

MARYLAND WORKERS' COMPENSATION COMMISSION



ANNUAL REPORT FISCAL YEAR 2013

MARTIN O'MALLEY, GOVERNOR • ANTHONY G. BROWN, LT. GOVERNOR
R. KARL AUMANN, CHAIRMAN • MARY K. AHEARN, CHIEF EXECUTIVE OFFICER

MARYLAND WORKERS' COMPENSATION COMMISSION

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MISSION

The Maryland Workers' Compensation Commission seeks to secure the equitable and timely administration of the provisions of the Maryland Workers' Compensation law on behalf of its customers, the injured workers and their employers, by providing an efficient forum for the resolution of individual claims.

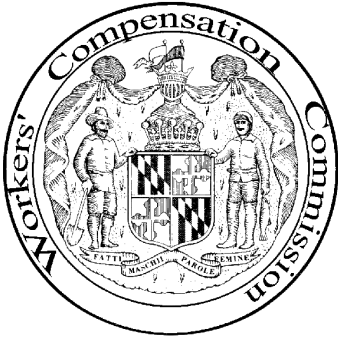
VISION

The Workers' Compensation Commission envisions a state wherein injured workers and employers are empowered to create an equitable partnership to facilitate prompt and fair resolution of workers' compensation matters.

Equal Opportunity Employer

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

LETTER FROM THE CHAIRMAN



It is a privilege to present the 2013 Annual Report of the Maryland Workers' Compensation Commission. On behalf of my fellow Commissioners and our talented staff, I am proud to share this comprehensive overview of the agency covering July 1, 2012 through June 30, 2013. Together, we profoundly touch the lives of so many people and have an enormous responsibility to the community by fulfilling our mission of securing the equitable and timely administration of the law.

The Commission continues to provide services to our constituent partners at a level rarely met throughout the United States. The professionalism, work ethic and technological acumen manifest in our operations allow us to smoothly and effectively manage the challenges which invariably arise. Every division within the agency plays a vital role in keeping us in the forefront nationally and I applaud my colleagues for their outstanding focus on serving the public.

As in past years, this report includes a tremendous amount of information which I know will be helpful to you. We produce and publish it with a limited number of printed copies, while an electronic version is available online and also distributed through e-mail. I hope it will be a valuable and frequent resource for everyone in the workers' compensation community.

The success we achieve would be impossible without our many partners and leaders in government. Governor Martin O'Malley and the General Assembly have consistently given their critical support. The Legislative Oversight Committee, the Budget Advisory Committee and the Maryland Workers' Compensation Education Association have also been instrumental to our operation. This teamwork enables us to best serve injured workers and their families, as well as employers and insurers.

Sincerely yours,

R. Karl Aumann

COMMISSIONERS

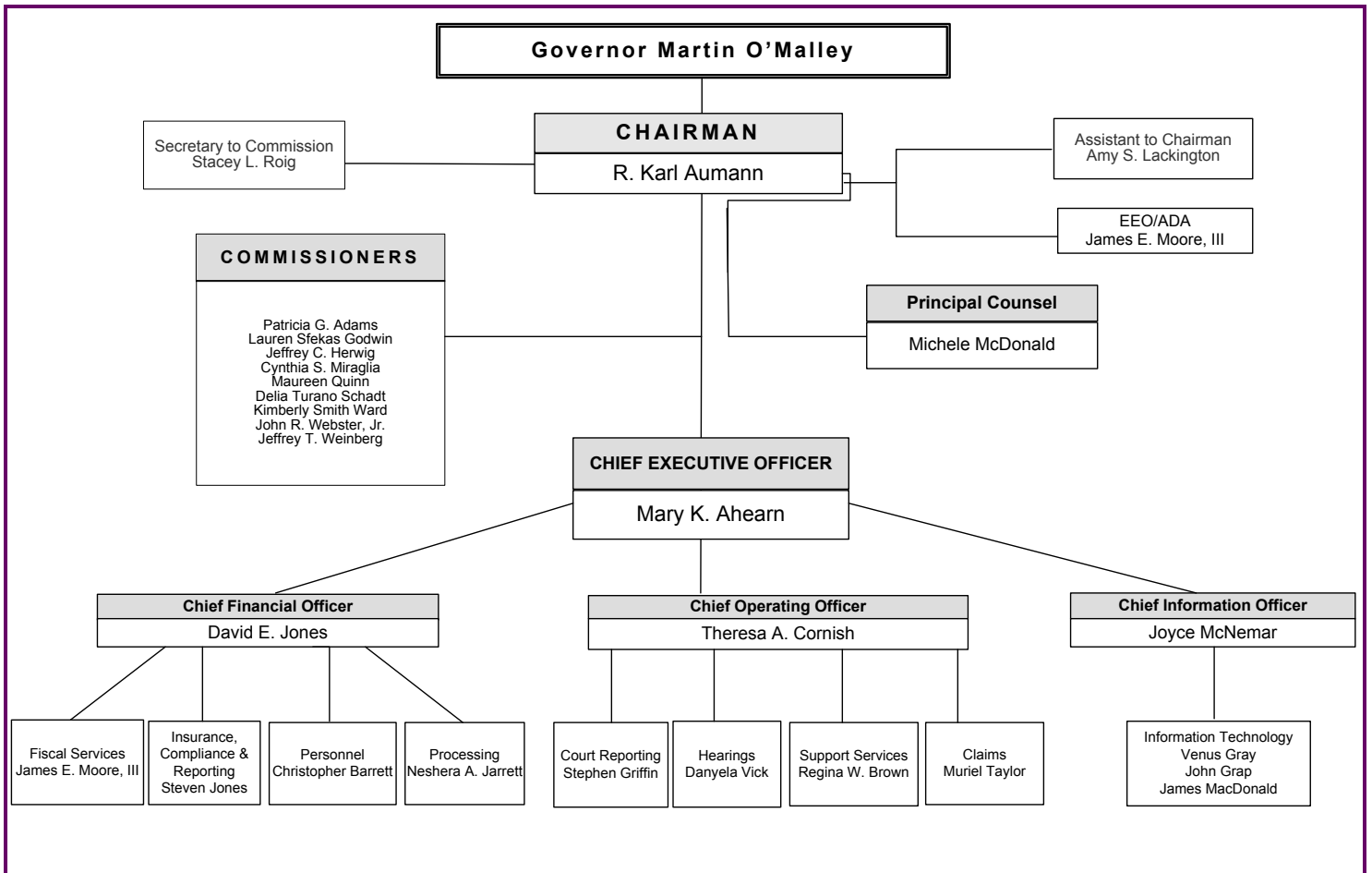
R. Karl Aumann
Chairman

Commissioners

Patricia G. Adams	Delia Turano Schadt
Lauren Sfekas Godwin	Kimberly Smith Ward
Jeffrey C. Herwig	John R. Webster, Jr.
Cynthia S. Miraglia	Jeffrey T. Weinberg
Maureen Quinn	

ORGANIZATIONAL CHART

Workers' Compensation Commission



AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

Personnel in the News

On November 26, 2012, Mary Ahearn, the Commission's Chief Executive Officer, took on a dual role as Interim Executive Director at the Uninsured Employers' Fund to provide logistical support. She returned full-time to the Commission on February 20, 2013. Welcome back Mary!

