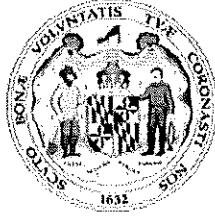


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Maryland Uninsured Employers' Fund-C96J00
Fiscal Year 2024 Operating Budget
Response to Department of Legislative Services Analysis

Maryland Senate Budget and Taxation
Committee

Public Safety, Transportation and
Environment Sub-Committee
Senator Sarah K. Elfreth, Chair
Hearing – March 6, 2023

Maryland House of Delegates
House Appropriations Committee
Public Safety and Administration Subcommittee
Delegate Tony Bridges, Chair
Hearing – February 22, 2023

Please accept the following, with the enclosed attachments, as the written testimony of the Maryland Uninsured Employers' Fund (UEF/Fund/Agency) on February 22, 2023 and March 6, 2023 regarding the status of the UEF and the budget proposal for FY 2024:

Introduction- Program Description and History

The Uninsured Employer's Fund exists to protect workers whose employers fail to obtain Worker's Compensation Insurance or were self-insured and have gone bankrupt.

The Fund reviews and investigates claims by injured Maryland workers, or by their dependents in case of death, who have not been compensated properly by their uninsured employer for their injuries and lost wages and pays claims as appropriate. The agency was created in order to protect Maryland workers who are injured on the job from an accidental injury or an occupational disease under certain circumstances. Specifically, the agency provides workers' compensation benefits, including medical benefits, to injured workers, and to their families and dependents as appropriate, in cases where an uninsured employer fails to carry Workers' Compensation Insurance, an employee is injured, benefits are awarded by the

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Maryland Workers' Compensation Commission (WCC/Commission) and the uninsured employer fails to pay the WCC award as ordered by the Commission. The agency's obligation to provide benefits and/or compensation is triggered when an uninsured employer defaults on an award issued by the Commission. The agency also provides coverage for claims for compensation for injured workers employed by insolvent self-insured employers as well.

We work to ensure that benefits and medical expenses are properly paid to injured workers, and that uninsured employers are held accountable with penalties and sanctions for their failure to comply with Maryland law to insure and protect their employees. Our mission is, therefore, to protect the innocent employee and to ensure that uninsured employers are held, when applicable, accountable for their actions as mandated by law.

The UEF is a statutorily-created (created by the General Assembly in 1983 to protect workers whose employers are not insured under Workers' Compensation (Chapter 576, Acts of 1983), self-funded agency which does not receive general funding.

The UEF was originally designed to be a limited stop-gap funding mechanism for injured workers whose employers failed to maintain legally required workers' compensation insurance. It was apparently believed when the agency was established that there would only be a fairly small number of such cases because employers would maintain workers compensation insurance to cover their employees since that insurance was, and still is, required of most Maryland employers under the law.

Over the years this prediction has proven to be erroneous. Some employers, especially in the dangerous construction and landscaping industries, routinely and deliberately fail to carry required insurance because it enables them to underbid their competition and thus obtain work, or because it increases their own profits, or for other reasons. Add to this honest employers who simply fail to have coverage at the time of an injury for various reasons and then have a claim from an injured worker, as well as bankrupt self-insured employers, such as the Bethlehem Steel Corporation (BSC) and A&P Supermarkets (A & P), and by 2023 the result is that the UEF has now grown to cover hundreds of injured workers at any one time – currently a monthly average of 670 active cases, including approximately 30 permanently totally disabled cases, with expenditures for both lost wages and medical bills totaling millions of dollars per year. A&P and BSC, both large self-insured companies, have become insolvent during the past 20 years and the UEF has also become responsible for tens of millions of dollars in workers' compensation payments for these two corporations' injured workers by statute, a responsibility which continues at the present time, remains ongoing and will continue for decades to come.

UEF coverage for a claim can last for any amount of time depending on the Order of the WCC: weeks, months, years, a lifetime. Workers often come back to the WCC with a claim for worsening of their condition, requiring a new hearing, resulting in a new order with increased payments, multiple times. Even if a claimant does not claim a worsening of their condition the

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agency is still responsible for casually-related medical treatment for the remainder of the claimant's life. Over time, cases can result in millions of dollars in medical and related expenses.

The UEF is a special fund. It is partially funded by fines levied by the WCC against uninsured employers and assessments imposed on awards of indemnity benefits. The agency also is to receive reimbursement from uninsured employers for expenditures made to claimants. Many uninsured employers do not make these required payments and reimbursements and collecting these funds from them is often a challenge requiring substantial effort from the Agency.

