	7,977 43.4%	18,362	82.6%	10,952 58.1%	7,904 41.9%	18,856	82.1%	11,196 58.9%	7,819 41.1%	19,015	81.9%
Multi/Other	974 51.4%	922 48.6%	1,896	8.5%	1,020 48.8%	1,069 51.2%	2,089	9.1%	1,061 51.0%	1,021 49.0%	2,082	8.9%
TOTAL	12,642 56.9%	9,583 43.1%	22,225	100.0%	13,307 57.9%	9,671 42.1%	22,978	100.0%	13,670 58.9%	9,540 41.1%	23,210	100%

Source: Commission Data, July 2008 TT - Temporary Total PT - Permanent Total PP - Permanent Partial

FIGURE 7 • Awards According to Weeks of Disability and Body Part

FISCAL YEAR 2008					
TOP TEN BODY PARTS DISABLED					
BODY PART	1-74	75-249	Greater than 249	Total	Percent of Total
Thorax-Lower (Back)	1,709	991	104	2,804	24.5%
Shoulder	721	874	79	1,674	14.6%
Legs	820	531	61	1,412	12.3%
Neck	766	554	67	1,387	12.1%
Knees	852	433	18	1,303	11.4%
Hands	595	319	28	942	8.2%
Feet	386	191	21	598	5.2%
Arms	300	249	30	579	5.1%
Spinal Cord	230	151	25	406	3.5%
Ankles	227	114	10	351	3.1%
TOTAL	6,606	4,407	443	11,456	100.0%
PERCENT OF TOTAL	57.7%	38.5%	3.8%	100.0%	

Source: Commission Data, July 2008

AGENCY PERFORMANCE

FIGURE 8 • Permanency, Fatality and Compromise Awards by Type of Award

TYPE	FISCAL YEAR								
	2008			2007			2006		
	Count	Amount	Average	Count	Amount	Average	Count	Amount	Average
Permanent Total	80	\$3,300,135	\$41,252	102	\$4,614,480	\$45,240	102	\$3,937,049	\$38,599
Percent Change - Prior Year	-21.6%	-28.5%	-8.8%	0.0%	17.3%	17.3%			
Permanent Partial	9,306	173,816,014	18,678	9,675	169,832,861	17,554	9,541	157,807,493	16,540
Percent Change - Prior Year	-3.8%	2.3%	6.4%	1.4%	7.6%	6.1%			
Fatality	24	1,224,626	51,026	35	1,460,218	41,720	18	631,456	35,081
Percent Change - Prior Year	-31.4%	-16.1%	22.3%	94.4%	131.2%	18.9%			
Compromise	7,618	156,630,317	20,563	7,915	142,660,340	18,024	8,689	151,797,460	17,361
Percent Change - Prior Year	-3.7%	9.8%	14.1%	-8.9%	-6.0%	3.8%			
Total	17,028	334,971,092	19,762	17,727	318,567,899	17,971	18,350	\$314,173,458	\$17,121
Percent Change - Prior Year	-3.9%	5.1%	9.9%	-3.4%	1.4%	5.0%			
Compromises as a Percent of Permanent Partial		90.1%	110.0%		84.0%	102.7%		96.2%	105.0%

Source: Commission Data, July 2008

FIGURE 9 • Commission Claims Data

COMMISSION CLAIM ACTIONS	FISCAL YEAR					
	2008		2007		2006	
	Count	Percent	Count	Percent	Count	Percent
First Reports of Injury	111,984		111,515		121,687	
Total Filed Claims	24,054	100.0%	24,924	100.0%	26,143	100.0%
Disputed Accidental Injury Claims	8,984	37.3%	8,570	34.4%	8,929	34.2%
Temporary Total Awards	12,745	53.0%	13,334	53.5%	13,955	53.4%
Claims Settled	7,618	31.7%	7,915	32.1%	8,684	33.2%
Claims Deferred	7,551	31.4%	7,345	29.5%	6,964	26.6%
Claims Disallowed by Commission	548	2.3%	527	2.1%	633	2.4%

Source: Commission Data, July 2008

FIGURE 10 • Comparative Tri-State Employment, Claims and Fatalities

FISCAL YEAR 2008			
STATE	Workforce*	Filed Claims	Fatalities
Pennsylvania	5.1 M	110,657	NI
Virginia	2.9 M	51,255	NI
Maryland	2.1 M	24,054	74

Source: Respective State Annual Report Publications

*Census Data

NI: Not Clearly Identified in Annual Report Publication

AGENCY PERFORMANCE

FIGURE 11 • Fatalities by Industry Grouping

INDUSTRY GROUP	Employment ⁽¹⁾	FISCAL YEAR		
		Fatalities ⁽²⁾		
		2008	2007	2006
FEDERAL GOVERNMENT ⁽³⁾	125,361			
STATE GOVERNMENT	100,628	3	6	2
LOCAL GOVERNMENT	251,741	23	20	13
GOVERNMENT SECTOR TOTAL	477,730	26	26	15
GOOD PRODUCING				
Natural Resources and Mining	6,387	1	3	0
Construction	186,952	9	10	8
Manufacturing	130,451	1	1	7
SERVICE PROVIDING				
Trades, Transportation and Utilities	481,395	11	4	11
Information	50,340	1	3	0
Financial Activities	152,092	0	0	2
Professional and Business Services	400,344	1	0	3
Education and Health Services	364,272	4	0	1
Leisure and Hospitality	230,130	2	2	1
Other Services	91,218	8	2	4
UNCLASSIFIED	978	10	34	21
PRIVATE SECTOR TOTAL ALL INDUSTRIES	2,094,559	48	59	58
TOTAL EMPLOYMENT	2,572,289	74	85	73

