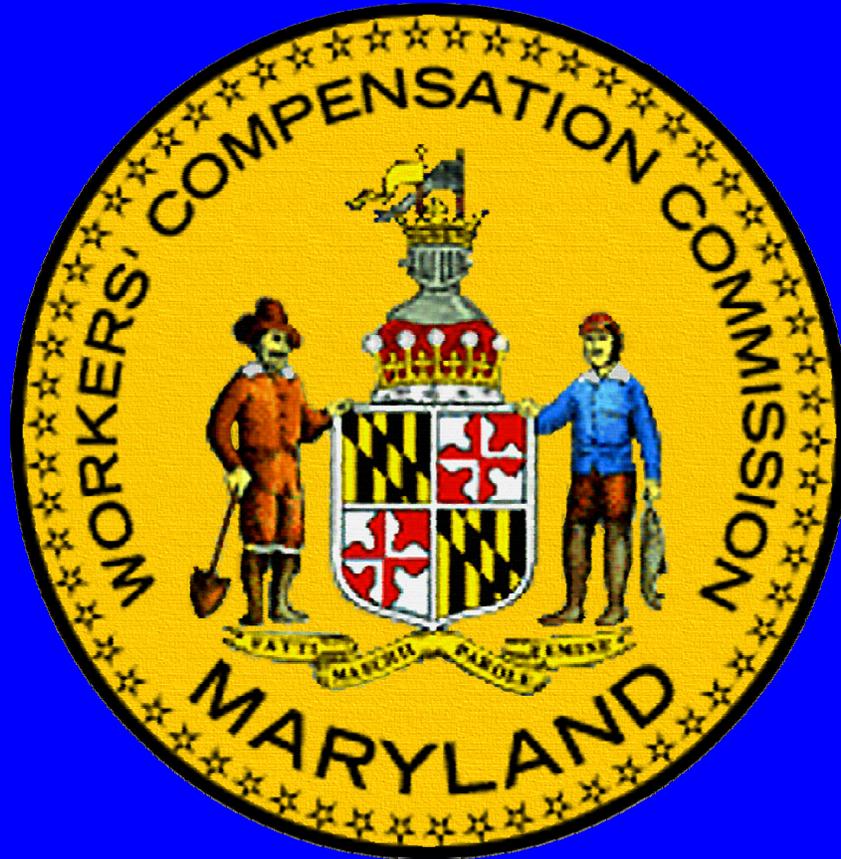


# MARYLAND WORKERS' COMPENSATION COMMISSION



## ANNUAL REPORT FISCAL YEAR 2011

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

# MARYLAND WORKERS' COMPENSATION COMMISSION

## TABLE OF CONTENTS

Letter from the Chairman .....	1
Commissioners .....	2
Organizational Chart .....	2
Agency Highlights and Process Improvements.....	3
Agency Performance Tables and Charts.....	5
Insurance/Self-Insurance Tables and Charts.....	14
Revenues/Expenditures .....	17
Regulatory/Legal Update .....	17
Committees.....	19
Contact Information.....	22

## TABLES AND CHARTS

Figure 1	Filed Claims .....	5
Figure 2	Filed Claims by Industry.....	6
Figure 3	Awards According to Weeks of Disability and Body Part.....	7
Figure 4	Permanency Awards According to Weeks of Disability .....	7
Figure 5	Permanency, Fatality and Compromise Awards by Type of Award.....	8
Figure 6	Commission Claims Data .....	8
Figure 7	Fatalities by Industry Grouping .....	9
Figure 8	Filed Claims by Gender and Age.....	10
Figure 9	Source of Appeals .....	11
Figure 10	Source of Claims and Appeals by Political Subdivision .....	12
Figure 11	Scheduled Hearing Distribution.....	13
Figure 12	Interpreter Office Program Statistics .....	14
Figure 13	Self-Insurance Program .....	14
Figure 14	Workers' Compensation Premium Rate Ranking.....	15
Figure 15	Licensed Insurers Writing Workers' Compensation Insurance.....	16
Figure 16	Insurer Assessments and Commission Expenses .....	16

## 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



**O**n behalf of the Commissioners and staff, it is my pleasure to present the 2011 Maryland Workers' Compensation Annual Report. Please take some time to explore the wealth of information contained in this report and its overview of the Commission's work. In this report we highlight the various sectors that affect workers' compensation and the data and trends that impact the work of our agency.

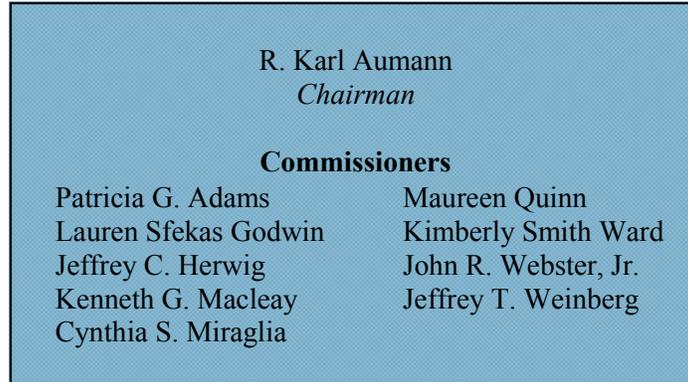
Fiscal year 2011 presented projects with enhancements to the agency and the opportunity for even greater efficiency in our interaction with the workers' compensation community, most notably injured workers and their employers. Our mission statement continues to be the key element in effecting the prompt and efficient handling of claims on behalf of the injured workers and their employers. More than ever, our staff, a strong team of experts, is committed to improving the work processes within the Commission. It is, in large part, due to their dedication that Maryland continues to be a leader in the nation.

The continued support that we receive from the Maryland General Assembly, together with the leadership of Governor Martin O'Malley and the hard work of the Legislative Oversight Committee, the Budget Advisory Committee, and the Maryland Workers' Compensation Educational Association are instrumental in our continued success as an agency. I look forward to continuing that partnership as well as developing new ones to help us meet our mission of securing the equitable and timely administration of the provisions of the Maryland Workers' Compensation system.