In addition to collecting these fines and assessments the UEF seeks repayment of the benefits paid from the relevant liable uninsured employers by way of civil and criminal collection and enforcement actions. The agency now vigorously pursues suspension of business licenses and permits from, and seeks criminal penalties against, employers who fail to secure insurance and/or fail to pay benefits awarded by the commission.

As noted, the UEF is entirely self-funded and typically receives approximately 80% of its funding from a 2% assessment on most WCC permanency awards and settlements (with the remainder of funding coming mostly from payments received from uninsured employers).

This 2% amount is the statutory maximum assessment available to the agency and has been the statutory maximum for many years. During the 2020 legislative session the Legislature raised that assessment amount temporarily for a period of one year to 3%, which added significantly to the Fund's balance. During the 2021 legislative session the agency requested, as a result of the COVID pandemic disruption and shutdown which occurred starting in March of 2020, that the temporary 3% figure be extended for one additional year. Although supported by the Administration the House Economic Matters Committee declined to extend the assessment increase and it therefore terminated on June 30, 2021.

During the past six years the UEF has been continually and actively engaged in the process of identifying and correcting a host of serious issues and deficiencies which were left by prior UEF management going back years – in some cases decades - including correcting serious deficiencies in the critical areas of structure, claims administration, enforcement and collections. It is important to emphasize that this work during these past several years involves a program to fix and stabilize an agency which had been slowly collapsing over a number of years. That difficult task has been neither easy, steady nor without mishaps – the challenges of dealing with such a situation as was faced six years ago are difficult to convey to those without actual experience in dealing with them - but our progress has been real, success has been substantial and material and the efforts of the staff, the Executive and the Legislature continue to show genuine measurable progress and positive results. All involved in this work and success should take pride in the enormous progress here which directly benefits injured Maryland workers and their families.

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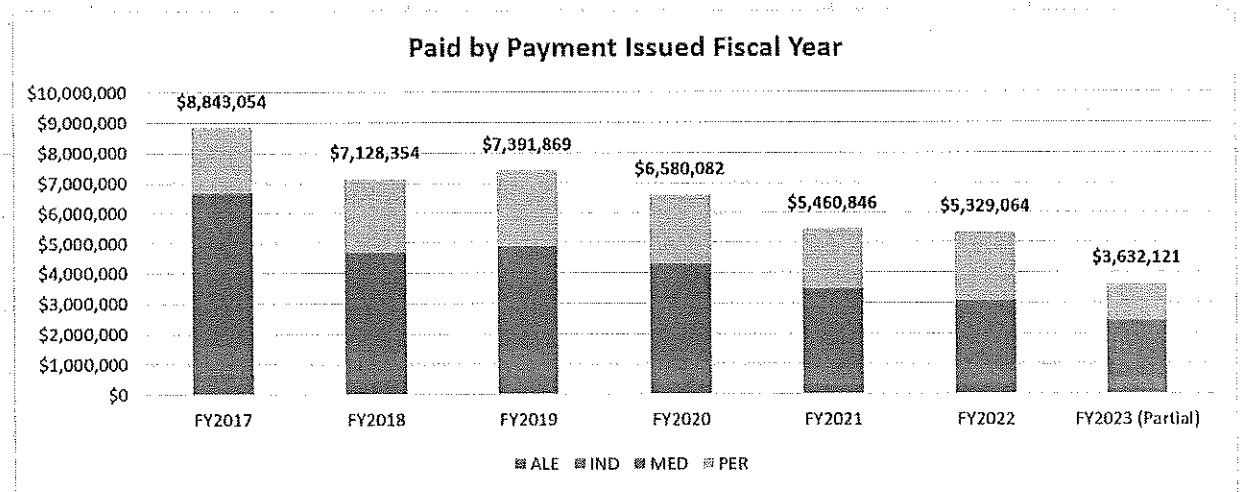
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Operating Budget Summary – Overview of Agency Spending

The major expenditures of the agency are staffing costs (33%) and the third-party administrator (TPA) contract with the CorVel Corporation (CorVel) (66%). The contract for third-party claims services with CorVel continues to be a success, providing large cost savings and competent professional services to the agency for a reasonable cost. The administration, investigation, medical care and payments savings, reporting, cost management and other benefits the agency has received under the contract more than recoup the cost of CorVel's services.

Since starting on the program with CorVel, expenditures for claims have declined. There has been a more than 60% decrease in the total number of open claims and roughly a 39% decrease in money spent on claims. These savings are substantial and could have only been achieved with the Agency procuring such TPA services from a competent national TPA. The contract with CorVel was, and remains, one of the major and critical reasons for the agency's success over the past six and one-half years.