Source: ⁽¹⁾ DLLR 4th Quarter 2007
⁽²⁾ Commission Data, July 2008
⁽³⁾ Data Not Available

AGENCY PERFORMANCE

FIGURE 12 • Filed Claims by Gender and Age

FISCAL YEAR 2008			
Gender	Age Group	Claims Filed	Percent
Male	Unknown	172	0.7%
Male	10 - 19	120	0.5%
Male	20 - 29	2,566	10.7%
Male	30 - 39	3,576	14.9%
Male	40 - 49	4,269	17.7%
Male	50 - 59	3,051	12.7%
Male	60 - 69	1,056	4.4%
Male	70 - 79	158	0.7%
Male	80 - 89	16	0.1%
Total 14,984			62.3%
Female	Unknown	55	0.2%
Female	10 - 19	78	0.3%
Female	20 - 29	1,326	5.5%
Female	30 - 39	1,813	7.5%
Female	40 - 49	2,632	10.9%
Female	50 - 59	2,236	9.3%
Female	60 - 69	786	3.3%
Female	70 - 79	117	0.5%
Female	80 - 89	15	0.1%
Total 9,058			37.7%
Unknown	Unknown	5	0.0%
Unknown	10 - 19	0	0.0%
Unknown	20 - 29	2	0.0%
Unknown	30 - 39	1	0.0%
Unknown	40 - 49	4	0.0%
Unknown	50 - 59	0	0.0%
Unknown	60 - 69	0	0.0%
Unknown	70 - 79	0	0.0%
Unknown	80 - 89	0	0.0%
Total 12			0.0%
Total Filed Claims: 24,054			100%

Source: Commission Data, July 2008

AGENCY PERFORMANCE

FIGURE 13 • Source of Appeals

SOURCE	FISCAL YEAR		
	2008	2007	2006
Claimant	885	950	1,209
Employer/Insurer	1,052	780	976
Subsequent Injury Fund	49	53	51
Uninsured Employers' Fund	12	8	18
TOTAL	1,998	1,791	2,254

Source: Commission Data, July 2008

“Maryland is extremely fortunate to have the collegial participation of every sector contributing to an even better system—government, attorneys, health care providers, employers, insurers and vocational rehabilitation specialists.”

— R. Karl Aumann



AGENCY PERFORMANCE

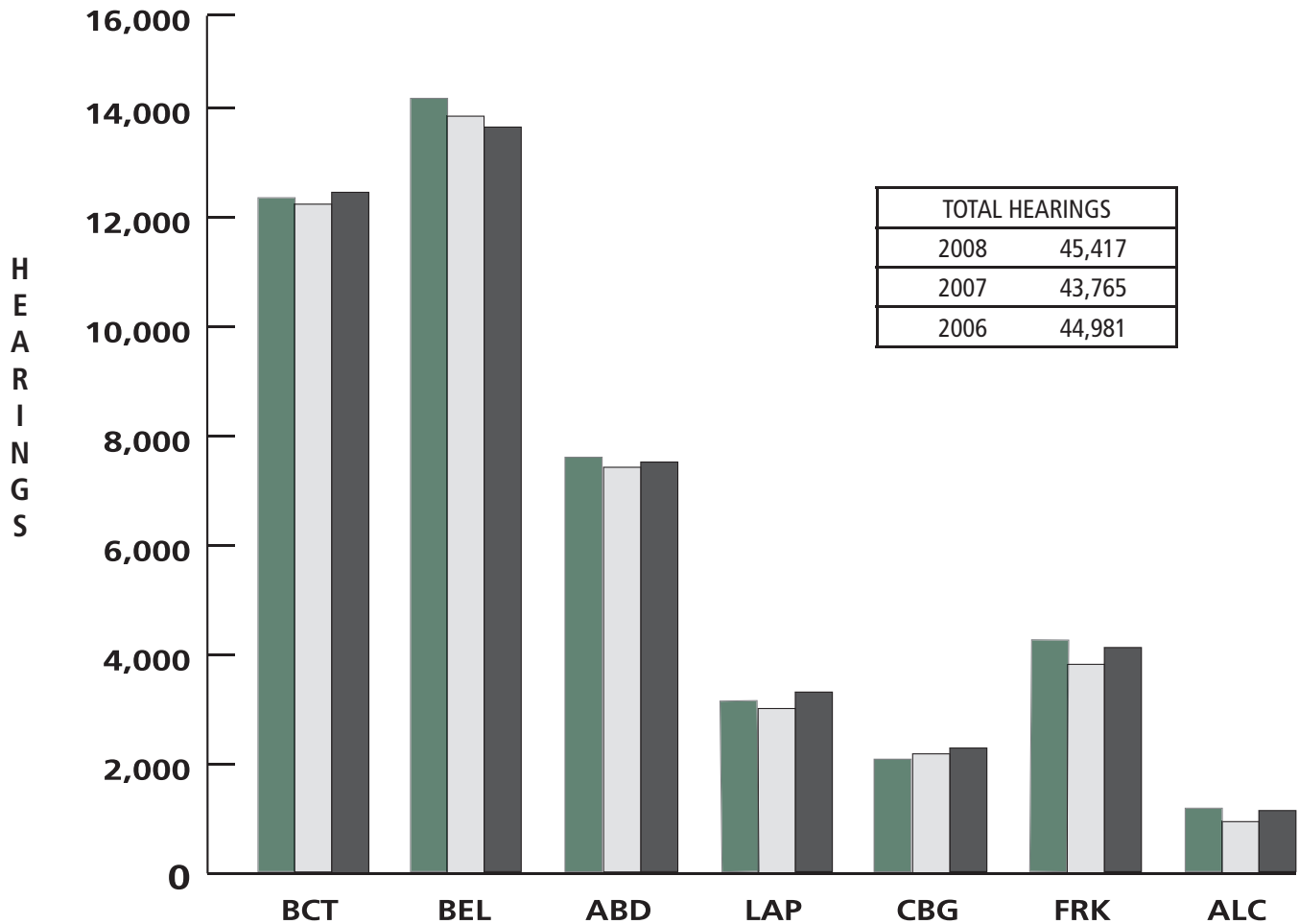
FIGURE 14 • Source of Claims and Appeals by Political Subdivision

