

# *Annual Report*

**Fiscal Year 2017**  
(JULY 1, 2016 - JUNE 30, 2017)



*Industrial Commission*

# LETTER FROM THE CHAIRMAN



On behalf of my fellow Commissioners, the Deputy Commissioners, and the dedicated employees of the North Carolina Industrial Commission, it is my pleasure to issue this Annual Report for FY 2016-17.

The Industrial Commission was established in 1929 to adjudicate and administer the North Carolina Workers' Compensation Act. In 1949, the Industrial Commission was also given authority by the General Assembly to adjudicate and administer the North Carolina State Tort Claims Act.

Additional matters within our jurisdiction include the Law Enforcement Officers', Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefits Act, the Childhood Vaccine-Related Injury Compensation Program, and Compensation to Persons Erroneously Convicted of Felonies. The Industrial Commission also adjudicated and administered claims under the Eugenics Asexualization and Sterilization Compensation Program.

My goal as Chairman is to ensure the Commission maintains the highest levels of fairness and impartiality throughout the adjudicatory process; ensure the Commission is a good steward of the resources entrusted to us; seek improvements and efficiencies where possible, and provide outstanding customer service.

The Industrial Commission demonstrated tremendous productivity and development in FY 2016-17 by continuing to refine best practices and undertaking new initiatives. I am confident that the workers' compensation system of our State, as well as other matters within our jurisdiction, will realize significant benefits as we continue to build upon these efforts.

Charlton L. Allen  
Chairman  
North Carolina Industrial Commission

## NORTH CAROLINA INDUSTRIAL COMMISSION

**Charlton L. Allen**, Chairman  
**Yolanda K. Stith**, Vice-Chairman

**Philip A. Baddour, III**, Commissioner  
**Linda Cheatham**, Commissioner

**Christopher C. Loutit**, Commissioner  
**Tammy Nance**, Commissioner

**Charles Duckett**, Chief Operating Officer  
**Meredith R. Henderson**, Executive Secretary  
**William W. "Bill" Peaslee**, Chief Deputy Commissioner  
**Emily Baucom**, Clerk of the Industrial Commission  
**Bryan A. Strickland**, Director of Compliance and Fraud Investigation  
**Bradley Hicks**, Director of Employee Classification  
**Asia J. Prince**, Director of Claims Administration

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# North Carolina Industrial Commission – At a Glance Report for FY 2016-17 (JULY 1, 2016 – JUNE 30, 2017)

Workers' Compensation Claims Filed	64,767
Orders Issued on Medical Motions <sup>1</sup>	2,636
Deputy Commissioner Workers' Compensation and Tort Hearings Held <sup>2</sup>	1,728
Penalty and Contempt Matters Resolved at the Deputy Commissioner Level	895
Cases Appealed to the Full Commission <sup>3</sup>	424
Cases Referred to Mediation	9,884
Orders on Compromise Settlement Agreements <sup>4</sup>	11,848
Mediation Settlement Rate	73.81%
<i>Forms 26A Employer's Admission of Employee's Right to Permanent Partial Disability received</i>	6,501
<i>Orders filed on Forms 24 Application to Terminate or Suspend Payment of Compensation</i>	1,860
<i>Orders filed on Forms 23 Application to Reinstate Payment of Disability Compensation</i>	218
Cases Handled by the Medical Rehabilitation Nurses Section	219
Medical Bills Reviewed	625
Individuals Trained at Industrial Commission's Safety Education Courses	1,051
Fraud Cases Reported	3,317
Penalties Collected	\$2,088,371

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<sup>1</sup> Includes Medical Motions filed with the Deputy Commissioner Section and the Executive Secretary.

<sup>2</sup> Does not include Expedited Medical Motion hearings or Penalty and Contempt hearings.

<sup>3</sup> Includes workers' compensation cases, tort claims, Medical Motions, etc.

<sup>4</sup> Includes Compromise Settlement Agreements approved by the Executive Secretary, the Deputy Commissioner Section, and the Full Commission.

# 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 adjudicate and administer the North Carolina Workers' Compensation Act. In 1949, the Industrial Commission was also given authority by the General Assembly to adjudicate and administer the Tort Claims Act. Additionally, the Industrial Commission is charged with efficiently adjudicating and administering the Law Enforcement Officers', Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefits Act; the Childhood Vaccine-Related Injury Compensation Program; claims under N.C. Gen. Stat. § 148-82 *et seq.* for Compensation to Persons Erroneously Convicted of Felonies; and, previously, claims under the Eugenics Asexualization and Sterilization Compensation Program.

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, confirmed by the General Assembly, and take an oath prior to commencing work at the Commission. No more than three of the Commissioners can be representatives of employers and no more than three can be representatives of employees.

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 is the ultimate fact-finding body of the Industrial Commission and, therefore, only the findings of the Full Commission are deemed conclusive on appeal to the higher courts, if supported by the evidence.

## Full Commission Section Summary for FY 2016-17

Appeals in Workers' Compensation and Tort Claims	393
Medical Motion Appeals	31
Total Appeals to Full Commission	424
Full Commission Orders (excluding Compromise Settlement Agreements)	434

## 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 proper management of the Industrial Commission.

## Major Activities and Initiatives

### Expansion of Electronic Document Filing Portal (“EDFP”)

The Industrial Commission continued its transition to an electronic filing system that originally started during FY 2015-16. The completion of the second phase resulted in a tremendous expansion in the range of document types, now more than 440, which are accepted via EDFP. This expansion has positively impacted efficiency for all stakeholders, in addition to increased productivity within the Commission due to the substantial decrease in scanning paper filings. Although EDFP presently does not accept Medical Motion filings, the Commission anticipates amending the rule again in the coming fiscal year to capture this class of documents which will further maximize efficiencies for all cases that come before the Commission.

### Chairman’s Initiative – The Opioid Task Force

In February 2017, Chairman Allen announced the creation of a Workers’ Compensation Opioid Task Force to consider and recommend solutions addressing the intersection of the growing opioid epidemic and related issues which may arise in workers’ compensation claims. The Commission’s report to the General Assembly on April 1, 2016, regarding the potential use of a drug formulary in workers’ compensation cases, shed light on the concerning nexus of opioid misuse and abuse originating from, or exacerbated by, workplace injuries.

In response to the spreading opioid epidemic, workers’ compensation authorities in many other states have undertaken initiatives to address the crisis. Abuse of opioids and related drugs have a direct human and financial cost on injured workers and employers in North Carolina. Controlled substances, mostly opioids and related drugs, account for 28%-31% of all workers’ compensation prescription drug costs. Opioid use in a workers’ compensation case has been statistically shown to extend the period of disability, thus increasing the medical and indemnity costs.