An example of these savings is the following chart, UEF Budget Testimony Exhibit 1 (UEF Exhibit 1), which illustrates expenditures for medical payments and related matters:



As his chart illustrates, over the past six years CorVel's management of medical claims and expenses has resulted in a significant and steady reduction in costs for the agency.

It is worth quoting, in detail, this agency's report to the legislature in 2020 regarding the performance, and importance, of the contract with CorVel:

It is clear, when the facts and results are reviewed, that there are multiple reasons why the UEF hiring a TPA such as CorVel is the only rational course for an agency such as the UEF. As illustrated, a professional TPA company such as CorVel provides a host of advantages for all aspects of claims management that

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this agency could not possibly achieve by attempting to manage claims administration in-house, including: a detailed and extensive proprietary claims management and tracking system; experienced claims administration and investigative staff; vast experience with workers compensation claims investigation, management and payments; and, a national network of agreements with literally thousands of vendors which result in substantial savings in costs to the UEF on a daily basis for a host of services, both medical and non-medical. Additionally, Corvel provides the UEF with professional reporting and compliance services required under law to various entities, including state and federal entities, on a regular basis which would be time-consuming, challenging and expensive for a state-run in-house TPA. The data is clear that the savings of having a competent TPA manage this agency's claims results in savings and benefits that far outweigh the costs of the contract.

Whatever may have once been the case regarding claims management of workers' compensation claims, the modern environment in which today's claims are administered, especially medically, make a competent TPA with national exposure and reach a necessity for government agencies dealing with workers' compensation claims and payments. This is why several large and mid-size Maryland counties – as well as other government entities - choose to contract for these services rather than attempt to provide them in-house.

For the UEF this necessity is even more evident. Our legal team depends on Corvel for superior investigative work in order to defend cases and find insurance coverage that allows the UEF to avoid paying on claims. Our collections unit works with Corvel's investigators, with the result that our collections staff has more information on potential uninsured employers and is better able to collect funds due from such uninsured employers. Our daily functions at the agency often involve and benefit from interactions with the Corvel staff and system.

The single most important, necessary and successful action the UEF has taken during the rebuilding process of the past four [now six plus] years has been the hiring of a competent TPA.

The agency has included a copy of the most recent regular report from CorVel, from January 2023, to this testimony as UEF Budget Testimony Exhibit 2 (UEF Exhibit 2) in order to illustrate the wide range of performance metrics and requirements the TPA undertakes on an ongoing basis and to illustrate the success over time of the contract.

Personnel Data

The agency was in the process of hiring new staff for positions to fill vacant slots and improve agency function when the closure of State offices and the resulting health restrictions in March of 2020 stopped that process.

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The agency has, however, hired two new full-time staff members in the past year and replaced a third vacancy in the Attorney General staff and is currently engaged in the hiring process for remaining staff positions.

Key Observations

1. "Fund Balance Decline Slows"

As noted in the Department of Legislative Services (DLS) Budget Analysis (Budget Analysis) the UEF closing Fund balance for FY 2022 was \$8.6 million and was up slightly from the prior year. As Exhibit 4 of the Budget Analysis shows, actual past numbers and the DLS Estimate as of this time shows the Fund Balance remaining over \$6 million thru 2030. The actuarial study performed for the Agency in 2020 estimated the Fund Balance would be negative in 2030. Additionally, the Analysis Exhibit illustrates that any substantial decline in the Fund balance would not occur until the period 2026-2027.

Obviously, the latest figures are a very positive development. It reflects the ongoing improvements in enforcement and collections by the Agency of funds owed from uninsured employers as well as the savings realized by the successful implementation of the TPA program under the contract for services signed in 2019.

The Fund continues to work to improve and expand collection efforts, including focusing in on debt uncollected at the Central Collection Unit (CCU) and looks forward to continued improvement in the Fund balance in the coming years.

Should the Fund balance ever actually begin to substantially drop the Fund would advise the Legislature to consider enactment of the legislation introduced by the Fund in 2020 and 2021 to increase the Fund Assessment from the current long-time 2% to 3%, which would generate revenue which would not only stabilize the Fund but probably also increase the Fund balance on an ongoing basis from year to year.

2. "Audit Findings Not Yet Resolved"

As noted in the Analysis:

An Audit by the Office of Legislative Audits (OLA) found that UEF did not ensure that payments were supported and consistent with contract terms and did not ensure that payments to its TPA were supported and consistent with contract terms and did not review recurring payments processed by TPA to ensure that claimants were still eligible. It also found that UEF did not adequately pursue collection on delinquent accounts. The budget committees added language to the budget in 2022 restricting funds pending an OLA report certifying the resolution of the audit findings. While UEF has provided information to OLA, at the time of writing, OLA has not been able to review UEF's plans. UEF should comment on its plans to resolve its audit findings (emphasis deleted).