Sincerely yours,

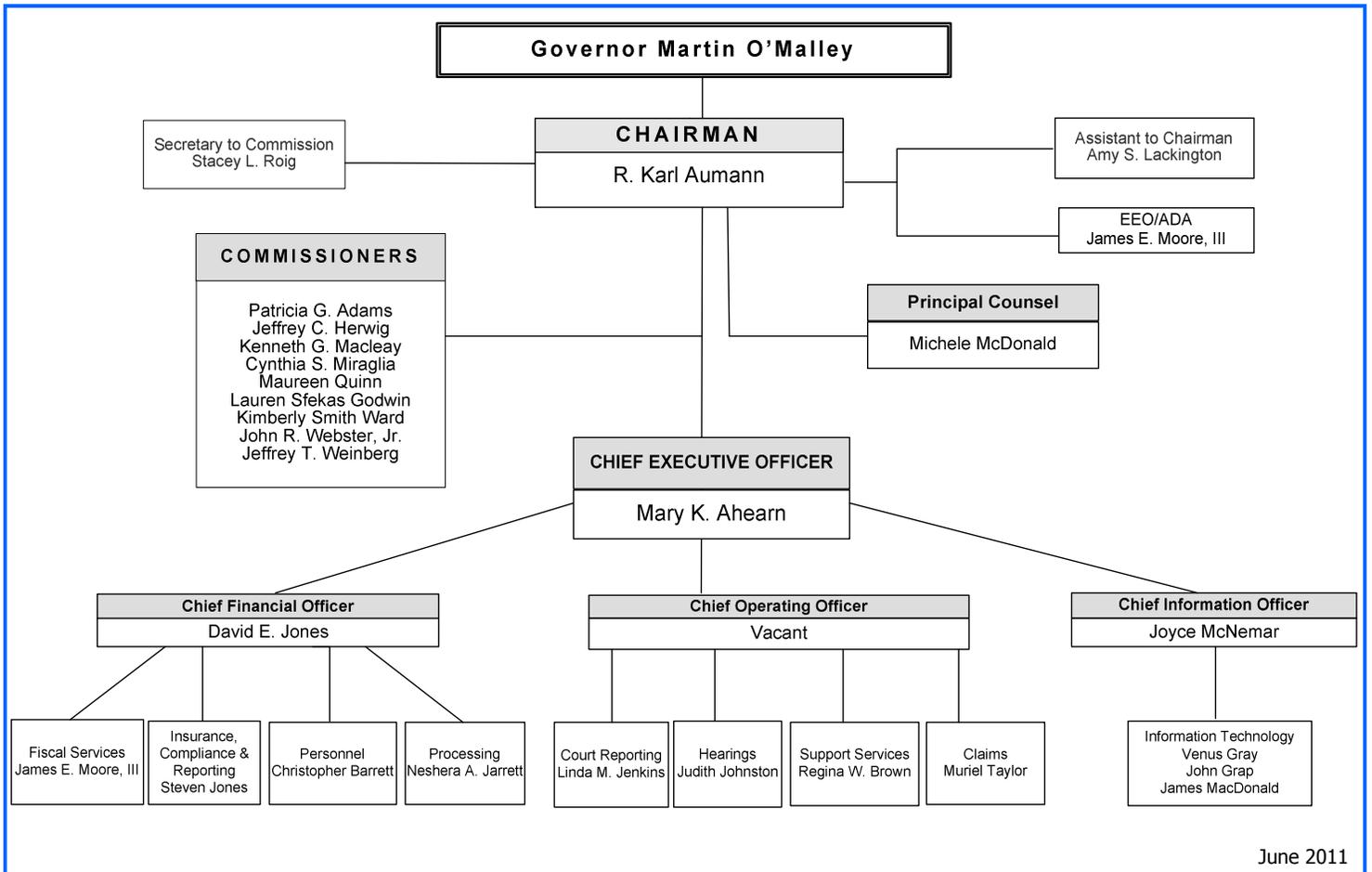
R. Karl Aumann

**COMMISSIONERS**



**ORGANIZATIONAL CHART**

**Workers' Compensation Commission**



June 2011

## AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

### **Subsequent Injury Fund/Uninsured Employers' Fund Changes**

Effective July 1, 2011 awards subject to LE § 9-806 (Subsequent Injury Fund Assessment) and LE § 9-1007 (B) (Uninsured Employers' Fund Assessment) are billed separately by the two Funds. Award Orders issued by the Workers' Compensation Commission contain new language to reflect this billing and collection procedure change. Employers or Insurers are required to pay the assessments to the two Funds within thirty (30) days of their respective invoices.

### **Chief of Security Recognized with Military Honors**

The Commission is proud to announce that its Chief of Security, Kent Gooch, was presented with the New Jersey Distinguished Service Medal and Vietnam 25<sup>th</sup> Anniversary Commemorative Medal at a ceremony in East Brunswick, New Jersey on October 5, 2010. Sergeant Major Mervin Kent Gooch was a member of the First Marine Division and the Third Marine Division during the Vietnam War. In addition to his distinguished military service, Kent was a Baltimore City Police Officer for 12 years and Maryland State Police Officer for 18 years. The Commission is proud of Kent's outstanding and continuing service to our country and the State of Maryland.

### **New Forms, Revisions, and Reprinted**

#### Revised Forms

- IC-16 Exclusion Form
- C-51 Claim for Medical Services

### **Report on Fraud Unit**

Labor and Employment Article, § 9-310.2, Annotated Code of Maryland, requires the Commission to refer suspected fraud cases 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 shall be referred. During fiscal year 2011 the Commission referred fourteen (14) cases to the Insurance Fraud Division.

Additionally, the Commission receives numerous anonymous allegations of fraudulent activity including

the improper collection of benefits and failure to maintain workers' compensation insurance. In many 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. The Commission received forty nine (49) allegations of this type during fiscal year 2011 and was able to identify and forward ten (10) to either the carrier or the Insurance Fraud Division.