Through the Commission on Rehabilitation Counselor Certification, Regina Brown, the Commission's Director of Support Services, has acquired the status of a Certified Rehabilitation Counselor ("CRC"). The Commission on Rehabilitation Counselor Certification is an internationally known certification program that grants certification to counselors who meet the educational standards, possess the competency skills, and pass the examination to become a CRC and in some states a licensed clinical professional counselor. Congratulations Regina!

International Association of Industrial Accident Boards and Commissions

The International Association of Industrial Accident Boards and Commissions ("IAIABC") held its 98th Annual Convention October 1-4, 2012 in Newport, Rhode Island. The theme of this conference was *Navigating the Shifting Winds of Workers' Compensation*. Presentations and moderated discussion forums covered a wide range of topics which included chronic pain management, privacy and data security issues and programs to reduce the misclassification of employees. The IAIABC will hold its 99th Annual Convention September 30 - October 3, 2013 in San Diego, California.

The IAIABC *Forum 2013* was held April 29 – May 3, 2013 in Des Moines, Iowa. The Forum 2013 focused heavily on medical issues in today's workplace and included in-depth discussions on disability management, opioid use, and the primary care physician shortage. The IAIABC Forum 2014 will be held April 7-11, 2014 in Coeur D'Alene, Idaho.

Maryland Workers' Compensation Educational Association

The 28th Annual Maryland Workers' Compensation Educational Association ("MWCEA") conference was

held October 14-17, 2012 in Ocean City, Maryland. This year's keynote speaker featured Dr. Pier M. Forni, an award-winning professor at Johns Hopkins University where he has taught for the past 20 years. Dr. Forni is also the author of *Choosing Civility: The Twenty-Five Rules of Considerate Conduct* (2002).

A variety of educational sessions were presented during the conference. Topics included occupationally related brain injuries, the different aspects of spinal fusion surgery, and narcotics abuse in workers' compensation. A panel of attorneys from neighboring states also gave an overview of how basic law and benefit structure differ in each jurisdiction. New at this year's MWCEA conference was the Kids' Chance 1-Mile Run/Walk on the Beach which drew a large number of participants to benefit the Kids' Chance of Maryland, Inc., scholarship fund. The 29th Annual MWCEA Conference will take place September 15-18, 2013.

Alfred M. Porth Memorial Award

On October 16, 2012 the Maryland Workers' Compensation Educational Association awarded the Alfred M. Porth Memorial Award to Theodore B. Cornblatt of the law firm Cornblatt, Bennett, Penhallegon & Roberson. The MWCEA established this award in 2001 to honor select members of the workers' compensation community for outstanding commitment to the fair and honest administration of the Maryland workers' compensation system. The award is named for Alfred M. Porth (1916-1992), of the law firm of Smith, Somerville & Case and one of the foremost practitioners of Maryland workers' compensation law.

National Council on Compensation Insurance

On October 9, 2012, the National Council on Compensation Insurance ("NCCI") presented its annual Maryland State Advisory Forum 2012 in Baltimore. The purpose of the State Advisory Forum is to allow NCCI to share crucial information with workers compensation system stakeholders. These forums promote education and greater understanding of both the national and state workers' compensation environments. The Maryland State Advisory Forum 2013 will be held October 22, 2013 at the Hyatt Regency Inner Harbor in Baltimore.

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

NCCI held its Regulatory Forum and Annual Issues Symposium (“AIS”) May 15-17, 2013 in Orlando, Florida. The conference joined together regulators, legislators, reinsurers, carriers and third party administrators to meet and gather fresh insights about the developing trends in workers compensation. The 2013 Annual Issues Symposium will be held May 8-9, 2014 in Florida.

Southern Association of Workers’ Compensation Administrators

On July 9-13, 2012, the Southern Association of Workers’ Compensation Administrators (“SAWCA”) held its 64th Annual Convention in Hot Springs, Virginia. The theme of the conference was “A Look to the Future from the Top of the Mountain... Predicting Around the Bend.” The convention afforded a unique opportunity for state regulators from across the south and industry professionals from across the nation to discuss workers’ compensation’s critical issues. SAWCA will hold its 65th Annual Convention July 15-19, 2013 in St. Pete Beach, Florida. SAWCA’s *All Committee Conference* was held in New Orleans, Louisiana November 13-16, 2012.

New Forms, Revisions and Reprinted

- A25 **Authorization** for Release of Medical Information
- EX01 **Motion** to Compel Medical Authorization
- EX02 **Response** to Motion to Compel Medical Authorization
- H08 **Subpoena**
- H08 OTS **Objection** to Subpoena of Medical Records
- H33R **Request** to Implead a Party

8-Year Regulatory Review

In accordance with the Regulatory Review and Evaluation Act (Sections 10-130 through 10-139 of the State Government Article), the Commission is in the process of reviewing and evaluating its existing regulations. The purpose of this review is to determine whether the Commission’s regulations continue to accomplish the purposes for which they were adopted,

clarify ambiguous or unclear language, and repeal any obsolete or duplicative provisions. Final Evaluation Reports will be submitted to the Administrative, Executive, and Legislative Review Committee (AELR) and Division of State Documents in October 2013.

Insurance Compliance and Reporting Update

Employer Compliance

The IC&R Division has begun to revamp the employer compliance program to more proactively address the issue of uninsured employers. The Division is recruiting for an individual to administer the program. Additionally, processes are being changed and new IT initiatives are being developed to assist with this process. When complete, the process will allow the Commission to more easily locate, contact and monitor uninsured employers with the goal to bring all employers into compliance with Maryland law.

Electronic Rate and Form Filing (SERFF)

Effective September 1, 2013, the Commission will begin accepting the filing of Insurance policies (and corresponding forms) electronically through the System for Electronic Rate and Form Filing (SERFF). While paper filings will still be accepted, insurers are encouraged to use the electronic system to file policy forms for approval.

Self-Insured Audits

In Fiscal Year 2013, 18 self-insured employers were scheduled to be audited. These audits test the validity and accuracy of the self-insured reporting via the Annual Information Report (IC-1) and the compliance with workers’ compensation regulations. Sixty-two percent of self-insured employers have been audited since the inception of the audit program.

