

2026 Annual Report



**NORTH CAROLINA
INDUSTRIAL COMMISSION**

LETTER FROM THE CHAIRMAN



Having been around the Industrial Commission for a number of years – as a law clerk, a Deputy Commissioner, a private attorney, and now Chairman – many people have asked me: What is the Industrial Commission? The name itself is not necessarily self-explanatory.

Since 1929, the Industrial Commission has administered North Carolina's Workers' Compensation Act. This responsibility includes administering and processing claims and, when disputes arise, determining what benefits are owed under the law.

Over the years, the General Assembly has entrusted the Commission with additional responsibilities, including administering and judging claims under the State Tort Claims Act, the Public Safety Employees' Death

Benefits Act, the Childhood Vaccine-Related Injury Compensation Program, and the statute providing compensation to people erroneously convicted of felonies.

Our mission is to serve the people of North Carolina with excellence in every area entrusted to the Commission. We are committed to efficient administration of all claims, timely and just resolution of disputes, and providing excellent customer service to those who interact with the Commission.

I am pleased to present the North Carolina Industrial Commission's 2026 Annual Report. It highlights the efforts of our dedicated employees and provides an account of the Commission's activities and accomplishments over the past year. In the year ahead, I look forward to continuing to build upon that work and seeking ways to better serve the people of North Carolina.

Tyler Younts
Chairman
North Carolina Industrial Commission

NORTH CAROLINA INDUSTRIAL COMMISSION

Tyler Younts, Chairman

Philip A. Baddour, III, Commissioner
Kenneth L. Goodman, Commissioner
Adrian A. Phillips, Commissioner

James C. Gillen, Commissioner
Myra L. Griffin, Commissioner

Kevin V. Howell, Chief Operating Officer and Dispute Resolution Coordinator
Meredith R. Henderson, Executive Secretary
Ashley M. Moore, Chief Deputy Commissioner and Director of Claims Administration
J.D. Prather, Chief Administrative Officer and Lead Counsel
Emily Baucom, Clerk of the Industrial Commission
Lauren Halbert White, Director of Compliance Division
Sam Constance, Chief, Criminal Investigations & Employee Classification Division
Catherine Ittermann, Director of Employee Classification Section
Tim Frost, Chief Information Officer
Gina E. Cammarano, Acting General Counsel

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North Carolina Industrial Commission – At a Glance

FY 2025-26

Workers' Compensation Cases Opened	52,847
Orders Issued on Medical Motions	1,536
Deputy Commissioner Section Hearings Held (Excluding Penalty and Contempt)	708
Penalty and Contempt Matters Docketed for Hearing	1,212
Total Appeals to the Full Commission	345
Cases Referred to Mediation	8,615
Orders on Compromise Settlement Agreements	10,717
Overall Settlement Rate for Mediated Cases	69%
Forms 26A <i>Employer's Admission of Employee's Right to Permanent Partial Disability</i> Agreements Received	4,633
Orders/Dispositions on Forms 24 <i>Application to Terminate or Suspend Payment of Compensation</i>	1,383
Orders/Dispositions on Forms 23 <i>Application to Reinstate Payment of Disability Compensation</i>	248
Cases Handled by Medical Rehabilitation Nurses Section	41
Medical Bills Processed	539
Fraud Cases Reported	23,285
Non-Insured Penalties Collected During FY 2025-26	\$1,513,863

THE NORTH CAROLINA INDUSTRIAL COMMISSION

Mission Statement

The mission of the Industrial Commission is to serve the people of North Carolina with integrity, professionalism, and respect; to administer the laws within its jurisdiction fairly and impartially; and to provide timely and just resolution of disputes.

About the Commission

The North Carolina Industrial Commission is an agency of the State of North Carolina, created by the General Assembly in 1929 to administer and adjudicate the North Carolina Workers' Compensation Act. In 1949, the Industrial Commission also was given authority by the General Assembly to administer and adjudicate the North Carolina State Tort Claims Act. Additionally, the Industrial Commission is charged with efficiently administering the Public Safety Employees' Death Benefits Act, the Childhood Vaccine-Related Injury Compensation Program, and claims under G.S. 148-82 *et seq.* for Compensation to Persons Erroneously Convicted of Felonies.

The Full Commission consists of six Commissioners who are required by statute to devote their entire time to the duties of the Industrial Commission. Each Commissioner's term lasts six years, and a Commissioner may serve up to two six-year terms.

The Full Commission sits in panels of three to hear appeals of Deputy Commissioner decisions. The Full Commission conducts a *de novo* review of all appeals and, thus, is the ultimate fact-finding body at the Commission. Appeals from Full Commission decisions are heard by the North Carolina Court of Appeals.

The Full Commission also adopts agency rules pursuant to the requirements of the North Carolina Administrative Procedure Act.

Full Commission Section Summary for FY 2025-26

Appeals in Workers' Compensation and Tort Claims	277
Interlocutory Appeals	45
Medical Motion Appeals	6
Other Appeals	17
Total Appeals to Full Commission	345
Full Commission Orders Issued	559

Management and Operations

The Chairman of the Full Commission is, by statute, the Chief Executive Officer and Chief Judicial Officer of the Industrial Commission. The Chairman has the authority to direct and oversee the Industrial Commission and may delegate duties as needed for the proper management of the Industrial Commission.