The Opioid Task Force is working towards a multifaceted solution by collaborating with other State agencies and various stakeholders contributing unique perspectives from all levels of the workers’ compensation system. In response to the legislative directive in Session Law 2017-203, the Opioid Task Force is developing rules and guidelines for the utilization of opioids, related prescriptions, and pain management treatment. Additional information regarding this Opioid Task Force can be found on the Commission’s website.

### Transition to the Department of Insurance

Session Law 2017-57, the Appropriations Act of 2017, became law at the close of FY 2016-17, and Section 15.19A outlined a transition for the Industrial Commission. Although our physical location will remain at the Dobbs Building for the foreseeable future, a legislative Type II transfer moved the Industrial Commission from the Department of Commerce to the Department of Insurance effective July 1, 2017. Not only will this provide the Industrial Commission with more autonomy and support, but this move also presents the opportunity to consolidate the duplication of services between two agencies with similar missions. Given that a logical synergy exists between the Industrial Commission’s functions and structure and those of the Department of Insurance, we anticipate a smooth transition and nexus of our agencies’ functions. We look forward to working with the Department of Insurance to make meaningful progress building upon our latest efforts to efficiently serve all employees, employers, insurers, carriers, and taxpayers in North Carolina.

## Notable Legislation

### **House Joint Resolution 870**

- The General Assembly confirmed the appointment of Philip A. Baddour, III, to a term as a Commissioner on the Industrial Commission. Commissioner Baddour was appointed to replace Outgoing-Commissioner Bernadine Ballance. His term statutorily began on May 1, 2017 and expires on April 30, 2023.

### **House Bill 26, Session Law 2017-124**

- Section 1 is a clarifying amendment in response to the North Carolina Supreme Court's decision in *Wilkes v. City of Greenville* (No. 368PA15) on June 9, 2017. This legislation amends N.C. Gen. Stat. § 97-82(b) and clarifies that an injury not identified in an award arising out of N.C. Gen. Stat. § 97-18(b) or N.C. Gen. Stat. § 97-18(d) is not presumed to be causally related to the compensable injury. This clarifying amendment is effective prospectively and retroactively.
- Section 2 amends N.C. Gen. Stat. § 97-90(f) to clarify how the Commission handles fee disputes and the division of a fee between an employee's current and past attorneys of record. Under the statute as amended, in the event of a dispute, the Commission shall hear the dispute after the settlement agreement is approved such that the settlement agreement itself is not held up while the attorney fee dispute is resolved. Additionally, the Commission will now be able to disclose the total amount of the approved fee to all current and past attorneys involved in the fee dispute.

### **Senate Bill 489, Session Law 2017-150**

- Section 1 of this legislation responds to issues in the business community with persons avoiding cancellation of an insurance policy by refusing to accept certified mail. This amendment establishes a rebuttable presumption for when a policy cancellation notice is presumed complete and effective.
- Sections 3 and 4 of this legislation clarify issues arising in response to the North Carolina Court of Appeals decision in *Bentley v. Jonathan Piner Construction*, 790 S.E.2d 379, (No. COA16-62). This legislation, amending N.C. Gen. Stat. § 97-84, clarifies that, when a Deputy Commissioner assigned to a case leaves the Industrial Commission prior to the full adjudication of the pending matter, a different Deputy Commissioner may take over that matter and proceed to a complete determination and file a written opinion. This ensures a timely resolution of the issues and avoids duplicative hearings when the initial Deputy Commissioner leaves the Industrial Commission prior to the full resolution of a case. This amendment reflects a continued commitment to reaching swift resolutions for the parties as well as avoiding the unnecessary expenditures of State and Commission resources.

### **House Bill 229, Session Law 2017-102**

- Section 15 of the General Statutes Commission Technical Corrections Bill amends N.C. Gen. Stat. § 97-25(f). This amendment allows medical motions and responses to be submitted to the Commission via "electronic means" rather than "electronic mail." This previous language precluded the Industrial Commission from including this filing in our transition to EDPF filing.
- This change to "electronic means" will allow the Commission statutory authority to engage in rulemaking to include medical motions in our e-filing rule, 04 NCAC 10A .0108.

### **Senate Bill 257, Session Law 2017-57**

- Section 15.17                      *Industrial Commission Service of Process*



- This amendment to N.C. Gen. Stat. § 97-86 clarifies the procedure for service of process of Full Commission decisions. Serving orders only by certified mail under the current statutory language is a costly and cumbersome means of providing litigants with the Commission's decision. The amendment will allow the Commission to move away from the costly registered mail requirement, and will realize significant cost saving to the State upwards of \$200,000 per year. The amendment continues to allow any class of U.S. mail that is fully prepaid to allow for a smooth transition while the Commission establishes parameters for the use of electronic mail, as statutorily permitted now under this amendment. This amendment will modernize the Commission's procedures and ensure expedient service of process.
- **Section 15.18**                    *Industrial Commission Litigation Expense Carryforward*
  - In this Section, the General Assembly appropriated funds to the Industrial Commission for various legal services and litigation-related expenses.
- **Section 15.19**                    *Industrial Commission Case Management Systems*
  - This Section sets up gradual funding for a new case management system. This project will be funded through both receipts and appropriated funds over a four-year period, through June 30, 2021. In total, the Commission may retain \$1.2 million in receipts and \$3 million in appropriations (\$750,000 for each fiscal year). The current Industrial Commission case management functions are spread across multiple outdated platforms and systems, leading to inefficient use of staff resources and providing no access for external users to review documents or actions pertaining to their cases. By obtaining a consolidated case management system, the Commission hopes to bring multiple internal functions together for improved efficiency and to allow external users to access their case data and documents. The Commission will work with the Department of Information Technology and other State agencies seeking case management solutions to find the most cost-effective means of meeting these needs.
- **Section 15.19A**                    *Transfer Industrial Commission to Department of Insurance*
  - Effective July 1, 2017, the Industrial Commission was transitioned, by a Type II transfer, from the Department of Commerce to the Department of Insurance.

**House Bill 528, Session Law 2017-197**

- Section 4.9 of this Budget Technical Corrections bill amends the language of Section 15.18(a) of the Appropriations Act, Session Law 2017-57, to more broadly designate the funds that the Industrial Commission can carry forward and designate for legal services.

**Senate Bill 407, Session Law 2017-203**

- The first part of this legislation addresses employee misclassification. In general, it statutorily codifies the current practice under Former-Governor McCrory's Executive Order 83. The Employee Classification Section, housed within the Industrial Commission, will continue to take meaningful steps to curtail the misclassification of workers.
- Section 4 of this legislation provides a legislative directive from the General Assembly to the Industrial Commission to engage in rulemaking to adopt rules and guidelines to curtail the misuse of opioids in the workers' compensation system. In so doing, the General Assembly waived the fiscal note requirement under the APA so that the rules and guidelines can be promulgated expeditiously.