Court Reporting Update

The Court Reporting Division has enhanced its performance by automating its transcript request process to include the addition of a “Request for Advance Payment” letter that is utilized in conjunction with the preparation and transmittal of transcripts.

With the recent loss of three full time reporters to

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

retirement and one to a part time status, the Court Reporting Division is once again fully staffed with the addition of three new highly qualified and very experienced reporters.

Vocational Rehabilitation

In collaboration with the Joint Task Force on Injured Worker Rehabilitation, CARPS, and Coppin State University, the Commission hosted a seminar for registered rehabilitation practitioners to meet the mandatory educational requirements required by COMAR. Professionals from various disciplines participated in a roundtable discussion related to various ethical issues encountered in medical case management, vocational rehabilitation case management, and functional capacity evaluations and reporting.

Due to the enormous number of requests for interpreter services, the Interpreter Program Office will only accept three requests per attorney, per docket on a daily basis.

Payroll Reporting

Working with insurers and self-insured employers, the Commission increased the number of insurers electronically reporting payroll data to the Fiscal Division by 21% over the prior year. Approximately 95% of all licensed insurers and self-insurers now submit their required annual payroll reports to the Commission electronically, which benefits both the Commission and insurers. The Commission benefits by improved processing time and accuracy, as well reduced paper usage; insurers benefit by reduced postage costs, increased flexibility for data submission, and improved data security.

Personnel Update

The Commission's Director of Personnel, Christopher Barrett, continued to serve as the Commission's Agency Liaison for the statewide JOBAPPS initiative for FY2013. The JOPAPPS process allows for submittal of applications and associated recruitment materials through an online portal, thereby simplifying the hiring process for personnel officers. As the Commission's Agency Liaison, Mr. Barrett served as an integral part in the design and implementation of JOBAPPS.

The Commission is dedicated to providing the best trained employees in an effort to ensure quality service to

the public. In that regard, the Commission is in the process of hiring an Employee Training Specialist to identify and implement training opportunities for its employees.

Compel Medical Authorization Project

In an effort to ensure compliance with the provision of a medical authorization as required by COMAR 14.09.01.10, the Commission developed a process in which a party may file a Motion to Compel Medical Authorization. This new process will allow the electronic filing of a new form (WCC EX01) compelling another party to provide an executed medical authorization. Any party wishing to oppose the Motion will be able to submit an electronic Response to Motion to Compel Medical Authorization (WCC EX02) within seven days after being served with the Motion. The Motion and Response may only be filed electronically. Service of the Motion must be made by hand-delivery or facsimile to the other party. The Commission will allow unrepresented claimants only to file a Response by sending a letter to the Chairman.

Appeals Project with Prince George's County Circuit Court

The Commission has been working on a project with Prince George's County Circuit Court to reduce the amount of unnecessary paper received from the Commission relating to workers' compensation appeals. Pursuant to an Order Permitting the Omission of Records issued by the circuit court, the Appeal department only sends a transcript to the court; the case file is not printed or sent to the circuit court. This initiative was designed to free up storage space at the circuit court while reducing the Commission's printing and postage costs.

Average Weekly Wage

Effective October 15, 2012, calculations of the Average Weekly Wage shall be adjudicated and determined at the first hearing before the Commission.

Insolvent Insurance Carriers

The Commission began posting information on its website concerning carriers that were in liquidation, the contact information for the Maryland Property & Casualty Insurance Guaranty Corporation (PCIGC), along with the information on the Receiver for the insolvent carrier.

AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

Security Protocol Update

In January 2013 the Commission updated WFMS to introduce several major changes to both the functionality and visual design of the site. Due to tightened security measures, effective January 30, 2013, parties in a claim can access 'Claim Inquiry and View Claim Documents' by entering only the WCC Claim number; non-parties to a claim will need to provide additional claim identifier information as indicated on any inquiry page. When Social Security number or last four digits of the SSN is a required provision, the claim must have a valid SSN or Federal Tax Identification Number to access the claim. Research on prior claims not accessible due to these changes may be facilitated by visiting Public Service at our main office in Baltimore City during normal business hours.

Super Storm Sandy

In October 2012, Mother Nature released her wrath over Maryland causing widespread damage and heavy rainfall. Governor Martin O'Malley declared a state of emergency on October 26th and the Commission was forced to cancel all dockets on October 29, 30 and 31 (with the exception of the LaPlata docket on October 31). As a result, the

Commission continued almost 500 cases which were then reset for hearing on an expedited basis.

Report on Fraud Unit

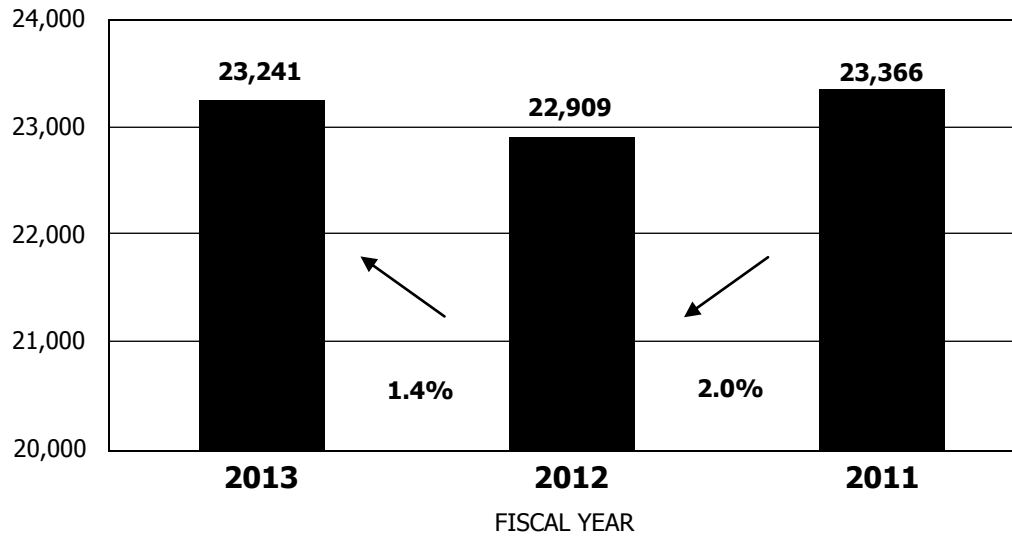
Labor and Employment Article, § 9-310.2, Annotated Code of Maryland, requires the Commission to refer to the Insurance Fraud Division of the Maryland Insurance Administration any case in which it is established by a preponderance of the evidence, after a hearing, that a person knowingly affected or knowingly attempted to affect the payment of compensation benefits, fees or expenses under the Workers' Compensation Act by means of a fraudulent representation. During fiscal year 2013 the Commission referred ten (10) cases to the Insurance Fraud Division.

