



A VIEW FROM THE CHAIRMAN

CHARLTON L. ALLEN
CHAIRMAN
NORTH CAROLINA
INDUSTRIAL COMMISSION

October 12, 2018

Industrial Commission Overview: Sections

Full Commission

Deputy Commissioners

Claims
Administration

Clerk's Office

Compliance and
Fraud
Investigation

Employee
Classification

Office of
Executive
Secretary

Information
Technology

Mediation

Medical Fees

Medical
Rehabilitation
Nurse

Workers' Comp.
Information
Specialists

Industrial Commission Overview: Staff and Budget

Roughly 152 Positions

- 6 Commissioners
- 21 Deputy Commissioners
- 8 Special Deputy Commissioners
 - 6 in the Office of the Executive Secretary
 - 2 in the Deputy Commissioners Section

Approximately \$15.8 million operating budget for FY 2017-18

Industrial Commission Overview:



Charlton L. Allen,
Chairman



Philip A. Baddour, III
Commissioner



Myra L. Griffin,
Commissioner



A. Robinson Hassell,
Commissioner



Christopher C. Loutit,
Commissioner



Yolanda K. Stith,
Vice-Chairman

Current Commissioners

Industrial Commission Overview:

Who's New

Myra L. Griffin, Commissioner
A. Robinson Hassell, Commissioner
Ashley M. Moore, Deputy Commissioner
Mary Claire Brown, Deputy Commissioner
Amanda R. Witzke, Deputy Commissioner
Ashley B. Snyder, Rulemaking Coordinator
Amy C. O'Neal, Special Projects Coordinator

“The best executive is one who has sense enough to pick good people to do what he wants done, and self-restraint enough to keep from meddling with them while they do it.” — Theodore Roosevelt

Industrial Commission Overview: A View by the Numbers

- 63,399 Workers' Compensation Claims Filed
- 678 State Tort Claims Filed
- 6,430 Form 26A Agreements Received
- 625 Medical Bills Reviewed
- 17,770 Number of Calls Answered & Returned by Information Specialists

Industrial Commission Overview: A View by the Numbers

- 12,248 Orders on Compromise Settlement Agreements
- 9,677 Cases Referred to Mediation
- 72.9% Settlement Rate at Mediation Conferences
- 76.02% Total Settlement Rate

Industrial Commission Overview: A View by the Numbers

- 2,177 Deputy Commissioner Hearings
- 2,078 Penalty and Contempt Matters Resolved at the Deputy Commissioner Level
- 599 Appeals to the Full Commission
- \$8.6M Total Amount of Penalties Collected

Industrial Commission Overview: Education and Outreach

- | | |
|---------------|---|
| Oct. 25, 2017 | Full Commission Hearing
at Elon University School
of Law |
| Dec. 19, 2017 | Full Commission Hearing
at the Historic State Capitol |
| 2019 | 90 th Anniversary of the North
Carolina Industrial Commission |



Major Activities & Initiatives: Tackling North Carolina's Opioid Epidemic

Late 2017	The Commission began engaging in formal rulemaking.
May 1, 2018	The new <i>Rules for the Utilization of Opioids, Related Prescriptions, and Pain Management in Workers' Compensation Claims</i> , 11 NCAC 23M .0101-.0501, became effective.
Nov. 1, 2018	Health care providers will be required to review the Controlled Substances Reporting System ("CSRS") when prescribing a targeted controlled substance to an injured worker with a workers' compensation claim.

More information on the new rules, including the Companion Guide, may be found at
<http://www.ic.nc.gov/OpioidRulesResourcePage.html>

Major Activities & Initiatives: Innovation and Technology

- Announcing the 20/20 Technological Initiative to improve efficiency and enhance customer service
- Moving away from certified mail
- Reducing the use of fax communications
- Pursuing a modernized case management system
- Implementing virtual collaboration and video conferencing technologies



Major Activities & Initiatives:

Combatting Noncompliance and Fraud

The Commission's Compliance and Fraud Division investigates employers that are operating without workers' compensation insurance.

