

2022 Annual Report



**NORTH CAROLINA
INDUSTRIAL COMMISSION**

LETTER FROM THE CHAIR



On behalf of my fellow Commissioners, Deputy Commissioners, and the employees of the Commission, I am pleased to provide the Industrial Commission's Annual Report.

Established in 1929, the Industrial Commission adjudicates and administers the North Carolina Workers' Compensation Act. In 1949, the General Assembly authorized the Commission to adjudicate and administer the North Carolina State Tort Claims Act. In addition, the Commission has jurisdiction over the Public Safety Employees' Death Benefits Act, the Childhood Vaccine-Related Injury Compensation Program, and the Compensation to Persons Erroneously Convicted of Felonies statute.

During Fiscal Year 2021-22, the Industrial Commission undertook several initiatives to promote access to justice, improve efficiency, and reduce costs:

- 1) A modernized Industrial Commission hearing room with ADA-compliant renovations is close to completion. The new hearing room provides disabled claimants, witnesses, lawyers, Industrial Commission judicial officers, and hearing observers full and equal access to Commission hearings. In addition, our stakeholders will benefit from the technological flexibility to implement lessons learned from the pandemic to maximize judicial efficiency. Most importantly, "hybrid" court proceedings may be conducted, with some participants present in the courtroom and others appearing remotely. Remote appearances can significantly reduce the time and expense of traveling to court. For example, a witness who previously missed an entire day of work to testify may now only miss an hour or two to appear remotely. And an attorney who previously traveled across the State for appellate oral arguments in Raleigh may instead appear remotely.
- 2) The Commission completed a large-scale scanning project that digitized all files dating back to 2010 involving Full Commission appeals. The digital images of documents that were previously at risk of deterioration, or possible destruction due to a natural disaster, are now securely stored. The project also eliminated the need to maintain hundreds of boxes of paper files, thus allowing for a more productive use of the former storage space.
- 3) The Commission's Mediation Section implemented new procedures that improve efficiency and reduce costs. Appointment of Mediator Orders and Report of Mediator Invoices are now emailed when possible, thus reducing agency paper, printer, and postage costs. Additionally, emailing the invoices to defense counsel facilitates the prompt payment of Report of Mediator fees that help fund the Commission's receipt-supported operations.

Since the Commission's last Annual Report, Myra L. Griffin was reappointed by Governor Roy Cooper, and confirmed by the North Carolina General Assembly, to serve a second six-year term as a Commissioner. Griffin continues to serve in the important capacity of Vice-Chair of the Commission. Additionally, two Deputy Commissioners were reappointed, and three new Deputy Commissioners were appointed. The Commission is pleased to retain experienced Deputy Commissioners, as well as welcome new Deputy Commissioners who have significant workers' compensation litigation experience representing both workers and employers.

The Commission's long serving Dispute Resolution Coordinator, Deputy Commissioner John C. Schafer, retired from the Commission after nearly 25 years of service. Under Schafer's leadership, the Commission's mediation program thrived, and Schafer was highly regarded for his expertise and contributions to the State's mediation community. The Commission is grateful to Schafer for his innovative ideas and dedicated service.

Finally, the Commission continues to closely monitor receipts from fees that are necessary to support our operations. Despite challenges presented by ongoing structural budget issues, we remain dedicated to serving the citizens and businesses of our State who are vital to a strong economy and the continued prosperity of North Carolina.

Philip A. Baddour, III
Chair
North Carolina Industrial Commission

NORTH CAROLINA INDUSTRIAL COMMISSION

Philip A. Baddour, III, Chair
Myra L. Griffin, Vice-Chair
James C. Gillen, Commissioner

Kenneth L. Goodman, Commissioner
Adrian A. Phillips, Commissioner
Wanda Blanche Taylor, Commissioner

Pamela T. Young, Chief Operating Officer
Meredith R. Henderson, Executive Secretary
Tammy R. Nance, Chief Deputy Commissioner and Acting Dispute Resolution Coordinator
Robert J. Harris, Senior Deputy Commissioner
April D. Gladkin, Lead Counsel to the Full Commission and Full Commission Trial Court Administrator
Emily Baucom, Clerk of the Industrial Commission
Brittany Walton, Director of Claims Administration
Shannon Wharry, Director of Compliance Division
Sam Constance, Chief, Criminal Investigations & Employee Classification Division
Tim Frost, Chief Information Officer
Amber C. May, General Counsel
Gina E. Cammarano, Rulemaking Coordinator
Catherine Ittermann, Director of Employee Classification Section
Linda Kirby, Business Officer

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North Carolina Industrial Commission – At a Glance Report for FY 2021-22

Workers' Compensation Claims Opened	57,616
Orders Issued on Medical Motions	1,886
Deputy Commissioner Section Hearings Held (Excluding Penalty and Contempt)	698
Penalty and Contempt Matters Docketed for Hearing	1,030
Total Appeals to the Full Commission	447
Cases Referred to Mediation	8,797
Orders on Compromise Settlement Agreements	10,966
Mediation Settlement Rate	71.4%
Form 26A <i>Employer's Admission of Employee's Right to Permanent Partial Disability</i> Agreements Received	5,037
Orders/Dispositions on Form 24 <i>Application to Terminate or Suspend Payment of Compensation</i>	1,506
Orders/Dispositions on Form 23 <i>Application to Reinstate Payment of Disability Compensation</i>	231
Cases Handled by Medical Rehabilitation Nurses Section	36
Medical Bills Processed	1,156
Fraud Cases Reported	12,766
Non-Insured Penalties Collected During FY 2021-22	\$2,421,274

THE NORTH CAROLINA INDUSTRIAL COMMISSION

Mission Statement

The employees of the North Carolina Industrial Commission are committed to providing excellent customer service through the efficient administration of claims, facilitation of dispute resolution, fair and impartial adjudication of contested cases, careful application of the law, and prompt and courteous responsiveness to all stakeholders.