CLAIMS ADMINISTRATION SECTION

Mission Statement

The Claims Administration Section seeks to provide prompt, accurate, and efficient claims service to employees, employers, insurance companies, third party administrators, and the citizens of North Carolina.

About the Claims Administration Section

The Claims Administration Section processes documents filed at the inception of a workers' compensation claim and during its pendency. At the outset of a new claim, the Claims Administration Section is responsible for researching insurance coverage, assigning Industrial Commission file numbers, identifying any discrepancies in information provided by employers, insurers, and/or injured workers, and notifying injured workers of their rights under the Workers' Compensation Act. As the claim progresses, the Claims Administration Section processes forms filed by insurers and employers regarding the acceptance or denial of claims, initiation and termination of benefits, and return to work status. The Claims Administration Section also processes occupational disease claims, including conducting research necessary to identify insurance coverage in claims with multiple employers.

Additionally, the Claims Administration Section reviews form agreements for payment of death benefits, compensation for disfigurement, and permanent partial disability compensation. In conjunction with those agreements, the Claims Administration Section also reviews applications for lump sum payments. At the request of the parties, the Claims Administration Section will provide an advisory opinion in disfigurement claims to assist the parties in reaching agreement on fair and equitable compensation for disfigurement. The Claims Administration Section also handles interim attorney fee requests, Forms 51, and motions to extend the time to accept or deny a claim. In addition, the Claims Administration Section assesses penalties against employers or insurers who fail to file a Form 60, 61, or 63 within 30 days of receipt of notice by the Industrial Commission of the filing of a Form 18.

The Claims Administration Section provides monthly "action" reports to every carrier, third-party administrator, and self-insured employer who has complied with Rule 11 NCAC 23A .0302 by providing the Industrial Commission with their contact information. This monthly report lists all of the entity's claims in which either a Form 18, 19, 60, 61, or 63 was filed during the preceding month. In addition, a separate monthly report of workplace fatalities is provided to the North Carolina Department of Labor. Finally, the Claims Administration Section also operates as a call center to answer inquiries from injured workers, employers, insurers, and attorneys concerning proper form filing, insurance coverage, the status of pending form agreements, and other general questions regarding the Workers' Compensation Act.

Most Frequently Processed Claims Administration-Related Forms

Employers or insurers are required to file a Form 19 *First Report of Injury* (FROI) when an injured worker is out of work more than one day OR when more than \$4,000 has been paid in medical benefits. All FROIs must be filed electronically via the Electronic Data Interchange (EDI), except in claims involving non-insured employers, in claims for lung disease, in claims with multiple employers or multiple carriers, or in claims with six-character IC file numbers, in which case the Form 19 shall be filed electronically or as otherwise permitted pursuant to Rule 11 NCAC 23A .0108(a).

A Form 18 *Notice of Accident to Employer and Claim of Employee, Representative, or Dependent* must be filed by the injured worker or his or her legal representative within two years after the injury by accident (or, in cases of an occupational disease, within two years after death, disability, or disablement and being advised by competent medical authority that the employee has an occupationally-related disease, whichever occurs later), or within two years of the last payment of medical compensation when no other compensation has been paid, or the claim may be barred. Provided, however, in occupational disease claims involving the lungs, a Form 18B *Claim by Employee, Representative, or Dependent for Benefits for Lung Disease* should be used instead of a Form 18.

A Form 26A is entitled an *Employer's Admission of Employee's Right to Permanent Partial Disability*. This form is used when the parties agree on the amount of permanent partial disability benefits to be paid to the employee pursuant to G.S. 97-31 once he or she reaches maximum medical improvement.

A Form 60, 61, or 63 is filed by an employer or insurer in response to a claim for benefits made by an injured worker or his or her representative. One of these three forms must be filed with the Industrial Commission to admit, deny, or pay without prejudice within 30 days following notice from the Commission of the filing of a Form 18. Failure to file a Form 60, 61, or 63 within 30 days will result in the imposition of sanctions pursuant to G.S. 97-18(j).

Compliance with G.S. 97-18(j)

When the Claims Administration Section processes a Form 18, it sends a letter to the insurer, third-party administrator, or self-insured employer advising that it has 30 days to file a Form 60, 61, or 63. The Industrial Commission tracks the filing of these forms, and if the defendants fail to file a Form 60, 61, or 63 within 30 days following notice that a Form 18 was filed, the Claims Administration Section will enter an Order directing defendants: (1) to file a Form 60, 61, or 63; and (2) to pay a sanction in the amount of \$400. Failure to comply with this Order within 30 days results in the imposition of further sanctions, including assessment of an additional \$200 penalty.

If defendants believe that the sanction was assessed in error, the Claims Administration Section conducts further investigation to determine whether the sanction was assessed in error. If it is found that defendants, in fact, complied with G.S. 97-18(j), the sanctions Order is rescinded. The most common reason for erroneous assessment of a sanction is the existence of duplicate files, which occurs when two or more claims are created for the same injury due to variations in information provided by the parties at the outset of the claim. Once discovered, these files are merged under one Industrial Commission file number. If examination of the duplicate file shows that a Form 60, 61, or 63 was timely filed, the sanction Order is rescinded.

