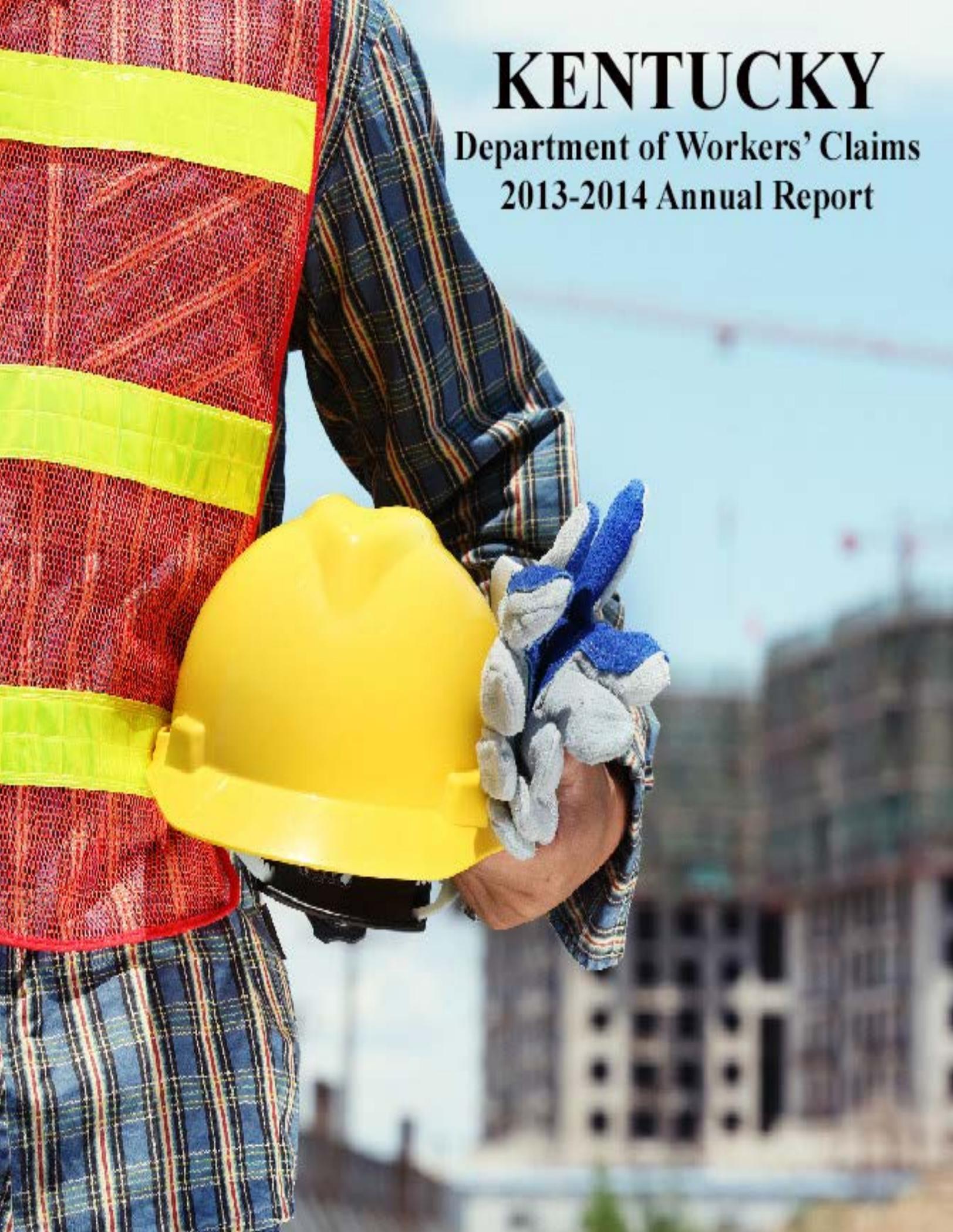


KENTUCKY

Department of Workers' Claims
2013-2014 Annual Report



**Commonwealth of Kentucky
Department of Workers' Claims**

Prevention Park
657 Chamberlin Avenue
Frankfort, Kentucky 40601
(502) 564-5550

Web site: <http://www.labor.ky.gov/workersclaims>

COMMISSIONER
Dwight T. Lovan

CHAIRMAN, WORKERS' COMPENSATION BOARD
Michael W. Alvey

CHIEF ADMINISTRATIVE LAW JUDGE
Robert L. Swisher

In addition to the Frankfort Office, DWC specialists may be contacted at the following office for information and assistance regarding workers' compensation issues:

Toll free 800-554-8601

107 Coal Hollow Road, Suite 100
Pikeville, Kentucky 41501
Telephone 606-433-7661
Fax 606-433-7798

Table of Contents

Commissioner's Letter to Governor Beshear	5
Department of Workers' Claims Organizational Chart	7
Program Statistics	8
First Reports of Injury (FROI)	9
Distribution of Lost Time Injuries by Industry Code	10
Workers' Compensation Claims	11
Distribution of Claims by Body Part	12
Comparison of County Labor Force, FROIs and Claims	13
Injuries to Minors	16
Work Related Fatalities	17
Attorney Fees Awarded	18
Fiscal Performance	19
DWC Personnel Ad Budget History	20
Programs and Performance	21
Office of Administrative Services	22
Forms	23
Design and Development	25
Office of General Counsel	26
Administrative Law Judges	32
Summary of Kentucky Supreme Court WC Cases	33
Claims Processing & Appeals	35
Claims Branch	36
Information & Research	38
Records Branch	39
Imaging Branch	43
Security & Compliance	45
Security Branch	46
Compliance Branch	47
Enforcement Section	49
Workers' Compensation Specialists Services	50
Ombudsmen and Workers' Compensation Specialist Branch	51
Drug Free Workplace	53
Medical Services Section	53
Fee Schedules	53
Managed Care Section	54
Utilization Review/Medical Bill Audit	55
University Evaluations	55
Vocational Rehabilitation	56
Publications	57
Kentucky Workers' Compensation Adjudication Timeline	58
2015 Schedule of Weekly Workers' Compensation Benefits	60
Key Personnel	62

*Developed by DWC Division of Information and Research
Kim McKenzie, Resource Management Analyst II*

Kentucky Department of Workers' Claims



Mission Statement:

Resourceful administration of Kentucky's workers' compensation program with equitable and expedient processing of claims

Performance Objectives:

- Assure prompt delivery of statutory benefits, including medical services and indemnity payments
- Provide timely and competent services to stakeholders
- Foster stakeholder knowledge of rights and responsibilities under the Workers' Compensation Act
- Encourage stakeholder involvement in the development of policy
- Provide the public and policy makers with accurate and current indicators of program performance
- Anticipate changes in the program environment and respond appropriately
- Be at the forefront in seeking new and innovative techniques to meet the needs of our constituents

No individual in the United States shall, on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief, be excluded from participation in, or denied benefits of, or be subjected to discrimination under any program or activity under the jurisdiction of the Kentucky Labor Cabinet.

Printed with State Funds

This agency does not discriminate on the basis of race, color, national origin, religion, age or disability in employment or provisional services.

Steven L. Beshear
Governor

Crit Luallen
Lieutenant Governor



Larry L. Roberts
Secretary

Dwight T. Lovan
Commissioner

KENTUCKY LABOR CABINET
Department of Workers' Claims

657 Chamberlin Avenue
Frankfort, KY 40601
Telephone: (502) 564-5550
www.labor.ky.gov/workersclaims

The Honorable Steven L. Beshear
Governor of Kentucky
Capitol Building
700 Capitol Avenue, Suite 100
Frankfort, KY 40601

Dear Governor Beshear:

In accordance with KRS 342.230(2) and KRS 342.435, attached is the Fiscal Year 2013-2014 Annual Report for the Department of Workers' Claims. The annual report outlines activities undertaken by this agency to assure prompt and efficient delivery of statutory benefits. It also provides statistical information designed to openly share the activities of the Department.

Highlighted in the report are initiatives the Department of Workers' Claims has undertaken during this fiscal year, meeting the requirements of the administrative and adjudicative provisions of the Workers' Compensation Act, KRS Chapter 342.

The Department continues to work closely with all stakeholders: employers, employees, medical providers, attorneys, self-insureds and insurers to develop ideas and implement programs which will improve the effectiveness of the Workers' Compensation System by delivering cost-effective, high quality services to the constituents of the Commonwealth of Kentucky.

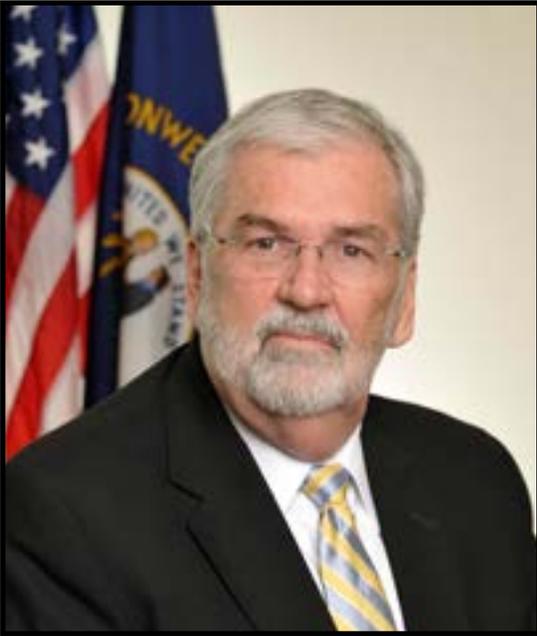
It is a pleasure to serve as Commissioner of the Department of Workers' Claims. Thank you for your encouragement and support.

Yours very truly,

Dwight T. Lovan
Commissioner



An Equal Opportunity Employer
M/F/D



**Dwight T. Lovan
Commissioner**

Commissioner Dwight T. Lovan received his Bachelor's degree from Baylor University and J.D. from the University of Kentucky College of Law. Admitted to the Kentucky Bar in 1977, Commissioner Lovan worked for 15 months as a staff attorney for the Kentucky Court of Appeals with responsibility for workers' compensation appeals. From 1979 to 1990 he practiced law in Owensboro, concentrating in the areas of workers' compensation and civil litigation.

In May of 1990, Commissioner Lovan was appointed Administrative Law Judge and remained in that position until August of 1994 when he was named to the Kentucky Workers' Compensation Board. Between July 2000 and January 2004, Commissioner Lovan served as Chairman of the Kentucky Workers' Compensation Board before returning to private practice in the firm of Jones, Walters, Turner and Shelton.

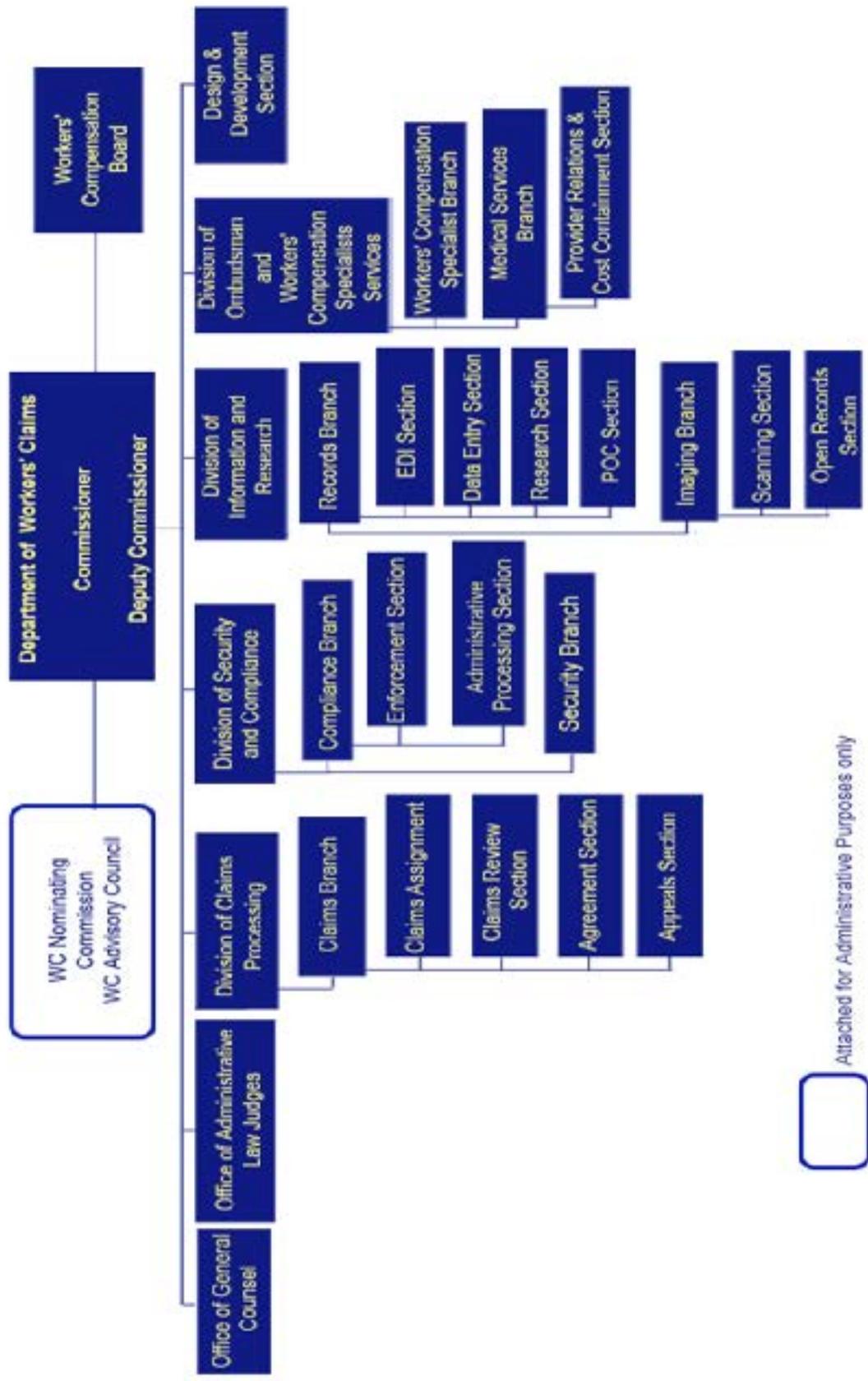
He was appointed to serve as the Commissioner of the Department of Workers' Claims in February 2008.



**Wayne Logan
Deputy Commissioner**

Deputy Commissioner Robert Wayne Logan has been with the Kentucky Labor Cabinet for over 25 years, having started as an interim employee in 1983. After receiving his associate degree from Fugazzi Business College, he became a full-time employee in June 1984 and has served in various positions in the Department of Workers' Claims. He was appointed as Deputy Commissioner in October 2008. Deputy Commissioner Logan resides in Woodford County with his wife Kelly and two children.