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 the North Carolina Workers' Compensation Act. In 1949, the Industrial Commission also was given authority by the General Assembly to administer the 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 N.C. Gen. Stat. § 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. The Commissioners are appointed by the Governor for staggered six-year terms and confirmed by the General Assembly. The Commissioners sit in panels of three to review appeals from decisions made by Deputy Commissioners located throughout the State to hear workers' compensation and tort claims cases. 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.

Full Commission Section Summary for FY 2021-22

Appeals in Workers' Compensation and Tort Claims	367
Interlocutory Appeals	41
Medical Motion Appeals	21
Other Appeals	18
Total Appeals to Full Commission	447
Full Commission Orders Filed	506

Management and Operations

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

Major Activities and Initiatives

Hearing Room Technological Advancements and Renovations

The Industrial Commission Hearing Room in the Dobbs Building is utilized for both Deputy Commissioner and Full Commission hearings, as well as for Industrial Commission public hearings on rulemaking and meetings of the Full Commission, which are open to the public under the North Carolina Open Meetings Law. It is an important space for the Industrial Commission, its stakeholders, and all members of the Industrial Commission's regulated public.

The original Industrial Commission Hearing Room had structural barriers that limited accessibility and did not have the capacity to host "hybrid" hearings where some participants appear in person and others appear remotely. By contrast, the renovated hearing room, which is near completion, meets all accessibility requirements under the Americans with Disabilities Act and is equipped to handle hybrid court proceedings and other hybrid events.

Webex Technology Continues to Provide Flexibility for Hearings

While the Industrial Commission has returned to in-person evidentiary hearings, the Commission continues to utilize its Webex videoconferencing capabilities to provide litigants with the opportunity to have appropriate cases heard via Webex when the presiding Deputy Commissioner finds good cause.

Mediation Section Innovations

To promote efficiency and reduce costs, the Industrial Commission Mediation Section began emailing its Appointment of Mediator Orders to mediators for whom the Commission has an email address. Each Mediation Section email containing the Appointment of Mediator Order also contains a blank, fillable PDF Form MSC5 (Report of Mediator) for the mediator's use and convenience. The Commission has received very positive feedback from mediators regarding this initiative.

The Mediation Section also began emailing Report of Mediator invoices to counsel of record for defendants in all cases where an employer or carrier has legal representation. This initiative also has received positive feedback, and the Commission is hopeful that this new procedure will facilitate the prompt payment of Report of Mediator invoices by carriers and self-insured employers.

Digitization of Paper Files

The Industrial Commission continues to make strides towards becoming paperless. During Fiscal Year 2021-22, the Commission undertook and completed a major project to scan files involving appeals to the Full Commission dating back to 2010. This effort preserves and securely stores the file documents, and eliminates nearly 400 boxes of paper files, allowing the Commission to repurpose the storage space.

Notable Legislation

Session Law 2021-180, Sections 37.8(a) and (b): Amendments to Workers' Compensation Act and Employee Fair Classification Act

In the Workers' Compensation Act, the General Assembly amended N.C. Gen. Stat. § 97-78(e), (f), and (g). Subdivision (e) was amended to change the legislative committees to which the Industrial Commission shall submit its Annual Report. Subdivision (f) was amended to establish a requirement that the Industrial Commission prepare and implement a strategic plan for the tracking and enforcement of forms compliance under N.C. Gen. Stat. § 97-18(b), (c), and (d) and the expeditious resolution of disputes involving medical compensation every four years, beginning April 1, 2022. Subdivision (g) was amended to remove the requirement in (g)(2) for the Industrial Commission to report in its Annual Report the date on which any ordered medical treatment was actually provided.

In the Employee Fair Classification Act, the General Assembly amended N.C. Gen. Stat. § 143-788(b) by adding a "reasonably ascertainable" standard to the requirement to report the amount of back taxes, wages, benefits, penalties, and other monies collected in the Employee Classification Division's Annual Report.

Session Law 2021-180, Sections 36.2(a) and (b): Addition of Two Additional Types of Cancer Covered as Occupational Diseases for Firefighters' Death Benefits under Public Safety Employees' Death Benefits Act

The General Assembly amended N.C. Gen. Stat. § 143-166.2 to add "oral cavity cancer" and "pharynx cancer" to the types of cancer listed as occupational diseases and changed "intestinal cancer" to "cancer of the small intestine." There are now six types of cancer listed in the statute (mesothelioma, testicular cancer, cancer of the small intestine, esophageal cancer, oral cavity cancer, and pharynx cancer) as occupational diseases for firefighters' death benefits.

Session Law 2021-184, Section 2(e): Repeal of Portion of State Tort Claims Act

The General Assembly created a new Act to restructure oversight of public high school interscholastic athletic activities and, in doing so, repealed N.C. Gen. Stat. § 143-291(c), which had deemed the North Carolina High School Athletic Association, Inc. to be a State agency subject to the State Tort Claims Act.