### **International Association of Industrial Accident Boards and Commissions**

The International Association of Industrial Accident Boards and Commissions ("IAIABC") held its annual convention September 19-23, 2010 in Los Angeles, California in conjunction with the International Forum on Disability Management 2010: Collaborating for Success. The two groups joined together this year to bring the disability management community together to advance knowledge, share insight and implement successful disability management practices and programs. IAIABC will hold its 97<sup>th</sup> Annual Convention August 22-25, 2011 in Madison, Wisconsin, at which time it will celebrate the 100 year anniversary of the first statutory workers' compensation law in the United States in 1911.

IAIABC announced a new forum for its traditional All Committee Conference. The meeting, called "The Forum 2011: Dialogue to Improve Workers' Compensation" was held March 14-18, 2011 in St. Louis, Missouri. This year's event highlighted the many opportunities for discussion among workers' compensation leaders to develop new solutions and ideas to respond to industry challenges. The Forum 2012 will be held April 23-27, 2012 in Seattle, Washington.

### **Southern Association of Workers' Compensation Administrators**

The Southern Association of Workers' Compensation Administrators ("SAWCA") held its 62<sup>nd</sup> Annual Convention July 19-23, 2010 in Savannah, Georgia. Presentations held at the conference covered such topics as "PEO Operations and Regulatory Compliance," "Managing & Responding to Catastrophic Claims" and "Medicare Set-Asides & the Growing Litigation." The 63<sup>rd</sup> Annual Convention will be held July 25-29, 2011 in Biloxi, Mississippi.

## AGENCY HIGHLIGHTS AND PROCESS IMPROVEMENTS

SAWCA also held its All Committee Conference November 8-12, 2010 at The Greenbrier in White Sulphur Springs, West Virginia. Regulators from 19 southern jurisdictions and industry professionals from across the country joined together to discuss the growing number of, and ever-changing, issues facing workers' compensation. The 2011 All Committee Conference will be held November 1-4, 2011 in Annapolis, Maryland.

### Maryland Workers' Compensation Educational Association

The 26<sup>th</sup> Annual Conference of the Maryland Workers' Compensation Education Association, Inc. ("MWCEA") was held September 19-22, 2010 at the Clarion Resort Fontainebleau Hotel in Ocean City, Maryland. The theme of this year's conference was "Best and Worst Practices in Workers' Comp," and focused on systemic improvements. The conference is designed to bring together the workers' compensation community to promote education, communication and collegiality. MWCEA will hold its 2011 Annual Conference September 18-21, 2011.

### VoIP Phone System

The Commission implemented a new telephone system, Cisco Unified IP Phones (VoIP). These full featured telephones provide voice communication over the Commission's data network and will greatly enhance the Commission's call-handling processes. The new system is designed to provide superior audio performance and accelerated connectivity in addition to the following:

- Reduce operating and administration costs
- Improve employee productivity
- Enhance customer satisfaction
- Transform business processes

### IT Division Updates

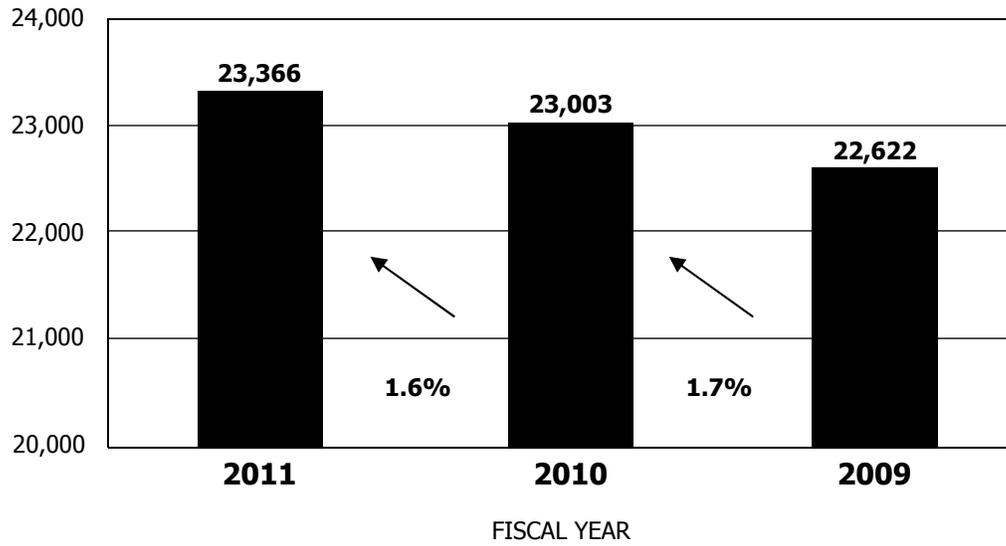
WCC Chief Information Officer, Joyce McNemar and Webmaster, Jim Macdonald presented at the SAWCA All Committee Conference in November 2010. Comparing early 20th century business methodologies with new technologies, the "Star Trek" themed multimedia presentation and accompanying demonstration showed how web services provided by our informational and eBusiness web sites empower our customers and let them easily conduct everyday business via the Internet.

Also included were other recent technological achievements such as:

- Data sharing with other State agencies proven to achieve significant process improvements and identifiable cost efficiencies
- Improvements to Claims Administration efficiencies through new and improved software applications
- Improved business analysis/intelligence of diverse data/sources utilizing SQL Server Reporting Services