Claims Administration Section Summary FY 2025-26

Total Cases Opened	52,847
Cases Opened via Form 18 Filing	7,184
Total Forms 18 Filed	15,894
Cases Opened via Form 19 Filing	45,663
Total Forms 19 Filed	98,749
Total Forms 60, 61, or 63 Filed	39,211
Forms 60 Filed	8,942
Forms 61 Filed	19,086
Forms 63 Filed	19,789
Forms 26A Received	4,633
Forms 26A Approved	4,417
Death Claims Filed	291
Telephone Calls Answered	14,596
Sanctions Collected for Violation of G.S. 97-18(j)	\$350,139

Forms Compliance Summary Pursuant to G.S. 97-78 (g)(1)

Forms 18 filed in Fiscal Year 2025-26 ¹	15,894
Forms 60, 61 or 63 filed before Form 18 filed or IC notice of Form 18 sent	2,716
Forms 60, 61 or 63 filed within 30 days of IC sending notice of Form 18	6,082
Total Number of Claims in Compliance	8,798
Forms 60, 61 or 63 filed between 31 and 60 days of IC sending notice of Form 18	876
Forms 60, 61 or 63 filed between 61 and 90 days of IC sending notice of Form 18	271
Forms 60, 61 or 63 filed 91 or more days after IC sent notice of Form 18	466
Forms 18 with no Forms 60, 61 or 63 processed by end of FY 2025-26	1,890
Total Number of Claims Not in Compliance <i>(See Addendum A for specific claim information)</i>	3,503

¹ Includes subsequent Forms 18 filed in the same case, which do not require the filing of a Form 60, 61, or 63.

CLERK'S OFFICE

Mission Statement

The Clerk's Office ensures that all filings intended for the Executive Secretary's Office, the Deputy Commissioner Section, and the Full Commission are promptly and appropriately catalogued in the Commission's electronic document repository and routed to the appropriate Commission staff. All cases to be heard by the Commission are timely placed on a docket and moved through the system efficiently and expeditiously.

About the Clerk's Office

The Clerk's Office is the clearinghouse for documents filed pursuant to Industrial Commission Rule 11 NCAC 23A .0108, which requires most documents filed with the Commission in workers' compensation cases to be transmitted electronically. It is now also mandatory for attorneys to electronically file documents in claims filed under the State Tort Claims Act, pursuant to Rule 11 NCAC 23B .0104. The Clerk's Office processes workers' compensation hearing requests, State tort claims, claims filed under the Public Safety Employees' Death Benefits Act, and claims filed under the Compensation to Persons Erroneously Convicted of Felonies statute. The Clerk's Office also processes requests for copies of files. Through the Attorney File Access Service (AFAS), released in September 2026, attorneys now have secure access to Commission case information and documents online.

The Clerk's Office ensures that filings are properly identified and delivered electronically to the appropriate Commission staff. The Clerk's Office also is responsible for filing and serving all Full Commission decisions, as well as certain decisions from the Deputy Commissioner Section. In addition, the Clerk's Office provides customer support to stakeholders who have questions about filing procedures or who may initially misfile documents. Ultimately, the Clerk's Office is responsible for the integrity of the Commission's files. In addition to overseeing the Clerk's Office, the Clerk of the Commission acknowledges appeals to the Court of Appeals and rules on various administrative motions, including motions to withdraw requests for hearing and motions to consolidate cases for hearing.

Docketing responsibilities of the Clerk's Office include processing requests for hearings and appeals, as well as processing related documents filed in all types of cases administered by the Commission, including workers' compensation and State tort claims. For cases appealed to the Full Commission, the Clerk's Office organizes the evidentiary exhibits of record, orders official hearing transcripts, and provides copies of the transcripts to the parties. The Clerk's Office assembles exhibits and filings into electronic working files for each case on appeal and prepares and electronically distributes the Full Commission hearing calendars. The Clerk's Office also serves as the custodian for recordings of Commission hearings and coordinates assignments of court reporters for hearings before the Deputy Commissioners and the Full Commission. In addition, the Clerk's Office provides trial court administration for workers' compensation cases for the Deputy Commissioner Section. Finally, the Clerk's Office maintains the Commission's attorney database by adding new attorneys and updating attorney contact information upon receipt.

The Clerk's Office continues to support the Commission's goal of becoming a paperless organization. Since most documents are filed with the Commission electronically, there has been a dramatic decrease in the amount of incoming paper documents required to be scanned by the Commission. The Clerk's Office no longer provides central scanning services for the Commission. Instead, all incoming documents are now scanned by the Commission section handling the particular type of document.

Clerk's Office Summary for FY 2025-26

Requests that Claim be Assigned for Hearing	5,830
Requests for Hearing in Non-Insured Cases	115
Amended Requests that Claim be Assigned for Hearing	321
Administrative Appeals to Deputy Commissioners	244
Medical Motion Appeals	6
Responses to Hearing Requests	4,531
Attorney Representation Letters and Other Correspondence	21,154
Requests for Copies of Files	7,327
Tort Claims Filed	823
Total Appeals to the Full Commission Processed	345
Cases Sent for Transcription	405
Full Commission Calendars Generated	84
Certified Copies of Files	5
Attorney Withdrawal Orders	1,738
Orders/Dispositions on Administrative Motions	490

COMPLIANCE DIVISION

Mission Statement

The Compliance Division seeks to work effectively with businesses operating in North Carolina to ensure compliance with the insurance requirements of the North Carolina Workers' Compensation Act.