Session Law 2022-14, Part IV: Non-Assignability of Public Safety Employees' Line of Duty Death Benefits

The General Assembly amended N.C. Gen. Stat. § 143-166.3 by adding a new subsection, Subsection (f). This new subsection states that except as otherwise allowed under subdivisions (a)(4) and (e)(4) of the Public Safety Employees' Death Benefits Act, the State Treasurer shall not pay or distribute a death benefit awarded under the Act to any person other than the beneficiary or the beneficiary's parent or legal guardian.

Session Law 2022-54: Remote Electronic Notarization

The General Assembly amended Article 2 of Chapter 10B of the General Statutes by adding Part 4A, which provides for Remote Electronic Notarization to be implemented in North Carolina beginning on July 1, 2023. The Secretary of State's Office has been directed to begin rulemaking for the implementation of remote electronic notarization.

Under this new law, a remote electronic notary will be able to perform certain authorized remote electronic notarial acts while the notary is physically located in the State of North Carolina. The new law sets forth various requirements and procedures for remote electronic notarial acts. The new law also prohibits remote electronic notarial acts with regard to certain documents.

As a stopgap measure, the emergency video notarization provisions enacted in response to the COVID-19 pandemic that expired December 31, 2021 were immediately restored in this new law. The emergency video notarization provisions now expire on June 30, 2023.

Legislative Recommendations Pursuant to N.C. Gen. Stat. §97-78(e)

- The Industrial Commission recommends removing the two-term limit for Deputy Commissioners in N.C. Gen. Stat. § 97-79(b) so that experienced Deputy Commissioners may be reappointed to serve beyond twelve years.
- The Industrial Commission recommends that the General Assembly consider amending N.C. Gen. Stat. § 97-88.2 to specify that the Industrial Commission's sworn law enforcement officers who are employed to conduct the investigations mandated by N.C. Gen. Stat. § 97-88.2 have full law enforcement authority so they can safely and effectively carry out their investigations and take actions to protect their safety and the safety of others.
- The Industrial Commission recommends that there be parity and consistency in the way business entities are treated in N.C. Gen. Stat. § 97-2(2) regarding individuals who count as an "employee." This will alleviate confusion and make compliance with the workers' compensation laws easier to determine and enforce.

Rulemaking Update

Proposed Permanent Amendment to Mediation Rule 11 NCAC 23G .0104

The Industrial Commission recently proposed a permanent amendment to paragraph (b) of Rule 11 NCAC 23G .0104 in light of an anticipated change to the *Rules for Mediated Settlement Conferences and other Settlement Procedures in Superior Court Civil Actions*.

The anticipated change to the Superior Court mediation rules would create a framework for determining mediation attendance that would allow the parties and mediator to agree on one of three methods of attendance (in-person, remote, or hybrid) in each case, as opposed to presumptively requiring either in-person attendance or remote attendance as the default method of attendance in all cases. If an agreement is not reached, the mediation would be held via the mediator's designated method of attendance or as otherwise ordered.

N.C. Gen. Stat. § 97-80(c) requires the Industrial Commission's mediation rules to be substantially similar to the mediation rules approved by the North Carolina Supreme Court for use in the Superior Court division. In its current form, Paragraph (b) of Rule 11 NCAC 23G .0104 is premised on the assumption that the approved method of attendance for Superior Court mediations will be either presumptively in-person or presumptively remote.

In light of the statutory mandate that the Industrial Commission's mediation rules be substantially similar to the Superior Court division mediation rules, and in order to provide clarity to the Industrial Commission's regulated public and better align the Industrial Commission's mediation attendance rule with the Superior Court mediation attendance rule, the Industrial Commission has determined that a rule amendment is necessary.

The proposed rule amendment eliminates the either/or assumption regarding in-person versus remote attendance and simply states that the attendance method for Industrial Commission mediations shall be the same as the attendance method set forth in the Superior Court mediation rules that are in effect at the time of the Industrial Commission mediation.

A public hearing on this rule amendment is scheduled for October 17, 2022, and written comments are being accepted through November 14, 2022.

The Industrial Commission intends to vote on the adoption of the proposed permanent rule amendment shortly after the end of the comment period so that the Rules Review Commission can consider the proposed permanent rule amendment at its December 15, 2022 meeting.

The proposed effective date of the permanent rule amendment is January 1, 2023.

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 302 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 FROI's 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 via the Commission's Electronic Document Filing Portal (EDFP) 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 last), 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 N.C. Gen. Stat. § 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 via the Electronic Document Filing Portal (EDFP) 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 N.C. Gen. Stat. § 97-18(j).

Compliance with N.C. Gen. Stat. § 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 N.C. Gen. Stat. § 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.

Industrial Commission Form Filings Trends

The Claims Administration Section has seen a decrease in the number of workers' compensation claims filed since the beginning of the COVID-19 pandemic, as well as a modest decrease in the number of workers' compensation claims filed over the past fiscal year as compared with the previous fiscal year.

In Fiscal Year 2021-22, 15,289 Forms 18 *Notice of Accident to Employer and Claim of Employee, Representative, or Dependent* were filed. By comparison, in Fiscal Year 2020-21, the number of Forms 18 filed was 16,335. And in Fiscal Year of 2018-19, which was completely pre-pandemic, the number of Forms 18 filed was 19,280.