JURISDICTIONS	FISCAL YEAR					
	2008		2007		2006	
	Claims	Appeals	Claims	Appeals	Claims	Appeals
Baltimore City	4,155	331	4,425	336	4,494	414
Baltimore County	3,991	375	4,015	288	4,425	396
Prince George's County	3,000	311	3,201	248	3,315	289
Montgomery County	2,224	206	2,163	220	2,307	247
Anne Arundel County	1,844	172	1,951	148	2,056	179
Harford County	1,098	102	1,063	77	1,213	129
SIX MAJOR METRO AREAS - COUNT	16,312	1,497	16,818	1,317	17,813	1,654
Percent of Total Filed Claims	67.8%	74.9%	67.5%	73.5%	68.1%	73.4%
Frederick County	740	83	804	51	841	72
Washington County	616	49	652	47	686	64
Carroll County	641	42	729	45	682	50
Howard County	545	83	554	63	575	72
Charles County	439	46	493	41	526	38
Wicomico County	399	31	408	22	403	50
Calvert County	366	22	393	18	394	27
Allegany County	332	28	303	52	360	69
Cecil County	355	38	359	47	403	58
St. Mary's County	357	23	327	11	368	18
Caroline County	221	7	178	5	191	7
Queen Anne's County	136	3	155	10	168	17
Worcester County	188	13	173	17	161	13
Dorchester County	200	9	128	16	163	15
Talbot County	84	10	101	8	91	10
Garrett County	111	4	136	13	107	7
Somerset County	86	5	92	4	114	8
Kent County	58	5	67	4	70	5
Unclassified	0		0		4	
EIGHTEEN NON-METRO AREAS - COUNT	5,874	501	6,052	474	6,307	600
Percent of Total Filed Claims	24.4%	25.1%	24.3%	26.5%	24.1%	26.6%
OUT-OF-STATE CLAIMS - COUNT	1,868		2,054		2,023	
Percent of Total Filed Claims	7.8%		8.2%		7.7%	
TOTAL	24,054	1,998	24,924	1,791	26,143	2,254
PERCENT OF CLAIMS APPEALED		8.3%		7.2%		8.6%

Source: Commission Data, July 2008

AGENCY PERFORMANCE

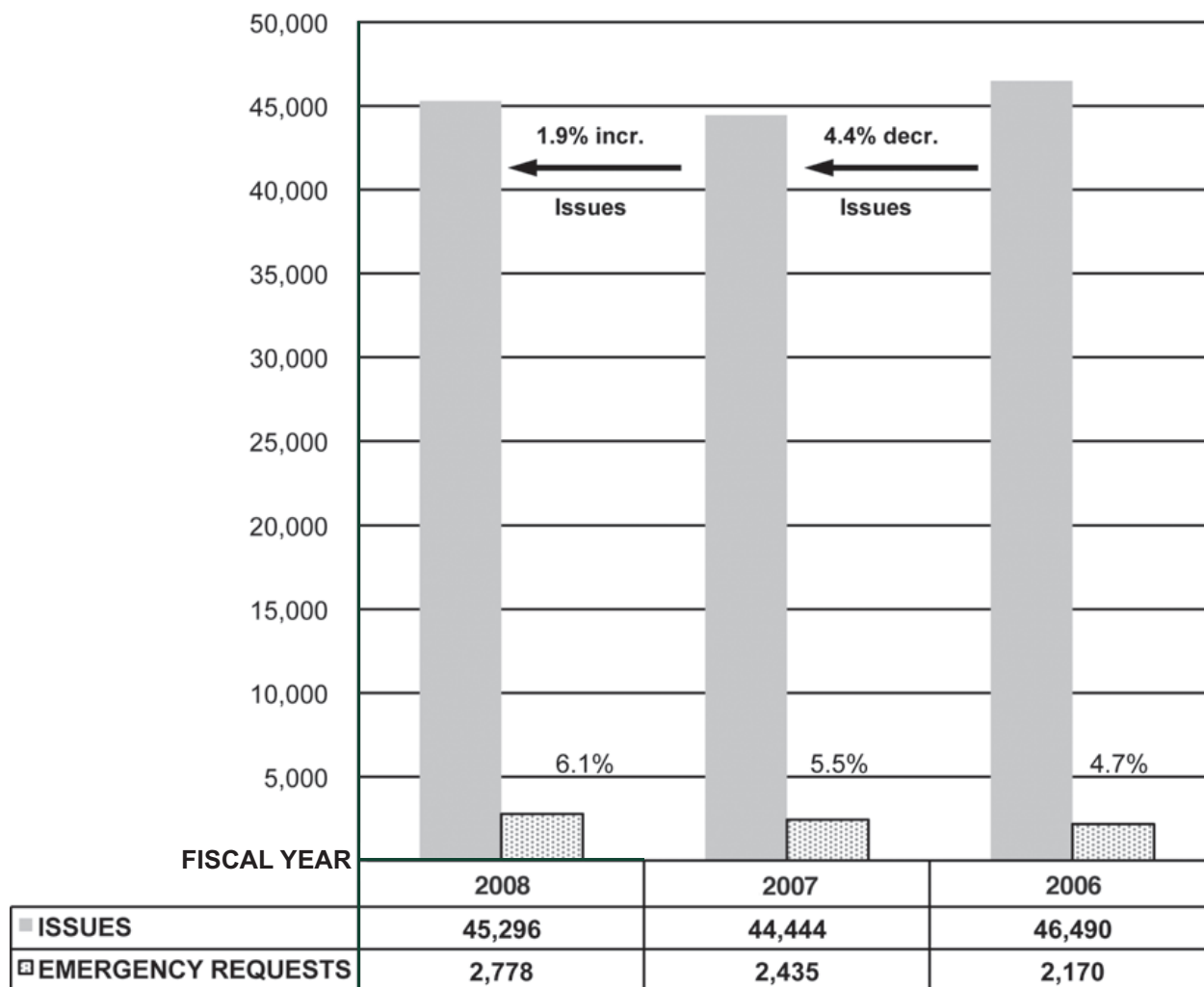
FIGURE 15 • Scheduled Hearing Distribution