- Section 5 of this legislation repeals N.C. Gen. Stat. § 97-81(c), which removes the report requirement of the Industrial Commission’s Safety Section. This outdated provision was removed to reduce redundancy in our statutory regulations.

## Rulemaking Update

### ***Electronic Document Filing Portal***

- The Commission engaged in permanent rulemaking to amend Rule 04 NCAC 10A .0108 as the Electronic Document Filing Portal’s capacity was further developed. Notice of the amendment was published in the North Carolina Register on October 17, 2016. Following the permanent rulemaking procedures of the APA, the Commission adopted the rule on December 20, 2016. The Rules Review Commission approved the rule amendment at their January meeting. This rule, as amended, went into effect February 1, 2017.
- The Commission anticipates amending Rule 04 NCAC 10A .0108 again in the coming fiscal year in light of Section 15 of Session Law 2017-102. This section of the GSC Technical Corrections Bill of 2017 amended N.C. Gen. Stat. § 97-25(f) to allow medical motions and responses to be submitted to the Commission via “electronic means” rather than “electronic mail.” The previous language precluded the Commission from including this class of documents in the first and second iterations of rulemaking.

### ***Fees for Institutional Services***

- The Commission proposed and adopted a temporary rule amending the workers’ compensation medical fee schedule rule 04 NCAC 10J .0103 in light of the August 9, 2016 court decision in Surgical Care Affiliates, LLC v. North Carolina Industrial Commission, No. 16-CVS-0060 (Wake County Superior Court), which is pending appeal before the North Carolina Court of Appeals.
- Although the Rules Review Commission approved the temporary rule at their December meeting, a legal challenge to this temporary rule was filed in Wake County Superior Court. In a decision issued on March 21, 2017, the Wake County Superior Court determined that temporary rulemaking was not required under the circumstances, as a stay of the August 9, 2016 court decision sufficed to preserve the status quo. This matter is also currently pending on appeal to the North Carolina Court of Appeals.
- In conjunction with the temporary rule, the Industrial Commission began the process of permanent rulemaking for Rule 04 NCAC 10J .0103. Notice of the proposed rule amendment was published in the North Carolina Register on June 15, 2017. The Commission anticipates completion of the permanent rulemaking process for this rule change in the next fiscal year.

## Recommendations

The following legislative recommendations are provided in accordance with N.C. Gen. Stat. § 97-78(e):

- Based on the difficult experiences of the Industrial Commission’s fraud investigators, who are sworn law enforcement officers, the Industrial Commission recommends that the General Assembly adopt legislation clarifying the territorial and statutory authority of the Commission’s Fraud Investigators. The fraud investigators need statewide jurisdiction and full law enforcement authority in order to safely and effectively carry out their investigations and other duties, consistent with the scope of authority of similar sworn officers.

- The Industrial Commission requests that the General Assembly modify the Deputy Commissioner salary structure set by N.C. Gen. Stat. § 97-79(b3) to conform to the terms of office. The current statutory formula for Deputy Commissioner salaries was instituted prior to the legislative change converting these offices to terms of six years, with a limit on the number of terms that may be served. Further, the Commission requests a modest statutory pay increase for a Deputy Commissioner serving as the Chairman's designated liaison for a regional office to reflect the increased job duties and responsibilities.
- The Industrial Commission recommends that the General Assembly adopt legislation clarifying Section 33.(a) of Session Law 2013-410 to indicate that the General Assembly intended for the Industrial Commission to revise its entire schedule of maximum fees for medical compensation, including fees for all types of health care providers and services, to create a fee schedule based on applicable Medicare payment methodologies and any other appropriate payment structures. The recommended legislation should also clarify that Section 33.(a)(3) was intended to apply to rules proposed and adopted in relation to fees for all types of health care providers and services.
- The Industrial Commission requests the repeal of N.C. Gen. Stat. § 97-72(a) and related legislation. The committee referenced by this statutory provision of the Workers' Compensation Act has not been utilized or convened for over a decade. It is an unnecessary and outdated provision, and the Industrial Commission is seeking to eliminate redundant statutes.
- The Industrial Commission recommends a clarification of the statutes governing the counting of proprietors, partners, limited liability company members, and executive officers of corporations as employees under the Workers' Compensation Act. Parity in these business structures would alleviate confusion and provide consistency and fairness for small businesses.

# CLAIMS ADMINISTRATION SECTION

## **Mission Statement**

The Claims Administration Section seeks to provide reliable, 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, Claims Administration 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, Claims Administration processes forms sent in by insurers and employers relative to the acceptance or denial of claims, initiation and termination of benefits, and return-to-work status. Claims Administration handles occupational disease claims, including the initiation of those claims and research on multiple employer/insurer situations.

Additionally, Claims Administration processes form agreements for payment of death, disfigurement, and permanent partial disability benefits. Claims Administration also handles attorney representation letters, interim attorney fee requests, motions to extend the time to accept or deny a claim, and assesses penalties against employers/insurers who fail to timely file forms required by statute.

Finally, Claims Administration answers inquiries from injured workers, employers, attorneys, and insurers concerning file copy requests, appropriate form filing, insurance coverage information, the status of pending agreements, and any other questions a stakeholder may have.

## **Most Frequently Processed Claims Administration-Related Forms**

Employers/insurers are required to file a first report of injury ("FROI") when an injured worker has missed one or more days of work OR where more than \$2,000 in medical benefits have been incurred. The FROI is commonly referred to as the Form 19. All FROI's for injuries occurring after April 1, 1997 must be filed electronically via the Electronic Data Interchange ("EDI").

The Form 18 is the Notice of Accident to Employer and Claims of Employee, Representative, or Dependent. This is to be filed by an injured worker or his/her representative within two years of the date of injury or occupational disease, or the claim may be barred.

The Form 18B is a Claim by Employee, Representative, or Dependent for Lung Disease, Including Asbestosis, Silicosis, and Byssinosis. It is not to be used for other occupational disease claims, or for injuries by accident.

The Form 26A is the Employer's Admission of the Employee's Right to Permanent Partial Disability pursuant to N.C. Gen. Stat. § 97-31. The form is used when the parties agree the employer will pay the injured worker the permanent partial disability rating assigned once the injured worker reaches maximum medical improvement.

The Form 60, 61, or 63 is filed by an employer/insurer in response to a claim for benefits made by an injured worker or his/her representative. One of these three forms must be used to admit,

deny, or pay the claim without prejudice for an investigatory period pursuant to N.C. Gen. Stat. § 97-18 (see below).