Claims Administration Section Summary FY 2021-22

Total Claims Opened	57,616
Claims Opened via Form 18 Filing	6,446
Total Forms 18 Filed	15,289
Claims Opened via Form 19 Filing	51,170
Total Forms 19 Filed	101,643
Forms 60, 61, or 63 Processed	43,369
Forms 60 Processed	8,586
Forms 61 Processed	17,600
Forms 63 (Indemnity) Processed	7,827
Forms 63 (Medical Only) Processed	9,356
Forms 26A Received	5,037
Forms 26A Approved	5,012
Death Claims Filed	164
Telephone Calls Answered	18,056
Sanctions Collected for Violation of N.C. Gen. Stat. § 97-18(j)	\$555,800

Forms Compliance Summary Pursuant to N.C. Gen. Stat. § 97-78(g) for FY 2021-22

Total of Forms 18 Processed in Fiscal Year 2021-22	13,563
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Forms 60, 61 or 63 Processed before Form 18 Filed	4,093
Forms 60, 61 or 63 Filed within 30 Days of Notice of Form 18	<u>5,529</u>
Total Number of Compliant Forms	9,622
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Forms 60, 61 or 63 Filed between 31 and 60 Days of Notice of Form 18	1,250
Forms 60, 61 or 63 Filed between 61 and 90 Days of Notice of Form 18	324
Forms 60, 61 or 63 Filed 91 or More Days after Notice of Form 18	550
Forms 18 with no Forms 60, 61 or 63 Processed by End of FY 2021-22	<u>1,817</u>
Total Number of Claims Not in Compliance <i>(See Addendum A for specific claim information)</i>	3,941

Forms Compliance Summary Pursuant to N.C. Gen. Stat. § 97-78(g) for Calendar Year 2021

Total of Forms 18 Processed in Calendar Year 2021	14,292
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Forms 60, 61 or 63 Processed before Form 18 Filed	4,344
Forms 60, 61 or 63 Filed within 30 Days of Notice of Form 18	<u>6,227</u>
Total Number of Compliant Forms	10,571
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Forms 60, 61 or 63 Filed between 31 and 60 Days of Notice of Form 18	1,084
Forms 60, 61 or 63 Filed between 61 and 90 Days of Notice of Form 18	342
Forms 60, 61 or 63 Filed 91 or More Days after Notice of Form 18	440
Forms 18 with no Forms 60, 61 or 63 Processed by End of Calendar Year 2021	<u>1,855</u>
Total Number of Claims Not in Compliance <i>(See Addendum B for specific claim information)</i>	3,721

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 to be transmitted electronically. The Clerk's Office processes workers' compensation claims, 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 and certified copies of files.

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 and administering Rule 11 NCAC 23A .0108, 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. It is now mandatory for attorneys to use EDFP, the Commission's Electronic Data Filing Portal, to file documents in claims filed under the State Tort Claims Act.

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 Clerk's Office. This change has allowed staff to allocate more time to the scanning of older paper files in order to decrease the Commission's paper storage space, thereby resulting in a future cost savings.

Clerk's Office Summary for FY 2021-22

Requests that Claim be Assigned for Hearing	6,002
Requests for Hearing in Non-Insured Cases	126
Amended Requests that Claim be Assigned for Hearing	270
Administrative Appeals to Deputy Commissioners	406
Appeals (Requests for Hearing) in Penalty Assessment Cases	29
Responses to Hearing Requests	6,060
Attorney Representation Letters and Other Correspondence	16,323
Requests for Copies of Files	9,639
Tort Claims Filed	814
Appeals to the Full Commission	447
Medical Motion Appeals	21
Appeals of One-Signature Full Commission Orders	18
Cases Sent for Transcription	319
Full Commission Calendars Generated	44
Certified Copies of Files	32
Scanned Documents Uploaded to Electronic Case Files	9,831

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 N.C. Gen. Stat. § 97-93 and N.C. Gen. Stat. § 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 that 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 \$7,400,123 in penalties for Fiscal Year 2021-22. After alternative penalties were calculated under N.C. Gen. Stat. § 97-94(b2), the penalties assessed were reduced by \$2,624,357, thus resulting in a modified penalty assessment of \$4,775,766 for Fiscal Year 2021-22.

The Industrial Commission's collection of penalties in Fiscal Year 2021-22 totaled \$2,421,274. This includes penalties that were assessed during a prior fiscal year but not collected until Fiscal Year 2021-22. As noted below, the Industrial Commission's collection of penalties continues to be impacted by the COVID-19 pandemic because the Commission has continued to exercise reasonable discretion and flexibility in its collection procedures.

In Fiscal Year 2021-22, the Compliance Division brought 588 non-insured employers into compliance with their obligation to obtain workers' compensation insurance coverage.