About the Compliance Division

The Compliance Division identifies and investigates cases involving employers who are operating as non-insured employers in violation of G.S. 97-93 and G.S. 97-94. An employer is non-insured if the employer is subject to the North Carolina Workers' Compensation Act but does not carry workers' compensation insurance and does not obtain a license from the Commissioner of Insurance as a self-insured employer. The Compliance Division investigates referrals to determine whether an employer is subject to the Workers' Compensation Act and, if so, whether the employer is compliant in terms of insurance requirements. An administrative penalty can be assessed for a period during which the employer was subject to the Act but not compliant with insurance requirements. The Compliance Division also assists the North Carolina Department of Justice with the enforcement and collection of penalty assessments and facilitates adjudication of contested penalty cases and settlements.

The Compliance Division uses a database known as the Noncompliant Employer Tracking System (NETS). NETS is a software tool that analyzes data sources from other State agencies to identify potential non-compliant employers who may be in violation of the requirement to maintain workers' compensation insurance coverage. The Compliance Division also receives alerts from the Industrial Commission's Employee Classification Section, which are generated by the Employee Classification Application (ECA). The ECA utilizes data from multiple State agencies.

As a result of the leads generated by the NETS system, the Industrial Commission initially assessed \$5,196,872 in penalties for Fiscal Year 2025-26. After alternative penalties were calculated under G.S. 97-94(b2), the penalties assessed were reduced by \$1,269,423 thus resulting in a modified penalty assessment of \$3,927,449 for Fiscal Year 2025-26.

The Industrial Commission's collection of penalties in Fiscal Year 2025-26 totaled \$1,513,863. This includes penalties that were assessed during a prior fiscal year but not collected until Fiscal Year 2025-26.

In Fiscal Year 2025-26, the Compliance Division brought 549 non-insured employers into compliance with their obligation to obtain workers' compensation insurance coverage.

Non-Insured Cases for FY 2025-26

Non-Insured Hearings Docketed before a Deputy Commissioner (Excludes Appeals Docketed at Full Commission)	219
Non-Insured Cases Resolved by Compliance Division (Penalties Assessed or Cases Otherwise Closed)	1,261

CRIMINAL INVESTIGATIONS AND EMPLOYEE CLASSIFICATION DIVISION

Mission Statement

The Criminal Investigations and Employee Classification Division serves the citizens of North Carolina by investigating potential criminal violations of the Workers' Compensation Act and by identifying and investigating businesses that engage in employee misclassification.

About the Criminal Investigations and Employee Classification Division

In Fiscal Year 2025-26, the Industrial Commission's Criminal Investigations and Employee Classification Division received 6,616 employee misclassification reports/alerts for potential violations of the Workers' Compensation Act and Employee Fair Classification Act. 153 employers were brought into compliance with the Workers' Compensation Act, and 59 employees who had been misclassified as independent contractors were identified.

CRIMINAL INVESTIGATIONS

About Criminal Investigations

Criminal Investigations operates as a law enforcement agency and is responsible for conducting criminal investigations in cases of suspected workers' compensation fraud and violations related to workers' compensation claims involving employees, employers, insurers, health care providers, attorneys, and vocational rehabilitation providers. Investigators examine all criminal complaints filed with the Industrial Commission regarding failure of employers to maintain workers' compensation insurance coverage (G.S. 97-94(d)); fraud on the part of employees with regard to obtaining workers' compensation benefits (G.S. 97-88.2); fraud on the part of employers with regard to deducting workers' compensation premiums from employees' salaries (G.S. 97-21); medical payment fraud; and any other claims arising out of violations of Chapter 97 by employees or employers. Criminal Investigations works with judicial officials and other law enforcement agencies throughout the State to resolve cases related to the above matters in criminal court.

The Criminal Investigations staff consists of six sworn law enforcement officers and two administrative positions. During Fiscal Year 2025-26, Criminal Investigations processed a total of 23,285 cases, including 572 misdemeanor charges for failure to maintain workers' compensation insurance in violation of G.S. 97-94(d) and 13 felony charges for willfully making a false statement in violation of G.S. 58-2-180. In addition, 103 employers were issued warnings for failure to maintain workers' compensation insurance coverage in violation of G.S. 97-94(d) and were brought into compliance. These cases were pursued through field investigations and administrative analysis of data utilizing the Noncompliant Employer Tracking System (NETS), the Employment Classification Application (ECA), and other available technology.

The information on the next page is provided pursuant to G.S. 97-88.2(e). The 23,285 reported cases of fraud included allegations of employers not carrying workers' compensation insurance and allegations of employers making unlawful payroll deductions. These cases were generated from various sources, including NETS and ECA technology, calls received on the Criminal Investigations & Employee Classification Division hotline, and proactive enforcement operations.