### **Compliance with N.C. Gen. Stat. § 97-18**

When an injured worker files a claim for compensation with the Industrial Commission, the Industrial Commission may order reasonable sanctions against an employer or insurer which does not, within 30 days following notice from the Industrial Commission of the filing of a claim, or within such reasonable additional time as the Industrial Commission may allow, file a Form 60, 61, or 63 with the Industrial Commission and the injured worker.

Claims Administration keeps track of all Form 18's filed and Form 60, 61, and 63's filed with respect to various claims. If an employer or insurer has failed to comply with N.C. Gen. Stat. § 97-18, Claims Administration is tasked with assessing a \$200.00 penalty against the employer and insurer. If an employer and/or insurer feels the penalty has been assessed in error, Claims Administration investigates the claim and corresponds with the inquiring party in order to determine whether the penalty is indeed warranted. There are certain circumstances in which a claim may be incorrectly reported as not being in compliance with N.C. Gen. Stat. § 97-18, in which case, the penalty may be waived. These include:

- **Duplicate files:** Two or more files were created for the same injury due to variations in keyed information provided by the parties at the outset of the claim. Once discovered, these files are combined, with one number deleted from the Industrial Commission's database.
- **Combined files:** The parties requested the combination of two or more files because of similar issues. Although combined, both file numbers remain in our database.
- **Settled claims:** The claim settled prior to the expiration of the 30-day time period.

### **Claims Administration Accomplishments in FY 2016-17**

- During FY 2016-17, Claims Administration saw an increase in compliance with N.C. Gen. Stat. § 97-18, with regards to the timeliness of the filing of a Form 60, 61, or 63, after a Form 18 had been filed. This can be attributed to stricter enforcement of N.C. Gen. Stat. § 97-18, thereby reducing the number of penalties waived.
- Prior to February 1, 2017, all forms and motions filed with the Claims section were filed via email and printed to be scanned into the appropriate file. After February 1, 2017, all forms and motions, with a few exceptions, filed with the Claims section were required to be submitted via the Commission's Electronic Document Filing Portal. From February 1, 2017 through June 30, 2017, over 56,000 forms and motions previously filed via email and printed to be scanned, were filed with the Claims section via EDFP. This change in procedure has allowed the section to drastically decrease the number of documents printed and has aided in the Commission's efforts to go paperless.

## Claims Administration Section Summary FY 2016–17

Claims Opened via Form 18 Filing	8,651
Claims Opened via Form 19 Filing	56,116
<b>Total Claims Opened</b>	<b>64,767</b>
Forms 60, 61, 63 Filed	49,831
Death Claims Filed	216
Form Agreements (Form 26A) Received <sup>5</sup>	6,501
Form Agreements (Form 26A) Approved <sup>6</sup>	6,840
Telephone Calls <sup>7</sup>	51,173

## Forms Compliance Summary FY 2016–17

Total of Form 18's Processed FY 2016-17	18,333
Forms 60, 61 or 63 Processed Before Form 18 Filed	5,010
Forms 60, 61 or 63 Filed within 30 days of Form 18	8,676
<b>Total Number of Compliant Forms</b>	<b>13,686</b>
Forms 60, 61 or 63 Filed between 31 and 60 days of Form 18	1,407
Forms 60, 61 or 63 Filed between 61 and 90 days of Form 18	456
Forms 60, 61 or 63 Filed 91 or more days after Form 18	553
Form 18 with no Forms 60, 61 or 63 Processed by end of FY 2016-17 <sup>8</sup>	2,231
<b>Total Number of Claims not in Compliance<sup>9</sup></b>	<b>4,647</b>

<sup>5</sup> Each fiscal year, there is a slight discrepancy between number of form agreements received and the number of form agreements approved because some agreements may have been received in one fiscal year and approved in the next fiscal year. Of the agreements approved in FY 2016-17, 592 were received in FY 2015-16.

<sup>6</sup> In spite of staffing limitations, claims examiners reviewed and approved over 600 additional Form 26A agreements as compared to last year's figure and were able to clear up a backlog of agreements that were left from FY 2015-16.

<sup>7</sup> FY 2016-17 was the first full fiscal year in which Claims assumed the responsibility of an additional service line. Examiners contacting parties regarding incomplete Form 26A's resulted in increased calls made by Claims examiners.

<sup>8</sup> This number includes 707 Form 18s that were filed less than 30 days before the End of FY 2016-17.

<sup>9</sup> Major reasons for noncompliance may be found on preceding page. The Commission is currently considering new procedures that will result in a substantial reduction in the number of claims not in compliance with N.C. Gen. Stat. § 97-18(j).

## Forms Compliance Summary Pursuant to N.C. Gen. Stat. § 97-78(g)<sup>10</sup> For Calendar Year 2016

Total of Form 18's Processed Calendar Year 2016	19,310
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Forms 60, 61 or 63 Processed Before Form 18 Filed	6,156
Forms 60, 61 or 63 Filed within 30 days of Form 18	8,353
<b>Total Number of Compliant Forms</b>	<b>14,509</b>
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Forms 60, 61 or 63 Filed between 31 and 60 days of Form 18	1,397
Forms 60, 61 or 63 Filed between 61 and 90 days of Form 18	434
Forms 60, 61 or 63 Filed 91 or more days after Form 18	602
Form 18 with no Forms 60, 61 or 63 Processed by end of Calendar Year 2016	2,368
<b>Total Number of Claims not in Compliance</b>	<b>4,801</b>

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<sup>10</sup>Specific information for each claim not compliant with N.C. Gen. Stat. § 97-18(j) is available upon request.

# OFFICE OF THE CLERK

## Mission Statement

The mission of the Clerk's Office is to ensure 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 Industrial Commission's electronic document repository and routed to the appropriate Industrial Commission staff. All cases to be heard by the Industrial Commission are to be timely placed on a docket and moved through the system efficiently and expeditiously. These functions are done consistent with providing excellent customer service to our outside stakeholders and the sections we serve within the Industrial Commission.

## About the Clerk's Office

The Clerk's Office was established in February 2016 to be the clearinghouse for documents filed pursuant to the Industrial Commission's new filing rule, Rule 04 NCAC 10A .0108, which also became effective in February 2016. Rule 04 NCAC 10A .0108 requires that most documents filed with the Industrial Commission be transmitted to the Commission electronically. The Clerk's Office ensures filings are properly identified and delivered electronically to the appropriate Industrial Commission staff. 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 Industrial Commission's files. In addition to overseeing the Clerk's Office and administering Rule 04 NCAC 10A .0108, the Clerk of the Industrial Commission rules on various administrative motions including attorney withdrawals, motions to withdraw requests for hearing, and motions to consolidate cases for hearing.