Fiscal Year 2017-18 Numbers:

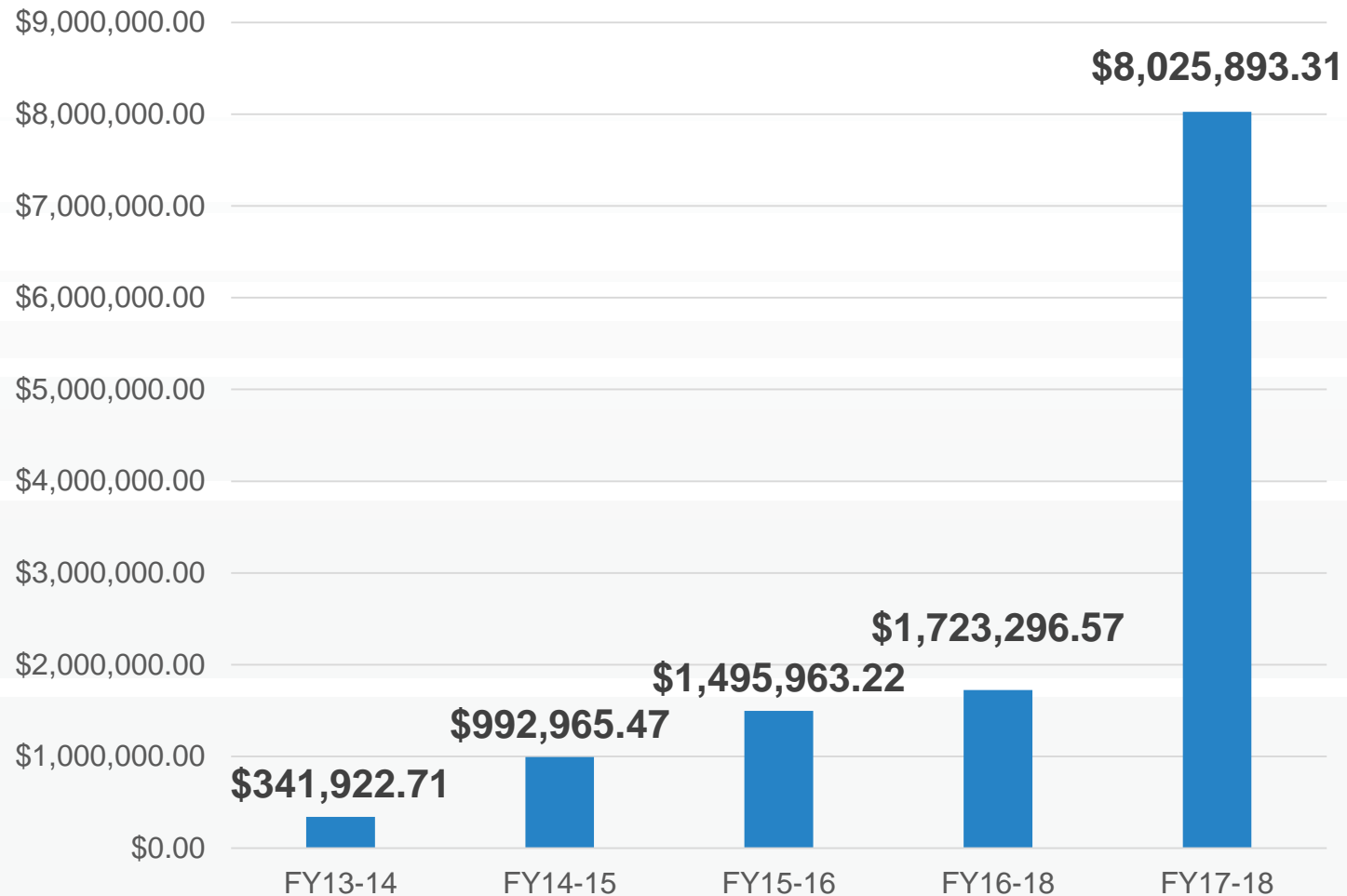
Compliance

- New Cases: 4,743
- Cases Worked: 5,581

Fraud

- Charges Issued: 696
- Cases Received: 5,525
- Investigations Closed: 5,314

Major Activities & Initiatives: Combatting Noncompliance and Fraud



The Commission attributes a significant portion of the increase in penalty collections to the earlier assignment of cases to investigators, and the substantial number of investigations commenced and completed.

The bulk of the penalty proceeds go to the State's Civil Penalty and Forfeiture Fund to benefit North Carolina public schools.

Major Activities & Initiatives: Rulemaking

Oct. 2017	Two committees of Commission staff established to review the current rules.
May 1, 2018	Opioid Utilization Rules & Rules Regarding Computation of Time and Notice by the Commission became effective.
June 1, 2018	Industrial Commission's rules re-codified from 04 NCAC 10 to 11 NCAC 23 as the Commission transitioned from the Department of Commerce to the Department of Insurance.

Major Activities & Initiatives: Rulemaking

Aug. 15, 2018	First set of proposed adoptions, amendments, and repeals to the workers' compensation rules published in the North Carolina Register ("Group 1 rules").
Sept. 17, 2018	Second set of proposed adoptions, amendments, and repeals to the workers' compensation rules published in the North Carolina Register ("Group 2 rules").
Sept. 26, 2018	Public hearing on Group 1 rules.