Compliance Division Procedures to Ensure Economic Well-Being of North Carolina Citizens and Businesses During COVID-19 Pandemic

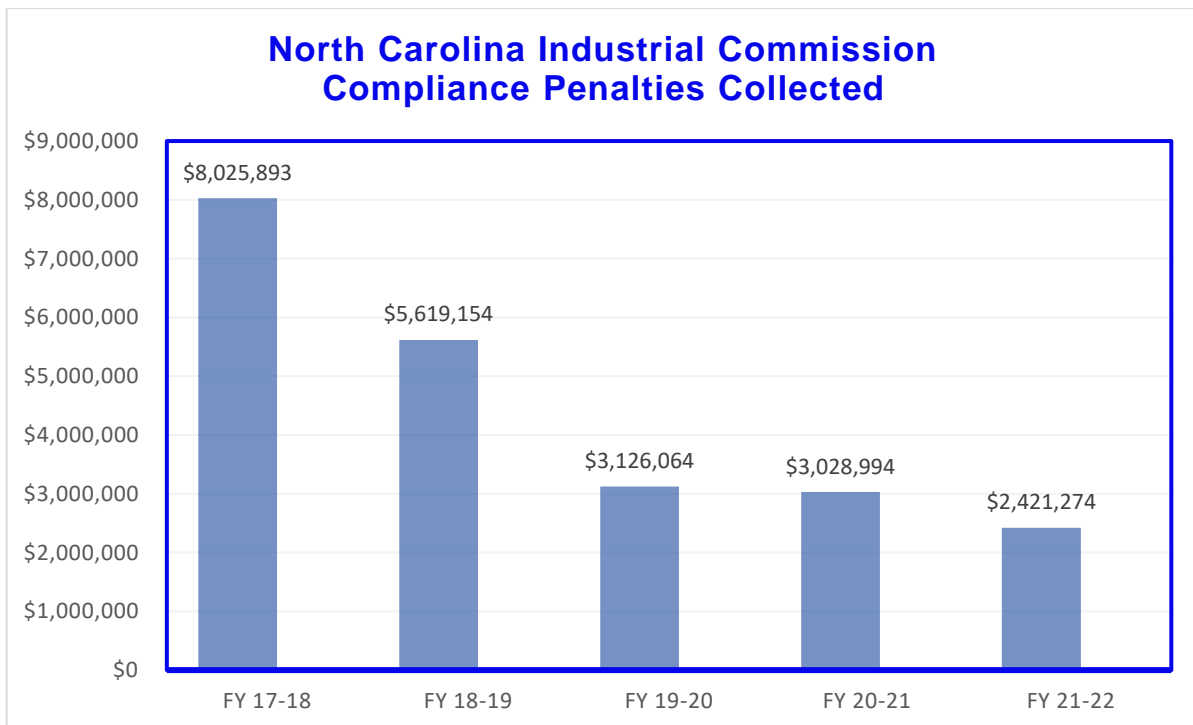
During Fiscal Year 2021-22, the Compliance Division continued to exercise flexibility in its procedures so as to help promote the financial recovery and well-being of North Carolina individuals and business entities impacted by the COVID-19 pandemic.

More specifically, the Compliance Division undertook the following actions:

- Employers were provided with reasonable extensions of deadlines to obtain workers' compensation insurance policies and present required Certificates of Insurance before being referred to the Criminal Investigations Division. This allowed employers to avoid the risk of criminal sanctions on top of civil penalties.
- Employers were provided with initial 30-day extensions, upon request, of non-insured penalty due dates. Additionally, employers could obtain further extensions in 30-day increments, if deemed reasonable and if supported by appropriate documentation, such as financial statements.

Non-Insured Cases for FY 2021-22

Non-Insured Hearings Docketed before the Industrial Commission	142
Non-Insured Cases Resolved by Compliance Division (Penalties Assessed or Cases Otherwise Closed)	1,451



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 2021-22, the Industrial Commission's Criminal Investigations and Employee Classification Division initiated 7,447 investigations into potential violations of the Workers' Compensation Act and Employee Fair Classification Act, which resulted in 191 criminal charges against employers for failure to maintain workers' compensation insurance and identified 461 employees who had been misclassified as independent contractors.

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 (N.C. Gen. Stat. § 97-94(d)); fraud on the part of employees with regard to obtaining workers' compensation benefits (N.C. Gen. Stat. § 97-88.2); fraud on the part of employers with regard to deducting workers' compensation premiums from employees' salaries (N.C. Gen. Stat. § 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.