On occasion, the Commission receives anonymous allegations of fraudulent activity including the improper collection of benefits and failure to maintain workers' compensation insurance. In some instances there is insufficient information to positively identify the individual allegedly committing fraud. If sufficient information does exist, the matter is forwarded to the workers' compensation insurance carrier, if available, or to the Insurance Fraud Division.



TABLES AND CHARTS

FIGURE 1 • Filed Claims



MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 2 • Filed Claims by Industry

INDUSTRIES WITH MORE THAN 100 FILED CLAIMS	FISCAL YEAR					
	2013		2012		2011	
	Count	Percent	Count	Percent	Count	Percent
Policemen - Security	2,445	10.5%	2,283	10.0%	2,385	10.2%
Truckmen N.O.C.	1,082	4.7%	1,007	4.4%	1,763	7.6%
Colleges Or Schools Incl. Day Care	1,709	7.4%	1,544	6.7%	1,569	6.7%
TOP 3 INDUSTRIES IN FILED CLAIMS	5,236	22.5%	4,834	21.1%	5,717	24.5%
Building, Raising Or Moving - General Construction	661	2.8%	606	2.6%	990	4.2%
Hospitals - All Other Employees	1,079	4.6%	980	4.3%	1,067	4.6%
Hotels, Restaurants, Bars & Nightclubs	877	3.8%	716	3.1%	714	3.1%
Firemen Incl. Volunteer Dept & Ambulance Service	769	3.3%	695	3.0%	659	2.8%
Meat Combined Grocery And Provision Stores Retail	574	2.5%	525	2.3%	661	2.8%
Automobile Garages Or Repair Shops Inc. Dealers	486	2.1%	459	2.0%	411	1.8%
Taxicab And Bus Companies	765	3.3%	660	2.9%	614	2.6%
Convalescent Or Nursing Homes All Employees	737	3.2%	762	3.3%	536	2.3%
Carpentry N.O.C. - Renovations	320	1.4%	374	1.6%	247	1.1%
Clothing Or Dry Goods Stores Retail	232	1.0%	268	1.2%	265	1.1%
Municipal Township County Or State Employees N.O.C.	404	1.7%	315	1.4%	409	1.8%
Storage Warehouses General Merchandise N.O.C.	461	2.0%	414	1.8%	251	1.1%
Clerical Office Employees N.O.C.	182	0.8%	173	0.8%	435	1.9%
Charitable Organizations (Goodwill)	317	1.4%	288	1.3%	349	1.5%
Plumbing-Steam Fitting	181	0.8%	222	1.0%	178	0.8%
Store Risks Wholesale Or Combined N.O.C. K-MART	350	1.5%	319	1.4%	243	1.0%
Sheet Metal Work Incl. Air Conditioning & Refrigeration	161	0.7%	188	0.8%	167	0.7%
Buildings Operation By Contractors	222	1.0%	209	0.9%	281	1.2%
Landscape & Tree Surgery	256	1.1%	250	1.1%	234	1.0%
Unclassified (Insufficient Data)	225	1.0%	196	0.9%	142	0.6%
Electrical Wiring In Buildings	216	0.9%	189	0.8%	157	0.7%
Housing Authorities - Apts & Condos Incl. Real Estate	232	1.0%	241	1.1%	152	0.7%
Employment Agencies	203	0.9%	126	0.6%	118	0.5%
Physicians Incl. Clerical	248	1.1%	225	1.0%	170	0.7%
Mail & Parcel Delivery Employees, Salespersons & Drivers	N/A		N/A		123	0.5%
Hardware Stores - Locksmiths	N/A		N/A		120	0.5%
Telephone or Telegraph Companies	N/A		102	0.4%	N/A	
Garbage Refuse Collecting	144	0.6%	N/A		N/A	
Public Health Nursing Association All Employees	110	0.5%	N/A		N/A	
Industries With More Than 100 Filed Claims	10,412	44.8%	9,502	41.5%	9,693	41.5%
Number Of Industry Groups Represented	29		28		29	
All Other	7,593	32.7%	8,573	37.4%	7,956	34.0%
TOTAL	23,241	100.0%	22,909	100.0%	23,366	100.0%

Source: Commission Data, July 2013

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

NOC: Not Otherwise Classified

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

FISCAL YEAR 2012					
TOP TEN BODY PARTS DISABLED					
BODY PART	1–74 Weeks	75–249 Weeks	Greater than 249 Weeks	Total	Percent of Total
Thorax-Lower (Back)	1,732	663	64	2,459	27.9%
Shoulder	730	744	30	1,504	17.1%
Knees	850	449	10	1,309	14.9%
Neck	508	207	27	742	8.4%
Hands	474	138	9	621	7.0%
Legs	298	200	11	509	5.8%
Spinal Cord	305	133	13	451	5.1%
Ankle or Ankle and Leg	344	84	3	431	4.9%
Arms	243	172	9	424	4.8%
Feet	274	78	9	361	4.1%
TOTAL	5,758	2,868	185	8,811	100.0%
PERCENT OF TOTAL	65.3%	32.6%	2.1%	100.0%	

Source: Commission Data, July 2013

FIGURE 4 • Permanency Awards According to Weeks of Disability

FISCAL YEAR	1–74 Weeks	75–249 Weeks	Greater than 249 Weeks	Total
2013	7,369	3,447	281	11,097
	66.4%	31.1%	2.5%	100.0%
2012	7,819	3,533	276	11,628
	67.2%	30.4%	2.4%	100.0%
2011	6,946	3,360	270	10,577
	65.7%	31.8%	2.5%	100.0%