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(Budget Analysis, p. 5.)

In response, the UEF notes that it timely responded (October 20, 2022) to the Legislature's budget language requirement to provide a status letter to the OLA describing in detail the actions and measures taken to comply with the Audit by the deadline of November 1, 2022. In that letter, the UEF explained how it had acted to comply with the audit findings and recommendations. A copy of that letter is attached to this testimony as UEF Budget Testimony Exhibit 3 (UEF Exhibit 3).

Specifically as to the three OLA Audit findings, as to Audit Finding Number 2, that the "UEF did not adequately review recurring indemnity payments processed by the TPA to ensure claimants were still eligible for payment", the agency responded in UEF Exhibit 3 that it had complied with the findings and recommendations fully, stating:

As noted in the initial response to the 2021 Audit, Agency staff has been complying with Recommendation 2a. for many months. A fiscal staff member is forwarded a spreadsheet from the TPA with relevant information bi-weekly and randomly reviews cases to ensure payments confirm to WCC orders. Names of cases reviewed are recorded.

Additionally, a process has been in place for almost one year whereby quarterly meetings are conducted between UEF staff, Attorneys General and TPA staff to review a detailed list of all ongoing permanent disability cases in detail. Each relevant case is discussed and reviewed between UEF staff, OAG staff and TPA staff.

Finally, a process by the UEF to review the results of all "alive and well" checks was implemented many months ago with the results of all checks conducted furnished to Agency Director as "alive and well" checks occur for review by the Director. Information concerning those checks is forwarded to the UEF by the TPA when they occur.

The UEF has, therefore, complied with the Finding and Recommendations of Finding 2.
(UEF Exhibit 3, pp. 3-4.)

As to Audit Finding Number 3, that the "UEF did not adequately monitor and pursue collection of all delinquent accounts as of November 30, 2020, there were 1,920 delinquent accounts totaling \$14.5 million that, based on their age, should have been referred to the State's Central Collection Unit (CCU)," the UEF noted in its response that it had hired staff to comply with the Audit Finding and recommendations who had reviewed all the accounts referred to the

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Agency by the OLA and disposed of all accounts as described in the letter. Additionally, the letter noted that the staff was assigned the task of insuring that all accounts generated by the Fund be forwarded to the CCU on an ongoing basis. Additionally, the UEF noted the ongoing Agency program to refer uninsured employers to the appropriate authorities for license suspensions had been in effect for some time and continued to occur regularly.

The UEF's full response to the OLA as regards Finding Number 3 follows:

In response to Finding 3 the UEF hired a temporary staff person whose responsibilities have been to comply with this Audit Finding and resulting recommendations. The UEF reports that this person now reviews accounts to insure accurate and ongoing collection efforts, refers all delinquent accounts to the Central Collection Unit (CCU) on a regular ongoing basis, and has related responsibilities for these activities. This individual works with other staff members as well on the matters discussed above.

As previously noted, as part of the ongoing program to overhaul, correct and initiate proper Agency functioning, the UEF set up a program to "establish a process to identify and refer delinquent employers to applicable State and local licensing authorities for license or permit suspension" several years ago. That program has been and remains ongoing. Based on Recommendation 3.c., the agency, working with its Attorneys General, has memorialized the process for identifying and referring delinquent employers for license or permit suspension in detail. A copy of the Agency License Revocation Process procedures document has been previously provided to the OLA in 2021.

The license suspension program continues to be ongoing, and routinely is initiated whenever an employer fails to comply with the terms of relevant Orders issued by the Workers Compensation Commission (WCC) and therefore triggers UEF involvement and expenditures in a case.

After hiring the new temporary staff member, training that person, and many months of full-time research and investigation the UEF can report it has completely reviewed and disposed of the 1920 accounts referred to us by the OLA Audit. The results are as follows:

- 1150 accounts totaling \$13,416,703.91 were sent to the CCU for collection.
- 20 accounts for amounts owed under \$30.00 cannot be sent to the CCU because the CCU refuses to accept amounts due under \$30.00 for collection.

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- 750 of the “delinquent accounts” identified for referral to the CCU were found to have either already been sent to the CCU for collection previously by the agency or were not eligible to be sent to the CCU for reasons including: the claims had been paid; a settlement approved by the WCC reduced the original amount owed; the claim had been dismissed or never pursued by the claimant; the debtor was deceased; a payment agreement had been agreed to by the parties; the claims are ongoing so revised debt amounts are forwarded as generated by the UEF to the CCU already; and/or 100 percent of the claim total eligible for collections had already been forwarded to the CCU.