Major Activities & Initiatives: Rulemaking

Oct. 15, 2018	Last day to submit written comments for Group 1 rules.
Oct. 31, 2018	Public Hearing on Group 2 rules.
Nov. 1, 2018	Controlled Substances Reporting System Review Requirements become effective.
Nov. 16, 2018	Last day to submit written comments on Group 2 rules.

* Email Ashley B. Snyder, Rulemaking Coordinator, if you want to be added to the rulemaking listserv, ashley.snyder@ic.nc.gov

Major Activities & Initiatives:

Medical Fee Schedule

- In 2015, the Commission amended its Medical Fee Schedule to tie reimbursement rates to Medicare values in order to bring medical costs in the workers' compensation system more in line with the national average.
- Surgical Care Associates, LLC requested a Declaratory Ruling from the Commission regarding the validity of the fee schedule for services performed at ambulatory surgical centers.
- The Commission upheld the validity of the rules in a December 2015 Declaratory Ruling.

Major Activities & Initiatives: Medical Fee Schedule

The case went to the North Carolina Court of Appeals, which issued a unanimous Opinion upholding the ambulatory surgery center provisions of the workers' compensation medical fee schedule.

In September 2018, the litigation came to an end when the Wake County Superior Court issued an Order on remand affirming the Commission's fee schedule.



NORTH CAROLINA INDUSTRIAL COMMISSION
Help Line: (800) 688-8349, (919) 807-2501, or infospec@ic.nc.gov
Fraud and Insurance Compliance Hotline: (888) 891-4895 or fraudcomplaints@ic.nc.gov
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► N.C. Industrial Commission Medical Fee Schedule

- **Rule 11 NCAC 23J .0101 -- GENERAL PROVISIONS**
- **Rule 11 NCAC 23J .0102 -- FEES FOR PROFESSIONAL SERVICES** for dates of service April 1-June 30, 2015
 - Click here for access to the applicable [CPT Code and Fee Tables](#) for dates of service April 1-June 30, 2015
- **Rule 11 NCAC 23J .0102 -- FEES FOR PROFESSIONAL SERVICES** for dates of service on or after July 1, 2015
 - Click here for access to the [Professional, DME, and Laboratory Fee Schedule Tables](#) for dates of service July 1, 2015 to December 31, 2015
 - Click here for access to the [Professional, DME, and Laboratory Fee Schedule Tables](#) for dates of service January 1, 2016 to December 31, 2016
 - Click here for access to the [Professional, DME, and Laboratory Fee Schedule Tables](#) for dates of service on or after January 1, 2017
 - Click here for access to the [Professional, DME, and Laboratory Fee Schedule Tables](#) for dates of service on or after January 1, 2018

The Commission's medical fee schedule may be found at
<http://www.ic.nc.gov/ncic/pages/feesched.asp>

Major Activities & Initiatives:

Decrease in Workers' Compensation Rates

Since the Medicare-based medical fee schedule took effect in April 2015, average workers' compensation insurance rates have decreased each year.

- 8.3% decrease in 2016
- 12.5% decrease in 2017

The North Carolina Rate Bureau recently proposed a 17.2% decrease, which would become effective April 1, 2019.