	BALTIMORE CITY	BELTSVILLE	ABINGDON	LA PLATA	CAMBRIDGE	FREDERICK	CUMBERLAND
	BCT	BEL	ABD	LAP	CBG	FRK	ALC
2008	12,477	14,170	7,887	3,422	2,048	4,262	1,151
2007	12,049	13,824	7,523	3,369	2,192	3,847	961
2006	12,492	13,660	7,839	3,526	2,265	4,084	1,115

AGENCY PERFORMANCE

FIGURE 16 • Emergency Hearing Requests on Filed Issues



“Stability and steady growth are the hallmarks of this past year.”

— R. Karl Aumann

AGENCY PERFORMANCE

FIGURE 17 • Interpreter Office Program Statistics

ITEM	FISCAL YEAR		
	2008	2007	Change
Requests	2,437	2,132	14.3%
Interpretations Provided	1,576	1,235	27.6%
Requests Continued or Withdrawn	861	885	-2.7%
Spanish Interpretations	1,340	1,051	27.5%
All Other Interpretations	236	184	28.3%
Percent Spanish	85.0%	85.1%	-0.1%
Variety of Languages Provided	39	38	2.6%

Source: Commission Data, July 2008

FIGURE 18 • Hearing Transcripts

CATEGORY	FISCAL YEAR		
	2008	2007	2006
Non Appeal Transcripts	1,291	1,108	1,059
Appeal Transcripts	1,780	1,700	2,181
Fraud Hearing Transcripts to Maryland Insurance Administration	0	0	11

Source: Commission Data, July 2008

FIGURE 19 • Vocational Rehabilitation Case Management

FISCAL YEAR 2008		
	Count	Percent
Return to Work		
Same Employer, Same Job	1,368	54.8%
Same Employer, Different Job	179	7.2%
New Employer, Same Occupation	106	4.3%
New Employer, Different Occupation	396	15.9%
Self-Employment	8	0.3%
Medical Issues, Not Employed	182	7.3%
Subtotal	2,239	89.8%
Employment Status Unknown		
Rehabilitation Services Declined	63	2.5%
Rehabilitation Program Dropout	139	5.6%
Claimant Moved Out of State	28	1.1%
Claimant Declined Job Offers	25	1.0%
Subtotal	255	10.2%
Total Vocational Rehabilitation Case Dispositions	2,494	100.0%

Source: Commission Data, July 2008

INSURANCE/SELF-INSURANCE

The Insurance Division's name has changed to the Insurance, Compliance and Reporting Division. The name change better reflects the responsibilities that the Division is tasked to meet. The Division now houses the Statistical Unit which is responsible for recording and entering the majority of the Commission's data related to awards and claims payments.

The Coverage Verification System that was introduced last fiscal year continues to be used by the clients and vendors of self-insured employers, as well as the general public. The system was queried

57,278 times in the current fiscal year. In an effort to continue using technology to enhance service to our customers, the Commission has developed an online reporting tool that allows self-insured employers to submit the Annual Information Report (A-01) electronically.

The Employer Compliance Program continues to evolve. The Commission is working in conjunction with other state agencies to further develop strategies and processes that will allow the detection of uninsured employers.