FY 2025-26 Fraud Investigations Summary Pursuant to G.S. 97-88.2(e)

	Employees	Employers	Insurers	Health Care Providers	Attorneys	Rehabilitation Providers	<u>Total</u>
Fraud Cases Reported	83	23,182	12	4	4	0	23,285
Fraud Cases Pending	29	594	5	0	0	0	628
Fraud Cases Closed	54	22,588	7	4	4	0	22,657

EMPLOYEE CLASSIFICATION

About the Employee Classification Section

Employee misclassification is defined in G.S. 143-786(a)(5) as avoiding tax liabilities and other obligations imposed by Chapters 95, 96, 97, 105, or 143 of the North Carolina General Statutes by misclassifying an employee as an independent contractor. Pursuant to Session Law 2017-203, the Employee Classification Section was established within the Industrial Commission under the Employee Fair Classification Act. The Employee Classification Section's statutory mandate includes, among other duties, receiving and investigating reports of employee misclassification; coordinating with and assisting all relevant State agencies in recovering any back taxes, wages, benefits, penalties, or other monies owed as a result of an employer engaging in employee misclassification; coordinating with relevant State agencies and district attorneys' offices in the prosecution of employers and individuals who fail to pay civil assessments or penalties assessed as a result of an employer's or individual's involvement in employee misclassification; and providing all relevant information pertaining to each instance of reported employee misclassification to the North Carolina Department of Labor, North Carolina Division of Employment Security, North Carolina Department of Revenue, and North Carolina Industrial Commission to facilitate investigation of potential violations of Chapters 95, 96, 97, 105, or 143 of the North Carolina General Statutes.

The Employee Classification Section collaborates with the Criminal Investigations and Compliance Divisions of the Industrial Commission, as well as with other State agencies, and utilizes the Employee Classification Application (ECA) to identify and investigate potential employee misclassification. The ECA was developed in collaboration with SAS, Inc., the Government Data Analytics Center (GDAC), and other State agencies.

Employee Classification Section Statistics

In Fiscal Year 2025-26, a total of 6,616 employee misclassification reports/alerts came through the ECA for investigation, and the Criminal Investigations & Employee Classification Division (in conjunction with the Compliance Division of the Industrial Commission) investigated and resolved a total of 5,944 reports/alerts, representing reports/alerts that came through the ECA either in Fiscal Year 2025-26 or in prior fiscal years. The remaining 672 reports/alerts were pending resolution as of the end of Fiscal Year 2025-26.

Of the 5,944 reports/alerts investigated and resolved in Fiscal Year 2025-26, 1,659 employers were found to be in compliance with the Workers' Compensation Act; 3,708 employers were found not to be subject to the Workers' Compensation Act; 424 employers were found to be no longer in business; and 153 employers were found to be subject to the Workers' Compensation Act, non-insured, and brought into compliance with the Act. Of these 153 non-insured employers that were brought into compliance, 62 were referred by the Compliance Division to the Commission's Deputy Commissioner Section for consideration of a penalty assessment.

A total of \$1,309,593 in penalty assessments was made initially by the Industrial Commission against non-insured employers based upon referrals from the Employee Classification Section. After alternative penalties were calculated under G.S. 97-94(b2), the amount assessed was reduced by \$239,809, thus resulting in a modified assessed amount of \$1,069,784 in penalties for Fiscal Year 2025-26 based upon referrals from the Employee Classification Section.

In Fiscal Year 2025-26, \$248,568 of the Commission's penalty collections came from non-insured employers who were referred to the Compliance Division by the Employee Classification Section. This includes penalties collected in cases referred during a prior fiscal year but not collected until Fiscal Year 2025-26. (These penalty collections are included in the Compliance Division's total penalty collections of \$1,513,863 for Fiscal Year 2025-26).

North Carolina Division of Employment Security Statistics Related to Employee Misclassification

The Criminal Investigations & Employee Classification Division shares information about employee misclassification identified during field investigations and reports/alerts through the ECA with the North Carolina Division of Employment Security (NCDES).

As a result of 4,172 audits performed by the NCDES Tax Audit Unit, \$10,593,044,486 in reported wages was audited and 13,910 workers were found by NCDES to be misclassified from the third quarter of 2025 through the second quarter of 2026. This resulted in \$1,482,311 in taxes assessed by NCDES.

North Carolina Department of Labor Statistics Related to Employee Misclassification

The North Carolina Department of Labor (NCDOL) shared information from 162 of its investigations involving suspected employee misclassification for entry into the ECA by the Employee Classification Section. Additionally, the NCDOL Wage and Hour Bureau referred 133 complaints to the Employee Classification Section.

As a result of investigations performed by the NCDOL, wages in the amount of \$104,557 were found to be due to employees who were deemed to be misclassified, and \$35,765 in wages was collected and paid to the misclassified employees. Additionally, penalties in the amount of \$32,625 were assessed by the NCDOL Wage and Hour Bureau, and \$10,312 in penalties was collected by the NCDOL.

NCDOL DISCLAIMER: All amounts are subject to change. Issued penalties may not be paid in a timely manner and may be sent to collections. Wages owed to an employee may not be immediately collected. Final totals may change if penalties and/or wages are paid after the close of the fiscal year.

North Carolina Department of Revenue Statistics Related to Employee Misclassification

The North Carolina Department of Revenue (NCDOR) currently does not have initiatives that are specifically designed to identify cases of employee misclassification. However, the NCDOR's Schedule C Initiative and 4% ITIN Withholding Initiative may identify employers who are misclassifying workers as independent contractors. The NCDOR may attempt to reclassify the workers, depending on the facts of the case. The Schedule C Initiative performs audits of taxpayers who have overstated expenses or understated income based upon their Federal Schedule C. The 4% ITIN Withholding Initiative identifies and audits taxpayers who have made payment to an ITIN holder under a 1099-Misc but have failed to withhold 4% in income tax. In Fiscal Year 2025-26, the NCDOR's 4% ITIN Withholding audits resulted in \$12,301,116 in additional tax, penalties, and interest due, and its Schedule C Initiative audits resulted in \$9,039,029 in additional tax, penalties, and interest due.