Rule 04 NCAC 10A .0108 was amended effective February 1, 2017, to simplify filing instructions and to reflect the Commission's ability to accommodate more document types through the Electronic Document Filing Portal . In 2016, the Commission required that 50 document types be filed via EDFP. In 2017, that number jumped to 444 document types. The effects of EDFP expansion on the Commission's business processes in the past two years have been dramatic. Industrial Commission files are now updated in real time as documents are filed. The scanning of paper documents has decreased 85% since February 1, 2017. Before Rule 04 NCAC 10A .0108 was established, approximately 270 documents were filed with the Commission via EDFP each month. Following EDFP expansion and the corresponding amendments to Rule 04 NCAC 10A .0108, that number has jumped to over 18,000 per month. In FY 2015-16, approximately 2,113,000 pages of documents were submitted to the Commission via EDFP. The number for FY 2016-17 is over 4,246,000 pages. The improvements decrease the turn-around time for the filing of new claims and increase productivity, providing Commission staff more time to tackle additional projects. In addition, EDFP has provided our outside stakeholders with an easy, one-stop filing method that delivers an automatic receipt for proof of filing.

The Clerk's Office supports the Industrial Commission's goal of becoming a paperless organization. While Rule 04 NCAC 10A .0108 and EDFP are the main instruments used by the Clerk's Office in support of this goal, other efforts are underway. In 2016, the Clerk's Office implemented procedures such that all new tort claims would be electronic files at their inception. In addition, the Clerk's Office facilitated the Commission's adoption of E-certify, which allows for receipt of electronic proof of delivery of certified mail and decreases the amount of paper mail sent to the Commission while saving on mailing costs.



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 Industrial Commission, including workers' compensation and state tort claims. For cases appealed to the Full Commission, the Clerk's Office organizes the record of evidentiary exhibits, orders official hearing transcripts, and provides copies of the transcripts to the parties. The section assembles exhibits and filings into electronic working files for each member of the Full Commission panel assigned to review each case on appeal and prepares and electronically distributes the Full Commission hearing calendars. The section also serves as the custodian for recordings of Industrial Commission hearings and coordinates assignments of court reporters for hearings before the Deputy Commissioners and the Full Commission.

The Clerk's Office maintains the Industrial Commission's attorney database by adding new attorneys and updating attorney contact information upon receipt. The section assigns Industrial Commission file numbers for state tort claims, for claims filed under the Law Enforcement Death Benefits Act, and for Erroneous Conviction cases. The Clerk's Office also processes requests for copies of files.

## Clerk's Office Summary for FY 2016-17

Requests That Claim be Assigned for Hearing	8,190
Requests for Hearing in Non-Insured Cases	130
Amended Requests that Claim be Assigned for Hearing	285
Administrative Appeals to Deputy Commissioners	527
Appeals (Requests for Hearing) in Penalty Assessment Cases	544
Responses to Hearing Requests	5,343
Attorney Representation Letters and Other Correspondence	12,116
Requests for Copies of Files	6,346
Tort Claims Filed	587
Appeals to Full Commission	393
Medical Motion Appeals	31
Cases Sent for Transcription	311
Full Commission Calendars Generated	47
Attorney Withdrawal Orders	1,553
Orders/Dispositions on Administrative Motions	466
Scanned documents uploaded to Electronic Case Files	127,065

# COMPLIANCE AND FRAUD INVESTIGATIVE DIVISION

## Mission Statement

The Compliance and Fraud Investigative Division works with businesses operating in North Carolina to ensure compliance with the Workers' Compensation Act's requirement to maintain adequate insurance and to enforce the rules and regulations of the North Carolina Industrial Commission.

## About the Compliance and Fraud Investigative Division

The Compliance and Fraud Investigative Division is divided into two units: 1) the Compliance Unit and 2) the Fraud Investigative Unit.

## Compliance Unit

The Compliance Unit handles civil 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. Once an investigation is complete and evidence is gathered, it is presented by the Office of the Attorney General during the Industrial Commission's non-insured penalty hearings. Civil penalties can be assessed covering the entire time-frame that the employer is not insured. The Compliance Unit also assists the Office of the Attorney General with the enforcement and collection of penalty actions.

The Compliance Unit uses a database known as the Noncompliant Employer Targeting System ("NETS"). NETS is a software tool that analyzes data sources from various State agencies and identifies potentially noncompliant employers who may be in violation of the North Carolina Workers' Compensation Act. As a result of the leads generated by the NETS system, collection of our penalties and fines collections increased from \$1,495,963 in FY 2015-16 to \$1,723,296 in FY 2016-17, an increase of over 15% year over year. Additionally, 969 noncompliant employers were brought into compliance by obtaining workers' compensation insurance coverage.

## Non-Insured Cases for FY 2016-17

Non-Insured Hearings Docketed before the Industrial Commission	226
Non-Insured Cases Investigated Pursuant to a Form 33	163
Non-Insured Cases Investigated Pursuant to a Form 18 ( <i>Notice of Accident and Claim of Employee, Representative, or Dependent</i> )	361
Non-Insured Cases with No Injury Reported (category represents cases received and investigated by the Compliance Officer) <sup>11</sup>	2,946
Non-Insured Cases with No Injury Reported (category represents cases received) <sup>12</sup>	3,102

<sup>11</sup> The 2,946 cases include 87 cases that were investigated and closed outside of the NETS database tool as the result of calls received on our investigation hotline.

<sup>12</sup> The 3,102 cases addressed allegations of fraud such as an employer not carrying workers' compensation insurance if required, unlawful deductions made by employers, and similar fraudulent activities.

## Fraud Investigative Unit

The Fraud Investigative Unit operates as a law enforcement agency and is responsible for conducting criminal investigations into 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. Fraud Investigators investigate all criminal complaints filed with the Industrial Commission regarding failure of employers to maintain workers' compensation insurance (N.C. Gen. Stat. § 97-94(d)); fraud on the part of employees with regard to the collection or obtaining of workers' compensation benefits (N.C. Gen. Stat. § 97-88.2); fraud on the part of employers with regard to payment or collection of 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. The Criminal Investigation Unit works with judicial officials and other law enforcement agencies throughout the State to resolve cases related to the above matters in criminal court.

