

## MARYLAND GENERAL ASSEMBLY

## JOINT COMMITTEE ON WORKERS' COMPENSATION BENEFIT AND INSURANCE OVERSIGHT

December 17, 2021

The Honorable Bill Ferguson, Co-Chair The Honorable Adrienne A. Jones, Co-Chair Members of the Legislative Policy Committee

## Ladies and Gentlemen:

During the 2021 interim, the Joint Committee on Workers' Compensation Benefit and Insurance Oversight held one meeting on December 8, 2021. During the meeting, the joint committee received information from the Uninsured Employers' Fund (UEF) Board of Directors concerning operational issues, solvency issues, and a recent audit of UEF conducted by the Office of Legislative Audits (OLA). OLA's findings were released in September 2021.

Broadly, OLA found issues with UEF's relationship with the third-party administrator (TPA) it uses for case management and found that UEF did not adequately monitor and pursue collection of all its delinquent accounts. OLA discovered overpayments and unsupported payments to the TPA, and that UEF failed to adequately review indemnity payments processed by the TPA.

At the meeting, UEF's board members and assistant Attorney General broadly discussed actions taken in recent years to address UEF's operational issues and solvency, including increasing staffing levels and addressing solvency issues with the increased revenues provided by recent legislative actions. Concerning the audit, UEF advised that the bulk of the overpayments were due to an old contract that is being addressed, and that other TPA payments are being reviewed. UEF further discussed the cash-flow difficulties it experiences working with the Central Collections Unit to collect the \$50 million in outstanding debt it is owed. UEF is successfully exploring alternative strategies to collect that debt.

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The joint committee will continue to examine matters of concern, and appreciates the advice and assistance provided by governmental officials, members of the public, and legislative staff during the 2021 interim. As in most previous sessions, the joint committee expects to meet during the 2022 legislative session to discuss workers' compensation legislation.

Sincerely,

Katherine Klausmeier

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Senate Chair

Kriselda Valderrama House Chair

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cc: Ms. Sally Robb

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