Department of Workers' Claims Organizational Structure



Attached for Administrative Purposes only

Program Statistics

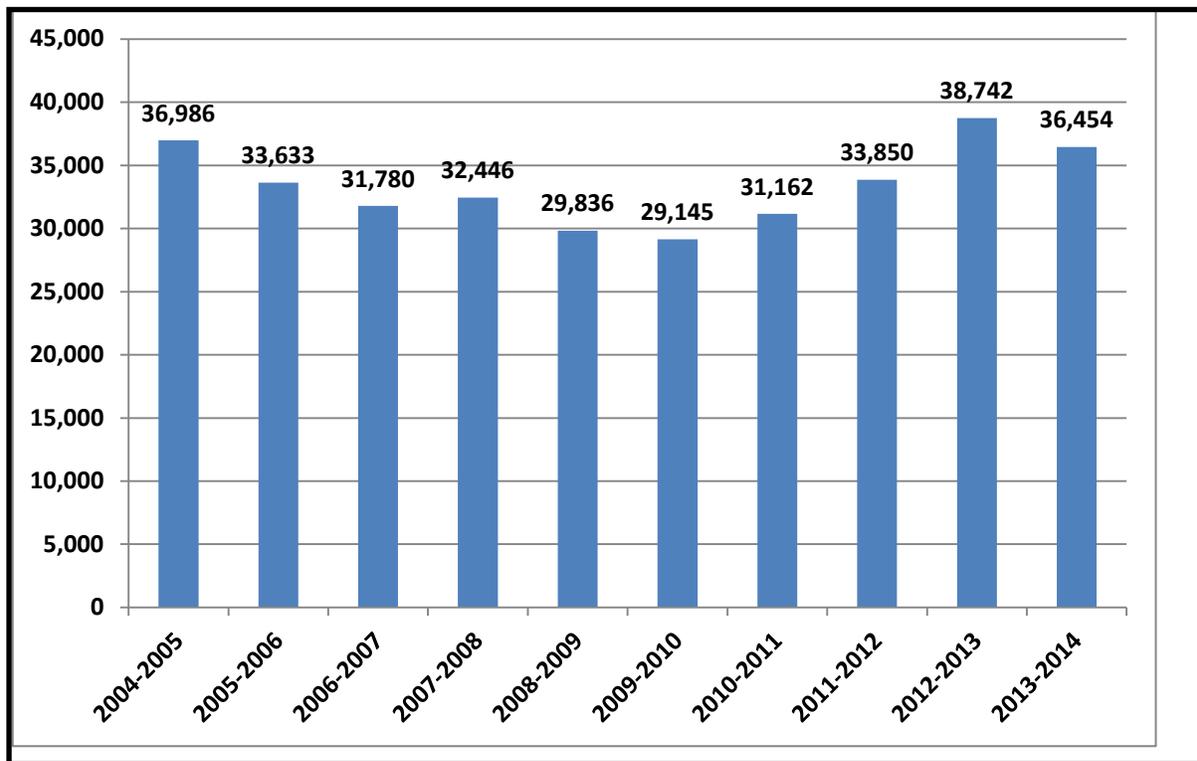


First Reports of Injury

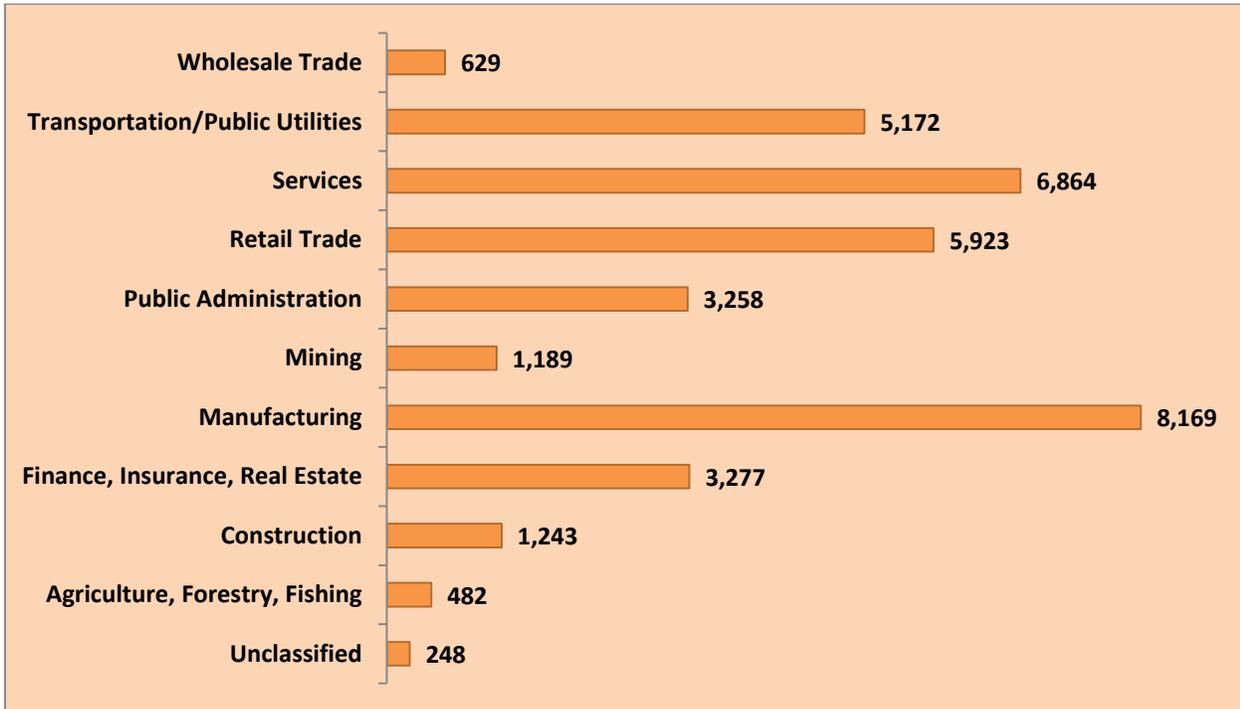
Kentucky Revised Statute (KRS) 342.038 mandates that employers keep a record of all employee workplace injuries and fatalities. The employer has three days to inform its workers' compensation insurance carrier or claim administrator when an injured worker misses more than one day of work as a result of an injury. These entities then have one week to file a First Report of Injury with the Department of Workers' Claims. Failure to comply with these reporting requirements may result in penalties pursuant to KRS 342.990.

In this fiscal year, there were 36,454 lost time First Reports of Injury (FROIs) filed with the Department. The three most common causes of work-related injuries reported this fiscal year were falls or slips (7,578), lifting (4,654) and strains (2,951).

First Reports of Injury by Fiscal Year



First Reports of Injury (FROIs) by Industrial Classification Category



A review of the nature of injuries revealed that there were 12,684 strains and 5,122 contusions reported. These two categories account for 49 percent of all reported injuries. Lacerations were reported in 3,586 of the injuries.

Of the information reported, the low back area (including lumbar and lumbosacral) was most frequently injured (4,559). The second most common injury reported was to multiple body parts (3,526) and third was injury to the knee (3,027). This closely mimics the lost time reports of the last four fiscal years.

FROIs By Nature Type

Coal Workers' Pneumoconiosis (CWP)	161
Hearing Loss	112
Injury	35,539
Other Occupational Disease	642

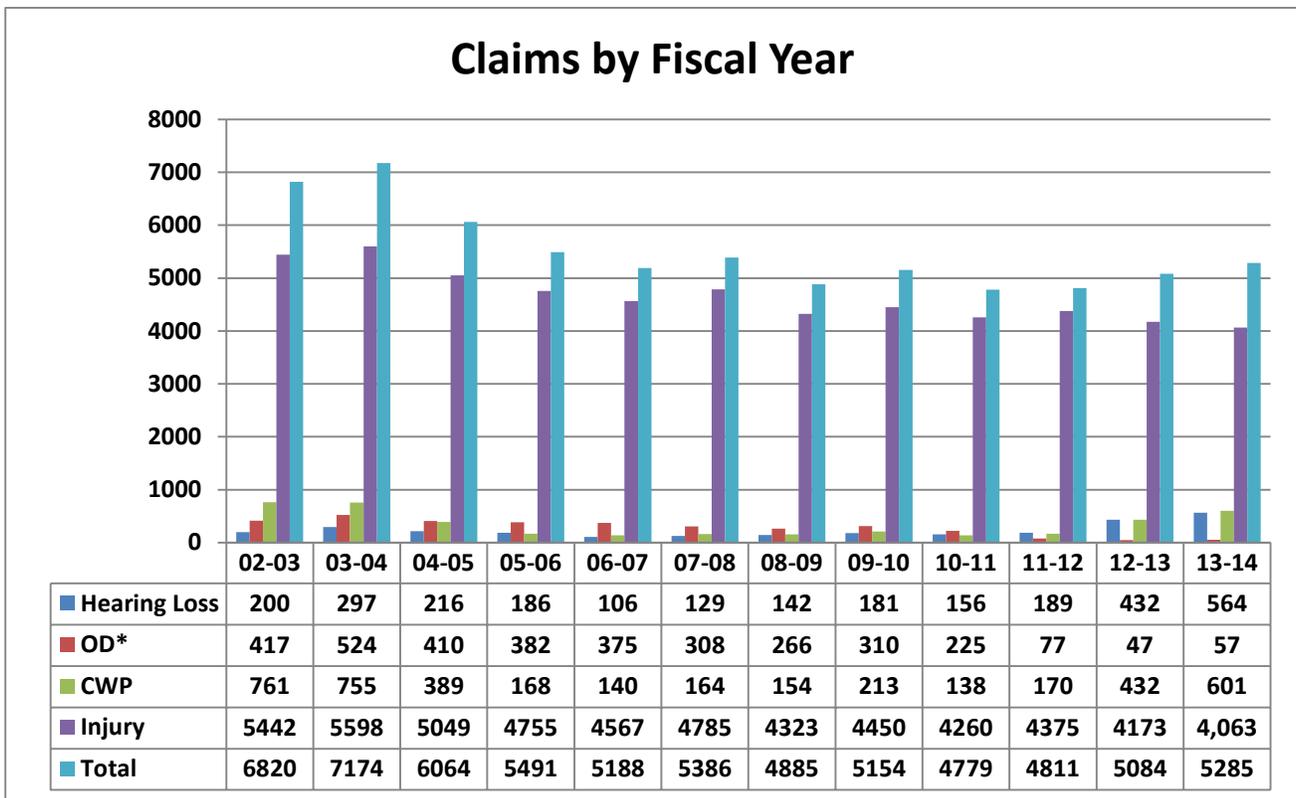
Workers' Compensation Claims

A workers' compensation claim in Kentucky originates when one of two things happens: A settlement document is filed to voluntarily resolve workers' compensation issues between parties, or by application for adjustment of a claim when the parties cannot agree and the matter must be resolved by an Administrative Law Judge.

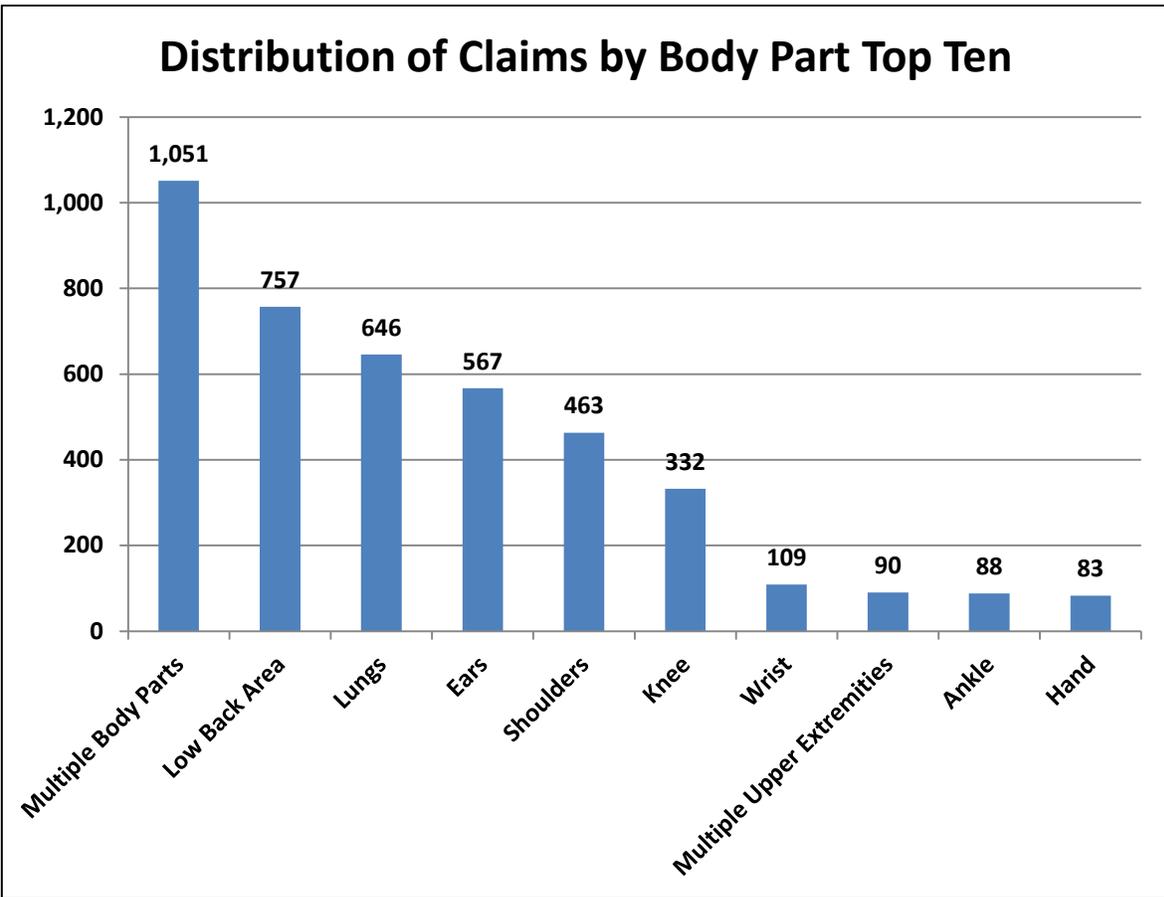
Workers' compensation claims are typically divided into two types: indemnity/medical and medical-only. Indemnity/medical claims are those for which income benefits are paid to compensate for lost wages, functional impairment or death. Medical service costs are paid in addition to those income benefits.

Most of the data in this report pertains to indemnity claims. For an injury to be compensable, it must be a direct result of the employee's work. To be considered for temporary total income benefits, an injured worker must miss more than seven days of work. Medical-only claims are those in which medical services are delivered but the employee does not qualify for income benefits.

In fiscal year 2013-2014, there were 5,285 applications for resolution of claims filed with the Department of Workers' Claims.



*Prior to FY 2011/2012, OD included cumulative trauma, which should have been classified as injury. The above statistics are derived from the agency database by various dates determined by status code. Specific details may be obtained by contacting the Division of Information and Research. Individual section breakdowns/statistics represent internal section activity that may differ from DWC database.



Of the 5,285 claims that were filed this fiscal year, 1,279 claims were filed by females (24%) and 4,001 by males (76%). Five claims failed to specify gender (less than 1%). The average age of those who filed claims with the DWC was 47 years.

The Standard Classification (SIC) category with the greatest number of claims was Unclassified 2,276 with Manufacturing a close second at 766. The remaining SIC categories had the following number of claims: Services (536), Transportation/Public Utilities (459), Retail Trade (328), Mining (244), Construction (212), Public Administration (189), Finance, Insurance, Real Estate (179), Wholesale Trade (78) and Agriculture, Forestry, Fishing (18) .