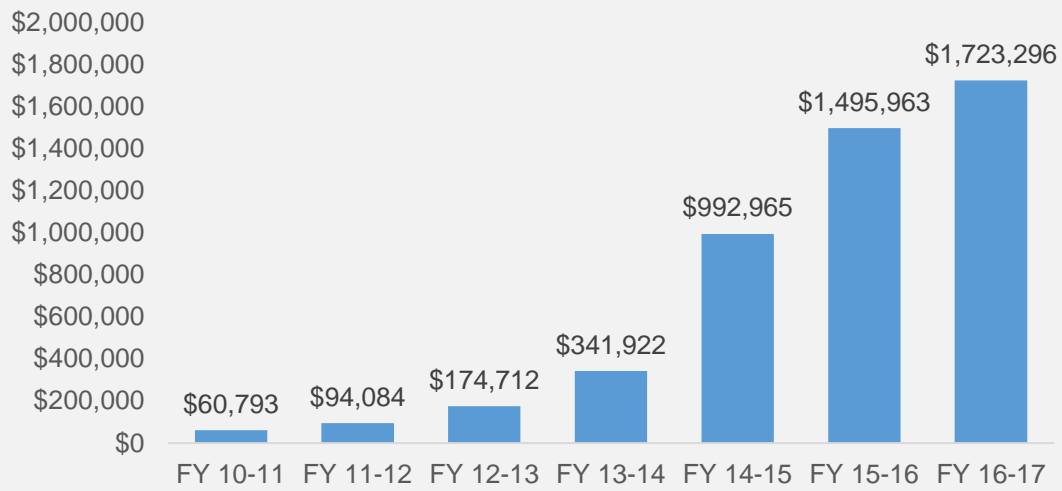
The staff consists of six sworn law enforcement officers and one administrative staff personnel. Being fully staffed has improved our ability to pursue noncompliant employers and to proactively identify and bring into compliance employers who are required to maintain workers' compensation insurance, but have failed to do so. During FY 2016-17, we issued 404 misdemeanor charges and one felony charge against business owners for failure to maintain workers' compensation insurance in violation of N.C. Gen. Stat. § 97-94(d), as well as felony charges in violation N.C. Gen. Stat. § 97-88.2 against seven employees.

## Persons Investigated for Fraud under the Workers' Compensation Act for FY 2016-17<sup>13</sup>

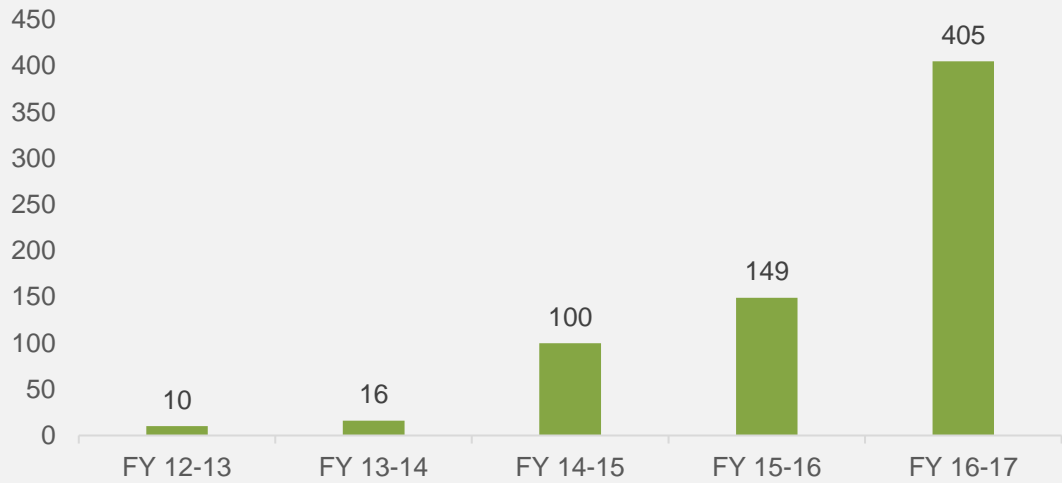
	Employees	Employers	Insurers	Heath Care Providers	Attorneys	Rehabilitation Providers	Totals
<b>Number of Fraud Cases Reported</b>	200	3,102	6	8	1	0	3,317
<b>Number of Fraud Cases Pending</b>	24	147	0	0	0	0	171
<b>Number of Fraud Cases Closed</b>	176	2,955	6	8	1	0	3,146

<sup>13</sup> The summary is provided in accordance with N.C. Gen. Stat. § 97-88.2(e).

### NC Industrial Commission Compliance Penalties Collected



### Criminal Charges Filed Against Noncompliant Employers



# 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; by encouraging settlement wherever reasonable; 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, carriers, providers, various citizens of the State of North Carolina, and the State of North Carolina that arise under the Workers' Compensation Act and the State Tort Claims Act. The Deputy Commissioners provide citizens an opportunity to be heard in a professional, ethical, and courteous manner, and render legally sound and impartial decisions after thoroughly considering the positions of all parties and 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. In addition to the cases described in the tables below, the Deputy Commissioner Section made ten Law Enforcement Officer Death Benefit Act Determinations.

## Claims Set for Hearings

Number of Claims Docketed for Hearings <sup>14</sup>	5,280
Cases Heard <sup>15</sup>	1,728

## Summary of Final Determinations Entered and Cases Settled

Compromise Settlement Agreements Approved	1,956
Final Determinations Entered (Opinion & Awards and Decision & Orders)	688
Cases Dismissed With Prejudice	425
Cases Dismissed Without Prejudice	279
Cases Continued and/or Removed from the Hearing Docket	1,768
<b>Total Cases</b>	<b>5,116</b>

<sup>14</sup> Excludes Penalty & Contempt Hearings.

<sup>15</sup> Excludes Penalty & Contempt Hearings.

## Employer Noncompliance

To address noncompliance by employers who are obligated by insurance coverage requirements of the Workers' Compensation Act, the Industrial Commission substantially increased the number of Penalty Enforcement and N.C. Gen. Stat. § 97-94(b) Hearing Dockets during this fiscal year. Effective September 1, 2016, the Deputy Commissioner Section began to hear Penalty Enforcement and N.C. Gen. Stat. § 97-94(b) matters on a monthly basis. In FY 2016-17, the Deputy Commissioner Section resolved a total of 571 penalty matters. In addition, the Deputy Commissioner Section resolved 324 matters in contempt proceedings; the majority of which were related to Penalty enforcement.

## Penalty & Contempt Proceedings

Penalty Matters Docketed for Hearings	571
Contempt Matters Docketed for Hearings	324

## Expeditious Resolution of Emergency and Expedited Medical Motions

Pursuant to SB 794, the Deputy Commissioner Section disposed of 326 Emergency and Expedited Medical Motions in FY 2016-17. 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. This brief time frame for discovery regularly presents scheduling challenges for medical providers and other experts who must be deposed prior to a 60-day mandated deadline. Deputy Commissioners disposed of 319 Emergency and Expedited Medical Motions within the statutory-mandated time frames, and seven outside the statutorily mandated time frames.<sup>16</sup>

## Full Evidentiary Medical Motions/Emergency Medical Motions

Expedited Medical Motions	270
Emergency Medical Motions	56
<b>Total Medical Motions</b>	<b>326</b>

<sup>16</sup> Cases	Date Filed	Date of Final Disposition	Days Exceeding 75 Days
1	08/23/2016	11/29/2016	23
2	09/13/2016	11/29/2016	2
3	09/14/2016	11/29/2016	1
4	09/16/2016	12/03/2016	3
5	11/03/2016	02/01/2017	15 (Settled)
6	02/08/2017	05/15/2017	15 (Settled)
7	03/28/2017	06/19/2017	8



# EMPLOYEE CLASSIFICATION SECTION

## **Mission Statement**

The Employee Classification Section is charged with identifying businesses that classify workers as independent contractors to avoid the payment of unemployment insurance and workers' compensation insurance and/or shift the burden of paying taxes to workers. This Employee Classification Section collaborates with multiple State agencies that conduct independent investigations to determine if there have been violations of the agency's operational statutes.