FIGURE 20 • Self-Insurance Program

ITEM	FISCAL YEAR		
	2008	2007	2006
Individual Self-Insurers and 1 Group	112	116	116
Covered Self-Insured Employees ⁽¹⁾	432.9 T	427.1 T	419.5 T
Covered Self-Insured Payroll ⁽¹⁾	\$19.3 B	\$18.1 B	\$16.6 B
Self-Insured Payroll as Percent of All Covered Payroll	15.7%	18.0%	17.6%
Security Held ⁽¹⁾	\$277.6 M	\$275.9 M	\$241.9 M
Commission Orders ⁽²⁾	26	29	34

T = Thousand, M = Million, B = Billion

⁽¹⁾ Source: A-01 Report 2006–2007

⁽²⁾ Commission Data 2007–2008

FIGURE 21 • Workers' Compensation Certification and Coverage Election

TYPE	FISCAL YEAR		
	2008	2007	2006
Certificates of Compliance	1,129	1,474	2,138
Coverage Exclusions	2,818	3,273	3,764
Coverage Inclusions	146	179	244

Source: Commission Data, July 2008

INSURANCE/SELF-INSURANCE

FIGURE 22 •

Workers' Compensation Premium Rate Ranking

2006 Ranking	2004 Ranking	State	Median Index	State % of Median
1	2	Alaska	5.00	201%
2	1	California	4.13	166%
3	7	Delaware	3.91	158%
4	6	Kentucky	3.78	152%
5	8	Montana	3.69	149%
6	3	Florida	3.32	134%
7	17	Vermont	3.24	130%
8	13	Maine	3.21	129%
9	19	Alabama	3.17	128%
10	18	New York	3.15	127%
11	9	Louisiana	3.10	125%
12	5	Ohio	3.00	121%
13	15	Oklahoma	2.96	119%
14	11	Connecticut	2.90	117%
15	4	Hawaii	2.89	116%
16	10	District of Columbia	2.86	115%
17	14	Texas	2.84	114%
18	20	Pennsylvania	2.80	113%
19	12	New Hampshire	2.75	111%
20	21	Minnesota	2.69	108%
21	23	Illinois	2.69	108%
22	16	Rhode Island	2.68	108%
23	29	New Jersey	2.52	102%
24	22	Missouri	2.50	101%
25	39	South Carolina	2.50	101%
26	25	Tennessee	2.48	100%
27	27	New Mexico	2.41	97%
28	28	Wyoming	2.40	96%
29	31	Colorado	2.40	96%
30	26	Nevada	2.36	95%
31	34	Idaho	2.29	92%
32	36	Mississippi	2.29	92%
33	38	Nebraska	2.25	91%
34	24	West Virginia	2.20	88%
35	33	Wisconsin	2.18	88%
36	32	North Carolina	2.17	87%
37	35	Washington	2.17	88%
38	46	Utah	2.06	83%
39	30	Michigan	2.05	82%
40	40	Maryland	2.03	82%
41	37	Georgia	2.02	82%
42	42	Oregon	1.97	79%
43	44	Kansas	1.84	74%
44	41	South Dakota	1.83	74%
45	43	Iowa	1.75	71%
46	49	Arizona	1.73	70%
47	45	Massachusetts	1.70	68%
48	48	Arkansas	1.59	64%
49	47	Virginia	1.52	61%
50	50	Indiana	1.24	50%
51	51	North Dakota	1.10	44%

Source: Research and Analysis Section,
Oregon Department of Consumer
and Business Services (10/2006)

INSURANCE/SELF-INSURANCE

FIGURE 23 • NCCI Voluntary Market Premium and Loss Data ⁽¹⁾

(Amounts in Thousands of Dollars)								
CALENDAR YEAR								
Net Earned Premium	Nationwide		Maryland		Pennsylvania		Virginia	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2006	24,968,672	125.8%	668,008	131.8%	2,620,364	116.5%	948,997	128.9%
2005	22,793,124	114.8%	620,294	122.4%	2,581,581	114.7%	889,795	120.9%
2004	21,136,508	106.5%	568,721	112.2%	2,421,470	107.6%	829,112	112.6%
2003 BASE	19,850,020	100.0%	506,697	100.0%	2,249,933	100.0%	736,109	100.0%
Incurred Losses								
2006	15,715,971	115.3%	468,350	112.0%	2,003,915	105.6%	612,310	102.2%
2005	14,968,593	109.9%	375,737	89.8%	1,867,361	98.4%	578,144	96.5%
2004	14,523,914	106.6%	397,083	94.9%	1,851,672	97.5%	570,552	95.2%
2003 BASE	13,625,157	100.0%	418,055	100.0%	1,898,293	100.0%	599,099	100.0%

Source: NCCI Annual Statistical Bulletin, 2008

⁽¹⁾ The Voluntary Market Excludes IWIF and Self-Insurers



“Without a doubt, one of the most encouraging developments of the past year ... is the decline in the incidence of accidents and injuries.”

— R. Karl Aumann

REVENUES/EXPENDITURES

The Commission collects from licensed workers' compensation insurers and self-insurers for the operating budget of the Commission as well as the Occupational Safety and Health Program within the Department of Labor, Licensing, and Regulation (DLLR). During this year, \$22,038,459 was collected with \$9,261,289 being transferred to DLLR for the safety program. The remaining funds were disbursed as Commission operating expenditures.

The fiscal year 2008 Amended Legislative Appropriation for the Commission totaled \$13,317,412. This budget was amended to include an additional \$149,596 to cover expenses associated with the statewide cost of living adjustment effective July 1, 2007.

Approximately 72.0 percent will provide for the Commission's allotment of 125.5 full-time equivalent permanent position salaries and 12.25 full-time equivalent contractual position salaries, 11.7 percent for fixed costs to include lease agreements and lease escalations, 7.5 percent for contractual services to include computer software and hardware maintenance contracts, 4.3 percent for communications and postage, and 4.4 percent for travel expenses, supplies and equipment.