In reviewing litigated injury claims, the three most common causes of injury during this reporting period were Strains (1,970), Falls, Slips or Trips (866) and Struck or Injured By (497).

Comparison by County Labor Force, Lost Time First Reports of Injury (FROIs) and Litigated Claims FY 13-14

County	Total Labor Force	FROIs	% of FROIs to Labor Force	Claims	% of Claims to FROIs
Adair	9,157	83	0.91%	5	6.02%
Allen	8,438	45	0.53%	3	6.67%
Anderson	10,655	125	1.17%	10	8.00%
Ballard	4,085	24	0.59%	1	4.17%
Barren	19,075	340	1.78%	23	6.76%
Bath	5,052	37	0.73%	6	16.22%
Bell	9,114	180	1.97%	100	55.56%
Boone	67,285	1,407	2.09%	94	6.68%
Bourbon	9,264	187	2.02%	14	7.49%
Boyd	22,141	344	1.55%	42	12.21%
Boyle	12,157	263	2.16%	25	9.51%
Bracken	4,220	30	0.71%	2	6.67%
Breathitt	5,526	56	1.01%	25	44.64%
Breckinridge	9,595	73	0.76%	4	5.48%
Bullitt	38,850	405	1.04%	57	14.07%
Butler	5,694	27	0.47%	5	18.52%
Caldwell	6,570	45	0.68%	3	6.67%
Calloway	16,383	324	1.98%	17	5.25%
Campbell	46,313	373	0.81%	22	5.90%
Carlisle	2,478	11	0.44%	4	36.36%
Carroll	5,583	253	4.53%	16	6.32%
Carter	12,550	92	0.73%	11	11.96%
Casey	7,150	99	1.38%	8	8.08%
Christian	26,464	587	2.22%	52	8.86%
Clark	16,478	275	1.67%	48	17.45%
Clay	6,594	69	1.05%	23	33.33%
Clinton	4,661	44	0.94%	4	9.09%
Crittenden	4,085	32	0.78%	4	12.50%
Cumberland	3,024	42	1.39%	3	7.14%
Daviess	49,642	824	1.66%	39	4.73%
Edmonson	5,141	28	0.54%	1	3.57%
Elliott	3,059	7	0.23%	4	57.14%
Estill	6,226	33	0.53%	10	30.30%
Fayette	156,414	2,593	1.66%	307	11.84%
Fleming	6,428	55	0.86%	4	7.27%
Floyd	14,219	209	1.47%	134	64.11%
Franklin	24,408	1,566	6.42%	61	3.90%
Fulton	2,273	50	2.20%	1	2.00%
Gallatin	4,093	25	0.61%	6	24.00%
Garrard	7,534	41	0.54%	6	14.63%
Grant	12,130	92	0.76%	8	8.70%

Comparison by County Labor Force, Lost Time First Reports of Injury (FROIs) and Litigated Claims FY 13-14

County	Total Labor Force	FROIs	% of FROIs to Labor Force	Claims	% of Claims to FROIs
Graves	15,741	169	1.07%	12	7.10%
Grayson	11,281	146	1.29%	12	8.22%
Green	5,499	32	0.58%	0	0.00%
Greenup	16,566	91	0.55%	12	13.19%
Hancock	4,267	132	3.09%	14	10.61%
Hardin	49,917	796	1.59%	51	6.41%
Harlan	9,911	323	3.26%	411	127.24%
Harrison	9,086	74	0.81%	6	8.11%
Hart	8,455	123	1.45%	12	9.76%
Henderson	22,978	333	1.45%	27	8.11%
Henry	7,460	67	0.90%	12	17.91%
Hickman	2,010	22	1.09%	2	9.09%
Hopkins	22,617	432	1.91%	31	7.18%
Jackson	3,827	28	0.73%	2	7.14%
Jefferson	368,737	9,009	2.44%	770	8.55%
Jessamine	23,523	273	1.16%	35	12.82%
Johnson	9,237	107	1.16%	23	21.50%
Kenton	85,762	879	1.02%	68	7.74%
Knott	5,435	97	1.78%	125	128.87%
Knox	11,590	86	0.74%	25	29.07%
Larue	6,901	28	0.41%	3	10.71%
Laurel	26,479	371	1.40%	168	45.28%
Lawrence	5,964	111	1.86%	28	25.23%
Lee	2,615	44	1.68%	11	25.00%
Leslie	3,591	34	0.95%	38	111.76%
Letcher	7,898	199	2.52%	139	69.85%
Lewis	5,363	44	0.82%	5	11.36%
Lincoln	9,968	68	0.68%	7	10.29%
Livingston	4,563	31	0.68%	14	45.16%
Logan	12,373	143	1.16%	12	8.39%
Lyon	3,536	26	0.74%	8	30.77%
Madison	45,230	926	2.05%	70	7.56%
Magoffin	4,057	49	1.21%	32	65.31%
Marion	10,453	204	1.95%	19	9.31%
Marshall	14,676	153	1.04%	11	7.19%
Martin	3,572	72	2.02%	55	76.39%
Mason	8,641	117	1.35%	12	10.26%
McCracken	30,805	484	1.57%	42	8.68%
McCreary	5,589	32	0.57%	10	31.25%
McLean	4,525	26	0.57%	3	11.54%
Meade	12,209	90	0.74%	6	6.67%

Comparison by County Labor Force, Lost Time First Reports of Injury (FROIs) and Litigated Claims FY 13-14

County	Total Labor Force	FROIs	% of FROIs to Labor Force	Claims	% of Claims to FROIs
Menifee	2,416	13	0.54%	1	7.69%
Mercer	10,038	124	1.24%	12	9.68%
Metcalfe	4,059	14	0.34%	0	0.00%
Monroe	4,728	75	1.59%	3	4.00%
Montgomery	12,832	256	2.00%	48	18.75%
Morgan	5,062	44	0.87%	14	31.82%
Muhlenberg	13,206	159	1.20%	29	18.24%
Nelson	21,634	381	1.76%	67	17.59%
Nicholas	3,171	12	0.38%	2	16.67%
Ohio	12,198	139	1.14%	11	7.91%
Oldham	29,343	240	0.82%	20	8.33%
Owen	5,297	62	1.17%	4	6.45%
Owsley	1,418	14	0.99%	0	0.00%
Pendleton	7,061	44	0.62%	3	6.82%
Perry	10,820	394	3.64%	364	92.39%
Pike	24,281	631	2.60%	365	57.84%
Powell	5,476	56	1.02%	5	8.93%
Pulaski	27,047	506	1.87%	57	11.26%
Robertson	997	6	0.60%	1	16.67%
Rockcastle	7,449	43	0.58%	5	11.63%
Rowan	12,183	133	1.09%	25	18.80%
Russell	8,128	91	1.12%	9	9.89%
Scott	24,040	977	4.06%	123	12.59%
Shelby	22,271	298	1.34%	31	10.40%
Simpson	9,534	213	2.23%	10	4.69%
Spencer	8,889	36	0.40%	1	2.78%
Taylor	13,783	145	1.05%	28	19.31%
Todd	5,379	33	0.61%	7	21.21%
Trigg	6,447	81	1.26%	6	7.41%
Trimble	4,162	17	0.41%	2	11.76%
Union	7,349	271	3.69%	30	11.07%
Warren	61,448	1,044	1.70%	54	5.17%
Washington	5,449	94	1.73%	6	6.38%
Wayne	7,851	95	1.21%	5	5.26%
Webster	6,231	145	2.33%	10	6.90%
Whitley	15,332	254	1.66%	87	34.25%
Wolfe	2,358	27	1.15%	3	11.11%
Woodford	12,913	315	2.44%	18	5.71%
Out-of-State		1,106		232	20.98%
Unknown				32	0.00%
Grand Total	2,086,124	36,454	1.75%	5285	14.50%

Workforce data provided by the Department of Workforce Investment.
Agriculture is included in the total labor force numbers.
Unknown numbers are due to insufficient reporting information.

Injuries to Minors

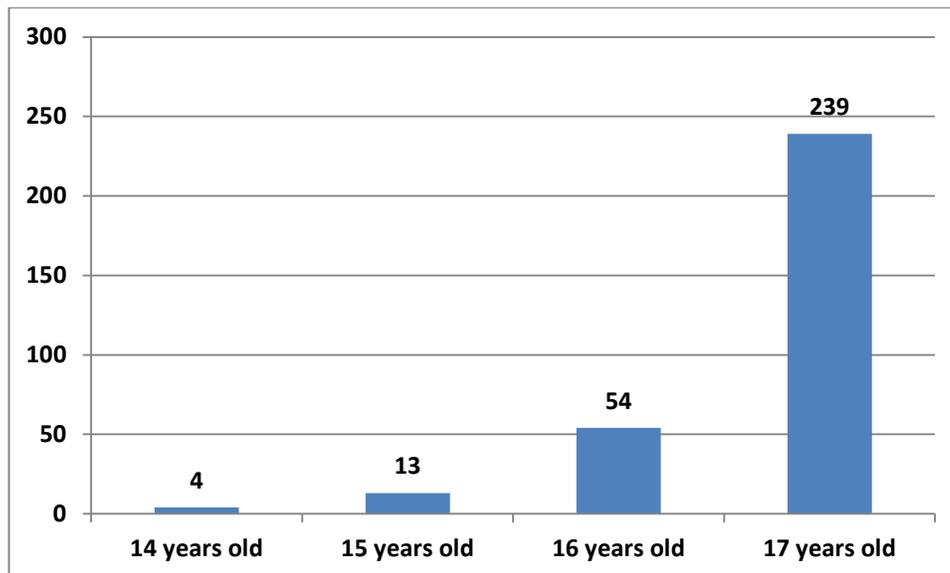
In fiscal year 2013-2014, there were 310 lost-time injuries to workers under the age of 18 reported to the Department of Workers' Claims.

According to electronic data submitted to the Department, four injuries were reported for a worker 14 years of age; 13 injuries were reported for workers 15 years of age; 54 injuries were reported for workers 16 years of age; and 239 injuries were reported in which the workers were 17.

Based on the standard classification (SIC) codes represented on injuries to minors during this period, 105 injuries occurred in the Retail Trade sector and 101 occurred in the Services sector. The Transportation/Public Utilities sector reported 54; the Manufacturing sector reported 15; the Wholesale Trade sector reported 10; the Public Administration sector reported 9; the Finance, Insurance, Real Estate sector and Agriculture, Forestry, Fishing sector, reported eight each.

The top three causes of injury to minors reported during this fiscal year were falls or slips (48), cut, puncture or scrape (44) and strain or injury by lifting (37). Accordingly, the top three body parts most frequently injured were fingers (48), hands (30) and knee which was reported in 22 instances.

Distribution of Injuries to Minors by Age

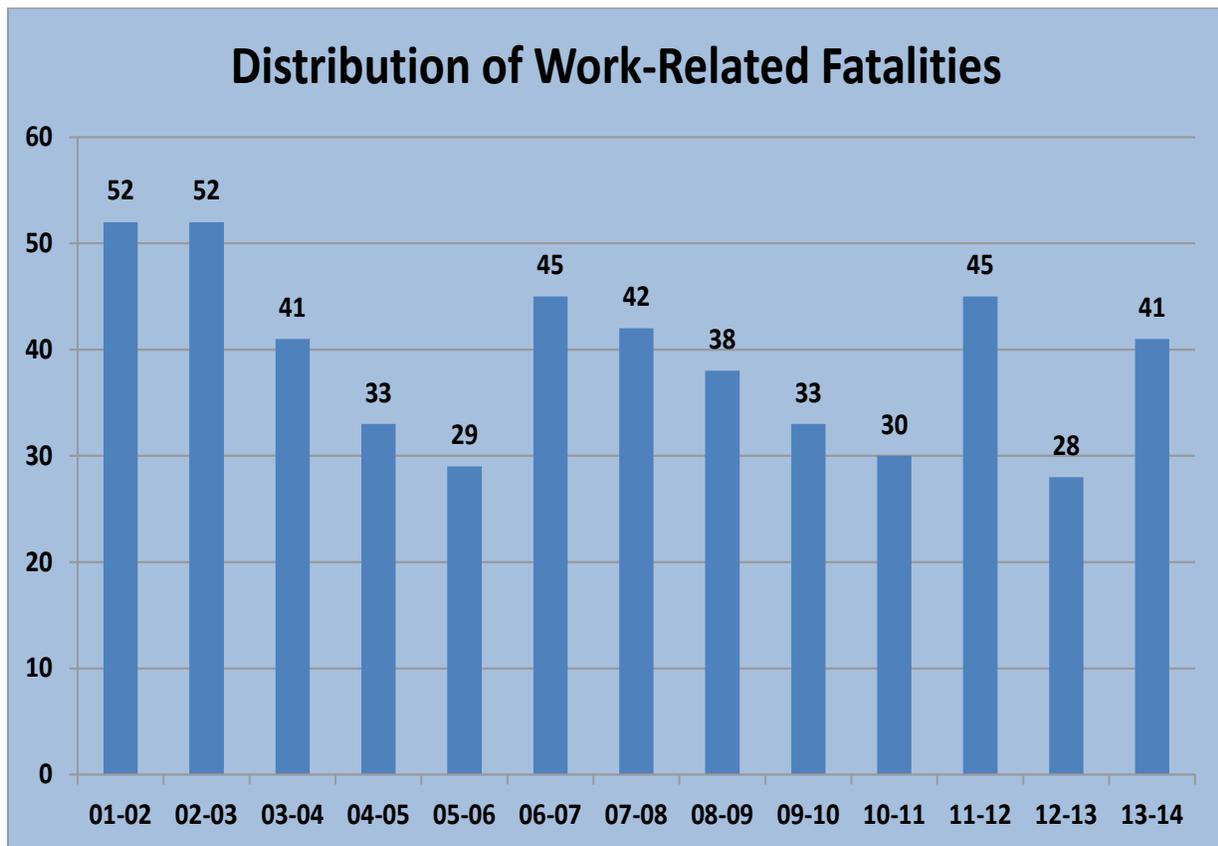


Work-Related Fatalities

There were 78 workplace fatalities reported to the Department of Workers' Claims during this fiscal year. However, after investigation, 41 of the deaths were found to be clearly work-related. The remaining have been ruled not work-related (13), containing issues which have the case in a pending status (15), and (9) undetermined.

The youngest of the casualties was a 21 year-old male who died after falling into a concrete mixing chamber. The oldest worker was a 73-year-old male who died from falling off a roof. The most common causes of death this fiscal year were motor vehicles (19) and fall, slip or trip (10).

The fatalities reported to DWC occurred in a variety of industries ranging from local trucking, manufacturing, construction, lawn and garden, mining and automotive.



Attorney Fees Awarded During FY 2013-2014

	Number of Fees Approved	Total Fees Awarded	Average Fee
Plaintiff	4,484	\$22,282,018.91	\$4,969.23
Defense	2,199	\$10,571,618.86	\$4,807.47

*Based on motion made by attorney.