## **About the Employee Classification Section**

Employee misclassification occurs when workers are inappropriately designated by employers as independent contractors instead of employees. When employers engage in this prohibited practice, they avoid the liabilities and obligations imposed by state and federal law.

Since its inception, the Employee Classification Section has focused on three initiatives. First, through our work with liaisons from various State agencies, including the North Carolina Department of Commerce – Division of Employment Security, North Carolina Industrial Commission – Fraud Investigations Section, and North Carolina Department of Revenue, we have established consistent streams of communication that generate leads of possible misclassification activities within the State and track violations of each agency's operational statutes. In addition, the Employee Classification Section has received information from the North Carolina Board of Examiners for Plumbing Heating and Fire Sprinkler Contractors that has enhanced the investigations on misclassification complaints. On August 31, 2016, the Employee Classification Section and the United States Department of Labor – Wage and Hour Division executed a Memorandum of Understanding, which has allowed for collaboration on the Federal level.

In December 2016, the Employee Misclassification Application was completed and released. This Application was the result of a collaborative effort with SAS, the Government Data Analytics Center (GDAC), and other State agencies. This software system proactively generates misclassification alerts and efficiently shares information amongst State agencies.

Finally, the Employee Classification Section engaged in educational outreach. During FY 2016-17, the Section's Director engaged with more than 350 individuals during various conferences and symposiums to discuss the mission and goals of the Employee Classification Section.

## North Carolina Employee Classification Statistics

### **North Carolina Industrial Commission**

Number of Complaints Received (Excluding N.C. DES leads)	310
Non-insured Penalty Assessments <sup>17</sup>	\$82,200
Non-insured Penalty Collections	\$2,000
Non-insured Penalty Adjustments	\$7,100

### **United States Department of Labor - Wage and Hour Division<sup>18</sup>**

Number of Complaints Received	26
Number of Workers found to be Misclassified	1,103
Amount of Back Wages Assessed Based upon Complaints Received	\$1,444,592

### **North Carolina Division of Employment Security<sup>19</sup>**

Number of Complaints Received	1,439
Number of Workers found to be Misclassified	11,985
Tax Indebtedness Assessed for Misclassified Workers	\$2,183,873
Wages on which Unemployment Tax has not been paid	\$114,848,365

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<sup>17</sup> Penalties totaling \$73,100 are currently pending and/or in litigation within the North Carolina Industrial Commission.

<sup>18</sup> The United States Department of Labor – Wage and Hour Division is responsible for the enforcement of the Fair Labor Standards Act (2009) which ensures overtime payment, tip credit, child labor, and nursing mothers protections.

<sup>19</sup> The unemployment insurance rate for businesses ranges from 0.06% to 5.76%.

# 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. This office is responsible for the review and approval or disapproval of the vast majority of Compromise Settlement Agreements filed with the Industrial Commission. This section is responsible for reviewing and deciding Form 24 Applications to Terminate or Suspend Payment of Compensation and Form 23 Applications to Reinstate Payment of Disability Compensation. Telephone hearings are often held in regard to these applications. In addition, Orders are issued after review of Administrative Motions, Third Party Settlements, and a variety of other issues.

Orders on Compromise Settlement Agreements	9,821
Orders on Third Party Distributions	696
Orders/Dispositions on Form 24 Applications to Terminate or Suspend Payment of Compensation	1,860
Orders/Dispositions on Form 23 Applications to Reinstate Payment of Disability Compensation	218
Orders on Medical Motions	2,310
Orders/Dispositions on Administrative Motions	3,145
<b>Total Orders/Dispositions<sup>20</sup></b>	<b>18,050</b>
Total Number of Calls and Voicemails Answered by Executive Secretary's Assistant	1,908
Certified Copies of Files	18

## 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 2,310 Orders on Medical Motions for FY 2016-17, one of which was filed more than 75 days after the filing of the motion requesting relief. The motion was filed on January 23, 2017, and an Order was issued on June 8, 2017. The delay occurred because the parties informed the Commission that they had reached a settlement of the claim, but no compromise settlement agreement was completed and the parties requested a ruling on the medical motion several months later.

<sup>20</sup> This total figure decreased compared to last fiscal year due to the transfer of responsibility for entry of Orders for attorney withdrawal motions to the Clerk's Office in FY 2015-16.

# EXECUTIVE SECRETARY WORKERS' COMPENSATION INFORMATION SPECIALISTS

## **Mission Statement**

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

## **About the Workers' Compensation Information Specialists**

The Executive Secretary's Office also includes the Information Specialists Program (formerly the Ombudsman Program), which is operated in accordance with N.C. Gen. Stat. § 97-79(f) to assist claimants who are not represented by an attorney, employers, or other parties in protecting their rights. In addition, the Workers' Compensation Information Specialists can provide information regarding tort claims against State departments and agencies and other matters under the jurisdiction of the Industrial Commission and related statutes and rules.

Number of Calls Answered and Returned (English)	19,645
Number of Calls Answered and Returned (Spanish)	507
Total Calls Answered and Returned (English and Spanish)	20,152
Number of Walk-Ins Assisted	17
Correspondence (letters & e-mails) Answered	1,664
Informational Packets Mailed to Citizens	532

# INFORMATION TECHNOLOGY SECTION

## **Mission Statement**

The mission of the Information Technology Section is to support the use of technology as an enabling agent for the work of the Industrial Commission.

## **About the Information Technology Section**

The Information Technology section provides support for the agency's hardware, software, and network connections; develops and implements procedures for technical and operations processes; develops, implements, and upgrades software to support the Industrial Commission's workflows; administers the Industrial Commission's information databases; and provides storage and retrieval of the agency's documents.

## **Accomplishment Summary for FY 2016-17**

- Completed the final phase of implementation of the Electronic Document Filing Portal, which enables external stakeholders to file multiple document types with the Industrial Commission electronically and to pay any associated fees online. Prior to the final phase implementation, 41 document types were accepted for online filing. After the implementation, 263 document types are accepted electronically, and online filing has been made mandatory for nearly all documents. As a consequence, the timeliness and reliability of document processing has increased, while the resulting decrease in paper documents has allowed the Commission to reassign staff to meet other agency needs.
- Implemented information technology infrastructure for the relocation of a regional office transferring from Elizabethtown to Wilmington.