Source: Commission Data, July 2013



MARYLAND WORKERS' COMPENSATION COMMISSION

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

TYPE	FISCAL YEAR								
	2013			2012			2011		
	Count	Amount	Average	Count	Amount	Average	Count	Amount	Average
Permanent Total	93	\$7,112,568	\$76,479	77	\$6,459,497	\$83,890	96	\$7,322,061	\$76,271
Percent Change - Prior Year	20.8%	10.1%	-8.8%	-19.8%	-11.8%	10.0%	-11.1%	-8.1%	3.4%
Permanent Partial	11,025	216,749,637	19,660	11,632	218,894,804	18,818	10,503	193,369,258	18,411
Percent Change - Prior Year	-5.2%	-1.0%	4.5%	10.7%	13.2%	2.2%	14.7%	13.5%	-1.0%
Fatality	36	4,146,554	115,182	43	3,382,047	78,652	57	4,051,460	71,078
Percent Change - Prior Year	-16.3%	22.6%	46.4%	-24.6%	-16.5%	10.6%	26.7%	8.8%	14.1%
Compromise	5,822	166,806,864	28,651	5,343	159,806,463	29,909	5,426	154,149,323	28,409
Percent Change - Prior Year	9.0%	4.4%	-4.2%	-1.5%	3.7%	5.3%	-2.5%	8.5%	11.2%
Total	16,976	394,815,623	23,257	17,095	388,542,811	22,728	16,082	358,892,102	22,316
Percent Change - Prior Year	-0.1%	1.6%	2.3%	6.3%	8.3%	1.8%	8.1%	10.7%	2.4%
Compromise as a Percent of Permanent Partials		76.9%	145.7%		73.0%	158.9%		79.7%	154.3%

Source: Commission Data, July 2013

FIGURE 6 • Commission Claims Data

COMMISSION CLAIM ACTIONS	FISCAL YEAR					
	2013		2012		2011	
	Count	Percent	Count	Percent	Count	Percent
First Reports of Injury	111,895		105,074		113,984	
Total Filed Claims	23,241	100.0%	22,909	100.0%	23,366	100.0%
Disputed Accidental Injury Claims	8,624	37.1%	8,038	35.1%	7,632	32.7%
Temporary Total Awards	13,700	58.9%	13,418	58.6%	13,419	57.4%
Claims Settled	5,899	25.3%	5,343	23.3%	5,426	23.3%
Claims Deferred	6,513	28.0%	6,450	28.2%	6,372	27.3%
Claims Disallowed by Commission	612	2.6%	638	2.8%	545	2.3%

Source: Commission Data, July 2013



MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 7 • Fatalities by Industry Grouping

INDUSTRY GROUP	Employment ⁽¹⁾	FISCAL YEAR		
		Fatalities ⁽²⁾		
		2013	2012	2011
STATE GOVERNMENT	102,003	1	3	1
LOCAL GOVERNMENT	250,421	12	11	10
GOVERNMENT SECTOR TOTAL	352,424	13	14	11
GOOD PRODUCING				
Natural Resources and Mining	6,727	0	0	0
Construction	145,018	3	5	6
Manufacturing	107,156	2	1	7
SERVICE PROVIDING				
Trades, Transportation , and Utilities	456,189	5	2	5
Information Technology	39,809	0	0	0
Telecommunications	15,340	0	0	0
Financial Activities	138,157	1	0	0
Professional and Business Services	413,466	4	0	1
Education and Health Services	404,759	0	1	2
Leisure and Hospitality	239,902	0	1	0
Other Services	90,172	3	6	4
UNCLASSIFIED	0	25	20	16
PRIVATE SECTOR TOTAL ALL INDUSTRIES	2,056,695	43	36	41
TOTAL EMPLOYMENT/FATALITIES	2,409,119	56	50	52

Source: ⁽¹⁾ DLLR 4th Quarter 2012

⁽²⁾ Commission Data, July 2013



FIGURE 8 • Filed Claims by Gender and Age

FISCAL YEAR 2013			
Gender	Age Group	Claims Filed	Percent
Male	Unknown	2	0.0%
Male	10 - 19	154	0.7%
Male	20 - 29	2,528	10.9%
Male	30 - 39	3,393	14.6%
Male	40 - 49	3,877	16.7%
Male	50 - 59	3,093	13.3%
Male	60 - 69	1,059	4.6%
Male	70 - 79	131	0.6%
Male	80 - 89	5	0.1%
		Total 14,252	61.3%
Female	Unknown	1	0.0%
Female	10 - 19	91	0.4%
Female	20 - 29	1,371	5.9%
Female	30 - 39	1,624	7.0%
Female	40 - 49	2,410	10.4%
Female	50 - 59	2,429	10.5%
Female	60 - 69	920	4.0%
Female	70 - 79	137	0.6%
Female	80 - 89	6	0.0%
		Total 8,989	38.7%
		Total Filed Claims 23,241	100.0%

Source: Commission Data, July 2013



FIGURE 9 • Source of Appeals

SOURCE	FISCAL YEAR		
	2013	2012	2011
Claimant	1,200	1,185	989
Employer/Insurer	774	791	811
Subsequent Injury Fund	27	37	40
Uninsured Employers' Fund	13	18	19
TOTAL	2,014	2,031	1,859

Source: Commission Data, July 2013

FIGURE 10 • Hearing Transcripts

CATEGORY	FISCAL YEAR		
	2013	2012	2011
Non Appeal Transcripts	1,448	1,706	1,596
Appeal Transcripts	1,831	1,841	1,690

Source: Commission Data, July 2013



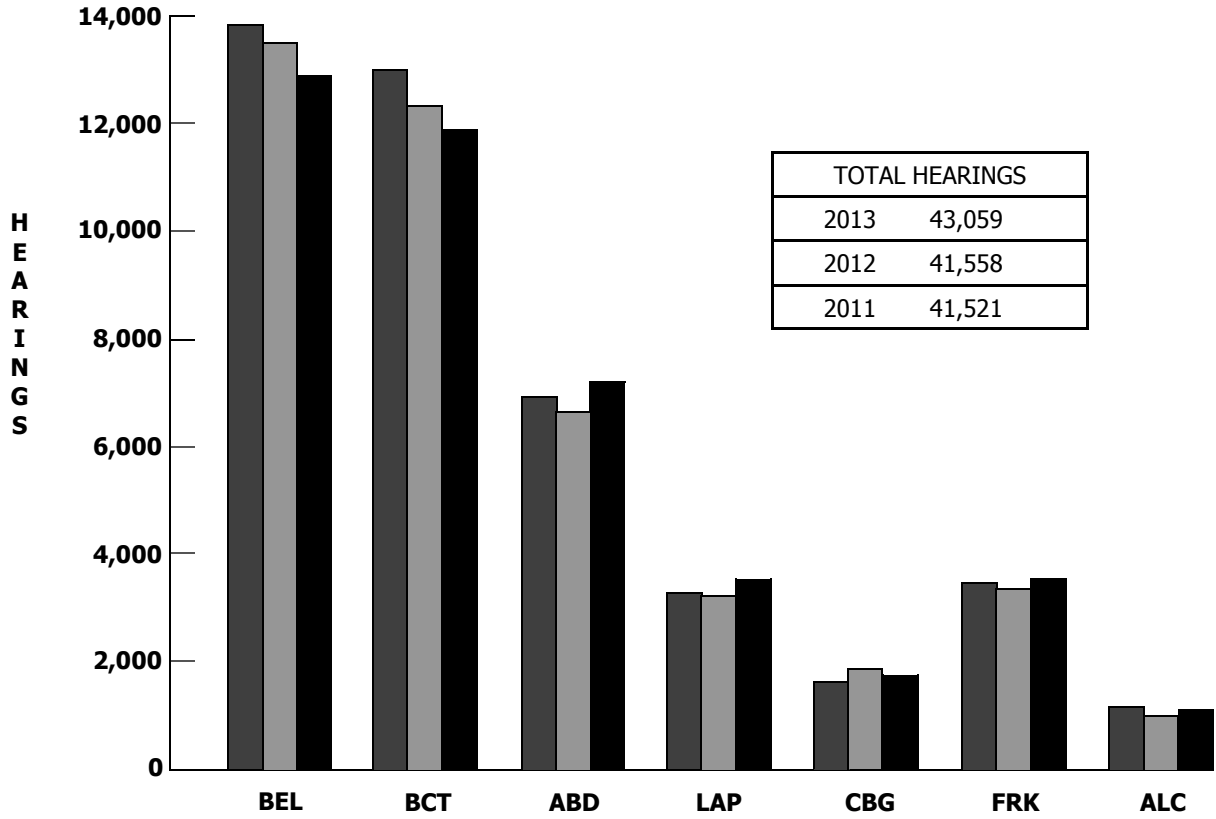
MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 11 • Source of Claims and Appeals by Political Subdivision