FIGURE 1 • Filed Claims



# MARYLAND WORKERS' COMPENSATION COMMISSION

**FIGURE 2 • Filed Claims by Industry**

INDUSTRIES WITH MORE THAN 100 FILED CLAIMS	FISCAL YEAR					
	2011		2010		2009	
	Count	Percent	Count	Percent	Count	Percent
Policemen - Security	2,385	10.2%	2,485	10.8%	2,143	9.5%
Truckmen N.O.C.	1,763	7.6%	1,514	6.6%	1,127	5.0%
Colleges Or Schools Incl. Day Care	1,569	6.7%	1,532	6.7%	1,495	6.6%
Building, Raising Or Moving - General Construction	990	4.2%	920	4.0%	777	3.4%
Hospitals - All Other Employees	1,067	4.6%	1,007	4.4%	877	3.9%
<b>TOP 5 INDUSTRIES IN FILED CLAIMS</b>	<b>7,774</b>	<b>33.3%</b>	<b>7,458</b>	<b>32.5%</b>	<b>6,419</b>	<b>28.4%</b>
Hotels, Restaurants, Bars & Nightclubs	714	3.1%	757	3.3%	673	3.0%
Firemen Incl. Volunteer Dept & Ambulance Service	659	2.8%	691	3.0%	597	2.6%
Meat Combined Grocery And Provision Stores Retail	661	2.8%	633	2.8%	490	2.2%
Automobile Garages Or Repair Shops Inc. Dealers	411	1.8%	391	1.7%	391	1.7%
Taxicab And Bus Companies	614	2.6%	675	2.9%	554	2.4%
Convalescent Or Nursing Homes All Employees	536	2.3%	576	2.5%	448	2.0%
Carpentry N.O.C. - Renovations	247	1.1%	272	1.2%	310	1.4%
Clothing Or Dry Goods Stores Retail	265	1.1%	308	1.3%	255	1.1%
Municipal Township County Or State Employees N.O.C.	409	1.8%	456	2.0%	393	1.7%
Storage Warehouses General Merchandise N.O.C.	251	1.1%	318	1.4%	296	1.3%
Clerical Office Employees N.O.C.	435	1.9%	333	1.4%	254	1.1%
Charitable Organizations (Goodwill)	349	1.5%	336	1.5%	311	1.4%
Plumbing-Steam Fitting	178	0.8%	181	0.8%	191	0.8%
Store Risks Wholesale Or Combined N.O.C. K-MART	243	1.0%	238	1.0%	294	1.3%
Sheet Metal Work Incl. Air Conditioning & Refrigeration	167	0.7%	167	0.7%	193	0.9%
Buildings Operation By Contractors	281	1.2%	238	1.0%	174	0.8%
Landscape & Tree Surgery	234	1.0%	233	1.0%	144	0.6%
Unclassified (Insufficient Data)	142	0.6%	121	0.5%	124	0.5%
Electrical Wiring In Buildings	157	0.7%	169	0.7%	176	0.8%
Housing Authorities - Apts & Condos Incl. Real Estate	152	0.7%	191	0.8%	170	0.8%
Employment Agencies	118	0.5%	127	0.6%	119	0.5%
Physicians Incl. Clerical	170	0.7%	219	1.0%	256	1.1%
Mail & Parcel Delivery Employees, Salespersons & Drivers	123	0.5%	N/A		N/A	
Hardware Stores - Locksmiths	120	0.5%	N/A		N/A	
Telephone or Telegraph Companies	N/A		143	0.6%	125	0.6%
<b>Industries With More Than 100 Filed Claims</b>	<b>7,636</b>	<b>32.7%</b>	<b>7,876</b>	<b>34.2%</b>	<b>6,938</b>	<b>30.7%</b>
<b>Number Of Industry Groups Represented</b>	<b>29</b>		<b>29</b>		<b>23</b>	
<b>All Other</b>	<b>7,956</b>	<b>34.0%</b>	<b>7,669</b>	<b>33.3%</b>	<b>9,265</b>	<b>40.9%</b>
<b>TOTAL</b>	<b>23,366</b>	<b>100.0%</b>	<b>23,003</b>	<b>100.0%</b>	<b>22,622</b>	<b>100.0%</b>

Source: Commission Data, July 2011

NOC: Not Otherwise Classified

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

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

FISCAL YEAR 2011					
TOP TEN BODY PARTS DISABLED					
BODY PART	1–74 Weeks	75–249 Weeks	Greater than 249 Weeks	Total	Percent of Total
Thorax-Lower (Back)	1,454	649	78	2,181	25.4%
Shoulder	597	730	30	1,357	15.8%
Knees	641	296	9	946	11.0%
Neck	600	308	24	932	10.9%
Legs	523	289	20	832	9.7%
Hands	538	180	9	727	8.5%
Arms	312	196	10	518	6.0%
Feet	380	99	8	487	5.7%
Spinal Cord	212	91	8	311	3.6%
Ankle or Ankle and Leg	232	52	6	290	3.4%
<b>TOTAL</b>	<b>5,489</b>	<b>2,890</b>	<b>202</b>	<b>8,581</b>	<b>100.0%</b>
<b>PERCENT OF TOTAL</b>	<b>64.0%</b>	<b>33.7%</b>	<b>2.3%</b>	<b>100.0%</b>	

Source: Commission Data, July 2011

FIGURE 4 • Permanency Awards According to Weeks of Disability

FISCAL YEAR	1–74 Weeks	75–249 Weeks	Greater than 249 Weeks	Total
2011	6,946	3,360	270	10,577
	65.7%	31.8%	2.5%	100.0%
2010	5,823	3,062	243	9,128
	63.8%	33.5%	2.7%	100.0%
2009	5,721	3,148	254	9,123
	62.7%	34.5%	2.8%	100.0%

Source: Commission Data, July 2011



# MARYLAND WORKERS' COMPENSATION COMMISSION

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

TYPE	FISCAL YEAR								
	2011			2010			2009		
	Count	Amount	Average	Count	Amount	Average	Count	Amount	Average
<b>Permanent Total</b>	98	\$5,420,612	\$55,312	108	\$7,967,515	\$73,773	77	\$4,154,621	\$ 53,956
<b>Percent Change - Prior Year</b>	-9.2%	-32.0%	-25.0%	40.2%	91.8%	36.7%			
<b>Permanent Partial</b>	10,503	193,369,258	18,411	9,157	170,332,521	18,601	9,123	173,625,735	19,031
<b>Percent Change - Prior Year</b>	14.7%	13.5%	-1.0%	0.4%	-1.9%	-2.3%			
<b>Fatality</b>	57	4,051,460	71,078	45	3,723,704	82,749	46	2,893,010	62,892
<b>Percent Change - Prior Year</b>	2.7%	8.8%	14.1%	-2.2%	28.7%	31.6%			
<b>Compromise</b>	5,426	154,149,323	28,409	5,563	142,045,874	25,534	7,476	157,726,345	21,098
<b>Percent Change - Prior Year</b>	-2.5%	8.5%	11.2%	-25.6%	-9.9%	21.0%			
<b>Total</b>	16,084	356,990,653	22,195	14,873	324,069,614	21,789	16,876	338,399,711	20,052
<b>Percent Change - Prior Year</b>	8.1%	10.2%	1.9%	-11.9%	-4.2%	8.7%			