Fiscal Performance

All the funding for the Department of Workers' Claims comes from an assessment imposed upon the amount of workers' compensation premiums received by every insurance carrier writing workers' compensation insurance in the Commonwealth, and against the simulated premium of every employer carrying its own risk. These funds are collected and managed by the Workers' Compensation Funding Commission (KRS 342.122). These are restricted funds and no general fund dollars are appropriated for DWC operations.



DWC PERSONNEL AND BUDGET HISTORY

FY 1992-93 THROUGH 2013-2014

FISCAL YEAR	PERSONNEL CAP	PERSONNEL ACTUAL	BUDGET ALLOTMENT	ACTUAL EXPENDITURES	DIFFERENCE	PERCENTAGE BUDGET
			(\$)	(\$)	(\$)	
2013-2014	177	168	16,527,200	14,973,463	(1,553,737)	90.6%
2012-2013	181	162	15,945,500	15,122,771	(822,729)	94.8%
2011-2012	181	170	15,670,600	14,563,810	(1,106,790)	92.9%
2010-2011	181	172	15,229,700	14,827,465	(402,235)	97.4%
2009-2010	185	175	14,888,900	14,283,695	(605,205)	95.9%
2008-2009	174	167	14,170,100	13,373,435	(796,665)	94.4%
2007-2008	184	160	11,455,000	10,794,005	(660,995)	94.2%
2006-2007	184	167	10,211,700	9,840,070	(371,630)	96.4%
2005-2006	173	156	11,093,300	10,634,776	(458,524)	95.9%
2004-2005	173	163	9,498,700	9,182,865	(315,834)	96.7%
2003-2004	195	188	13,649,200	10,735,937	(2,913,263)	78.7%
2002-2003	242	201	16,397,700	13,384,935	(3,012,765)	81.6%
2001-2002	242	204	15,806,800	13,373,836	(2,432,963)	84.6%
2000-2001	242	208	14,942,300	12,716,927	(2,258,373)	85.1%
1999-2000	268	207	15,637,000	12,387,288	(3,249,712)	79.2%
1998-1999	268	208	14,994,000	12,606,188	(2,387,812)	84.1%
1997-1998	272	227	15,182,500	12,588,527	(2,593,973)	82.9%
1996-1997	272	229	12,137,900	11,057,391	(1,080,509)	91.0%
1995-1996	207	138	9,822,200	9,479,970	(342,230)	96.5%
1994-1995	210	120	9,757,200	8,586,716	(1,170,484)	88.0%
1993-1994	167	159	7,860,000	7,337,688	(522,312)	93.4%
1992-1993	167	160	7,505,100	7,004,561	(500,539)	93.0%

Programs and Performance



Office of Administrative Services

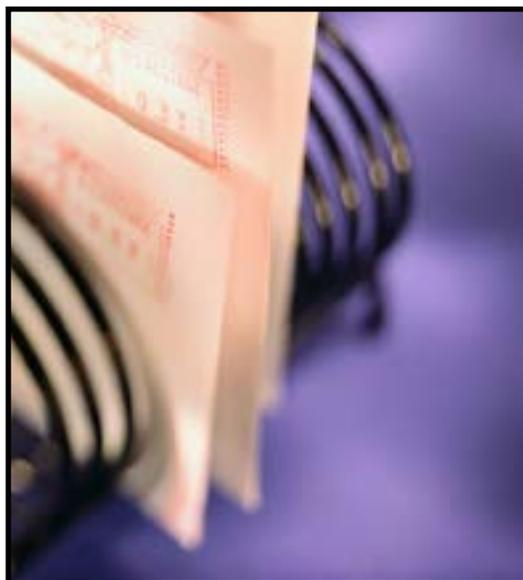
The Office of Administrative Services' responsibilities include ensuring all financial transactions and personnel actions comply with applicable laws and regulations; are executed in a timely manner; and are properly documented and allocated to the appropriate program budget unit. Some of the functions Administrative Services perform include: managing and executing the annual budget and all contracts and leases; responding to all requests for publications and forms; processing all incoming and outgoing mail; procuring supplies and equipment; maintaining infrastructure for 17 agency locations; coordinating DWC training; and providing daily assistance to all divisions of the Department of Workers' Claims.

The following publications are made available by the DWC:

Medical Fee Schedule for Physicians
Commissioner's Report on "B" Readers
Workers' Compensation Posting Notice
Life Expectancy Tables
Rehabilitation Pamphlet
Compliance Inspection Pamphlet
List of "B" Readers for CWP
Acute Low Back Pain Booklet

Workers' Compensation Forms
Hospital Fee Schedule
Annual Report
Benefits Schedule
Quarterly Report
Present Worth Table
Workers' Compensation Guidebook

The following pages contain a list of forms that may be requested through Administrative Services or by accessing the Department of Workers' Claims web site at <http://www.labor.ky.gov/workersclaims/pages/forms.aspx>. The only exceptions to this are the Form 4 and Form 5 which can only be obtained by contacting Administrative Services.



Forms

Checklist	Checklist for Petitioner's Brief
Checklist	Checklist for Respondent's Brief
Form AWW-1	Average Weekly Wage Certification
Form 11	Motion to Substitute Party and Continue Benefits
Form 101	Application for Resolution of Injury Claim
Form 102-OD	Application for Resolution of Occupational Disease Claim
Form 102-CWP	Application for Resolution of Coal Workers' Pneumoconiosis Claim
Form 103	Application for Resolution of Hearing Loss Claim
Form 104	Plaintiff's Employment History
Form 105	Plaintiff's Chronological Medical History
Form 106	Medical Waiver and Consent Form
Form 107-I	Physician's Medical Report-Injury
Form 107-P	Physician's Medical Report-Psychological
Form 108-CWP	Physician's Medical Report-Coal Workers' Pneumoconiosis
Form 108-HL	Physician's Medical Report-Hearing Loss
Form 108-OD	Physician's Medical Report-Occupational Disease
Form 109	Attorney Fee Election
Form 110-CWP	Agreement as to Compensation and Order Approving Settlement for Coal Workers' Pneumoconiosis
Form 110-F	Agreement as to Compensation and Order Approving Settlement-Fatality
Form 110-I	Agreement as to Compensation and Order Approving Settlement-Injury
Form 110-OD	Agreement as to Compensation and Order Approving Settlement-Occupational Disease
Form 111-I-HL	Notice of Claim Denial or Acceptance-Injury and Hearing Loss
Form 111-OD	Notice of Claim Denial or Acceptance-Occupational Disease
Form 112	Medical Dispute
Form 113	Notice of Designated Physician
Form 114	Request for Payment for Services or Reimbursement for Compensable Expenses
Form 115	Social Security Release Form
Form 120EX	Request for Expedited Determination of Medical Issue
Form 150	Workers' Compensation Statistical Report
Form 375	Application for Split Coverage
Form 375 Wrap Up	Application for Split Coverage (Wrap Up)
Form EL1 and EL2	Employee Leasing Company Registration Form
Form MTR-1	Motion to Reopen by Employee
Form MTR-2	Motion to Reopen KRS 342.732 Benefits
Form MTR-3	Motion to Reopen by Defendant
Form NMRP	Notice of Filing Medical Report
Form Hearing Loss Stipulation	Workers' Compensation-Hearing Loss Stipulation
Form Injury Stipulation	Workers' Compensation-Injury Stipulation
Form Occupational Disease Stipulation	Workers' Compensation-Occupational Disease Stipulation
Form SI-01	Self-Insurers' Guarantee Agreement
Form SI-02	Self-Insurance Application
Form SI-02 Attachment	Self-Insurance Application Attachment
Form SI-03	Continuous Bond

Forms

Form SI-03 Attachment	Surety Rider
Form SI-04	Letter of Credit
Form SI-08	Loss Report
Ky Drug-Free Workplace Application	Application/Affidavit/Checklist for Certification of Ky Drug-Free Workplace Program Pursuant to 803 KAR 25:280
Ky Workers' Compensation Act Notarized Affidavit of Exemption by Building Contractor (Corporation or Partnership)	Affidavit of Building Contractor (declaring no employees) which is filed with local building permit.
Ky Workers' Compensation Act Notarized Affidavit of Exemption by Building Contractor (Individual)	Affidavit of Building Contractor (declaring no employees) which is filed with local building permit.
Managed Care - UR Form	Managed Care - UR Form
MIR-1	Motion for Interlocutory Relief-If you are attempting to fill out this form without counsel, you may contact a workers' compensation specialist for assistance toll free at 800-554-8601.
MIR-2	Affidavit for Payment of Medical Expenses-If you are attempting to fill out this form without counsel, you may contact a workers' compensation specialist for assistance toll free at 800-554-8601.
MIR-3	Affidavit for Payment of Temporary Total Disability-If you are attempting to fill out this form without counsel, you may contact a workers' compensation specialist for assistance toll free at 800-554-8601.
MIR-4	Affidavit Regarding Rehabilitation Services-If you are attempting to fill out this form without counsel, you may contact a workers' compensation specialist for assistance toll free at 800-554-8601.
Service Contract Agreement	Service Contract Agreement
Open Records Request Form	Request for copies/inspection of DWC claim files.
Self-Insurance Open Records Request Form	Request for copies/inspection of Self-Insurance files.
Subpoena	Subpoena
Subpoena Duces Tecum	Subpoena Duces Tecum
Workers' Compensation Posting Notice	Workers' Compensation Posting Notice

Design and Development Section

The Design and Development Section responds to all development and programming needs for the Department of Workers' Claims. Design and Development staff work to enhance the agency's Server-based System for Information Management and Business Application (SIMBA), Electronic Data Interchange (EDI) and Proof of Coverage (POC) programs to meet the evolving needs of the agency. Design and Development staff apply new features to SIMBA, EDI, POC, Reports and other applications for the agency.



During the past fiscal year, the Design and Development staff received 337 new test track issues, completed 412 test track issues and performed 96 builds, patches and updates. A major project for Design and Development Section (D&D) was working with Commonwealth Office of Technology (COT) to migrate Department of Workers' Claims servers into the state server farms and upgrade existing applications to the most updated versions for use in future applications. A continuing project for D&D was

the designing and programming of screens/reports, data conversion and implementation of the Frankfort Motion Docket and Claims Agreements stand-alone Microsoft Access databases into SIMBA. D & D staff also met with sections on integrating Claims Review and Claims Assignment stand-alone access databases into SIMBA. SIMBA/EDI/POC screens, reports and form letters were modified to reflect change or enhancement requests. Issue and/or requests for SIMBA/EDI/POC were addressed over several builds and patches. New status codes and FileNet codes were added to the system. User security accounts for SIMBA and FileNet were enabled and disabled as needed. Staff assisted vendors/trading partners with FROI/SROI & POC electronic filings. Section staff applied the 2014 Workers' Compensation Benefit Schedule and Present Worth Table figures to the 992 Table Calculator program. Staff attended meetings for the Online Open Records Project and made recommendations to vendors on design and functionality for this project. Custom queries were written and run when data was needed in addition to that supplied by existing programs and reports. Staff monitored and updated the ComLaw program with monthly board opinions. D & D staff attended the IAIABC conference and other training throughout the year.

Office of General Counsel

The Office of General Counsel is responsible for providing legal support services to the Department of Workers' Claims. The office advises the Commissioner's Office as to responsibilities with regard to personnel actions under KRS Chapter 18A and defends the agency in any actions, personnel or otherwise, that are filed against the department. Additionally, the office has responsibility for promulgating regulations required of the department and drafting and reviewing legislation. The office provides assistance to the Enforcement Branch in ensuring compliance with workers' compensation laws for imposition of injunctions and fines against employers who neglect or refuse to provide workers' compensation coverage for their employees. In circumstances where an employee is injured and the employer failed to provide insurance coverage, liens are filed against assets of uninsured employers pursuant to KRS 342.770. The office is responsible for reviewing open records requests in compliance with the state's open records law. The office investigates unfair claims practices and is responsible for issuing show cause orders and representing the department at hearings when it has been determined that an unfair claims practice has occurred.

During this past fiscal year, the Legal Services Division collected approximately \$1,736,784.95 in fines and penalties. The office received 707 citation cases, 59 unfair claims settlement practice cases and three new fraud cases. This office has filed restraining orders and collection actions in circuit court, held formal hearings and show cause hearings before administrative law judges and drafted agreed orders for settlements with regard to the above cases. The Office of General Counsel has also represented the agency, more specifically the Security and Compliance Division, in hearings with regard to self-insurance audits, bankruptcy proceedings and insurance company rehabilitation proceedings.



Administrative Law Judges

The Department of Workers' Claims has 19 Administrative Law Judge (ALJ) positions allocated, 17 of which are currently filled. Each ALJ is appointed for a four-year term by the Governor and is subject to confirmation by the Kentucky State Senate. One of the ALJs is designated Chief Administrative Law Judge pursuant to KRS 342.230(8).

Chief Administrative Law Judge

The Chief Administrative Law Judge regularly works from the Frankfort office. The CALJ presides over the Frankfort motion docket. In addition, the CALJ rules on settlement agreements in unassigned cases, regularly conducts dockets for coal workers' pneumoconiosis (CWP) cases, conducts hearings and renders opinions in various enforcement actions and advises other DWC Sections regarding issues relating to Workers' Compensation litigation. The CALJ supervises ALJ activities, prepares a rotation schedule for the ALJs, plans two adjudicator training sessions annually, takes initial assignment of all CWP claims and covers dockets for other ALJs on an emergency basis.



Robert L. Swisher
A.B., 1976 University of Notre Dame
J.D., 1979, University of Kentucky
Initial appointment date: January 1, 2010



Steven G. Bolton
B.A. History, 1968 Hanover College
J.D., 1973, University of Kentucky
College of Law
Initial Appointment Date: July 15, 2012



Scott Borders
B.A., Business Administration, 1984,
University of Kentucky
J.D., 1987, Salmon P. Chase College of Law
Initial appointment date: December 7, 2001



John Coleman
B.A., 1986, Morehead State University
J.D., 1992, Salmon P. Chase
College of Law
Initial appointment date: January 1998



Chris Davis
B.A., 1994, University of Kentucky
J.D., 1998, University of Kentucky
College of Law
L.L.M., 2000, Loyola Chicago
Initial appointment date: January 12, 2007



Douglas W. Gott
 B.A., 1987, Western Kentucky University
 J.D., 1991, University of Kentucky
 College of Law
 Initial appointment date: June 23, 2008



Jeanie O. Miller
 B.A., 1976, University of Kentucky
 M.P.A., 1981, University of Kentucky
 J.D., 1984, University of Kentucky
 Initial appointment date: January 1, 2010



J. Landon Overfield
 B. A., Political Science, 1970,
 University of Kentucky
 J.D., 1972, University of Kentucky
 College of Law
 Initial appointment date: November 15, 1994
 Chief ALJ January 1, 2009 - June 30, 2009
 September 1, 2010-Present



Thomas Polites
 B.S. 1981 Tulane University
 J.D. 1987 Salmon P. Chase College of Law
 Initial Appointment July 16, 2012



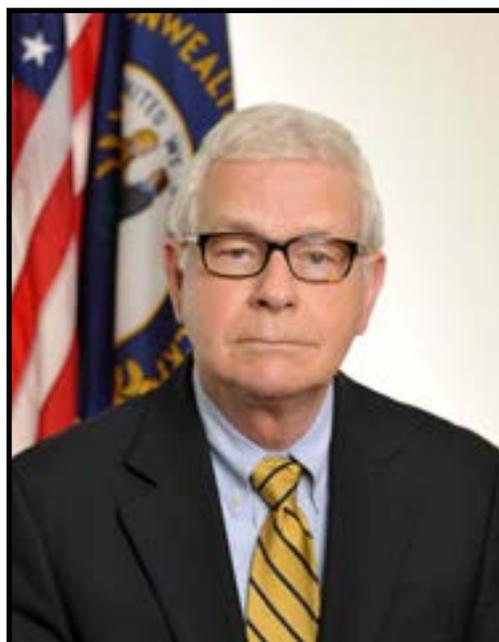
Grant Roark

B.S., 1992, University of Kentucky

J.D., 1995, University of Louisville

College of Law

Initial appointment date: February, 2004



William Rudloff

A.B., 1961, Western Kentucky University

J.D., 1965, Vanderbilt University

Initial Appointment Date: January 1, 2012



Jonathan Weatherby

B.A. Kentucky State University 1995

J.D. University of Kentucky 1998

Initial Appointment Date: January 1, 2012



Jane Rice Williams

B.A. 1992 University of Kentucky

J.D. 1995 Salmon P. Chase, College of Law

Initial Appointment Date: July 15, 2012



Otto Daniel Wolff IV
B.A., 1970, University of Cincinnati
J.D. 1974, University of Cincinnati
Initial appointment date: July 15, 2008

Administrative Law Judge Activity

Under the guidance and supervision of the Chief Administrative Law Judge, the ALJs oversee the adjudication of litigated claims filed with the Department of Workers' Claims. The ALJs are required to conduct benefit review conferences and formal hearings in these claims. Thereafter, they are required to issue decisions within 60 days of the hearing. Decisions must contain findings of fact and rulings of law and are subject to appeal to the Workers' Compensation Board, Court of Appeals and Supreme Court.