Criminal Investigations and Employee Classification Division Data by Industry Type (Using North American Industry Classification System (NAICS) Industry Code Categories)

The NAICS code is a six-digit number used to classify businesses by industry. When making tax filings, businesses self-select the NAICS code that best reflects their principal business activity. The Industrial Commission's Criminal Investigations and Employee Classification Division began compiling data on the NAICS code associated with its caseload this past fiscal year.

The chart below summarizes the data for the 2025-26 Fiscal Year. For ease of understanding, this chart does not use NAICS code numbers, but, instead, lists the name of the industry category.

The first column reflects all potential cases of violations of the Workers' Compensation Act that were reviewed by the Criminal Investigations and Employee Classification Division. The second column reflects all cases assigned to a Criminal Investigations and Employee Classification Division investigator for a field investigation. The third column reflects all cases in which warning citations were issued by the Industrial Commission for failure to secure and maintain workers' compensation insurance in violation of the Workers' Compensation Act. The fourth column reflects cases in which criminal charges were issued for failure to secure and maintain workers' compensation insurance in violation of the Workers' Compensation Act.

July 1, 2025 - June 30, 2026	Potential Cases Reviewed	Cases Assigned to Investigator	Warning Citations Issued	Criminal Charges Made
Accommodation and Food Services	6,796	150	23	116
Administrative & Support Waste Management & Remediation Services	506	22	2	7
Agriculture, Forestry, Fishing and Hunting	135	1	0	0
Arts, Entertainment and Recreation	392	31	2	12
Construction	1,765	23	1	13
Education Services	150	9	1	4
Financial and Insurance Activities	378	30	1	5
Health Care and Social Assistance	4,354	55	14	59
Information	51	1	0	2
Management of Companies & Enterprises	4	0	0	0
Manufacturing	628	15	2	7
Other Services	2,216	71	7	31
Professional, Scientific and Technical Services	1,353	58	1	18
Public Administration	31	1	0	0
Real Estate & Rental & Leasing	600	19	2	9
Retail Trade	3,036	67	17	106
Transportation and Warehouse	406	40	9	17
Utilities	12	0	0	0
Wholesale Trade	392	6	0	2
Total Cases	23,205	599	82	408

DEPUTY COMMISSIONER SECTION

Mission Statement

The Deputy Commissioners, Special Deputy Commissioners, paralegals, and legal assistants of the North Carolina Industrial Commission endeavor to fairly, impartially, and efficiently adjudicate contested claims by careful application of the law, by adherence to rules and procedures, and by providing timely and exemplary customer service to all parties.

About the Deputy Commissioner Section

Deputy Commissioners expeditiously resolve all controversies between injured workers, employers, insurance carriers, citizens of the State of North Carolina, and the State of North Carolina that arise primarily under the Workers' Compensation Act and the State Tort Claims Act. The Deputy Commissioners provide citizens with an opportunity to be heard in a professional and courteous manner, and they render legally sound and impartial decisions after thoroughly considering the positions of all parties and applying the law.

Deputy Commissioners conduct full evidentiary hearings throughout the State, hear administrative motions, conduct administrative appeal hearings, review complex form agreements, review settlement agreements, and handle other matters.

Claims Set for Hearings

Number of Claims Docketed for Hearings (excluding penalty and contempt)	4,340
Number of Hearings Held (excluding penalty and contempt)	708

Summary of Final Determinations Entered and Cases Settled

Compromise Settlement Agreements Approved	1,386
Final Determinations Entered (Opinion & Awards and Decisions & Orders)	513
Cases Dismissed with Prejudice (including Voluntary Dismissals)	232
Cases Dismissed without Prejudice (including Voluntary Dismissals)	140
Cases Continued and/or Removed from the Hearing Docket	3,625
Public Safety Employees' Death Benefits Act Determinations	19
Compensation to Persons Erroneously Convicted of Felonies Determinations	1

Employer Noncompliance and Contempt

In FY 2025-26, the Deputy Commissioner Section assessed 475 penalties via a Penalty Assessment Order or an Opinion & Award. In addition, the Deputy Commissioner Section disposed of 193 penalty matters in contempt proceedings.

Penalty & Contempt Proceedings

Penalties Assessed via Penalty Assessment Order or Opinion & Award	475
Penalty Matters Docketed for Hearing	955
Contempt Matters Docketed for Hearing	257

REPORT PURSUANT TO G.S. 97-78(g)(2) REGARDING EXPEDITIOUS RESOLUTION OF DISPUTES FOR MEDICAL COMPENSATION

Expeditious Resolution of Expedited and Emergency Medical Motions

The Deputy Commissioner Section disposed of 169 expedited and emergency medical motions in FY 2025-26. G.S. 97-25(f) requires that expedited medical motions be fully resolved within 75 days of the filing of the motion (which includes calendaring the motion, conducting a full evidentiary hearing, completing all discovery, and filing an Opinion and Award). Importantly, the statute further requires that the discovery phase, including depositions of physicians and experts, be completed within 60 days of the filing of the motion. Deputy Commissioners disposed of all expedited medical motions within the statutorily mandated time frame.