Source: Commission Data, July 2011

**FIGURE 6 • Commission Claims Data**

COMMISSION CLAIM ACTIONS	FISCAL YEAR					
	2011		2010		2009	
	Count	Percent	Count	Percent	Count	Percent
First Reports of Injury	113,984		102,927		110,625	
Total Filed Claims	23,366	100.0%	23,003	100.0%	22,622	100.0%
Disputed Accidental Injury Claims	7,632	32.7%	7,957	34.6%	8,259	36.5%
Temporary Total Awards	13,419	57.4%	12,857	55.9%	12,241	54.1%
Claims Settled	5,426	23.3%	5,563	24.3%	7,476	33.0%
Claims Deferred	6,372	27.3%	5,916	25.7%	6,531	28.9%
Claims Disallowed by Commission	545	2.3%	509	2.2%	605	2.7%

Source: Commission Data, July 2011



**FIGURE 7 • Fatalities by Industry Grouping**

INDUSTRY GROUP	Employment <sup>(1)</sup>	FISCAL YEAR		
		Fatalities <sup>(2)</sup>		
		2011	2010	2009
STATE GOVERNMENT	103,708	1	1	3
LOCAL GOVERNMENT	251,689	10	15	23
<b>GOVERNMENT SECTOR TOTAL</b>	<b>355,397</b>	<b>11</b>	<b>16</b>	<b>26</b>
<b>GOOD PRODUCING</b>				
Natural Resources and Mining	6,407	0	0	1
Construction	144,571	6	8	9
Manufacturing	113,837	7	8	1
<b>SERVICE PROVIDING</b>				
Trades, Transportation , and Utilities	447,015	5	7	11
Information	43,302	0	2	1
Financial Activities	137,683	0	0	0
Professional and Business Services	392,197	1	4	1
Education and Health Services	389,617	2	1	4
Leisure and Hospitality	226,890	0	6	2
Other Services	88,042	4	0	8
UNCLASSIFIED	9	16	12	10
<b>PRIVATE SECTOR TOTAL ALL INDUSTRIES</b>	<b>1,989,570</b>	<b>41</b>	<b>48</b>	<b>48</b>
<b>TOTAL EMPLOYMENT</b>	<b>2,344,967</b>	<b>52</b>	<b>64</b>	<b>74</b>

Source: <sup>(1)</sup> DLLR 4th Quarter 2010

<sup>(2)</sup> Commission Data, July 2011



FIGURE 8 • Filed Claims by Gender and Age

FISCAL YEAR 2011			
Gender	Age Group	Claims Filed	Percent
Male	Unknown	5	0.0%
Male	10 - 19	161	0.7%
Male	20 - 29	2,615	11.2%
Male	30 - 39	3,360	14.4%
Male	40 - 49	4,123	17.6%
Male	50 - 59	3,108	13.3%
Male	60 - 69	993	4.2%
Male	70 - 79	155	0.7%
Male	80 - 89	21	0.1%
		<b>Total 14,541</b>	<b>62.2%</b>
Female	Unknown	2	0.0%
Female	10 - 19	109	0.5%
Female	20 - 29	1,260	5.4%
Female	30 - 39	1,715	7.3%
Female	40 - 49	2,414	10.3%
Female	50 - 59	2,361	10.1%
Female	60 - 69	835	3.6%
Female	70 - 79	112	0.5%
Female	80 - 89	17	0.1%
		<b>Total 8,825</b>	<b>37.8%</b>
		<b>Total Filed Claims 23,366</b>	<b>100.0%</b>

Source: Commission Data, July 2011



FIGURE 9 • Source of Appeals

SOURCE	FISCAL YEAR		
	2011	2010	2009
Claimant	989	856	895
Employer/Insurer	811	818	932
Subsequent Injury Fund	40	39	31
Uninsured Employers' Fund	19	20	30
<b>TOTAL</b>	<b>1,859</b>	<b>1,733</b>	<b>1,888</b>