JURISDICTIONS	FISCAL YEAR					
	2013		2012		2011	
	Claims	Appeals	Claims	Appeals	Claims	Appeals
Baltimore County	4,004	290	4,068	292	4,094	344
Baltimore City	3,601	228	3,278	237	3,698	258
Prince George's County	3,009	386	3,027	373	3,003	309
Montgomery County	2,069	190	2,098	200	2,043	155
Anne Arundel County	1,962	167	1,907	156	1,967	139
Harford County	966	75	916	82	1,014	85
SIX MAJOR METRO AREAS - COUNT	15,611	1,336	15,294	1,340	15,819	1,290
Percent of Total Filed Claims	67.2%	66.3%	66.8%	66.0%	67.7%	69.4%
Frederick County	787	43	787	61	733	28
Washington County	704	51	691	63	635	47
Carroll County	586	33	632	49	587	43
Charles County	487	58	458	53	507	40
Howard County	582	49	582	45	501	26
Wicomico County	358	18	305	15	368	29
Allegany County	276	32	327	34	351	24
Cecil County	283	18	311	22	321	34
Calvert County	296	37	309	39	319	18
St. Mary's County	268	36	284	33	297	24
Caroline County	304	18	274	17	280	13
Queen Anne's County	172	16	189	13	168	13
Dorchester County	159	4	140	12	160	2
Worcester County	186	14	164	8	141	10
Talbot County	98	10	116	3	119	12
Garrett County	98	7	96	9	109	9
Somerset County	112	2	78	4	85	6
Kent County	54	8	60	8	75	5
EIGHTEEN NON-METRO AREAS - COUNT	5,810	454	5,803	488	5,756	383
Percent of Total Filed Claims/Appeals	25.0%	22.5%	25.3%	24.0%	24.6%	20.6%
OUT OF STATE CLAIMS - COUNT	1,820	224	1,812	203	1,791	186
Percent of Total Filed Claims	7.8%	11.1%	7.9%	10.0%	7.7%	10.0%
TOTAL	23,241	2,014	22,909	2,031	23,366	1,859
PERCENT OF CLAIMS APPEALED		8.7%		8.9%		8.0%

Source: Commission Data, July 2013

FIGURE 12 • Scheduled Hearing Distribution



REGIONAL SITES							
	BELTSVILLE	BALTIMORE CITY	ABINGDON	LA PLATA	CAMBRIDGE	FREDERICK	CUMBERLAND
	BEL	BCT	ABD	LAP	CBG	FRK	ALC
2013	13,710	12,783	6,886	3,384	1,817	3,537	942
2012	13,331	12,272	6,610	3,268	1,894	3,388	795
2011	12,714	11,921	7,049	3,479	1,856	3,584	918

FIGURE 13 • Interpreter Office Program Statistics

ITEM	FISCAL YEAR		
	2013	2012	Change
Requests	2,412	2,243	7.5%
Interpretations Provided	1,649	1,550	6.4%
Requests Continued or Withdrawn	759	693	9.5%
Spanish Interpretations	1,362	1,381	-1.4%
All Other Interpretations	287	169	69.8%
Percent Spanish	82.6%	89.1%	-6.5%
Number Of Languages Provided	38	34	11.8%

Source: Commission Data, July 2013

FIGURE 14 • Vocational Rehabilitation Case Management

FISCAL YEAR 2013		
	Count	Percent
Return to Work		
Same Employer, Same Job	642	45.1%
Same Employer, Different Job	108	7.6%
New Employer, Same Occupation	48	3.3%
New Employer, Different Occupation	246	17.3%
Self-Employment	11	0.8%
Medical Issues, Not Employed	171	12.0%
Subtotal	1,226	86.1%
Employment Status Unknown		
Rehabilitation Services Declined	71	5.0%
Rehabilitation Program Dropout	99	7.0%
Claimant Moved Out of State	9	0.6%
Claimant Declined Job Offers	19	1.3%
Subtotal	198	13.9%
Total Vocational Rehabilitation Case Dispositions	1,424	100.0%

Source: Commission Data, July 2013

FIGURE 15 • Self-Insurance Program

ITEM	FISCAL YEAR		
	2013	2012	2011
Individual Self-Insurers and 1 Group	104	103	103
Covered Self-Insured Employees ⁽¹⁾	428.3 k	420.5 k	422.5 k
Covered Self-Insured Payroll ⁽¹⁾	\$20.8 B	\$21.1 B	\$20.8 B
Self-Insured Payroll as Percent of All Covered Payroll	15.3%	16.0%	16.4%
Security Held ⁽¹⁾	\$230.7 M	\$225.0 M	\$222.0 M
Commission Orders ⁽²⁾	15	21	20

k = Thousand, M = Million, B = Billion

⁽¹⁾ Source: A-01/IC-1 Report 2010 - 2012 Note: Security includes active self-insurers only.