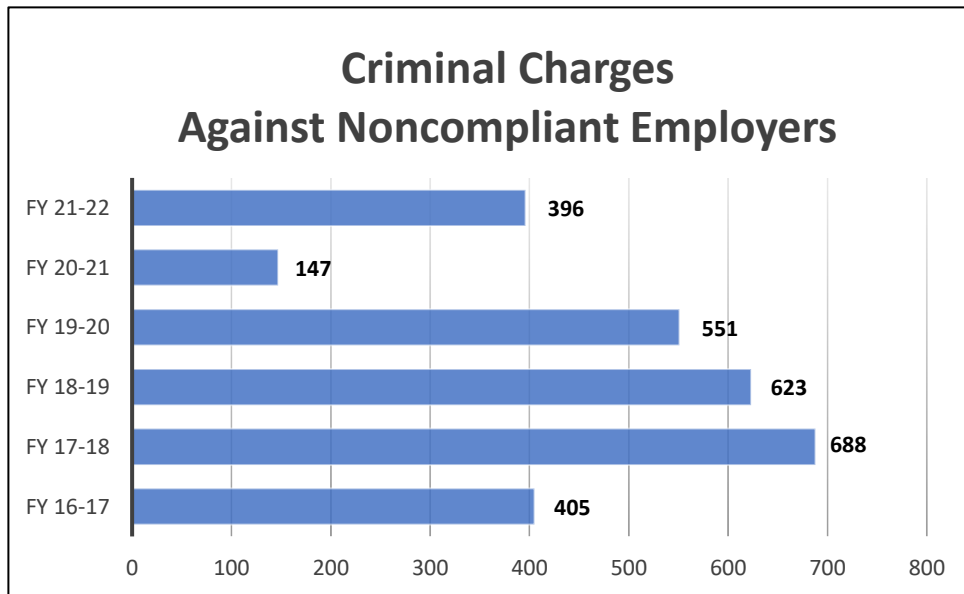
The Criminal Investigations staff consists of six sworn law enforcement officers and two administrative positions. During Fiscal Year 2021-22, Criminal Investigations processed a total of 12,766 cases, including 396 misdemeanor charges for failure to maintain workers' compensation insurance in violation of N.C. Gen. Stat. § 97-94(d). In addition, 144 employers were issued warnings for failure to maintain workers' compensation insurance coverage in violation of N.C. Gen. Stat. § 97-94(d) and were brought into compliance. One felony charge of workers' compensation fraud in violation of N.C. Gen. Stat. § 97-88.2 was made. 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 N.C. Gen. Stat. § 97-88.2(e). The 12,645 reported cases of employer 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 2021-22 Fraud Investigations under the Workers' Compensation Act

	Employees	Employers	Insurers	Health Care Providers	Attorneys	Rehabilitation Providers	<u>Total</u>
Fraud Cases Reported	112	12,645	4	3	1	1	12,766
Fraud Cases Pending	38	218	0	0	0	0	256
Fraud Cases Closed	74	12,427	4	3	1	1	12,510

NOTE: In response to Session Law 2020-3, Section 4.38, and Session Law 2020-97, Section 3.20.(b), the Industrial Commission enacted specific procedures to ensure the economic well-being of North Carolina citizens and businesses during the COVID-19 pandemic. These procedures included delaying the issuance of criminal charges and issuing warnings instead of charges in appropriate cases. The impact of these statutorily mandated procedures is reflected below in the lower number of criminal charges in both Fiscal Year 2020-21 and Fiscal Year 2021-22, as compared with prior fiscal years.



EMPLOYEE CLASSIFICATION

About the Employee Classification Section

Employee misclassification is defined in N.C. Gen. Stat. § 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 2021-22, a total of 7,118 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 7,447 reports/alerts, representing reports/alerts that came through the ECA either in Fiscal Year 2021-22 or in prior fiscal years.

Of the 7,447 reports/alerts investigated and resolved in Fiscal Year 2021-22, 5,193 employers were found to be in compliance with the Workers' Compensation Act; 1,661 employers were found not to be subject to the Workers' Compensation Act; 247 employers were found to be no longer in business; and 346 employers were found to be subject to the Workers' Compensation Act, non-insured, and brought into compliance with the Act. Of these 346 non-insured employers that were brought into compliance, 332 were referred by the Compliance Division to the Commission's Deputy Commissioner Section for consideration of a penalty assessment.

A total of \$4,469,134 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 N.C. Gen. Stat. § 97-94(b2), the amount assessed was reduced by \$1,186,524.12, thus resulting in a modified assessed amount of \$3,282,609.88 in penalties for Fiscal Year 2021-22 based upon referrals from the Employee Classification Section.

A total of \$342,988.21 in penalty collections was made by the Industrial Commission from non-insured employers in Fiscal Year 2021-22, based upon referrals from the Employee Classification Section. (This amount is included in the Compliance Division's total penalties collected for Fiscal Year 2021-22).

North Carolina Division of Employment Security Statistics Related to Employee Misclassification

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

As a result of 4,452 audits performed by the North Carolina Division of Employment Security, 12,449 workers were found by the Division of Employment Security to be misclassified from the third quarter of 2021 through the second quarter of 2022. This resulted in \$862,506 in taxes assessed by the Division of Employment Security.

North Carolina Department of Labor Statistics Related to Employee Misclassification

The North Carolina Department of Labor shared information from 71 of its investigations involving suspected employee misclassification to be entered into the ECA by the Employee Classification Section. Additionally, the North Carolina Department of Labor Wage and Hour Bureau referred 104 complaints to the Employee Classification Section.

As a result of investigations performed by the North Carolina Department of Labor, \$37,340 in wages were found to be due to employees who were found by the Department of Labor to be misclassified, \$20,862 in wages were paid to employees who were found by the Department of Labor to be misclassified, \$4,216 in penalties were assessed by the Department of Labor in these cases, and \$1,213 in penalties were collected by the Department of Labor in these cases.

NCDOL DISCLAIMER: All amounts are subject to change since issued penalties are not always paid in a timely manner; penalties that are not paid are sent out for collection. Further, any wages noted to be owed to an employee may not be immediately collected. All efforts are made to provide the most accurate information possible at the time the report is submitted, but the final totals may change as penalties or wages may be paid after the close of the fiscal year.

North Carolina Department of Revenue Statistics Related to Employee Misclassification

The North Carolina Department of Revenue currently does not have initiatives that are specifically designed to identify cases of employee misclassification. However, the Department of Revenue's Schedule C Initiative and 4% ITIN Withholding Initiative may identify employers who are misclassifying workers as independent contractors. The Department of Revenue 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 2021-22, the Department of Revenue's 4% ITIN Withholding audits resulted in \$7,955,829 in additional tax, penalties, and interest due, and its Schedule C Initiative audits resulted in \$9,025,922 in additional tax, penalties, and interest due.