Source: Commission Data, July 2011



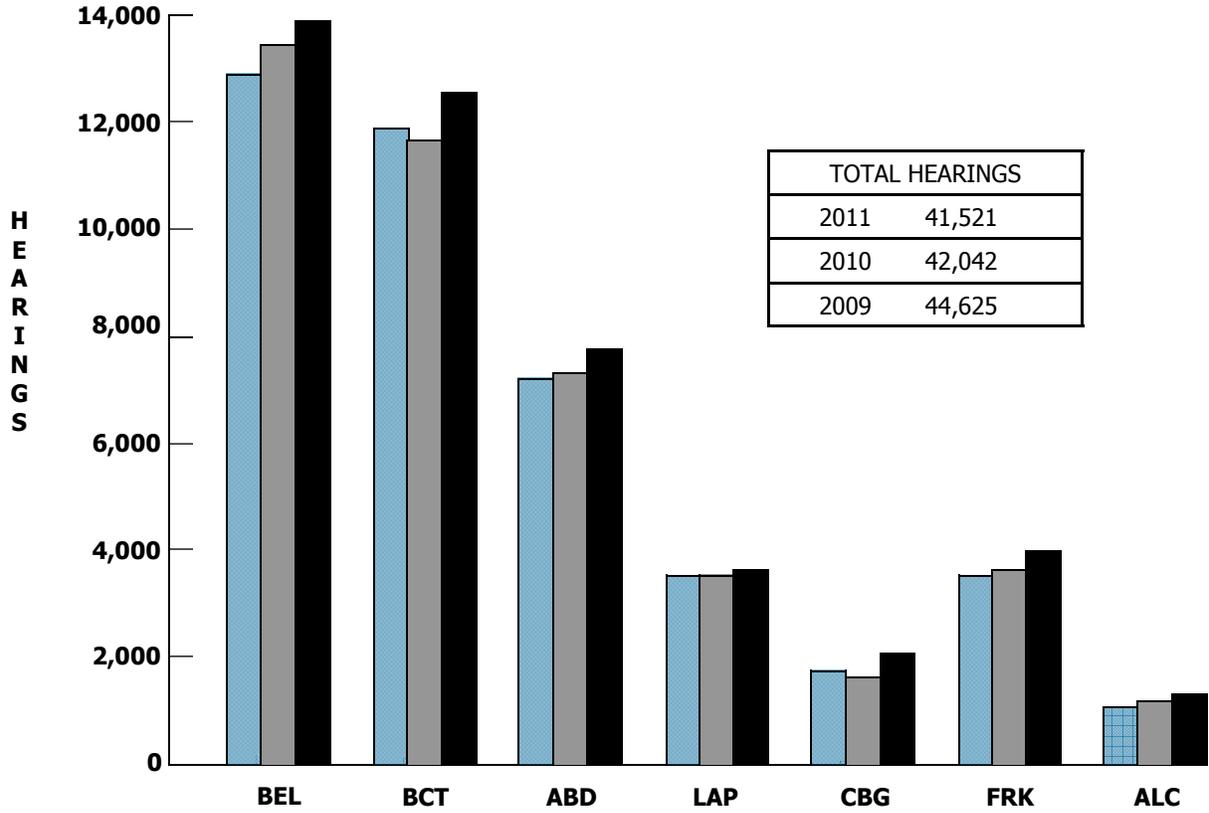
# MARYLAND WORKERS' COMPENSATION COMMISSION

**FIGURE 10 • Source of Claims and Appeals by Political Subdivision**

JURISDICTIONS	FISCAL YEAR					
	2011		2010		2009	
	Claims	Appeals	Claims	Appeals	Claims	Appeals
Baltimore County	4,094	344	3,966	339	3,734	352
Baltimore City	3,698	258	3,655	242	3,745	262
Prince George's County	3,003	309	3,035	277	2,998	326
Montgomery County	2,043	155	1,990	185	1,987	270
Anne Arundel County	1,967	139	1,964	151	1,873	135
Harford County	1,014	85	937	81	1,065	87
<b>SIX MAJOR METRO AREAS - COUNT</b>	<b>15,819</b>	<b>1,290</b>	<b>15,547</b>	<b>1,275</b>	<b>15,402</b>	<b>1,432</b>
<b>Percent of Total Filed Claims</b>	<b>67.7%</b>	<b>77.1%</b>	<b>67.6%</b>	<b>73.6%</b>	<b>68.1%</b>	<b>75.8%</b>
Frederick County	733	28	762	58	663	58
Washington County	635	47	656	50	645	39
Carroll County	587	43	633	48	613	31
Charles County	507	40	463	55	473	43
Howard County	501	26	533	39	527	71
Wicomico County	368	29	384	21	327	32
Allegany County	351	24	320	20	318	38
Cecil County	321	34	306	45	304	30
Calvert County	319	18	263	26	294	26
St. Mary's County	297	24	300	25	323	14
Caroline County	280	13	278	20	269	6
Queen Anne's County	168	13	159	12	126	7
Dorchester County	160	2	170	9	148	14
Worcester County	141	10	165	15	183	21
Talbot County	119	12	92	2	91	8
Garrett County	109	9	114	10	105	8
Somerset County	85	6	81	2	76	3
Kent County	75	5	67	1	72	7
<b>EIGHTEEN NON-METRO AREAS - COUNT</b>	<b>5,756</b>	<b>383</b>	<b>5,746</b>	<b>458</b>	<b>5,557</b>	<b>456</b>
<b>Percent of Total Filed Claims/Appeals</b>	<b>24.6%</b>	<b>22.9%</b>	<b>25.0%</b>	<b>26.4%</b>	<b>24.6%</b>	<b>24.2%</b>
<b>OUT OF STATE CLAIMS - COUNT</b>	<b>1,791</b>		<b>1,710</b>		<b>1,663</b>	
<b>Percent of Total Filed Claims</b>	<b>7.7%</b>		<b>7.4%</b>		<b>7.3%</b>	
<b>TOTAL</b>	<b>23,366</b>	<b>1,673</b>	<b>23,003</b>	<b>1,733</b>	<b>22,622</b>	<b>1,888</b>
<b>PERCENT OF CLAIMS APPEALED</b>		<b>7.2%</b>		<b>7.5%</b>		<b>8.3%</b>

Source: Commission Data, July 2011

FIGURE 11 • Scheduled Hearing Distribution



REGIONAL SITES							
	BELTSVILLE	BALTIMORE CITY	ABINGDON	LA PLATA	CAMBRIDGE	FREDERICK	CUMBERLAND
	BEL	BCT	ABD	LAP	CBG	FRK	ALC
<b>2011</b>	12,714	11,921	7,049	3,479	1,856	3,584	918
<b>2010</b>	13,283	11,792	7,067	3,472	1,754	3,607	1,067
<b>2009</b>	13,865	12,336	7,643	3,622	2,062	3,991	1,106

**FIGURE 12 • Interpreter Office Program Statistics**

ITEM	FISCAL YEAR		
	2011	2010	Change
Requests	2,157	2,311	-6.6%
Interpretations Provided	1,553	1,585	-2.0%
Requests Continued or Withdrawn	604	726	-16.8%
Spanish Interpretations	1,387	1,433	-3.2%
All Other Interpretations	166	152	9.2%
Percent Spanish	89.3%	90.4%	-1.1%
Number Of Languages Provided	33	33	0.0%

Source: Commission Data, July 2011

**FIGURE 13 • Self-Insurance Program**

ITEM	FISCAL YEAR		
	2011	2010	2009
Individual Self-Insurers and 1 Group	103	106	114
Covered Self-Insured Employees <sup>(1)</sup>	422.5 T	429.6 T	450.6 T
Covered Self-Insured Payroll <sup>(1)</sup>	\$20.8 B	\$20.8 B	\$20.2 B
Self-Insured Payroll as Percent of All Covered Payroll	16.4%	17.4%	16.1%
Security Held <sup>(1)</sup>	\$222.0 M	\$221.1 M	\$219.5 M
Commission Orders <sup>(2)</sup>	20	28	34

T = Thousand, M = Million, B = Billion

<sup>(1)</sup> Source: A-01/IC-1 Report 2008 - 2010 Note: Security includes active self-insurers only.