Benefit review conferences and hearings are held at 10 hearing sites in Kentucky maintained by the Department of Workers' Claims. In January 2012, the number of active hearing site sites was reduced to 10. Currently, hearing sites are located in Bowling Green, Florence, Frankfort, Hazard, Lexington, London, Louisville, Owensboro, Paducah and Pikeville.

During the past fiscal year, the ALJs conducted 4,178 benefit review conferences. This conference is an informal meeting for the parties to define and narrow the issues of the claim, discuss settlement options and consider other relevant matters that may aid in the resolution of the claim. A substantial number of those cases were settled; formal hearings were held in the remainder. The ALJs conducted 1,767 formal hearings and issued 1,941 opinions. The ALJs also participated in two training sessions and attended and/or made presentations to various seminars and groups on workers' compensation topics.



Summary of FY 2013-2014 Published Kentucky Supreme Court Workers' Compensation Cases

SAINT JOSEPH HOSP. V. FRYE, 415 S.W.3d 631 (Ky. 2013)

Subject: Joinder of Claims

Where a second injury occurred after the final hearing regarding the claim for a previous injury, but before the ALJ had rendered an opinion, the claim for the previous injury was no longer pending when the second work-related injury occurred, and therefore the claimant's failure to join the claim for the second injury with the claim for the first injury did not constitute a waiver of the claim for the second injury.

JACKSON PURCHASE MEDICAL ASSOCIATES V. CROSSETT, 412 S.W.3d 170 (Ky. 2013)

Subject: Operating Premises

Where claimant was walking from a parking area designated for employee parking toward her place of employment when she fell, claimant was not taking an unreasonable path between her car and her office, and employer could assert control over the parking area, substantial evidence supported decision of ALJ that claimant fell within operating premises of employer for purposes of operating premises exception to the going and coming rule.

MORRIS V. OWENSBORO GRAIN CO., LLC, 407 S.W.3d 559 (Ky. 2013)

Subject: Coverage Exemption

Where an employee is covered by a federal workers' compensation scheme such as the Longshore and Harbor Workers' Compensation Act, the worker is exempt from Kentucky's workers' compensation laws unless the employer provides voluntary coverage. An employer must provide notice required by law to the Commissioner of the Department of Workers' Claims to show it intended to cover all of its employees under Kentucky's workers' compensation laws regardless of whether they are covered by a federal rule of liability, and the mere fact that the employer maintained workers' compensation insurance does not create a presumption of coverage.

Summary of FY 2013-2014 Published Kentucky Supreme Court Workers' Compensation Cases

HANIK V. CHRISTOPHER & BANKS, INC. 434 S.W.3d 20 (Ky. 2014)

Subject: Operating Premises

The factors considered by an ALJ when determining if a parking facility is within an employer's operating premises include: (1) whether the employer, either directly or indirectly, owns, maintains, or controls the parking facility or a portion thereof; (2) whether the employer designated where in the parking facility its employees are to park; (3) whether the employee parked in the designated area; and (4) whether the employee was taking a reasonable path from his or her car to his or her work station when injured. Substantial evidence supported ALJ's finding that parking lot located in back of store, in which claimant allegedly fell was not within employer's operating premises, and thus claimant's injury was not compensable, even though employee and manager referred to back lot as the employee lot on injury report forms; employer did not own parking lot or have an obligation to maintain it, there was no evidence that any parking spaces were specifically allocated to employer or that employer had any special influence over maintenance of the parking lot, employees did not receive instruction to park in back lot except at Christmastime, and customers could park in back lot.



Claims Processing & Appeals

The Division of Claims Processing and Appeals provides support to the Administrative Law Judges and the Workers' Compensation Board. The key responsibilities of this Division include timely processing of all Settlement Agreements and Applications for Resolution of Injury (Form 101), Occupational Disease (Form 102 and 102 CWP) and Hearing Loss (Form 103). Division staff also process all appeals to the Workers' Compensation Board. All processing in the Division must adhere to strict timelines.

Once the Applications for Resolution of claim are filed with the Department of Workers' Claims, the claims are prepared, sorted into regions based on the county of residence of the plaintiff and assigned to an Administrative Law Judge. When the claims are ready to be scheduled, it is this Division's responsibility to ensure that all parties are notified the claim has been assigned to an Administrative Law Judge and scheduled for a Benefit Review Conference.



Claims Branch

The Division of Claims Processing and Appeals is not only the beginning point for these claims, but also for the many transactions that must occur on the claim's path to resolution, as well as the resting place of the resolved claims. The Division consists of the Claims Branch which includes four sections: Claims Review Section, Claims Assignment Section, Agreements Section and Appeals Section. Each of these sections serves a critical function in the life of a claim. The following includes section activity statistics for the fiscal year 2013-2014, accompanied by a brief narrative of each section's duties and responsibilities.

The Claims Review Section focuses on routing and the preparation involved in the processing of an Application for Resolution. This section reviews the claim for required elements, assembles the file, enters claim information such as parties and addresses into the Department's database, assigns a claim number and researches insurance coverage through the department's insurance database. In fiscal year 2013-2014, there were 4,875 new claims filed including 3,716 Applications for Resolution of Injury (Form 101), 627 Occupational Disease (Form 102, 102-CWP) and 532 Hearing Loss (Form 103). Of the



627 Occupational Disease Applications, 586 were coal workers' pneumoconiosis applications.

The Claims Assignment Section responsibilities begin with the assignment of new claims, older claims that have been reopened by order of the Chief Administrative Law Judge and medical disputes. Other duties include: routing motions on claims prior to assignment to an Administrative law Judge; scheduling court reporters and reserving hearing sites; serving as x-ray and exhibit custodians; and auditing resolved claims to confirm all information is contained in the electronic file before the physical file is purged. This fiscal year, 4,167 new and 115 reopened/motion docket claims were assigned to the Administrative law Judges and scheduled for a benefit review conference. The section audited and purged 4,102 physical files by the end of FY 2013-2014.

The Agreement Section processes and records all settlement agreements/Form 110s received by the Department. Pre-litigation agreements are reviewed by the Agreements staff for accuracy/completeness and approved by the Chief Administrative Law Judge if they meet the statutory/regulatory requirements. In FY 2013-2014, 3,090 of the 3,745 agreements received for approval by the Chief Administrative Law Judge were approved. The remaining deficient agreements were returned to the parties for corrections. In addition, this section processed and recorded 3,403 agreements from all other Administrative Law Judges.

Motions to substitute party (widow's benefits) are also handled by the Agreement's section. A total of 84 motions for widow benefits were received, processed and approved by the Chief Administrative Law Judge in this fiscal year.

The Appeals Section is the other major area of concentration within this division. The final awards, orders and decisions from the Administrative Law Judges appealed must pass through this section to verify timeliness of filings, completeness of records, indexing, scheduling and ensuring compliance with the Administrative Regulations - all in preparation for the Workers' Compensation Board's (WCB) review and judgement. Motions are tracked daily and a docket prepared weekly. In the event the decision of the WCB is appealed, section staff shall, upon request, ready and certify the files for review by the Court of Appeals and, in some cases, the Supreme Court.



The Appeals Section processed 331 appeals to the WCB this fiscal year. A total of 492 motions were submitted for the Board's consideration during weekly motion dockets. The WCB rendered 264 opinions with Chairman Michael Alvey authoring 90 opinions, Board Member Franklin Stivers authoring 90 opinions and Board Member Rebekkah Rechter authoring 84 opinions. A total of 322 cases were completed by the WCB during this fiscal year, either by opinion or final order.

Eighty-two petitions for review were filed with the Kentucky Court of Appeals, and 75 records were requested by the court. Appeals section staff prepared, indexed and transferred the requested records to the Court of Appeals, with 67 opinions and 5 final orders being issued. Additionally, there were 28 appeals to the Kentucky Supreme Court, with the court rendering 25 opinions and 2 final orders during the fiscal year.

Information and Research

The duties of the Division of Information and Research include collection, storage and retrieval of data and the dissemination of information. The Division of Information and Research is organized into two branches, Records and Imaging. The Records Branch is primarily responsible for data entry, Electronic Data Interchange (EDI) Claims, EDI Proof of Coverage, publications, specific data extrapolation associated with open records requests, maintaining/updating the agency website and ensuring the validity and integrity of the DWC's databases. The duties of the Imaging Branch consist of imaging and verifying all hard copy documents as well as indexing them into the DWC's integrated information and optical image system. The Imaging Branch also responds to requests for claim and first report information as well as production of records in response to open records requests.



Records Branch

The Records Branch is a fundamental part of the Department of Workers' Claims (DWC) and is divided into four sections: Data Entry, Electronic Data Interchange (EDI) Claims, EDI Proof of Coverage and the Research Section. These sections combine to ensure reliability, accuracy and integrity within the data that is submitted to the DWC.

The Data Entry Section receives and processes incoming mail, sorting and counting by document type. This section receives the majority of the documents filed with the Department. The section staff is charged with analyzing orders and opinions prepared by the Administrative Law Judges (ALJs) and pleadings filed by attorneys. The staff updates the database with numerous status codes to ensure the claim is in the proper disposition as these status codes are used by department personnel to ensure quality assistance to claimants, attorneys, employers and carriers. During this reporting period, the Data Entry Section received 95,035 pieces of mail, 30,450 orders and 1,429 awards from the ALJ's as well as 789 docket orders. Each document received in the section receives personal attention to ensure data quality.

The medical dispute program that began in 2013 to expedite medical disputes continues. The Data Entry Section continues processing the documents for this program. During this reporting period, the Data Entry Section received 6,522 orders, opinions or agreements for the medical dispute program.

The Electronic Data Interchange (EDI) Claims system is used by carriers and self-insured employers to report data electronically. The EDI section is responsible for communicating daily with Vendors, Carriers and Third Party Administrators to explain correct procedures and give directives to file first reports and subsequent reports correctly and timely. The EDI section audits these reports daily for discrepancies. DWC does testing for new system designs to make the DWC system more efficient, and has a goal is to collect the most accurate information for statistical purposes. The EDI section is continually doing data cleanup and taking requests from internal sections requesting changes from the Carrier and TPA's for required updates to data. The section assigns Coverage/Location ID's to each first report that comes in daily requiring an extensive knowledge of the POC database.

The Kentucky DWC utilizes the IAIABC standard, EDI Claims Release 3.0. EDI information is used for tracking purposes and as system triggers for the issuance of statute of limitations letters based on the date of injury, last receipt of temporary total disability benefits or date of death, whichever is pertinent per transmission. Information compiled by this section is utilized by the department as the claim progresses throughout the adjudication process. During this fiscal year, the EDI Section received *42,867 first reports through the EDI system. EDI numbers include 00s (Original), 04s (Denials) and AUs (Acquired) prior to manual rejections (for inaccurately reported information such as 'unknown').

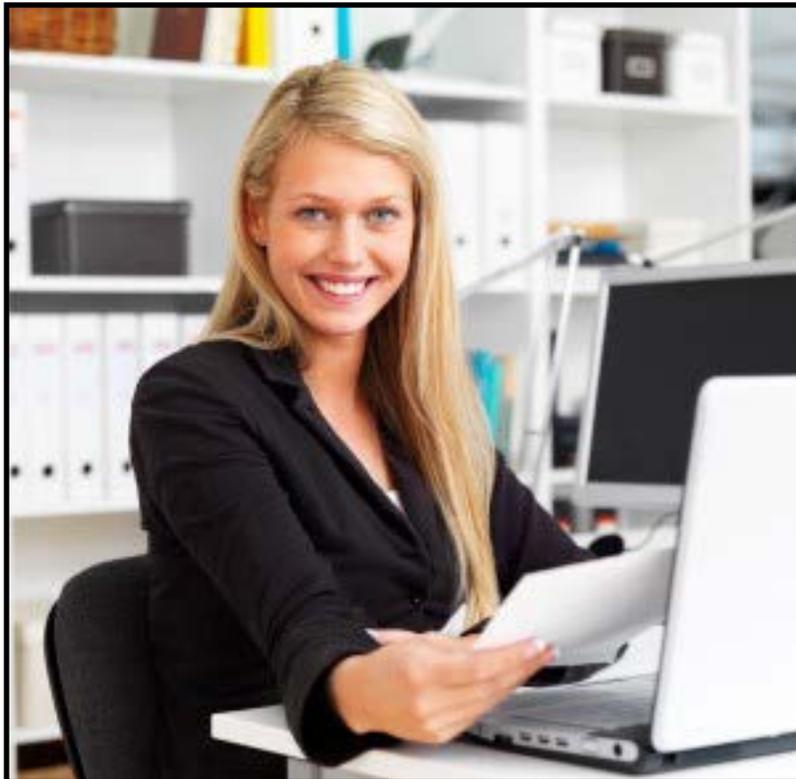
*This reflects section activity, not database statistics.

The Proof of Coverage (POC) section of the Department of Workers' Claims is charged with receiving and maintaining workers' compensation coverage filings for employers doing business in the state of Kentucky. Section staff maintain historical policy information going back over 50 years. This section received 569,429 POC transactions this fiscal year, with an average acceptance rate of 88%. The database is used by employers, employees, attorneys, the claims and enforcement section of the DWC, and numerous other state and federal agencies. The overall goal is to maintain a database that reflects correct workers' compensation information that can be utilized by the various individuals and organizations that rely on this data. This is achieved by daily monitoring of incoming transactions as well as daily "clean up" of erroneous files in the database. At present, this section operates with a staff of 2 employees. The POC section continues to strive to not only maintain a small workforce, but also improve the integrity of the workers' compensation database. Improvements were made this year to the DWC workers' compensation online look-up tool. The changes allow for more in depth search capabilities and providing more detailed information to the user. By the end of the first quarter of 2015, an email notification system will be added to the Department of Workers' Claims website to work in conjunction with the online look-up tool.