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 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)	4,729
Cases Heard (excluding penalty and contempt)	698

Summary of Final Determinations Entered and Cases Settled

Compromise Settlement Agreements Approved	1,781
Final Determinations Entered (Opinion & Awards and Decisions & Orders)	627
Cases Dismissed with Prejudice	197
Cases Dismissed without Prejudice	59
Cases Continued and/or Removed from the Hearing Docket	2,251
Public Safety Employees' Death Benefits Act Determinations	31
Compensation to Persons Erroneously Convicted of Felonies Determinations	2

Employer Noncompliance and Contempt

In FY 2021-22, the Deputy Commissioner Section assessed 568 penalties against non-insured employers. In addition, the Deputy Commissioner Section disposed of 209 matters in contempt proceedings.

Penalty & Contempt Proceedings

Penalties Assessed	568
Penalty Matters Docketed for Hearing	821
Contempt Matters Docketed for Hearing	209

REPORT PURSUANT TO N.C. GEN. STAT. § 97-78(g)(2) REGARDING EXPEDITIOUS RESOLUTION OF DISPUTES FOR MEDICAL COMPENSATION

Expeditious Resolution of Emergency and Expedited Medical Motions

The Deputy Commissioner Section disposed of 232 Emergency and Expedited Medical Motions in FY 2021-22. N.C. Gen. Stat. § 97-25 requires that Expedited Medical Motions be fully resolved within 75 days of filing, including calendaring, conducting a full evidentiary hearing, completing all discovery, and the filing of 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 filing the Motion. Deputy Commissioners disposed of 230 Emergency and Expedited Medical Motions within the statutorily mandated time frames and 2¹ outside the statutorily mandated time frames.

Full Evidentiary Medical Motions/Emergency Medical Motions

Expedited Medical Motions	198
Emergency Medical Motions	34
Total Medical Motions	232

¹ Case #1: Date Filed: 12/15/21; Date of Final Disposition: 3/10/22; Days Exceeding 75 Days: 10
Case #2: Date Filed: 12/15/21; Date of Final Disposition: 3/16/22; Days Exceeding 75 Days: 16

EXECUTIVE SECRETARY'S OFFICE

Mission Statement

The Executive Secretary's Office is committed to assisting all parties to 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 the Form 24 *Application to Terminate or Suspend Payment of Compensation* and the Form 23 *Application to Reinstate Payment of Disability Compensation*. Telephone hearings are often 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 2021-22

Orders on Compromise Settlement Agreements	9,185
Orders on Third Party Distributions	774
Orders/Dispositions on Forms 24 <i>Application to Terminate or Suspend Payment of Compensation</i>	1,506
Orders/Dispositions on Forms 23 <i>Application to Reinstate Payment of Disability Compensation</i>	231
Orders on Medical Motions	1,633
Orders/Dispositions on Administrative Motions	3,621
Orders on Motions to Withdraw as Counsel	1,260
Total Orders/Dispositions	18,210

REPORT PURSUANT TO N.C. GEN. STAT. § 97-78(g)(2) REGARDING EXPEDITIOUS RESOLUTION OF DISPUTES FOR MEDICAL COMPENSATION

The Executive Secretary's Office issued 1,633 Orders on Medical Motions in FY 2021-22. None of the Orders was filed more than 75 days after the filing of the motion requesting relief.

WORKERS' COMPENSATION 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 Workers' Compensation Information Specialists

The Ombudsman Program, whose staff are referred to as "Information Specialists," is operated in accordance with N.C. Gen. Stat. § 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)	5,976
Number of Calls Answered (Spanish)	1,023
Total Calls Answered	6,999
Number of Walk-Ins	0
Correspondence (Letters & E-mails) Answered	3,219
Informational Packets Mailed	56

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 so as to enable the Industrial Commission to fulfill all aspects of its operations.

What We Do

To accomplish its mission, the IT Section has the following objectives:

- Provide excellent customer service to the Commission's internal and external users;
- Identify, innovate, design, facilitate, implement, and support Industrial Commission information systems technology hardware and software solutions;
- Safeguard the information, information systems, and information systems infrastructure of the Industrial Commission; and
- Design, develop, manage, and maintain the information technology systems and assets of the Industrial Commission.

In support of these objectives, the IT Section has the following responsibilities:

- Develop plans and procedures for technical and operational processes;
- Develop software programs and upgrades;
- Manage and maintain Industrial Commission software applications and licenses;
- Maintain and upgrade information systems technology hardware;
- Manage, track, and maintain the Commission's information technology assets;
- Manage Industrial Commission data security and access; and
- Provide technology training and internal end-user hardware, software, and network support.

Accomplishment Summary for FY 2021-22

The IT Section has continued to work with all other Industrial Commission sections to anticipate, identify, and/or address each Section's information systems technology hardware and software needs and solutions. The IT Section has continued to work to improve and/or enhance information technology services for Industrial Commission internal and external users.

Virtual/Remote Hearing Project

The Industrial Commission has been dependent on other State agencies to facilitate and conduct remote video conference hearings. As part of a project to update and remodel the Industrial Commission Hearing Room, the IT Section is working to implement a new virtual hearing system. The new system will enable the Full Commission and Deputy Commissioners to conduct hearings with both in-person and virtual/remote participants.