<sup>(2)</sup> Commission Data 2009 - 2011



**FIGURE 14 • Workers' Compensation Premium Rate Ranking**

2010 Ranking	2008 Ranking	State	Median Index Rate	State % of Median
1	2	Montana	3.33	163%
2	1	Alaska	3.10	152%
3	10	Illinois	3.05	149%
4	9	Oklahoma	2.87	141%
5	13	California	2.68	131%
6	20	Connecticut	2.55	125%
7	16	New Jersey	2.53	124%
8	5	Maine	2.52	123%
10	14	New Hampshire	2.45	120%
10	8	Alabama	2.45	120%
12	17	Texas	2.38	117%
12	12	South Carolina	2.38	117%
13	19	New York	2.34	115%
14	15	Pennsylvania	2.32	114%
15	7	Kentucky	2.29	112%
16	24	Minnesota	2.27	111%
17	3	Ohio	2.24	110%
18	4	Vermont	2.22	109%
19	34	Wisconsin	2.21	108%
20	21	Tennessee	2.19	108%
21	18	Nevada	2.13	104%
23	32	Michigan	2.12	104%
23	22	North Carolina	2.12	104%
24	25	Georgia	2.08	102%
25	11	Louisiana	2.06	101%
26	38	Washington	2.04	100%
28	36	South Dakota	2.02	99%
28	26	Rhode Island	2.02	99%
29	34	Idaho	1.98	97%
30	32	Nebraska	1.97	97%
31	24	Mississippi	1.96	96%
32	32	New Mexico	1.91	94%
33	28	Missouri	1.90	93%
34	7	Delaware	1.85	91%
35	41	West Virginia	1.84	90%
36	41	Iowa	1.82	89%
37	37	Wyoming	1.79	88%
38	45	Arizona	1.71	84%
40	36	Hawaii	1.70	83%
40	28	Florida	1.70	83%
41	39	Oregon	1.69	83%
42	44	Maryland	1.63	80%
43	42	Kansas	1.55	76%
44	49	Massachusetts	1.54	75%
45	46	Utah	1.46	71%
47	43	Colorado	1.39	68%
47	48	Virginia	1.39	68%
48	29	District of Columbia	1.32	65%
49	47	Arkansas	1.18	58%
50	50	Indiana	1.16	57%
51	51	North Dakota	1.02	50%

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services (Rev. 10/2010)

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

**FIGURE 15 • Licensed Insurers Writing Workers' Compensation Insurance**

Fiscal Year	Licensed Insurers <sup>(1)</sup>	Licensed Insurers Billed	Percentage of Licensed WC Insurers
<b>2011</b>	630	328	52.1%
<b>2010</b>	618	327	52.9%
<b>2009</b>	651	274	42.1%

Source: Commission Data, July 2011

<sup>(1)</sup> Includes Self-Insurers

**FIGURE 16 • Insurer Assessments and Commission Expenses**

Fiscal Year	Assessment Base Insurer Payroll	Gross Commission Expense	Safety Program Cost	Net Commission Expense	Assessment per \$1000 of Payroll
<b>2011</b>	\$112,656,771,036	\$24,428,360	\$9,985,427	\$13,496,037	0.217
<b>2010</b>	\$108,195,546,586	\$22,440,617	\$10,177,248	\$12,263,369	0.207
<b>2009</b>	\$112,282,039,829	\$20,879,634	\$10,095,153	\$10,784,481	0.185

Source: Commission Data, July 2011



## 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, \$24,428,360 was collected with \$9,985,427 being transferred to DLLR for its safety program and workplace fraud initiative. The remaining funds are retained in the Workers' Compensation Fund when appropriated to cover Commission operating

expenditures. The fiscal year 2011 Legislative Appropriation for the Commission totaled \$13,710,537. Approximately 75.8 percent of this budget provided for the Commission's allotment of 124.0 full-time equivalent permanent position salaries and 11.25 full-time equivalent contractual position salaries, 12.0 percent for fixed costs to include lease agreements and lease escalations, 5.4 percent for contractual services to include computer software and hardware maintenance contracts, 3.5 percent for communications and postage, and 3.3 percent for travel expenses, supplies and equipment.

## REGULATORY/LEGAL UPDATE

### Legislation

#### **HB244/Ch. 584**

#### **Anne Arundel County—Workers' Compensation—Occupational Disease-Deputy Sheriffs**

Extending the presumption of a compensable occupational disease under workers' compensation law to include Anne Arundel County deputy sheriffs who suffer from heart disease or hypertension resulting in partial or total disability or death under specified circumstances; requiring that workers' compensation benefits received under the Act are in addition to certain retirement benefits, subject to a specified adjustment.

#### **SB568/Ch. 256**

#### **HB392/Ch. 257**

#### **Labor and Employment—Workers' Compensation—Venue for Appeal**

Altering the venue available to individuals and employers appealing a decision of the Workers' Compensation Commission.

#### **SB212/Ch. 435**

#### **HB417/Ch. 436**

#### **Workers' Compensation—Death Benefits—Dependency**

Providing that specified death benefit provisions of the workers' compensation law apply only to specified covered employees of a municipal corporation or a county, and their dependents; altering the authority of the Workers' Compensation Commission to make specified determinations of dependency; altering the provisions relating to calculation of death benefits for individuals

who are wholly or partly dependent; providing for the amount of death benefits to specified dependents.

#### **SB269/Ch. 45**

#### **HB453/Ch. 46**

#### **Workers' Compensation—Jurisdiction Pending Appeal—Proposed Settlement**

Expanding the circumstances under which the Workers' Compensation Commission retains jurisdiction pending an appeal of a Commission order to include a request for approval of a proposed settlement of all or part of a claim.