The Research Section collects, reviews and compares information pertinent to workers' compensation and the Kentucky Department of Workers' Claims. Specialized queries are developed to extract data from the Department's database system.

The Department of Workers' Claims Annual Report, the Link (Quarterly Activity Report) and the Workers' Compensation Guidebook are a few examples of the publications designed and developed by the Research staff. All of the current publications are being printed in black and white and bound in-house on an as-needed basis in an effort to be cost efficient. The



agency publications are essential to providing constituents and the general public with the knowledge necessary to understand and utilize the workers' compensation system.

Statistical information is requested from a variety of sources such as governmental entities, health care representatives, attorneys, the media, legislators and private individuals. Data gathered by the research staff is used for assisting in filing a claim, preparation of safety/training programs and updating state and national data banks.

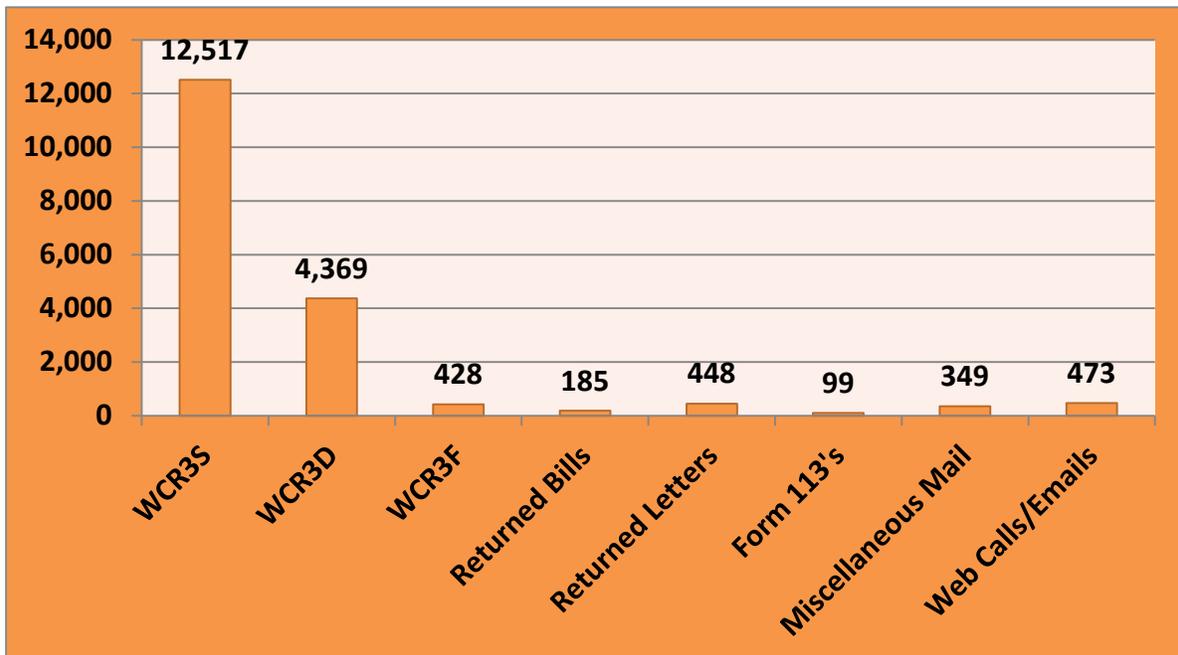
The Research Section maintains and manages the agency web site. Research staff serve as webmaster for inquiries from the web site and provide the requestor with information, answers to their

questions or forwards the request to appropriate personnel for response. Section staff also create PowerPoint presentations for DWC personnel for conferences, speeches and seminars.

The Research Section continues to focus on insurance carrier performance. Reports are generated on timely filing of first reports, initial payment of benefits and termination of benefits. In addition, Bimonthly MTC Reports and Under Investigation MTCs are also being scrutinized.

During this time period, the Research staff processed statute letters (WC letters) and returned mail. WC letters are sent out for a variety of reasons: benefits terminated, untimely filing, denials and fatality letters. The mail totals for this fiscal year are outlined in the following chart.

Distribution of Mail - Research Section



WCR3S-Suspension of benefits
WCR3D-Denials
WCR3F-Fatality

The Imaging Branch

The Imaging Branch is comprised of two sections, Scanning and Open Records. It is the responsibility of this branch to input, maintain and disseminate claim litigation information for reference and adjudication by agency staff as well as constituents of the Commonwealth.

The Scanning Section is responsible for scanning and indexing all hard-copy claims and first report documentation into the agency's FileNet Imaging System, the Department of Workers' Claims storage medium. The documents are then verified for correctness via FileNet's Query and Retrieval (Q&R) application. The Q&R application is utilized throughout the agency and functions as a source of reference and method of reproduction. This fiscal year, 278,305 documents equaling 2,288,424 pages were scanned. Micrographics equipment is located within the imaging branch and is available for use by agency staff as well as the general public by appointment. The number of microfilm pages printed from these machines during this fiscal year totaled 79,697.

The Imaging Branch Manager is currently responsible for maintaining the agency's records retention and destruction policy in accordance with the Kentucky Department for Library and Archives retention schedule.



The Open Records Section responds to requests for claim and first report information pursuant to KRS 61.872(2). Sources of requests include attorneys, insurance carriers, employers and federal and state agencies.

As a service to prospective employers, the Open Records Section provides, upon request, work history reports. These reports provide brief details concerning any injuries that potential employees have sustained subsequent to 1982. This service in years past was provided free of charge. Beginning in Fiscal year 2012-2013, this process was revised and now requires pre-payment in the amount of \$2.00 for each report requested. In fiscal year 2013-2014, the number of pre-employment requests totaled 6,057.

Beginning December 2012, The Department of Workers' Claims implemented an on-line service that is available 24/7 to electronically receive, fulfill and remit payment in the form of credit card or ACH Debit for Open Records Requests. The DWC is excited to extend this process to more expeditiously and more cost effectively provide service to the constituents of the Commonwealth. Requests will be processed manually for those not wishing to utilize the automated system. Updated fees still apply with the exception of those for processing. The updated fees associated with our on-line process are now \$.15 per page for documents readily available through our FileNet Imaging System and \$.75 per page for materials retrieved from microfilm. Additional fees attached to this service include processing fees of \$2.50 for imaged files, \$5.00 processing fee for microfilmed files and \$5.00 for certification. For fiscal year 2013-2014, Open Records processed 6,221 written requests and received \$122,298.14 for requested materials. During this same time period, Open Records processed 4,072 on-line requests and received \$50,406.04.



Security & Compliance

The focus the Division of Security and Compliance is to assure that workers' compensation benefits are available to employees in Kentucky by ensuring employers have obtained and maintained the required insurance coverage or have met their duties as employers authorized to self-insure their compensation liabilities. The Division is comprised of two branches, the **Self-Insurnace Branch** and the **Compliance Branch**.



Security Branch

Currently there are 118 Kentucky employers that are self-insured and approximately 332 companies that were self-insured in the past. The Self-Insurance Branch regulates individual self-insured employers by examining financial statements, claim data, and monitoring overall financial status of current and former self-insured employers. As part of this process this fiscal year, branch staff reviewed 137 financial statements. The examinations also include an assessment of the adequacy of claim reserves and reserving practices. The Branch gathers data, provides analysis and, when requested, makes recommendations to the Commissioner regarding the amount of, and acceptability of, the security an employer is required to deposit in order to assure payment of workers compensation benefits. The Branch also uses this data to establish simulated premium assessments pursuant to 803 KAR 25:021. The DWC currently maintains \$1.3 billion in security to assure payment of workers compensation benefits.

Companies that have left self-insurance status may request a reduction in the amount of security the branch is holding after a period of time has passed since they left self-insurance status. The branch will request updated loss data and audited financial statements. The Self-Insurance Branch then conducts a review to determine what will be an adequate amount of security to pay for any future workers' compensation liabilities. During this fiscal year, 19 such reviews were conducted for former self-insured companies.

When a self-insured employer fails to meet its obligations, the Branch calls the security deposited by the employer and represents the Department in any legal action required to obtain the security proceeds. The Branch also represents the Department when a self-insured employer is aggrieved by an action of the Commissioner, including the Commissioner's determination of the amount of security required to be deposited to assure payment of workers' compensation benefits.



Compliance Branch

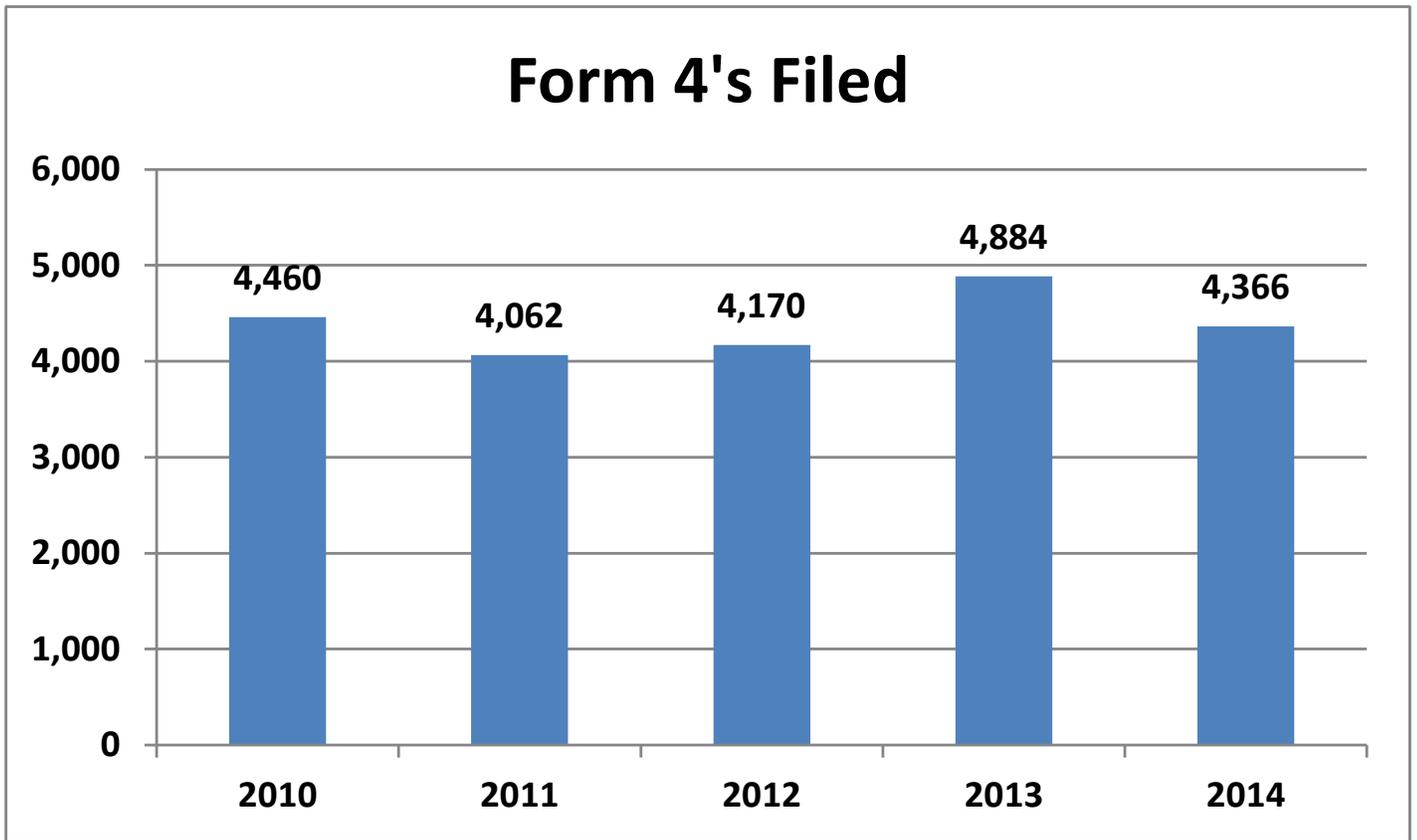
The Compliance Branch has two sections, the **Administrative Processing Section** and the **Enforcement Section**. This Branch makes on-site visits to Kentucky employers to determine whether the employers have obtained and maintained the required workers' compensation insurance. This Branch also aims to educate and encourage compliance with the Workers' Compensation Act. This Branch also certifies that coverage is in effect, registers Professional Employer Organizations, processes mining and mining-related coverage, accepts Employee Notice of Rejection of Workers' Compensation Act forms and processes split coverage filings.

The Administrative Processing Section provides general support services to the branch. Specific duties include issuing certifications of coverage to Administrative Law Judges, private attorneys, and for open record requests. The section issued 271 certifications of coverage this year. The section also registers Professional Employer Organizations (PEOs). A PEO is also known as an employee leasing company. Files on 389 currently registered Professional Employer Organizations are maintained by the section. Of those, 145 are active PEOs with 1,050 Kentucky clients. The section received 4,971 PEO insurance coverage transactions during the fiscal year accepting 4,225 for filing.

Processing mining and mine-related insurance coverage is completed daily by the section. There were a total of 3,302 coal insurance coverage transactions submitted with 2,887 manually processed and accepted. It also prepared 440 certifications of coal-mining risks and a daily notice of insurance cancellations to the Kentucky Office of Mine Safety and Licensing.

"Split Coverage/Wrap-up" filings for employers with owner or contractor controlled insurance programs ("OCIPs" or "CCIPs") must be approved. Kentucky statutes require that every policy cover the entire liability of the employer (KRS 342.375). The statute permits the Commissioner to authorize a separate policy for specific locations; commonly called Split Coverage/Wrap-ups/OCIPs or CCIPs depending on how they are structured. The employer must submit application to this section for review providing project description, proposed project budget, and estimated dates of project. Upon approval by the Commissioner the contractor must provide a list of enrolled subcontractors and policy numbers for the project. The section received 2,001 insurance coverage transactions involving multiple coverage locations for Split Coverage/Wrap-ups/OCIPs or CCIPs. Of those 1,896 were accepted for filing.

The section maintains and files the Employee's Written Notice of Rejection of the Workers' Compensation Act (Form 4) that is properly submitted to the agency. Filing a properly completed and notarized Form 4 permits an employee to waive the right to protection under the Kentucky Workers' Compensation Act. The right to workers' compensation benefits is forfeited. It is recommended that options and consequences be carefully weighed prior to submitting a rejection by seeking legal advice from an attorney. In Fiscal Year 2014, the branch received and processed 4,366 Form 4s. The chart below indicates the filing trend for the past five years has been consistent.



Form 4-Rejection of Coverage under the Workers' Compensation Act.