# MEDIATION SECTION

## Mission Statement

The Mediation Section is responsible for effectively, fairly and efficiently administering the Industrial Commission's mediation program, 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, to expedite the dispute resolution process, and to enable the Industrial Commission to devote its adjudicatory resources to those cases not conducive to settlement.

## About the Mediation Section

When a claim is contested, the parties are generally referred to mediation as a way of resolving the claim without a formal hearing. When an injured worker is not represented by an attorney, the case usually bypasses mediation. The Mediation Section oversees this process by educating the stakeholders concerning mediation theories and procedures, ruling on any motions related to mediation, ensuring that the parties and mediators adhere to certain timelines, moving the case forward, and submitting the required forms and reports. While the mediators who serve in these cases are generally not state employees, the mediators on the Industrial Commission's approved list must complete a formal mediation training program and be certified by the Dispute Resolution Commission. Pursuant to Rule 04 NCAC 10E .0203, the Mediation Section issues \$200.00 fee invoices for the processing of the *Report of Mediator* forms. The Industrial Commission collected \$1,647,400 in processing fees for this form in FY 2016-17, which is a 1.79% increase over the prior fiscal year.

## Mediation Section Summary for FY 2016-17

Cases Referred to Mediation <sup>21</sup>	9,884
Settlement Rate at Mediation Conferences <sup>22</sup>	73.81%
Overall Settlement Rate	76.06%

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<sup>21</sup> Most cases ever referred to mediation in a single fiscal year. More than 8,500 cases were referred to mediation for the 16th straight fiscal year.

<sup>22</sup> Industrial Commission Mediation Program's highest annual settlement rate ever recorded. The program started in 1994.

# MEDICAL FEES SECTION

## Mission Statement

The Medical Fees Section is committed to providing prompt and efficient service by performing timely and accurate bill processing when needed, answering inquiries regarding the Industrial Commission's Medical Fee Schedule, and assisting with the resolution of medical fee disputes. This section is organized under the Executive Secretary's Office within the Industrial Commission.

## 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 administrators, 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 04 NCAC 10A .0614.

## Medical Bills Processed

<b>Total Bills Processed<sup>23</sup></b>	<b>625</b>
Inpatient Hospital	243
Physician	373
Miscellaneous, Dental, & Chiropractic	9
Bills Awaiting a Response	0

## Summary of Medical Provider Fee Disputes Processed

<b>Total Cases Received</b>	<b>121</b>
Paid	50
Resolved, payment pending	19
Referred for legal review	0
Unfounded	48
Closed	0
Pending	4
Amount Paid to Providers following fee dispute resolution (may include payments from disputes filed in prior fiscal years)	\$212,634

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<sup>23</sup> The decline in total bills processed for the last three fiscal years is the result of a change in Industrial Commission rules allowing carriers and other payers to apply the fee schedule and pay health care providers without first seeking Industrial Commission approval.



# 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. In FY 2016-17, the Medical Rehabilitation Nurses Section was reorganized under the Executive Secretary's Office within the Industrial Commission.

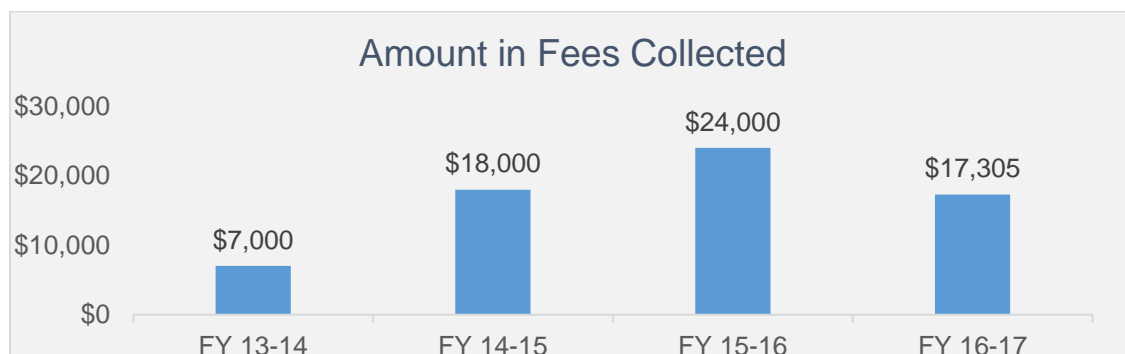
## About the Medical Rehabilitation Nurses Section

The Nurses Section is responsible for the provision of Industrial Commission's 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 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 is also 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. The Nurses Section assists with case management and medical rehabilitation needs in the event difficulties interfere with the ongoing progress of returning injured workers to their maximum functional capabilities. The Nurses Section has assisted with a total of 219 cases in FY 2016-17 in addition to the provision of the 22 mandatory training classes.

## Nurses Section Summary of FY 2016-17

<b>Total Cases</b>	<b>219</b>
Acknowledged Form 25N's (Notice of Assignment of Rehabilitation Professional) <sup>24</sup>	13,676
Rehabilitation Professionals Trained	326



<sup>24</sup> Form 25N filings decreased by 7% from FY 2015-16. Effective February 1, 2017 all Form 25N *Notice of Assignment of Rehabilitation Professional* for a claim to which an Industrial Commission File number has been assigned must be submitted electronically via EDFP.

# SAFETY EDUCATION SECTION

## Mission Statement

The Workers' Compensation Act of 1929 created the Safety Education Section of the North Carolina Industrial Commission. The Safety Education Section is organized under the Compliance and Fraud Investigative Division within the Industrial Commission. Our mission includes education, training, and public outreach to promote safety and accident prevention in the industrial workplace. We strive to help employers reduce injuries and their costs resulting from accidents.

## About the Safety Education Section

Our workshops and training sessions provided competent and practical instruction in the area of workplace accident prevention. Workshops and training sessions were specifically designed to meet the production needs of North Carolina companies. The Commission identified that the training function of the Commission had been supplanted by classes offered by other agencies and private businesses that could better meet the statewide needs of our customers given our limited capabilities with a single instructor. In January 2017, the sole remaining Industrial Commission Safety Trainer retired. In FY 2016-17, our staff trained approximately 1,051 employees and collected over \$27,000 in fees.



*Industrial Commission*

Street Address: 430 N. Salisbury Street, Raleigh, North Carolina 27603  
Mailing Address: 4340 Mail Service Center, Raleigh, North Carolina 27699-4340  
Phone: 919-807-2501

[WWW.IC.NC.GOV](http://WWW.IC.NC.GOV)