#### **SB693/Ch. 276**

#### **HB598/Ch. 132**

#### **Injured Workers' Insurance Fund—Employee Compensation**

Providing that employees of the Injured Workers' Insurance Fund are not subject to specified laws, regulations, or executive orders governing State employee compensation; and repealing a requirement that the Fund's Board set compensation for its employees in accordance with the State pay plan.

#### **SB1/Ch. 5**

#### **Joint Committee on Workers' Compensation Benefit and Insurance Oversight—Membership**

Expanding the membership of the Joint Committee on Workers' Compensation Benefit and Insurance Oversight to include a representative from a self-insured local government entity.

## REGULATORY/LEGAL UPDATE

### Regulatory Updates

#### **14.09.02.01 Governmental Group Self-Insurance—Definitions**

This action implements House Bill 345/Senate Bill 625 (Ch. 42, Acts of 2007) which requires the Commission to adopt regulations to establish guidelines governing the investment of surplus monies in equities by a governmental self-insurance group.

Effective Date: 3/7/2011.

#### **14.09.01.06 Procedural Regulations—Requirements for Filing and Amending Claims**

This action removes the employee's average weekly wage as a mandatory element required to process a claim form for workers' compensation benefits.

Effective Date: 3/21/11.

#### **14.09.01.05 Procedural Regulations—Notices of Insurance, Cancellation, Reinstatement and Election of Coverage**

This action conforms the Commission's regulation to the statutory requirements related to the filing of notices of cancellation of insurance. See Md. Code Ann., Ins. §19-406 (notice of intent to cancel for nonpayment of premium); and (2) correct statutory references.

Effective Date: 5/16/11.

### Appellate Opinions

Jeffrey Lecronier v. United Parcel Service, et al., 196 Md. App. 131 (2011). Venue can be based upon a residence or the place where the individual regularly conducted business or is employed.

Pro-Football, Inc. v. Thomas Tupa, Jr., 197 Md. App. 463 (2011). When a claimant is a covered employee under Md. Code Ann. Lab. & Emp. § 9-203, Maryland has jurisdiction over the individual's workers' compensation claim and a forum selection clause in the employment contract, requiring him to file his workers' compensation claim in Virginia, contravened Maryland's public policy—compensation may not be denied because of the degree of risk associated with the employment.

Edy Sanchez v. Potomac Abatement, Inc., et al., 198 Md. App. 436 (2011). Md. Code Ann. Lab. & Emp. § 9-742 does not deprive the Commission of jurisdiction while a previous award is on appeal, and the agency retains jurisdiction if the new claim is properly authorized under § 9-736(b).



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. The committee is co-chaired by an appointed State Senator and a House of Delegates member.

**2011 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:**  
 Jerry S. Lozupone

**Representative of Maryland Building and Construction Labor Organization:**  
 Roderick P. Easter

**Two Members of the Public:**  
 Debora Fajer-Smith  
 Vacancy

**Member of the Insurance Industry:**  
 H. Glenn Twigg, Jr.

**Member of a Workers' Compensation Rating Organization:**  
 Lori Lovgren, Esq.

**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

**Workers' Compensation Commission—Ex Officio:**  
 Maureen Quinn

**Committee Staff:**  
 Tami Burt and Michael Vorgetts  
 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.

**2011 Committee Roster**

Kevin P. Foy, Esq.	Mark T. Hackman, Esq.
Stephen G. Fugate	Melinda L. Hayes
Kathleen Fink, M.D.	Michael G. Comeau
Jeff Horowitz, Esq.	Karen L. Ebersole
Patrick A. Roberson, Esq.	Michael J. Schreyer
Sandra I. Dorsey	Vacancy

## 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).

### 2011 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 Tax 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 Attorney General's Office, the Comptroller's Office and the Maryland Insurance Administration.

The task force enables Maryland agencies to share information, educate and reach out to employers, and target enforcement of Maryland's Workplace Fraud Act. The goal of the task force is to provide for effective and efficient use of state resources in combating the problem.

The Commission developed a new internal process to facilitate the sharing of information among state agencies

when the Commission has determined or suspects the employer has misclassified workers as independent contractors. The Commission must notify the Division of Unemployment Insurance, the Division of Labor and Industry, the insurer, if any, the Insurance Administration and the Comptroller, if the Commission determines that an employer has failed to properly classify an individual as required by § 9-402.1(h). The Commission, along with other state agencies, must cooperate and share information concerning any suspected failure of an employer to properly classify workers as covered employees as per § 9-402.1(h) of the Labor and Employment Article of the Maryland Code.

**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. 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 guide was fully incorporated into COMAR and was updated to include an annual adjustment factor that will help reimbursement rates stay current. The MFGRC met in July 2010.

**2011 Committee Roster**

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

<b>Payers</b>	<b>Receivers</b>
Rudolph Rose, Esq.	Gregory M. Gilbert
Dennis Carroll, Esq.	P. Matthew Darby, Esq.
Beth Porter	Keith A. Segalman, M.D.
Michael Levin, Esq.	Derek Kram, M.D.
Ken Stoller, Esq.	Eric Gordon, PT
Craig J. Ross, DO	Charles Thorne, D.C.
Antonio R. Lopez, Esq.	

**Online Services Advisory Counsel**

The Online Services Advisory Counsel (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.

**2011 Committee Roster**

Joyce McNemar, *Committee Chair*  
 Lynda Dilks  
 Nancy Harrison, Esq.  
 Michael Steinhardt, Esq.  
 Mark Vincent, Esq.  
 Gale Reikenis  
 Donna Henderson, Esq.  
 Stan Haynes, Esq.  
 Steve Perroots  
 James Forrester, Esq.  
 Mary Sevinsky  
 Andy Nussdorf  
 Robert Zarbin, Esq.  
 Buffy L. Pyle-Liberto  
 Mitchell Greenberg, Esq.  
 Lally Abraham, WCC  
 James MacDonald, WCC  
 Carolyn Nelson, WCC

For more information about OSAC, please send an e-mail request to the MDWCC Online Services Advisory Council at [mdwccosac@wcc.state.md.us](mailto:mdwccosac@wcc.state.md.us).

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Beltsville, MD 20705

**Southern Region-Laplata**

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**

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**Western Maryland**

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