The Enforcement Section’s primary function is to ensure compliance of employers subject to the Workers’ Compensation Act. This is achieved, primarily, through the investigation efforts of its 10 investigators and section supervisor. Those investigators research leads generated by branch staff and also conduct random on-site inspections of employers. Investigators also respond to referrals submitted from the public by telephone and on-line through the DWC Web site. Referrals from the Attorney General’s Office Uninsured Employer Fund (UEF) are investigated for compliance when injury claims are filed. The branch also encourages timely compliance through educational initiatives.

Investigators cover each of Kentucky’s 120 counties from field offices located throughout the state. Investigators record each employer contact onto a tablet computer and electronically transmit the reports to the Frankfort office. Non-compliant employers are subject to citation and civil penalty by the Commissioner. Investigations, citations, and penalties are logged and processed through our legal tracking database by branch staff. All penalties are forwarded to the Kentucky Workers’ Compensation Funding Commission (KWCF) in accordance with the statute. The collected penalties are held for employees of self-insured employers injured before Guaranty funds were established and the security funds are insufficient.

During this fiscal year, the branch’s investigators conducted 9,700 on-site investigations of Kentucky employers. As a result, the Commissioner issued 781 citations to non-complying employers for failure to maintain Kentucky workers’ compensation insurance. The branch processed \$1,818,399.32 in penalties. This includes penalties paid in full to the branch and collections received from contested citations by our Legal Division. For comparative purposes, the following chart illustrates the number of investigations and citations issued to non-complying employers during the previous five years.

Investigation Analysis For Fiscal Years

	FY2010	FY2011	FY2012	FY2013	FY2014
Number of Investigations	11,400	10,497	9,574	9,842	9,700
Number of Citations	1,015	958	772	848	781
Penalties Collected	1,703,578	1,777,307	1,360,663	1,079,945	1,818,399.32

*This includes penalties paid in full to Compliance and settlements collected by DWC Legal Division for processing and forwarding to KWCF.

Division of Ombudsman & Workers' Compensation Specialist Services



This Division consists of the Specialist, Medical and Rehabilitation Sections and the Drug-Free Workplace Program. The Specialists Division provides a centralized source of information and assistance.

The Specialist Section assists in the prompt delivery of benefits. This is accomplished by facilitating communication and exchanging information between the injured worker, claims adjusters, employers and medical providers. This division also maintains a toll free telephone number (1-800-554-8601) and information can be found on the web site at www.labor.ky.gov/workersclaims.

The Medical Service Branch's primary focus is on cost containment. This branch oversees the approval of utilization review, medical bill audits and managed care plans; maintains the hospital and physicians medical fee schedules; and schedules university evaluations.

The Vocational Rehabilitation Services Section includes retraining and job placement opportunities for the injured workers.

The Drug-Free Workplace Program is a voluntary program that affords employers the opportunity to promote a drug free workplace for their employees. This program requires employers to implement a drug free workplace plan, complete the application and become certified by the Commissioner. Once the employer completes this process satisfactorily, they may be eligible for a 5% discount on their workers' compensation insurance premium.

Ombudsman and Workers' Compensation Specialist Branch

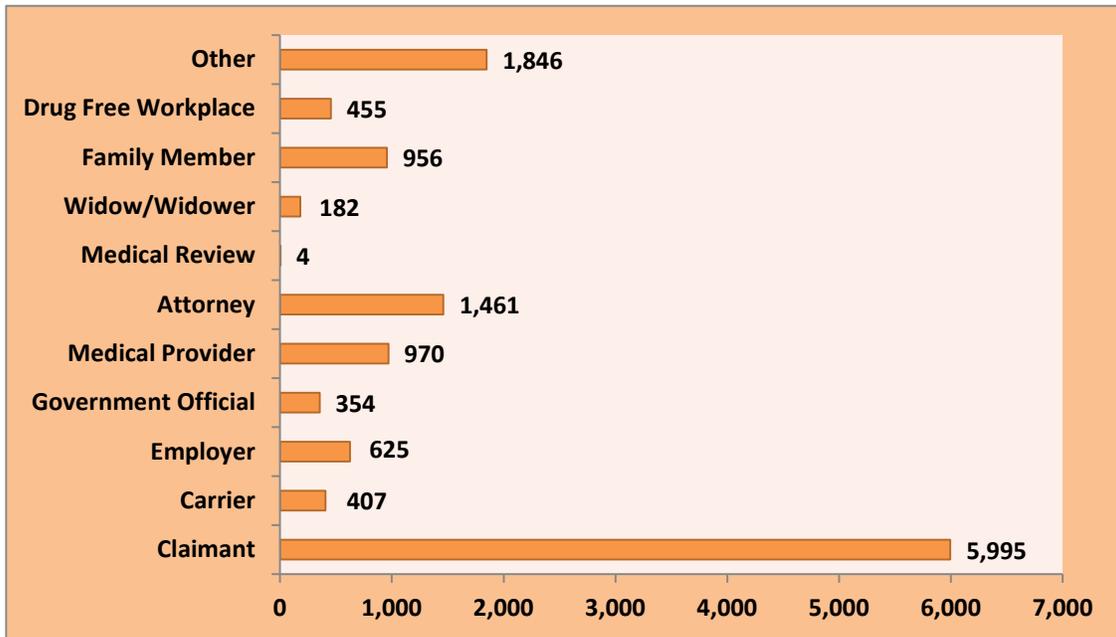
Established in 1994, the Ombudsman and Workers' Compensation Specialist Branch is now in its nineteenth year of operation. The Branch currently employs seven workers' compensation specialists throughout the state – six in Frankfort and one in a branch office in Pikeville.

Toll-free telephone assistance is available to callers on all workers' compensation topics of interest to the public, including how to report or file a claim, dispute resolution, benefit information, rights and procedures and other related issues. This branch also responds to constituent services requests from lawmakers and attorneys.

The primary daily activity of the workers' compensation specialists is to assist in the prompt delivery of benefits. This is done by facilitating communication and exchange of information between the injured worker and claims adjusters, employers and medical providers. Care is taken to remain impartial in dealings with all parties.



As demonstrated in the graph below, the specialists received 13,255 requests for assistance during the 2013-2014 fiscal year. They intervened in 345 cases and assisted in completing forms for 45 callers.



Breakdown of Assistance

The table below outlines the subject matter of these requests. The category represented by 'Other' includes such things as the attorney of record, current mileage rate, carrier/insurance agent and questions of a general nature.

Topic	Number of Calls
Rights and Procedures	3,920
Claims Status Request	1,934
Coverage	306
Other	4,994
Form Request	586
Referrals to Outside Agencies	588
First Report of Injury	27
Medical Fee Schedule	35
Claim Filing Assistance	29
Medical Fee Dispute	42
Utilization Review	16
Fraud	39
Managed Care	13
Rehabilitation	14

Drug-Free Workplace

803 KAR 25:280 sets forth the requirements for employers to obtain a certification of a drug-free workplace. These requirements include alcohol and substance abuse education and awareness training for employees and supervisors. All employees shall receive written material explaining the employer's policies and procedures with respect to the drug-free workplace program. All records of drug and alcohol test results written or otherwise received by the employer shall be confidential and shall not be disclosed by the employer.

The employer must implement drug testing, education/training and an employee assistance program (EAP). If the application is approved, the employer may be eligible for a 5% discount on its workers' compensation premium. The Department of Workers' Claims certified 14 new drug-free workplace programs this year and renewed 166 plans.

Medical Services Branch

Cost containment and the administration of medically related services are the primary activities of this branch which encompasses the hospital and physician medical fees; managed care, utilization review and medical bill audit plans; and university evaluations.

Fee Schedules

The reimbursement to a physician or hospital are governed by statutory and regulatory requirements.

The physician fee schedule was updated and became effective on June 6, 2014. The fee schedule utilizes updated coding, procedure description updates, revised reimbursement values and ground rules. The 2013 edition of the fee schedule also includes dental and transportation codes.

The hospital fee schedule (cost-to-charge ratio) governs the reimbursement for hospital charges in workers' compensation claims and these ratios are modified April 1st of each year. Calculations are determined by using applicable figures taken from each facility's cost report (HCFA-2552) on file with the Cabinet for Health and Family Services. The 2013 edition of the fee schedule utilizes 2013 CPT and HCPCS codes. The Department of Workers' Claims promulgated the cost-to-charge for 113 in-state and 278 out-of-state hospitals in FY 13-14. Out of state facilities, by regulation, are reimbursed in the same manner as Kentucky hospitals.

The managed care, utilization review and medical bill audit plans are required to be certified by the DWC. These processes are in place in an effort to provide quality medical care that is necessary and appropriate at an affordable price.

Managed Care Section

The Managed Care Section is responsible for overseeing the approval of and operations of Managed Care Programs (MCPs) in Kentucky. During fiscal year 2013-2014, there were 31 approved managed care programs in operation.

Workers' compensation managed care is intended to enable employers to better regulate costs while also providing high quality medical care by utilizing gatekeeper and specialist physicians, permitting pre-certification of services, maintaining aggressive case management and ensuring coordination of medical treatment.

Approximately 48% of Kentucky's workforce subject to the provision of the Workers' Compensation Act, participated in workers' compensation MCPs this year. The 31 MCPs that were operational covered approximately 6,361 employers and 1,001,049 employees.

Managed Care Plans

Fiscal Year	Number of Kentucky Jobs	Covered Lives	Percent in MCP
1997-1998	1,753,400	721,964	41%
1998-1999	1,795,800	681,213	38%
1999-2000	1,824,500	542,764	30%
2000-2001	1,804,700	600,522	33%
2001-2002	1,786,100	531,731	30%
2002-2003	1,782,900	499,038	28%
2003-2004	1,898,952	647,318	34%
2004-2005	1,878,341	783,077	42%
2005-2006	1,922,163	699,266	36%
2006-2007	1,944,983	700,194	36%
2007-2008	1,902,517	808,375	42%
2008-2009	1,878,891	812,226	43%
2009-2010	1,862,872	662,560	36%
2010-2011	1,769,800	774,068	44%
2011-2012	1,870,546	727,305	39%
2012-2013	1,903,880	744,196	39%
2013-2014	2,065,873	1,001,049	48%

Utilization Review/Medical Bill Audit

Utilization Review/Medical Bill Audit is governed by 803 KAR 25:190 and is a review of the medical necessity and appropriateness of medical treatment and services. It was implemented as a cost-containment measure and for managing quality assurances in the delivery of medical services to injured workers.

Workers' compensation claims are automatically selected for utilization review when they meet the following criteria:

- Upon a medical provider's request for pre-authorization
- Upon notification of a surgical procedure
- When total medical costs exceed \$3,000
- When total lost work days exceed 30 days
- An Administrative Law Judge orders a review

During the 2013-2014 fiscal year, the Department of Workers' Claims certified 56 Utilization Review/Medical Bill Audit Plans.

University Evaluations

Per statutes and regulations, the DWC has contracted with the University of Louisville and the University of Kentucky medical schools to perform hearing loss and occupational disease evaluations. The physicians also provide the Administrative Law Judge (ALJ) with assistance as needed to resolve medical issues.

During the 2013-2014 fiscal year, there were a total of 590 claims that were referred for university evaluations. Of those, 301 were scheduled at the University of Kentucky and 289 at the University of Louisville. Timely scheduling of university evaluations by the universities and preparing and sending reports are elements that are critical to the success of the program.

Occupational disease and hearing loss claims are referred for evaluations upon the filing of a claim for benefits. In injury claims, an Administrative Law Judge may order evaluations on their own or upon request of a party.



Evaluations Scheduled from 7/1/2013 - 6/30/2014

	<u>University of Kentucky</u>	<u>University of Louisville</u>	<u>TOTAL</u>
Injury Claims	3	19	22
Hearing Loss Claims	286	233	519
Pulmonary Claims	12	37	49
Total	301	289	590

Coal worker pneumoconiosis cases are no longer to be referred to B-reader panelists. These claims are being referred for University Evaluations in the same manner as all other occupational lung claims.

Vocational Rehabilitation Section

KRS 342.710 permits retraining benefits for those who are unable to perform work for which they have previous training or experience due to the effects of the work-related injury. Most often, injured employees are referred to this office by an Administrative Law Judge for a referral to a vocational evaluation facility. Evaluations are scheduled to determine aptitude, educational level and employment interest. Once the evaluation is complete, our office provides the test results to all parties and offers assistance to the injured worker by providing information on educational opportunities. This office will also intervene with the carrier to determine if they will voluntarily pay for the retraining. Most injured workers complete the evaluation but do not request or complete the retraining process.

In FY 2013-2014, the Vocational Rehabilitation Section opened 49 new cases. Of these, 45 were ordered by an Administrative Law Judge. Six claimants were in training during this time period.

Injured workers seeking vocational rehabilitation may be referred for a vocational evaluation and can be tested in one of 9 authorized vocational evaluation facilities located throughout the state.

Publications

These publications may be accessed through the agency Web site at <http://www.labor.ky.gov/workersclaims> or by calling the Department of Workers' Claims at 800-554-8601.



Why not change your direction?

There are many avenues open to coal miners who are ready to leave the mines. If you have been awarded retraining incentive benefits, there are numerous training/education routes available. You may even receive income benefits while you continue your education. Plus, possible bonuses upon completion. If you are ready to strike out in a new direction you should...

Explore new opportunities!

Call the Department of Workers' Claims at 1-800-554-8601

Classes are available across the state!