Expedited and Emergency Medical Motions

Expedited Medical Motions	146
Emergency Medical Motions	23
Total Expedited and Emergency Medical Motions	169

EXECUTIVE SECRETARY'S OFFICE

Mission Statement

The Executive Secretary's Office is committed to assisting all parties in workers' compensation claims in a professional manner through informed administrative rulings, consistent processes, and prompt and courteous communication.

About the Executive Secretary's Office

The Executive Secretary's Office handles administrative review of issues for the Industrial Commission. The office is responsible for the review and approval or disapproval of the vast majority of Compromise Settlement Agreements filed with the Industrial Commission. The Executive Secretary's Office also is responsible for reviewing and deciding Forms 24 *Application to Terminate or Suspend Payment of Compensation* and Forms 23 *Application to Reinstate Payment of Disability Compensation*. Telephone hearings often are held regarding these applications. In addition, Orders are issued after review of Administrative Motions, Third Party Settlements, and a variety of other issues.

Executive Secretary's Office Summary for FY 2025-26

Orders on Compromise Settlement Agreements	9,331
Orders on Third Party Distributions	732
Orders/Dispositions on Forms 24 <i>Application to Terminate or Suspend Payment of Compensation</i>	1,383
Orders/Dispositions on Forms 23 <i>Application to Reinstate Payment of Disability Compensation</i>	248
Orders on Medical Motions	1,361
Orders/Dispositions on Administrative Motions	3,230
Total Orders/Dispositions	16,285

REPORT PURSUANT TO G.S. 97-78(g)(2) REGARDING EXPEDITIOUS RESOLUTION OF DISPUTES FOR MEDICAL COMPENSATION

The Executive Secretary's Office issued 1,361 Orders on Medical Motions in FY 2025-26. One of the Orders was filed more than 75 days after the filing of the motion requesting relief due to Industrial Commission requests for additional information and a delay in receiving the information from the parties. The motion was filed on March 20, 2025, and the final disposition was made on July 8, 2025.

INFORMATION SPECIALISTS

Mission Statement

The Information Specialists strive to provide callers and visitors with accurate and helpful information in a prompt and courteous manner.

About the Information Specialists

The Ombudsman Program, whose staff are referred to as “Information Specialists,” is operated in accordance with G.S. 97-79(f) to provide unrepresented claimants, employers, and other parties with information about Industrial Commission policies and procedures regarding workers’ compensation. In addition, the Information Specialists provide information regarding tort claims against State agencies and other matters under the jurisdiction of the Industrial Commission.

Number of Calls Answered (English)	6,100
Number of Calls Answered (Spanish)	895
Total Calls Answered	6,995
Number of Walk-Ins	4
Correspondence (Letters & E-mails) Answered	4,700
Informational Packets Mailed	212

INFORMATION TECHNOLOGY SECTION

Mission Statement

The Information Technology ("IT") Section promotes and supports the Industrial Commission's effective use of information technology hardware and software solutions to enable the Commission to fulfill all aspects of its operations.

What We Do

To accomplish its mission, the IT Section:

- Provides excellent customer service to the Commission's internal and external users;
- Identifies, innovates, designs, facilitates, implements, and supports Industrial Commission information systems technology hardware and software solutions;
- Safeguards the information, information systems, and information systems infrastructure of the Industrial Commission; and
- Designs, develops, manages, and maintains the information technology systems and assets of the Industrial Commission.

The IT Section has the following responsibilities:

- Developing plans and procedures for technical and operational processes;
- Developing software programs and upgrades;
- Managing and maintaining Industrial Commission software applications and licenses;
- Maintaining and upgrading information systems technology hardware;
- Managing, tracking, and maintaining the Commission's information technology assets;
- Managing Industrial Commission data security and access; and
- Providing technology training and internal end-user hardware, software, and network support.

MEDIATION SECTION

Mission Statement

The Mediation Section administers the Industrial Commission's mediation program effectively, fairly, and efficiently. The Section's goal is to empower the parties in pending cases to take an active role in resolving their disputes, thereby minimizing the need for hearings and appeals, expediting the dispute resolution process, and enabling the Industrial Commission to devote its adjudicatory resources to cases not conducive to settlement.

About the Mediation Section

The Mediation Section educates the Commission's stakeholders concerning mediation rules and procedures; orders and enforces the mediation deadlines set forth in the Commission's mediation rules; processes Industrial Commission mediation forms; and invoices Report of Mediator fees. The Mediation Section's Dispute Resolution Coordinator rules on all mediation-related motions.

Mediations and Settlements

When a claim is contested and one or both parties have requested a hearing, the case is normally ordered into mediation by the Industrial Commission's Dispute Resolution Coordinator so that the parties can attempt to settle their dispute at mediation before proceeding to a hearing. One exception is when an injured worker is not represented by counsel, in which case the Dispute Resolution Coordinator usually enters an order dispensing with mediation. Other exceptions include hearing requests made under the G.S. 97-25(f) expedited medical motion procedure and certain cases involving administrative appeals.