Case Management System Project

Development and testing of the new consolidated case management system continues to move forward. The new system is replacing several old mainframe and client-server systems (which were developed in-house and are running on State-owned hardware) with a new cloud-based solution. The new system will improve operating efficiency, provide new functionality, and give both internal and external users an improved and modernized experience.

Website Modernization Project

The IT Section has begun work on redesigning and modernizing the Industrial Commission's website. The new design will follow the guidelines of the State of North Carolina's Digital Commons initiative.

MEDIATION SECTION

Mission Statement

The Mediation Section administers the Industrial Commission's mediation program effectively, fairly, and efficiently, with the goal of empowering the parties in pending cases to take an active role in the resolution of their disputes to minimize the need for hearings and appeals, expedite the dispute resolution process, and enable the Industrial Commission to devote its adjudicatory resources to those cases not conducive to settlement.

About the Mediation Section

The Mediation Section educates the Commission's stakeholders concerning mediation theories 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 has requested a hearing, the case normally is ordered into mediation by the Dispute Resolution Coordinator so that the parties can attempt to settle their dispute at mediation before proceeding to 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. When a case is settled, the parties enter into a Compromise Settlement Agreement, which must be reviewed by the Industrial Commission pursuant to N.C. Gen. Stat. § 97-17, N.C. Gen. Stat. § 97-82 and Rule 11 NCAC 23A .0502. Even if a claim is not contested, the parties may choose to mediate their case in an effort to enter into a Compromise Settlement Agreement. Cases such as these are not ordered into mediation; instead, they are voluntarily mediated. While not ordered into mediation, 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 Dispute Resolution Commission. Most of these mediators also have significant workers' compensation experience as a result of having practiced law in the field of workers' compensation and/or mediating workers' compensation cases for many years.

N.C. Gen. Stat. § 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.

The number of cases referred to mediation in Fiscal Year 2021-22 was 8,797, which was a small increase from the prior fiscal year. This enabled the Commission to continue to generate receipts for *Report of Mediator* fees at a steady and healthy level. However, the overall settlement rate (74.4%) was down in Fiscal Year 2021-22 and at its lowest level in the past 14 years.

This decline in the overall settlement rate is notable, and it is reflected in the lower number of Compromise Settlement Agreements submitted to the Commission in Fiscal Year 2021-22, as compared with the past several fiscal years. In Fiscal Year 2021-22, the number of

Compromise Settlement Agreements submitted to the Commission was 10,938², as compared with 11,401 in Fiscal Year 2020-21, 12,261 in Fiscal Year 2019-20, and 12,626 in Fiscal Year 2018-19.

Mediation Section Summary for FY 2021-22

Cases Referred to Mediation	8,797
Settlement Rate at Mediation Conferences	71.4%
Overall Settlement Rate	74.4%
Report of Mediator Fees Received	\$1,604,695
Compromise Settlement Agreement Fees Received	\$4,271,967

² This number reflects the number of Compromise Settlement Agreements submitted in FY 2021-22. It is slightly different from the total number of Orders issued regarding Compromise Settlement Agreements (10,966) in FY 2021-22 reflected on Page 6 of the report. This difference reflects the fact that some Agreements submitted at the end of one fiscal year may not be approved until the next fiscal year. The number of Orders also reflects Orders on Addenda to Agreements and amended Orders.

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 as a result of 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 N.C. Gen. Stat. § 97-26(i), the Industrial Commission has adopted a Medical Provider Fee Dispute Resolution Procedure by rule (Rule 11 NCAC 23A .0614).

Medical Bills Processed

Total Bills Processed	1,156
Inpatient Hospital	508
Physician	555
Miscellaneous, Dental, and Chiropractic	93
Bills Awaiting a Response	0

Summary of Medical Provider Fee Disputes Processed

Total Cases Received	161
Paid	96
Resolved, Payment Pending	12
Referred for Legal Review	0
Unfounded	42
Closed	0
Pending	11
Amount Paid to Providers Following Fee Dispute Resolution	\$148,908.20

MEDICAL REHABILITATION NURSES SECTION

Mission Statement

The North Carolina Industrial Commission Medical Rehabilitation 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 the provision of Industrial Commission Mandatory Rehabilitation Professional Training, acknowledgment of the Form 25N *Notice of Assignment of Rehabilitation Professional*, and the maintenance of the Industrial Commission's Registry of Workers' Compensation Rehabilitation Professionals. The mandatory training is required for all Rehabilitation Professionals who work on workers' compensation cases in North Carolina. The mandate requires a comprehensive initial training course for all Rehabilitation Professionals and a "refresher" course that must be taken every five years to maintain "Qualified" status.

The Nurses Section also is tasked with providing medical rehabilitation consultative services to a variety of North Carolina workers' compensation audiences, including injured workers, insurance carriers, attorneys, Rehabilitation Professionals, and health care providers when ordered or requested. The Nurses Section assists with case management and medical rehabilitation needs in the event issues arise regarding returning injured workers to their maximum functional capabilities.

Nurses Section Summary of FY 2021-22

Total Cases	36
Acknowledged Forms 25N	14,424
Rehabilitation Professionals Trained	409
Rehabilitation Professional Course Fees Collected	\$24,865.00

Industrial Commission

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