⁽²⁾ Commission Data 2011 - 2013



MARYLAND WORKERS' COMPENSATION COMMISSION

FIGURE 16 • Workers' Compensation Premium Rate Ranking

2012 Ranking	2010 Ranking	2008 Ranking	State	Median Index Rate	State % of Median
1	2	1	Alaska	3.01	160%
2	6	20	Connecticut	2.99	159%
3	5	13	California	2.92	155%
4	3	10	Illinois	2.83	151%
5	13	19	New York	2.82	150%
6	4	9	Oklahoma	2.77	147%
7	7	16	New Jersey	2.74	146%
8	1	2	Montana	2.50	133%
9	10	14	New Hampshire	2.40	128%
10	8	5	Maine	2.24	119%
12	14	15	Pennsylvania	2.15	114%
12	19	34	Wisconsin	2.15	114%
13	26	38	Washington	2.11	112%
14	18	4	Vermont	2.07	110%
15	25	11	Louisiana	2.06	110%
16	12	12	South Carolina	2.04	109%
17	16	24	Minnesota	2.03	108%
19	20	21	Tennessee	2.02	107%
19	29	34	Idaho	2.02	107%
20	28	26	Rhode Island	1.99	106%
21	10	8	Alabama	1.97	105%
22	15	7	Kentucky	1.96	104%
23	28	36	South Dakota	1.91	102%
25	36	41	Iowa	1.90	101%
25	23	22	North Carolina	1.90	101%
27	24	25	Georgia	1.88	100%
27	32	32	New Mexico	1.88	100%
28	17	3	Ohio	1.84	98%
29	40	28	Florida	1.82	97%
30	34	7	Delaware	1.77	94%
31	37	37	Wyoming	1.74	92%
32	23	32	Michigan	1.73	92%
33	30	32	Nebraska	1.71	91%
34	42	44	Maryland	1.68	89%
35	40	36	Hawaii	1.66	88%
36	33	28	Missouri	1.62	86%
37	38	45	Arizona	1.61	86%
38	12	17	Texas	1.60	85%
39	41	39	Oregon	1.58	84%
40	35	41	West Virginia	1.55	82%
41	43	42	Kansas	1.54	82%
42	31	24	Mississippi	1.49	79%
43	47	43	Colorado	1.42	76%
44	44	49	Massachusetts	1.37	73%
45	45	46	Utah	1.35	72%
46	21	18	Nevada	1.33	71%
47	48	29	District of Columbia	1.28	68%
48	47	48	Virginia	1.20	64%
49	49	47	Arkansas	1.19	63%
50	50	50	Indiana	1.16	62%
51	51	51	North Dakota	1.01	53%

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services (Rev. 10/2012)

- Notes:
1. Starting with the 2008 study, when two or more states' Index Rate are the same, they now are assigned the same ranking.
 2. 2012 premium rate indices are calculated based on rates in effect as of January 1, 2012.

FIGURE 17 • Licensed Insurers Writing Workers' Compensation Insurance

Fiscal Year	Licensed Insurers ⁽¹⁾	Licensed Insurers Billed	Percentage of Licensed WC Insurers
2013	658	320	48.6%
2012	634	311	49.0%
2011	630	328	52.1%

Source: Commission Data, July 2013

⁽¹⁾ Includes Self-Insurers

FIGURE 18 • Insurer Assessments and Commission Cost

Fiscal Year	Assessment Base Insured Payroll	Total Insurer Assessments	Safety and Fraud Program Cost	WCC Cost	Assessment per \$1000 of Payroll
2013	\$113,830,536,789	\$24,923,537	\$11,660,527	\$13,736,289	0.219
2012	\$110,175,781,742	\$25,059,646	\$11,319,662	\$13,739,984	0.227
2011	\$112,656,771,036	\$24,428,360	\$9,985,427	\$13,496,037	0.217

Source: Commission Data, July 2013



REVENUES/EXPENDITURES

The Commission collects an assessment from licensed workers' compensation insurers and self-insurers for the operating budget of the Commission as well as the Occupational Safety and Health Program and the Workplace Fraud Act within the Department of Labor, Licensing and Regulation (DLLR). During this fiscal year, \$24,923,537 was assessed and collected with \$11,660,527 being transferred to DLLR for its safety program and workplace fraud initiative. The remaining funds were retained in the Workers' Compensation Fund and were disbursed as Commission operating expenditures as appropriated. The fiscal year 2013

Legislative Appropriation for the Commission's operating expenditures totaled \$13,961,289. Approximately 76.8 percent of this budget provided for the Commission's allotment of 121.0 full-time equivalent permanent position salaries and 11.25 full-time equivalent contractual position salaries, 12.3 percent for fixed costs to include lease agreements and lease escalations, 4.6 percent for contractual services to include computer software and hardware maintenance contracts, 3.7 percent for communications and postage, and 2.6 percent for travel expenses, supplies and equipment.

REGULATORY/LEGAL UPDATE

Legislation

SB65/Ch. 16

Workers' Compensation — Claim Processing — Electronic Delivery of Decisions

Providing that a copy of decisions by the Workers' Compensation Commission may be sent by electronic means to a party or the party's attorney of record. (Effective Date: October 1, 2013)

SB139/Ch. 184

Health Care Practitioners — Prescription Drug or Device Dispensing — Medical Facilities or Clinics That Specialize in Treatment Reimbursable Through Workers' Compensation Insurance

Repealing a certain exception from the requirement that an individual be licensed by the Board of Pharmacy before the individual may practice pharmacy in the State; requiring a dentist, physician, or podiatrist who dispenses a prescription drug or device in the course of treating a patient at a medical facility or clinic that specializes in the treatment of medical cases reimbursable through workers' compensation insurance to obtain a dispensing permit and meet certain other requirements. (Effective Date: July 1, 2013)

SB313/Ch.225

HB370/Ch. 226

Workers' Compensation — Anne Arundel County Deputy Sheriff

Altering the definition of "public safety employee" to include Anne Arundel County deputy sheriffs for

purposes of establishing eligibility for enhanced workers' compensation benefits for a compensable permanent partial disability of less than a certain number of weeks. (Effective Date: October 1, 2013)

HB1330/Ch. 676

Workers' Compensation — Insurance Coverage — Employer Compliance

Altering the procedures for the Workers' Compensation Commission to enforce compliance with certain workers' compensation insurance coverage requirements; altering the requirement for how certain employers secure compensation for certain covered employees; clarifying the Commission's authority to order employers to secure compensation for certain covered employees; requiring the Commission to issue certain orders directing certain employers to attend certain hearings under certain circumstances; requiring the Commission to issue orders and penalties under certain circumstances; requiring the Commission to set a certain hearing under certain circumstances; establishing certain penalties for employers that fail to secure compensation for their covered employees; providing that a failure to pay a penalty constitutes a default in payment of compensation and requiring that a judgment be entered in a certain manner; providing that a certain penalty is a lien under certain circumstances; authorizing the Uninsured Employers' Fund to bring civil actions to collect certain penalties or assessments under certain circumstances; requiring the Fund to provide certain notices to certain

REGULATORY/LEGAL UPDATE

persons for failure to pay certain penalties; imposing joint and several liability on certain officers and members for certain violations under certain circumstances; requiring certain licensing units to suspend certain licenses or permits under certain circumstances; making certain provisions of this Act severable; making stylistic and clarifying changes.