Even if a claim is not contested, the parties may agree to mediate their case in an effort to enter into a Compromise Settlement Agreement. Such cases are not ordered into mediation; instead, they are voluntarily mediated. However, these voluntary mediations still fall under the jurisdiction of the Industrial Commission's Mediation Section.

The mediators who serve in Industrial Commission cases must complete a formal mediation training program and be certified by the North Carolina Dispute Resolution Commission. Most of these mediators also have significant workers' compensation experience from practicing law in the field, mediating workers' compensation cases, or both.

When a case is settled, the parties enter into a Compromise Settlement Agreement, which must be reviewed by the Industrial Commission pursuant to G.S. 97-17, G.S. 97-82, and Rule 11 NCAC 23A .0502.

G.S. 97-73(e) limits the fees the Industrial Commission may charge to support its receipt-funded operations. Pursuant to Rule 11 NCAC 23E .0203, the Commission charges a \$200 fee to process the *Report of Mediator* form that must be filed by the mediator in each workers' compensation case. Under this same rule, the Commission charges a \$400 fee to review a Compromise Settlement Agreement that is submitted in a workers' compensation case.

Mediation Section Summary for FY 2025-26

Cases Referred to Mediation	8,615
Overall Settlement Rate for Mediated Cases	69%
Report of Mediator Fees Received	\$1,616,913
Compromise Settlement Agreement Fees Received	\$4,329,600
Forms MSC5 (<i>Report of Mediator</i> forms) Processed by Mediation Section	8,165
Forms MSC4 (<i>Designation of Mediator</i> forms) Processed by Mediation Section	8,399

MEDICAL FEES SECTION

Mission Statement

The Medical Fees Section is committed to providing prompt and efficient service by performing timely and accurate bill processing, answering inquiries regarding the Industrial Commission's Medical Fee Schedule, and assisting with the resolution of medical fee disputes.

About the Medical Fees Section

The Medical Fees Section reviews bills for medical services provided in a workers' compensation claim when a carrier or employer needs assistance. Medical bills are reviewed and adjusted in accordance with the Industrial Commission's Medical Fee Schedule and then returned to the insurance carrier, third-party administrator, or self-insurer handling the claim. The Medical Fees Section also responds to medical bill inquiries, resolves medical fee disputes, and assists in updating the Medical Fee Schedule. In accordance with G.S. 97-26(i), the Industrial Commission has adopted a Medical Provider Fee Dispute Resolution Procedure by rule (Rule 11 NCAC 23A .0614).

Medical Bills Received in FY 2025-26

Total Bills Received in FY 2025-26	541
Bills Processed in FY 2025-26	539
Bills Awaiting Additional Documentation	2

Medical Provider Fee Disputes Processed in FY 2025-26

Cases Received in FY 2025-26	140
Cases Resolved by Payment during FY 2025-26 (may include fee disputes filed in a prior fiscal year)	53
Total Amount Paid to Medical Providers during FY 2025-26 under Fee Dispute Resolution procedure	\$51,700
Cases Pending Resolution (may include fee disputes filed in a prior fiscal year)	80
Cases Closed during FY 2025-26 (may include fee disputes filed in a prior fiscal year) ²	82

² Includes the following categories of cases: (a) denied cases; (b) cases in which the medical provider has written off the debt; (c) cases in which the medical provider informed the Commission that Commission resolution of the dispute is no longer sought; and (d) cases in which the medical provider failed to provide sufficient documentation within one year of the Commission's initial request for documentation.

MEDICAL REHABILITATION NURSES SECTION

Mission Statement

The North Carolina Industrial Commission Medical Rehabilitation Nurses Section (Nurses Section) administers the mandatory training courses for Rehabilitation Professionals and collaboratively facilitates and coordinates high quality and effective medical care and rehabilitation such that an injured worker's maximum level of functionality is optimized, both physically and mentally.

About the Medical Rehabilitation Nurses Section

The Nurses Section is responsible for providing the Industrial Commission's Mandatory Rehabilitation Professional Training, acknowledging Forms 25N *Notice of Assignment of Rehabilitation Professional*, and maintaining the Industrial Commission's Registry of Workers' Compensation Rehabilitation Professionals. The Commission's mandatory training is required for all Rehabilitation Professionals who work on workers' compensation cases in North Carolina. An initial comprehensive training course is required for all Rehabilitation Professionals, and a "refresher" course must be taken by a Rehabilitation Professional every five years to maintain "Qualified" status.

The Nurses Section also is tasked with providing medical rehabilitation consultative services, upon request and/or by Order of the Commission, to a variety of North Carolina workers' compensation stakeholders, including injured workers, insurance carriers, attorneys, Rehabilitation Professionals, and health care providers. The Nurses Section assists with case management and other medical rehabilitation needs in these cases, including helping with issues that arise regarding returning injured workers to their maximum functional capabilities.

Nurses Section Summary for FY 2025-26

Total Cases	41
Acknowledged Forms 25N (<i>Notice of Assignment of Rehabilitation Professional</i>)	15,012
Rehabilitation Professionals Trained	352

Industrial Commission

Street Address: 430 N. Salisbury Street, Raleigh, North Carolina 27603
Mailing Address: 1240 Mail Service Center, Raleigh, North Carolina 27699-1240
Phone: 919-716-1700

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