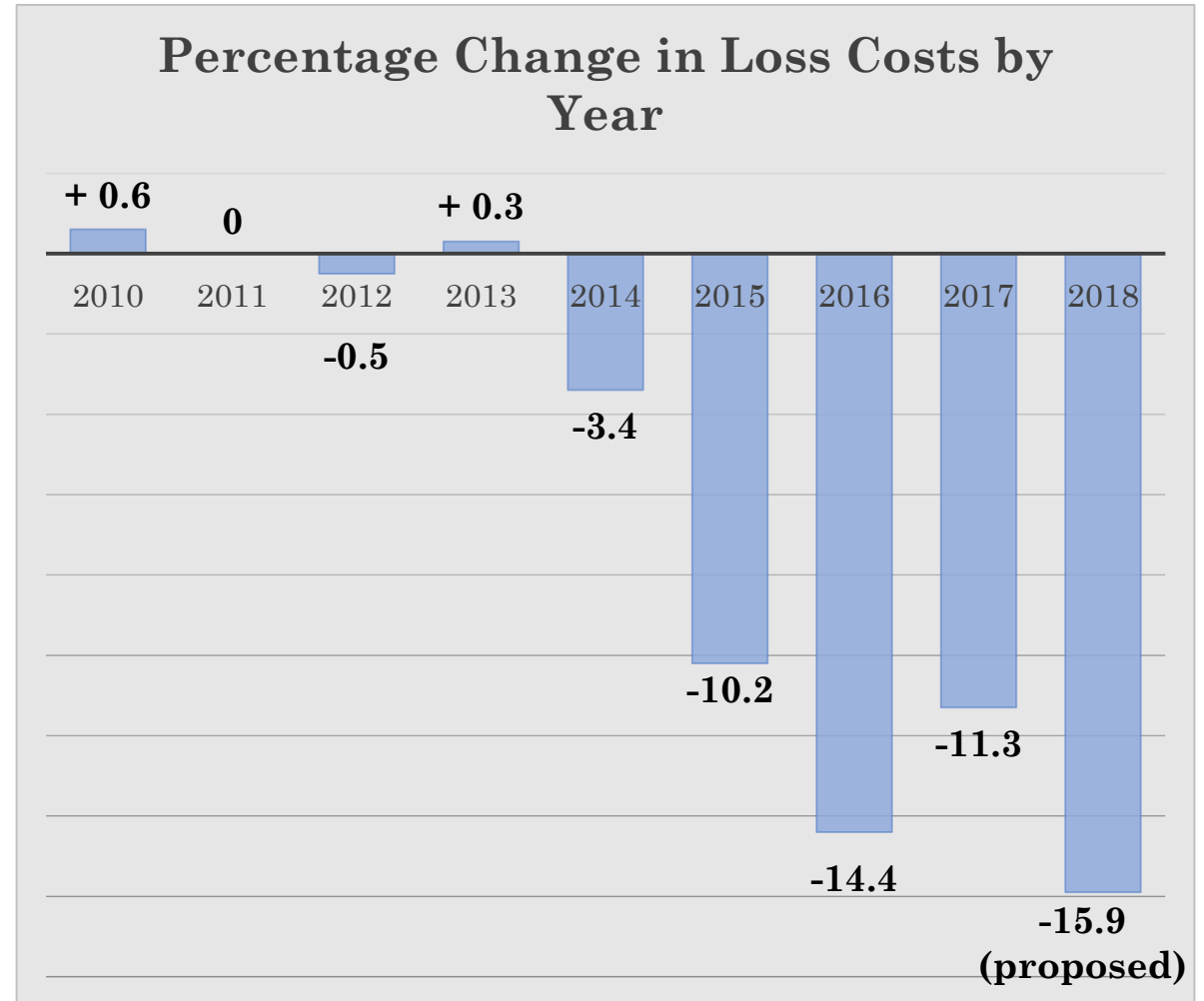
- 15.9% decrease for manufacturing
- 16.5% decrease for contracting
- 19.3% decrease for office and clerical industry groups
- 19.3% decrease for goods and services
- 14.7% decrease for miscellaneous industry groups

Major Activities & Initiatives:

Decrease in Workers' Compensation Rates

The Rate Bureau further suggested a 15.9% decrease in loss costs – a key variable used to calculate insurance rates.

Overall, the Commission's continued efforts to improve the workers' compensation system, including changing the Medical Fee Schedule, have resulted in tangible system-wide savings.





Legislative Update: Session Law 2018-5

Section 22.1 Workers' Compensation/ Allow Alternative Employer Penalty

- Changed penalty for failure to obtain proper workers' compensation insurance to \$1.00 per day for each employee, with a minimum penalty of \$20.00 per day and a maximum penalty of \$100.00 per day.
- Allows an employer who has not previously been penalized to submit evidence they have obtained workers' compensation insurance along with copies of payroll records.
- Provides an alternative formula where the penalty assessed equals the cost of the current policy per employee multiplied by the average number of employees during the period of noncompliance, plus an additional penalty of 10%.



Legislative Update: Session Law 2018-5

The Industrial Commission determines whether benefits should be awarded pursuant to the Public Safety Employees' Death Benefits Act.

Section 35.29 Increase and Expand Public Safety Death Benefit

- Increases the death benefit for any covered person killed in the line of duty to \$100,000.
- Expands the Death Benefits Act to cover dependents of noncustodial employees of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety and makes the provision retroactive to April 1, 2017.



Legislative Update: Session Law 2018-114

Section 23 Amend Process for Vacancy Appointments to the Utilities Commission and Industrial Commission

- Limits appointments made on an urgent basis when the General Assembly is not in session.
- Prohibits the Governor from appointing anyone who was subject to confirmation by the General Assembly within the preceding four years but was not confirmed.
- Includes unfavorable action on a joint resolution for confirmation and failure to ratify a joint resolution for confirmation prior to adjournment of the then current session.

FINAL THOUGHTS . . .

“If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”

John Quincy Adams

“What good is the warmth of summer, without the cold of winter to give it sweetness.”

John Steinbeck,

Travels with Charley: In Search of America

“Faith is taking the first step even when you don't see the whole staircase.”

Rev. Dr. Martin Luther King, Jr.

THANK YOU



Charlton Allen, Chairman
North Carolina Industrial Commission



<http://www.ic.nc.gov/>