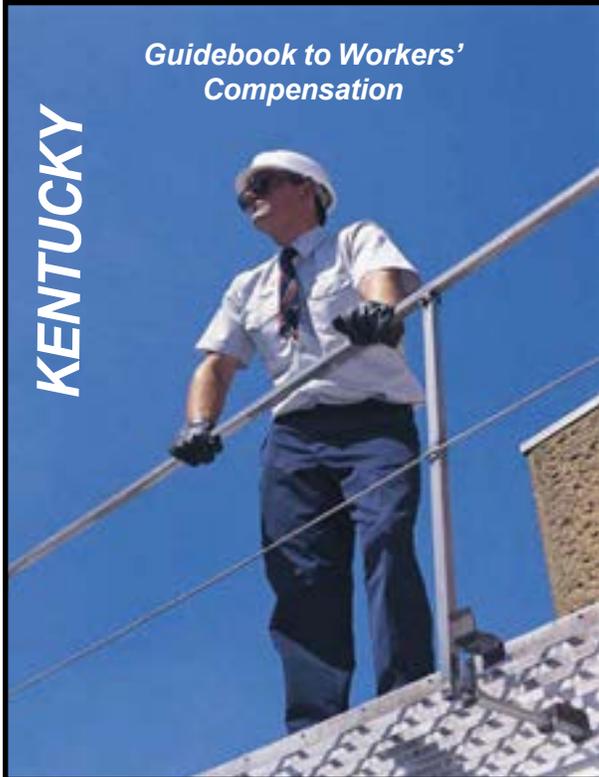
For more information on post secondary educational programs in your area contact:

Kentucky Higher Education Assistance Authority 1-800-528-8324 www.kheaa.org	Kentucky Community and Technical College System 1-877-528-3748 www.kctcs.net
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Under this program, you can qualify for up to 17 weeks of GED or other remedial training if needed prior to the post secondary training. For more information on GED and other adult education programs at a location close to you contact:

Kentucky School Boards Association 1-800-372-2982 www.ksbas.org	Kentucky Department for Adult Education and Literacy 1-800-528-7223 www.kpaes.ky.gov
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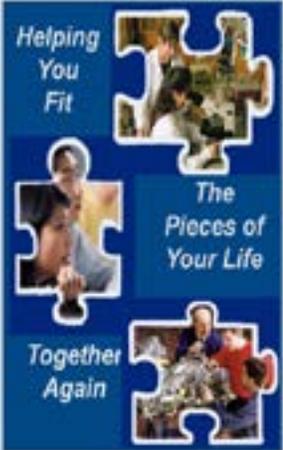
Coal Workers' Pneumoconiosis Poster



KENTUCKY

Guidebook to Workers' Compensation

Workers' Compensation Guidebook



Kentucky Department of Workers' Claims

Helping You Fit

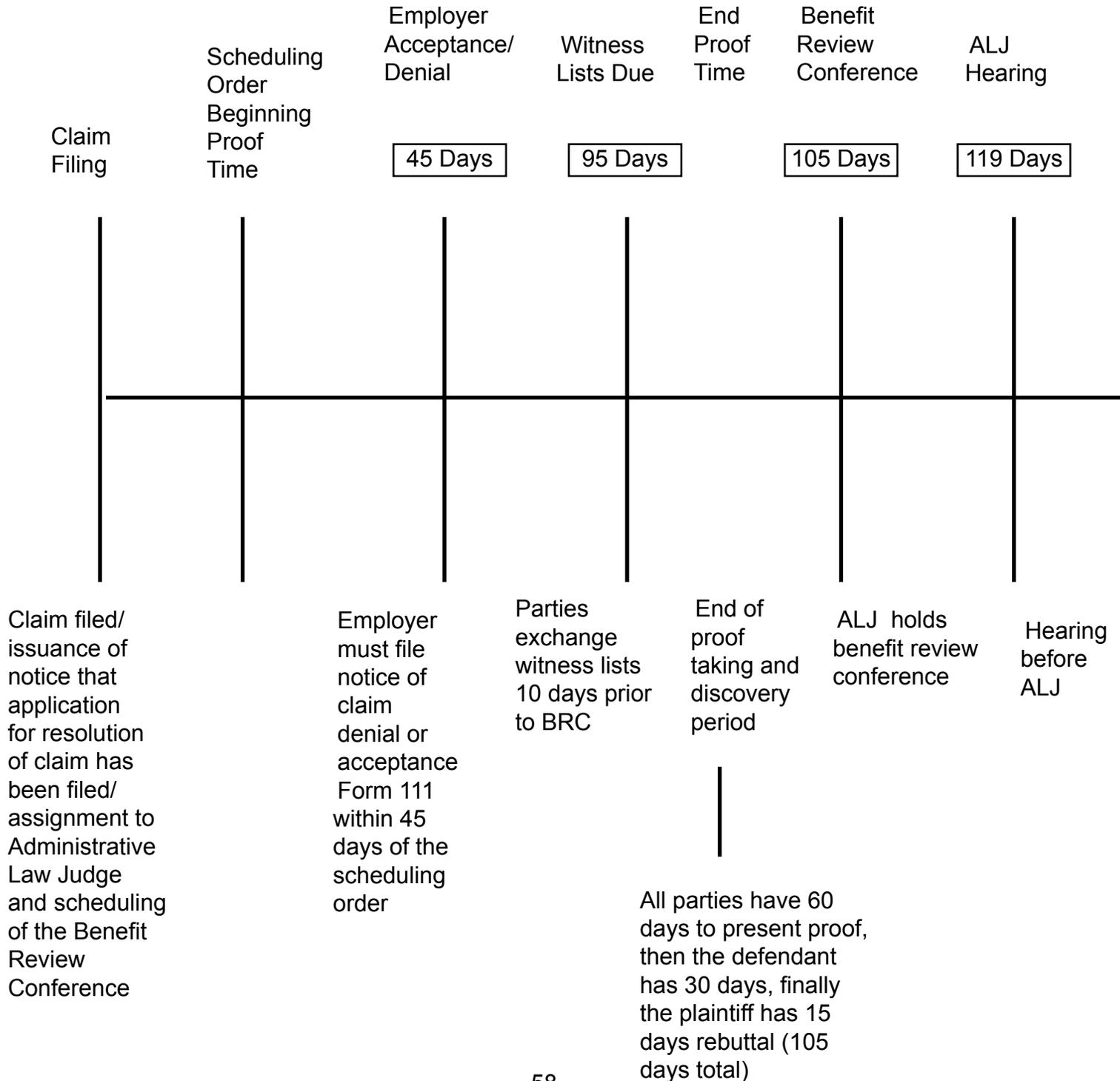
The Pieces of Your Life

Together Again

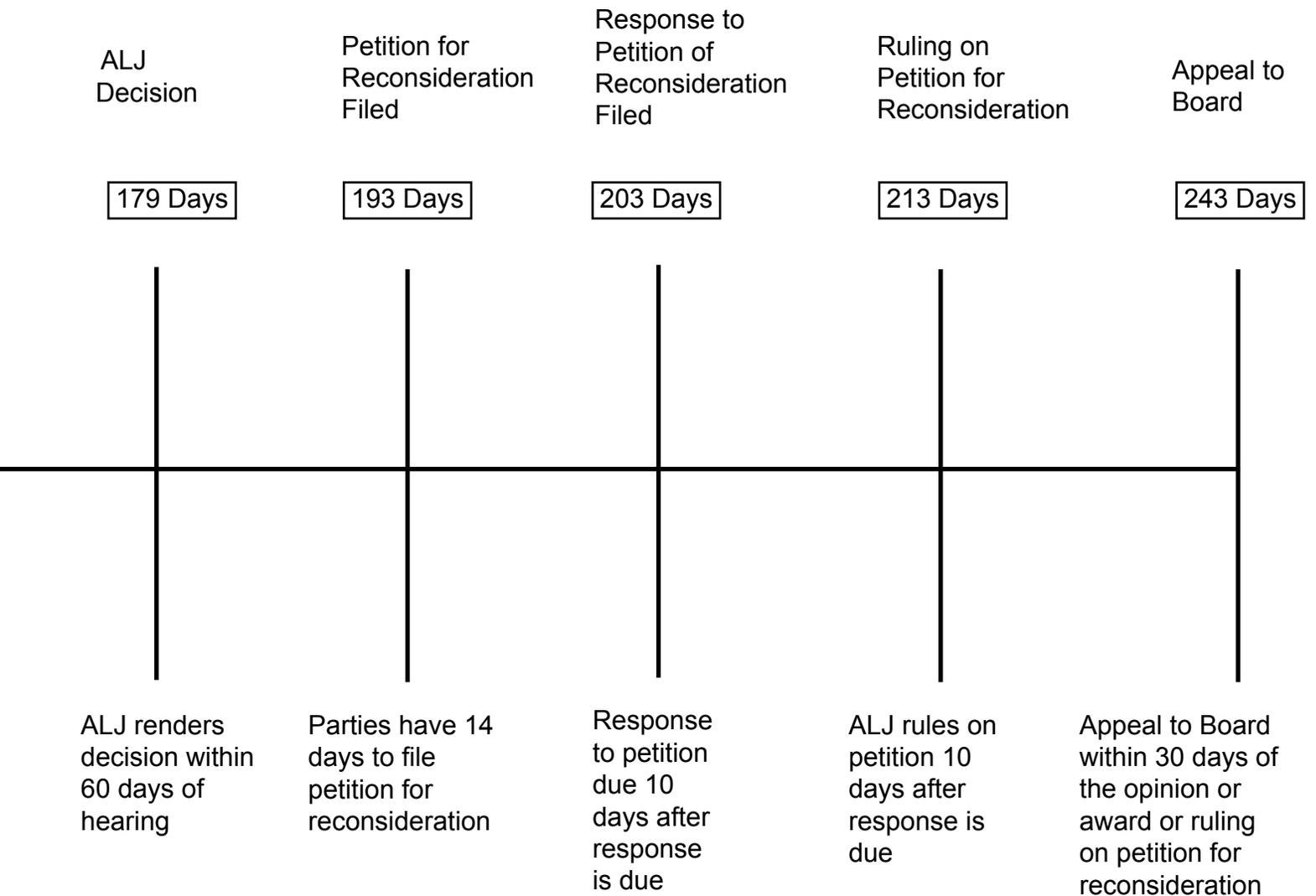
An Injured Worker's Guide to Vocational Rehabilitation

Vocational Rehabilitation Brochure

Kentucky Workers' Adjudication



Compensation Timeline



SCHEDULE OF WEEKLY WORKERS' COMPENSATION BENEFITS

**TYPE OF DISABILITY
SECTION OF STATUTE**

FOR INJURIES OCCURRING

	01-01-10 thru 12-31-10	01-01-11 thru 12-31-11	01-01-12 thru 12-31-12	01-01-13 thru 12-31-13	01-01-14 thru 12-31-14	01-01-15 thru 12-31-15
APPLICABLE AVERAGE WEEKLY WAGE OF THE STATE	\$711.79 (2008)	\$721.97 (2009)	\$736.19 (2010)	\$752.69 (2011)	\$769.06 (2012)	\$773.61 (2013)

DEATH (KRS 342.750)

a. Widow or widower with no children-50% of average weekly wage of deceased-subject to the following:

MAXIMUM	\$355.91	\$361.00	\$368.11	\$376.36	\$384.55	\$386.83
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72

b. Widow or widower with children living in the home-45% of average weekly wage of deceased, plus 15% for each child-subject to the following:

MAXIMUM	\$533.84	\$541.47	\$552.13	\$564.52	\$576.80	\$580.21
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72

c. Widow or widower with children **not** living in home-40% of average weekly wage of deceased, plus 15% for each child-subject to the following:

MAXIMUM	\$533.84	\$541.47	\$552.13	\$564.52	\$575.80	\$580.21
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72

d. One child, **no** widow or widower-50% of average weekly wage of deceased-subject to the following:

MAXIMUM	\$355.91	\$361.00	\$368.11	\$376.36	\$384.55	\$386.83
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72

d(1)More than one child, **no** widow or widower-50% of average weekly wage of deceased for the first child with an additional 15% of average weekly wage of deceased for each additional child-subject to the following:

MAXIMUM	\$533.84	\$541.47	\$552.13	\$564.52	\$576.80	\$580.21
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72

e. Dependent parents-25% of average weekly wage of deceased to each parent-subject to the following:

MAXIMUM	\$533.84	\$541.47	\$552.13	\$564.52	\$576.80	\$580.21
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72

f. Dependent brothers, sisters, grandparents and grandchildren-25% of average weekly wage of deceased to each dependent-subject to the following:

MAXIMUM	\$533.84	\$541.47	\$552.13	\$564.52	\$576.80	\$580.21
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72

The above is subject to the maximum of 75% of the average weekly wage of the deceased.

SCHEDULE OF WEEKLY WORKERS' COMPENSATION BENEFITS

TYPE OF DISABILITY SECTION OF STATUTE	FOR INJURIES OCCURRING					
	01-01-10 thru 12-31-10	01-01-11 thru 12-31-11	01-01-12 thru 12-31-12	01-01-13 thru 12-31-13	01-01-14 thru 12-31-14	01-01-15 thru 12-31-15
LUMP SUM DEATH BENEFIT INCREASE KRS 342.750(6)	\$69,916.52	\$70,916.46	\$72,313.24	\$73,933.98	\$75,541.95	\$75,988.88
TEMPORARY AND PERMANENT TOTAL KRS 342.730(1)(a) 66 2/3% of average weekly wage of employee-subject to the following:						
MAXIMUM	\$711.79	\$721.97	\$736.19	\$752.69	\$769.06	\$773.61
MINIMUM	142.36	144.40	147.24	150.54	153.81	154.72
RETRAINING INCENTIVE BENEFITS KRS 342.732(1)(a) 66 2/3% of average weekly wage of employee-subject to the following:						
MAXIMUM	\$533.84	\$541.47	\$552.13	\$564.52	\$576.80	\$580.21
MINIMUM	NONE	NONE	NONE	NONE	NONE	NONE
PERMANENT PARTIAL FOR INJURIES OCCURRING AFTER 12-11-96 KRS 342.730(1)(b), (1)(c)2,&(1)(d) 99% of 66 2/3% of average weekly wage of employee subject to the following:						
MAXIMUM	\$533.84	\$541.47	\$552.13	\$564.52	\$576.80	\$580.21
MINIMUM	NONE	NONE	NONE	NONE	NONE	NONE
PERMANENT PARTIAL FOR INJURIES OCCURRING AFTER 12-11-96 KRS 342.730(1)(c)1,& (1)(d) When the employee does not retain physical capacity to return to type of work performed at time of injury- 99% of 66 2/3% of average weekly wage of employee subject to the following:						
MAXIMUM	\$711.79	\$721.97	\$736.19	\$752.69	\$769.06	\$773.61
MINIMUM	NONE	NONE	NONE	NONE	NONE	NONE

Key Personnel*

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Wayne Logan, Deputy Commissioner (502) 782-4428
Brenda Majcher, Senior Staff Advisor (502) 782-4439
J. Landon Overfield, Chief Administrative Law Judge (502) 782-4535
Charlie Lowther, General Counsel (502) 782-4464
Derrick Hill, Technical Support Section (502) 782-4440
Yvonne Creech, Design and Development Section (502) 782-4479
Steve Mason, EDI Administrator (502) 782-4540

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Connie Morris, Assistant Director (502) 782-4407
Diana Morgan, Appeals Section Supervisor (502) 782-4457

Division of Information & Research

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Cam Lawson, Records Branch Manager, POC Supervisor (502) 782-4486
Carol Stevens, Imaging Branch Manager (502) 782-4557
Ashley Estep, Open Records Supervisor (502) 782-4429
Sharon Anderson, EDI Supervisor (502) 782-4416
Terri Robinson, Data Entry Supervisor (502) 782-4402
Kim McKenzie, Web Administrator (502) 782-4484

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John Mann, Attorney/Chief Specialist (502) 782-4532
Pam Knight, Medical Cost Containment Supervisor (502) 782-4449
Marilyn Chastain, Managed Care (502) 782-4539
Tara Aziz, Vocational Rehabilitation & Drug Free Workplace Coordinator (502) 782-4555
Toll Free Specialist Line (800) 554-8601

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Dale Hamblin, Assistant Director (502) 782-4404
Mike Watts, Self-Insurance Branch Manager (502) 782-4510
Tom Powell, Compliance Branch Manager (502) 782-4450

DWC Fax Numbers:

Commissioner's Office	(502) 564-5934	Claims	(502) 564-3792
Administrative Services	(502) 564-8250	Rehabilitation	(502) 564-5741
Ombuds & WC Specialist	(502) 564-9533	Security & Compliance	(502) 564-0916
Open Records/EDI	(502) 564-5732	WC Board Offices	(859) 246-2779
Medical Schedulers	(502) 564-5741		

* at end of fiscal year

No individual in the United States shall, on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief, be excluded from participation in, or denied benefits of, or be subjected to discrimination under any program or activity under the jurisdiction of the Kentucky Labor Cabinet.

This agency does not discriminate on the basis of race, color, national origin, religion, age or disability in employment or provision of services.