FIGURE 24 • Licensed Insurers Writing Workers' Compensation Insurance

Fiscal Year	Licensed Insurers ⁽¹⁾	Licensed Insurers Billed	Percentage of Licensed WC Insurers
2008	659	279	42.3%
2007	649	274	42.2%
2006	662	277	41.8%

Source: Commission Data, July 2008

⁽¹⁾ Includes Self-Insurers

FIGURE 25 • Insurer Assessments and Commission Expenses

Fiscal Year	Assessment Base Insurer Payroll	Gross Commission Expense	Safety Program Cost	Net Commission Expense	Assessment per \$1,000 of Payroll
2008	\$102,210,947,969	\$22,038,459	\$9,261,289	\$12,777,170	0.209
2007	\$100,620,077,256	\$21,872,521	\$8,801,072	\$13,071,449	0.217
2006	\$94,559,745,432	\$21,431,819	\$7,990,180	\$13,441,639	0.204

Source: Commission Data, July 2008

REGULATORY/LEGAL UPDATE

Legislation

House Bill 700 Workers' Compensation - Permanent Partial Disability – Compensation

The legislation incrementally increases the maximum benefit for covered employees awarded compensation for less than 75 weeks for a permanent partial disability and ties computation of the wage indemnity benefit to the State Average Weekly Wage (SAWW). The maximum PPD benefit for claims arising on or after January 1, 2009 will be 14.3 percent of the SAWW. The maximum PPD benefit for claims arising on or after January 1, 2010 will be 15.7 percent of the SAWW. The maximum PPD benefit for claims arising on or after January 1, 2011 will be 16.7 percent of the SAWW.

House Bill 933 - Maryland-National Capital Park and Planning Commission Park Police - Workers' Compensation - Lyme Disease Presumption PG/MC 101-08

The legislation extends, under certain circumstances, the occupational disease presumption that Lyme disease was contracted in the course of employment to park police officers employed by the Maryland-National Capital Park and Planning Commission, provided that the symptoms develop within three years of the last date that the officer is regularly assigned to a position in an outdoor wooded environment; and provides that benefits received under the act are in addition to the officer's retirement benefits subject to a certain adjustment.

House Bill 1015 Workers' Compensation - Prince George's County Correctional Officers PG 328-08

The legislation adds Prince George's County correctional officers to the list of public safety employees entitled to certain presumptions with regard to certain occupational diseases and enhanced benefits under Labor and Employment Article, §9-503, Annotated Code of Maryland.

House Bill 1400 Workers' Compensation - Covered Employees - State Government Volunteer Workers

The legislation extends workers' compensation benefits to a volunteer worker for a unit of state government. Benefits are limited to medical expenses only.

Sentate Bill 88 Allegany County - Workers' Compensation - Students in Unpaid Work-Based Learning Experiences

The legislation allows the Allegany County Board of Education to waive a requirement that it be reimbursed by a participating employer for providing workers' compensation coverage for students placed in unpaid work-based learning experiences with the participating employer.

Sentate Bill 679 Injured Workers' Insurance Fund - Regulation by the Maryland Insurance Commissioner

The legislation subjects the Injured Workers' Insurance Fund (IWIF) to examination and enforcement with regard to certain aspects of its operations in the same manner applied to other insurers. The legislation also requires the Maryland Insurance Administration (MIA) to study the impact of subjecting IWIF to the provisions of law regarding rate making, rating and rate review that are enforced by MIA for other property and casualty insurers.

Regulatory Updates

14.09.01.05 – The Commission adopted amendments to remove obsolete language regarding the reporting of proof of coverage by insurers to the Commission's designee.

14.09.01.06 and .08 – The Commission adopted emergency regulations to implement legislation passed during the 2007 Session of the Maryland General Assembly that requires every claim filed with the Commission to be accompanied by a signed Authorization for the Release of Medical Information. A proposed regulation has been submitted to replace the emergency regulation.

14.09.03 – Guide of Medical and Surgical Fees – The Commission adopted comprehensive amendments to the chapter to codify documents previously incorporated by reference. The new regulations provide for the calculation of medical fees by adopting the Resource Based Relative Value Scale (RBRVS), exclusive of any federal budget neutrality factor, creating a Maryland-specific conversion factor and providing for the annual adjustment of the conversion factor based on the Medicare Economic Index (MEI). The regulations also provide guidelines for billing and reporting medical treatment and services, establish procedures for reimbursement of

REGULATORY/LEGAL UPDATE

medical expenses, and regulate the maintenance of medical records. An emergency regulation was approved to correct technical errors in the original proposal due to changes implemented by the Centers for Medicare and Medicaid Services in the payment methodology utilized for calculating the reimbursement rates for services rendered at Ambulatory Surgical Centers.

Appellate Opinions

Injuries resulting from a risk or condition personal to the claimant do not “arise out of” the employment and are compensable only if some facet of the employment contributes to the risk or aggravates the injury.

Youngblud v. Fallston Supply Co., COSA No. 1625, September Term, 2007, Opinion by Eyler, J.

Wages paid for time off to attend an independent medical examination (IME) are not compensation payments that would toll a statute of limitations and allow for the reopening of a workers' compensation award.

Yingling v. Millenium, COA No. 75, September Term, 2007, Opinion by Eyler, J.