(Effective Date: October 1, 2013)

Regulatory Updates

14.09.06 Local Office Requirements for Insurers

.05 - Appeal

This action removed COMAR 14.09.06.05B, which requires an appellant's attorney to send a copy of a petition for judicial review to the Attorney General representing the Commission if the issue being appealed is the award of attorney's fees. This provision was removed from this chapter so that it may be transferred and recodified into a more thematically appropriate chapter. (Effective Date: July 23, 2012)

14.09.01 Procedural Regulations

.24 - Attorney's Fee and Medical Evaluation Fee - Application or Petition for Approval

This action recodified and amended the requirement that an appellant's attorney send a copy of a petition for judicial review to the Assistant Attorney General representing the Commission if the issue being appealed is the award of attorney's fees. (Effective Date: August 20, 2012)

14.09.01 Procedural Regulations

.07 - Average Weekly Wage

This action established a clear procedure and time line for determining the average weekly wage. Specifically that the average weekly wage be adjudicated at the first hearing before the Commission, and that if the Commission finds that an inaccurate weekly wage resulted in an overpayment or under payment of benefits the Commission may order a credit against future permanent disability benefits, the payment of additional compensation or any other relief the Commission determines is appropriate.

(Effective Date: October 15, 2012)

Appellate Opinions

Andrew P. Swedo, Jr. v. W.R. Grace & Co., et al., 211 Md.App. 391 (2013). Labor and Employment Article, § 9-633 requires that a dollar credit rather than a weeks credit methodology should be utilized where an award of permanent partial disability compensation was modified on appeal.

Washington Metropolitan Area Transit Authority v. Robert M. Washington, 210 Md.App. 439 (2013). In determining wage loss in industrial loss of use, profits derived from a business are not to be considered as earnings and cannot be accepted as a measure of loss of earning power unless they are almost entirely the direct result of the claimant's personal management and endeavors.

Felix L. Johnson, Jr., Deceased v. Mayor and City Council of Baltimore, 430 Md. 368 (2013). Statutory Interpretation - Workers' Compensation Benefits - payment of dual pension and workers' compensation benefits to dependents of deceased claimant.

McLaughlin v. Gill Simpson Electric, et al., 206 Md.App. 242 (2012). Withdrawal of the Issues filed in conjunction with the Petition to Reopen constitutes a withdrawal of the petition.

COMMITTEES

Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee

Chapters 590 and 591 of the Acts of 1987 established the Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee. Chapter 5 of the Acts of 2011 expanded the membership to include a representative from a self-insured local government entity. The Oversight Committee was developed to:

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

The Oversight Committee membership includes representatives from the legislative, medical, legal, labor sectors, and self-insured local government, as well as the general public. The Committee is co-chaired by an appointed State Senator and a House of Delegates member.

2013 Committee Roster

Katherine A. Klausmeier, Senate Chair
 Sally Y. Jameson, House Chair
 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

Representative of Maryland Building and Construction Labor Organization:

Roderick P. Easter

Two Members of the Public:

Debora Fajer-Smith

Michael G. Comeau

Member of the Insurance Industry:

Thomas J. Phelan

Member of a Workers' Compensation Rating Organization:

George A. Ortiz

Member of Medical and Chirurgical Faculty of Maryland:

Kenneth R. Lippman, M.D.

Members of the Bar:

Rudolph L. Rose, Defense Lawyer

P. Matthew Darby, Plaintiff Lawyer

Maryland Certified Rehabilitation Service Provider:

Kathy M. Stone

Self-Insured Local Government Entity

Ronald J. Travers

Workers' Compensation Commission—Ex Officio:

Maureen Quinn

Committee Staff:

Laura H. Atas

Tamela D. Burt

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

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

2013 Committee Roster

Michael G. Comeau, Chairman	Melinda Hayes
Sandra Dorsey	Ricardo Loaiza
Kathleen Fink, M.D.	Patrick A. Roberson, Esq.
Kevin P. Foy, Esq.	Michael J. Schreyer
Stephen G. Fugate	Karen L. Steele
	Vacancy

COMMITTEES

Advisory Committee on the Registration of Rehabilitation Practitioners

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

2013 Committee Roster

Charles Smolkin, MS, LCPC, CRC, CVE, MSRP

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

Joint Enforcement Task Force on Workplace Fraud

On July 14, 2009, under Executive Order 01.01.2009.09, Governor Martin O'Malley established a Joint Enforcement Task Force on Workplace Fraud. This inter-agency task force includes the Commission, the Department of Labor, Licensing and Regulation and, specifically the Divisions of Labor and Industry and Unemployment Insurance, the Office of the Attorney General, the Office of the Comptroller and the Maryland Insurance Administration.

The task force enables Maryland agencies to share information, educate and reach out to Maryland employers and investigate possible misclassification of workers. The goal of the task force is to provide for effective and efficient use of state resources to protect Maryland workers and provide a level playing field for all Maryland employers.

In Fiscal Year 2013, the Commission participated in a subcommittee to create a joint database for the sharing of information among the Joint Task Force member agencies. The Worker Misclassification Database will improve enforcement by allowing Task Force members to track cases and joint investigations. The database is web based and can be viewed by all member agencies and became fully operational as FY 2013 came to a close. It is expected to lead to data-driven audits and prevent using resources for audits that other taskforce agencies have already determined to be unproductive.

COMMITTEES

Medical Fee Guide Revision Committee

The Medical Fee Guide Revision Committee (MFGRC) was established in response to Labor and Employment Article § 9-663(b)(3). It reviews medical and surgical fees for completeness and reasonableness as well as provides a forum for discussing the fee guide. Recommendations are then made to the full Commission. The MFGRC, whose membership consists of an equal number of payers and receivers of workers' compensation medical benefits, engages in an ongoing analysis of reimbursement rates and recommends modifications to the Commission. In 2008, the Medical Fee Guide was fully incorporated into COMAR and was updated to include an annual adjustment factor that will help reimbursement rates stay current. A meeting of the MFGRC was scheduled in October 2012.

2013 Committee Roster

Commissioner Jeffrey C. Herwig, Committee Chair
Neil A. Robinson, M.D., Physician Adviser, WCC
Timothy Bailey, Committee Secretary, WCC

Payers

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Dennis Carroll, Esq.
Michael Levin, Esq.
Ken Stoller, Esq.
Craig J. Ross, DO
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