Section 9-736 requires that a request to modify an award must be filed within five years after the last compensation payment. When all issues have been resolved, the Commission may not retain jurisdiction for the purpose of tolling the statute of limitations under *Vest v. Giant Food Stores, Inc.*, 329 Md. 461 (1993).

Giant Food LLC, et al. v David Eddy, COSA No. 1066, September Term, 2007, Opinion by Eyler, J.

Claimant must produce medical documentation at the time of the hearing before the Commission showing that a change in disability occurred during the period covered by the applicable statute of limitations.

Dove v. Montgomery County Board of Education
178 Md. App. 702

Where a policy excludes coverage in other states for activities for which the employer would require separate coverage, and the injured employee is a regular employee of a statutory employer, the injury is not covered. Where the law of another state precludes coverage in that state as a result of the injured worker's status as an illegal alien, the Court's analysis in *Kacur v. Employers Mutual Cas. Co.* does not extend coverage to a claim filed in Maryland.

Smigelski d/b/a Columbia Roofing & Home Improvement v. Potomac Insurance Co. of Illinois
403 Md. 55 (2007)

The term “last compensation payment” is based on the date when the last payment by check was received by the claimant or the claimant's authorized agent.

Stachowski v. Sysco Food Services of Baltimore, Inc., et al.
402 Md. 506 (2007)

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. The Oversight Committee was developed to:

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

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

2008 Committee Roster

Senator Nathaniel Exum, *Co-Chairman*

Delegate Carolyn J. Krysiak, *Co-Chairman*

Senator Allan H. Kittleman

Delegate Joseph J. Minnick

Representative of Maryland Business Community:

Mary Anne Reuschling

Representative of the Maryland Labor Organization:

Jerome S. Lozupone

Two Members of the Public:

Harvey A. Epstein, Esq.

Deborah Fajer-Smith, Esq.

Member of the Insurance Industry:

H. Glenn Twigg, Jr.

Member of a Workers' Compensation Rating Organization:

Lori Lovgren, Esq.

Member of the 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

Workers' Compensation-Ex-Officio:

Commissioner Maureen Quinn

Committee Staff:

Tamela D. Burt and Ann Marie Maloney,
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 these reviews and make their 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.

2008 Committee Roster

Patrick A. Roberson, Esq.

Kathleen Fink, M.D.

Kevin P. Foy, Esq.

Stephen G. Fugate

Mark T. Hackman, Esq.

Melinda L. Hayes

Sandra I. Dorsey

Jeff Horowitz, Esq.

COMMITTEES

Advisory Committee on the Registration of Rehabilitation Practitioners

The Advisory Committee on the Registration for 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).

The committee has conferred on four registrations to review qualifications pursuant to the Commission's laws during this fiscal year.

2008 Committee Roster

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

Susan Budden, MS, CRC, MCRSP

Cathryn Gustafson, R.N., WCCM, MCRSP

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

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

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

Mary Sevinsky, MS, CRC, CCM, MCRSP

Vocational Rehabilitation Committee

The Vocational Rehabilitation Committee has been re-established to review current processes and conditions that may be in need of change in the area of vocational rehabilitation. The Commission has appointed a committee composed of Insurer and Self-Insurer representatives, members of the Defense and Plaintiff's Bar and vocational rehabilitation providers, all of whom are well known and respected in the workers' compensation community.

The committee's goals are to provide guidelines, education and support in the area of vocational rehabilitation to the workers' compensation community and to develop a better process that works for all parties and further assists to accomplish the Commission's goals.

2008 Committee Roster

Commissioner Jeffrey C. Herwig, *Committee Chair*

Commissioner Cynthia S. Miraglia

Commissioner John R. Webster, Jr.

Commissioner Patricia G. Adams

Regina W. Brown, WCC

Timothy McLaughlin, Esq.

Patrick Roberson, Esq.

Michael Steinhardt, Esq.

Mark Snyder, Esq.

Nicole Topper, Insurance Representative

Kathy Stone, Private Vocational Rehabilitation

Jody Malcolm, Private Vocational Rehabilitation

Melinda Hayes, Private Vocational Rehabilitation

Tom Scheurich, Maryland Division of Rehabilitation Services

Carole Stolte Upman, R.N., Medical Case Management

COMMITTEES

Task Force on Employer Compliance

The Maryland Workers' Compensation Commission established a multi-agency task force to consider alternative measures for increasing compliance with the requirement that employers carry workers' compensation insurance. Alternatives range from community education to enhanced penalties. The task force will monitor legislation concerning employers' conversion of employees to independent contractors, homeowners' failure to insure their housekeepers and home health care workers, and noncompliance in the dry cleaning and construction trades.

2008 Committee Roster

Chairman R. Karl Aumann
Commissioner Maureen Quinn
Mary K. Ahearn, WCC
Michele McDonald, WCC
Steven Jones, WCC
James Himes, Esq., UEF
Holly Isaacs, Esq., UEF
Dennis Morton, DLLR
Susan Bass, DLLR
Randi Johnson, MIA

Medical Fee Guide Revision Committee

The Medical Fee Guide Revision Committee (MFGRC) was established to review the methodology that the Workers' Compensation Commission utilizes to regularly review physician fees. The committee is charged with recommending a method for developing and regularly updating a multiplier to be used with CPT codes. They are also charged with the responsibility of recommending the best approach for distributing and annually updating the Medical Fee Guide. Members represent, equally, payers and receivers of health care services. In 2007, the committee reviewed the effect on access to care issues following the 2005 and 2006 adjustments to the Medical Fee Guide. The committee has continued to move forward on cost of living increases to be applied to the Medical Fee Guide. The method to be used was adopted by a vote of the Commission and took effect March 24, 2008. The Commission will meet in the fall of 2008 to review any concerns about the newly effective regulations.

2008 Committee Roster

Commissioner Kenneth G. Macleay, *Committee Chair*
Neil A. Robinson, M.D., Physician Advisor, WCC
Monica Matthews, Committee Secretary, WCC

Payers

Rudolph Rose, Esq.
Dennis Carroll, Esq.
Beth Porter
Michael Levin, Esq.
Ken Stoller, Esq.
Craig J. Ross, DO
Antonio R. Lopez, Esq.

Receivers

Gregory M. Gilbert
P. Matthew Darby, Esq.
Primo R. Padeletti
Keith A. Segalman, M.D.
Derek Kram, M.D.
Eric Gordon, PT
Charles Thorne, D.C.

COMMITTEES

Online Services Advisory Counsel

The Commission hosted the winter 2008 meeting of the Online Services Advisory Counsel (OSAC) on Wednesday, February 13, 2008. After opening remarks by the Commission's Executive Director Mary Ahearn, the agenda included discussions about what is new online at the Commission as well as new and updated online forms. This was followed up with a review of the Counsel's action items from the previous OSAC meeting, a preview of upcoming online projects, and a general online services question and answer session.

OSAC was formed to serve as a forum for two-way communication with the Commission to improve the effectiveness of online experiences, and to make it easier and more accessible to conduct business with the Commission online. Membership consists of representatives from all areas of the workers' compensation community. Members are asked to share ideas and comments regarding current and future online services at <http://www.wcc.state.md.us>.

The Commission is committed to a high level of stakeholder communication and feedback. Throughout the year, members may be contacted via e-mail or phone to provide subject matter expertise on proposals or invited to participate in pre-release reviews of new online products and services. Suggestions and criticisms from OSAC members help us to continue providing innovative online products and services to facilitate conducting business with the Commission.

For more information about OSAC, please send an e-mail request to the MDWCC Online Services Advisory Council at mdwccosac@Wcc.state.md.us.

2008 Committee Roster

Joyce McNemar, *Committee Chair*

Lynda Dilks

Nancy Harrison, Esq.

Michael Steinhardt, Esq.

Anne Brennan, Esq.

Mark Vincent, Esq.

Gale Reikenis

Donna Henderson, Esq.

Stan Haynes, Esq.

Steve Perroots

Gretchen Rogers, Esq.

James Forrester, Esq.

Mary Sevinsky

Andy Nussdorf

Bob Zarbin, Esq.

Mark Hackman, Esq.

Carmen Stevens

Mitch Greenberg, Esq.

Michael L. Galey, WCC

Lally Abraham, WCC

Jim MacDonald, WCC

Carolyn Nelson, WCC

CONTACT INFORMATION

Main Office

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)
E-mail: info@wcc.state.md.us • www.wcc.state.md.us

Executive Office

R. Karl Aumann, Chairman
410-864-5300
Mary K. Ahearn, Executive Director of Administration
410-864-5300
Amy Lackington, Assistant to the Chairman
410-864-5300 • alackington@wcc.state.md.us
Lisa Erlandson Turpin, Director, Fair Practices, Equal Employment
Opportunity and Americans with Disabilities Act
410-864-5296 • lturpin@wcc.state.md.us
Michael L. Galey, Secretary to the Commission
410-864-5315 • mgaley@wcc.state.md.us
Michele J. McDonald, Principal Counsel
410-864-5313 • mmcdonald@wcc.state.md.us

Claims Division

Monica Matthews, Director
410-864-5366 • mmatthews@wcc.state.md.us

Court Reporting Division

Linda M. Jenkins, Director
410-864-5182 • ljenkins@wcc.state.md.us

Fiscal Services Division

David E. Jones, Director
410-864-5255 • dejones@wcc.state.md.us

Hearing Division

Judith L. Johnston, Director
410-864-5306 • jjohnston@wcc.state.md.us

Information Technology Division

Joyce McNemar, Director
410-864-5122 • jmcnemar@wcc.state.md.us

Insurance, Compliance and Reporting Division

Steven Jones, Director
410-864-5298 • stjones@wcc.state.md.us

Personnel Division

Christopher Barrett, Director
410-864-5234 • cbarrett@wcc.state.md.us

Processing Division

Neshera A. Jarrett, Director
410-864-5288 • njarrett@wcc.state.md.us

Support Services Division

Regina W. Brown, Director
410-864-5327 • rbrown@wcc.state.md.us
Neil A. Robinson, Medical Director
410-864-5329 • nrobinson@wcc.state.md.us

Hearing Sites

Central Region-Beltsville

4780 Corridor Place, Suite D
Beltsville, MD 20705

Southern Region-La Plata

Old Towne Center
403 Charles Street
La Plata, MD 20646

Northeast Region-Abingdon

3465 Box Hill Corporate Center Drive, Suite E
Abingdon, MD 21009

Eastern Shore Region-Cambridge

828 Airpax Road, Building B, Suite 400
Cambridge, MD 21613

Northwest Region-Frederick

1890 North Market Street, Suite 200
Frederick, MD 21701

Baltimore City

10 East Baltimore Street
Baltimore, MD 21202

Western Maryland

Comfort Inn & Suites
1216 National Highway
La Vale, MD 21502