These 750 claims totaled \$1,082,161.72.

The UEF has, therefore, hired a temporary staff position to handle and comply with the Finding Number 3, and related recommendations, and continues to deal with relevant ongoing matters. As previously detailed, the agency has also resolved the 1920 accounts herein in compliance with this finding and recommendations.
(UEF Exhibit 3, pp.4-5.)

As to Audit Finding Number 1, that the “UEF did not ensure that payments to its TPA were adequately supported and consistent with the contract terms. As a result, we identified payments totaling \$521,083 for which the rate paid by UEF was not included in the contract or exceeded the rates specified in the contract”, the UEF has notified the OLA that:

The UEF has expanded its inquiry into this Finding to include areas not noted in the OLA Audit Finding. After working for months with the agency’s Attorneys General, the agency has evaluated every bill on all fixed priced items under the contract with CorVel and has confirmed that the UEF has overpaid CorVel. CorVel has denied that it was overpaid. Regarding this contractual dispute, the UEF has made a written claim with the contract’s procurement officer pursuant to State Finance and Procurement Article §15-216.1 and COMAR Sec. 21.10.04.05 on August 31, 2022. The agency further intends to reduce CorVel’s monthly fee during the remaining months of the contract until the agency is made whole in order to recover the funds. Under law, the state procurement officer has 180 days to make a decision on the claim and either party could then appeal that decision to the Board of Contract Appeals.
(UEF Exhibit 3, p.2)

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The UEF further notified the OLA that it had also established procedures to have fiscal staff review invoiced amounts to “ensure that invoiced amounts are supported and agree to contract approved rates and level of services prior to approving invoices for payment” and had discontinued payments not provided for in the contract and adjusted payments to conform to the requirements of the contract UEF. Further, the UEF noted that as part of this process the fiscal staff continued to monitor the performance of the TPA regarding claims management and processing, a process which is ongoing. (UEF Budget Exhibit 3, pp. 2-3.)

Subsequent to the October 20, 2022 notification of these facts to the OLA, the TPA CorVel agreed to the various dollar amounts supplied by the UEF from the Agency’s in-debt review of billing to the TPA and agreed to repay all monies owed as outlined by the Agency to the Agency as per the process outlined in the Agency’s response of October 20, 2022. That repayment process has begun and continues.

The UEF notified the OLA of these additional facts by way of a letter dated December 20, 2022 (UEF Budget Exhibit 4) which explained that CorVel had accepted the UEF’s calculations regarding overpayments made and had agreed to make reimbursement of the Funds, such reimbursement having already begun.

Therefore, the UEF has complied with OLA Audit Finding 3 and its recommendations.

It is, in summary, the position of the Agency, after consultation with staff and Attorneys General, that the Agency has complied with the three finding and assorted recommendations from the OLA 2021 Audit.

The UEF has been cooperating with the OLA since being contacted in December, 2022 regarding our responses to answer their questions as regards these three audit findings. The Agency welcomes this collaboration and will continue to work with the OLA until it is satisfied with the UEF’s position that the 3 findings and relevant recommendations have been responded to by the UEF and comply with the 2021 Audit.

Operating Budget Recommended Actions

The Agency concurs with the Governor’s allowance and the Budget Analyst’s recommendations as regards the Budget.

2022 Joint Chairmen’s Report Responses from Agency

Pursuant to the Joint Chairmen’s report, the Agency continues to work with the OLA in order to find the Audit findings have been corrected and the Agency is in compliance with the Audit.

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In conclusion, the agency sincerely thanks the budget analyst, Mr. Jason A. Kramer, for his usual professional and collaborative work with this agency and his excellent Budget Analysis. We appreciate his efforts to work with this agency to provide the legislature with both information and various recommendations regarding the UEF. His performance, knowledge and demeanor have made the process more successful for all involved.

It is always my pleasure to appear before legislative committees and I look forward to working with you all to continue our ongoing successful collaborative progress to make the Maryland Uninsured Employers' Fund an even more outstanding and successful State government agency - which in turn will help protect thousands of injured Marylanders and their families during difficult times.

Sincerely,

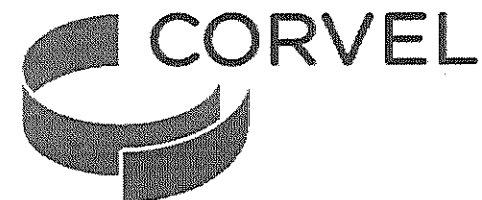
Michael W. Burns

Michael W. Burns, Esquire
Director

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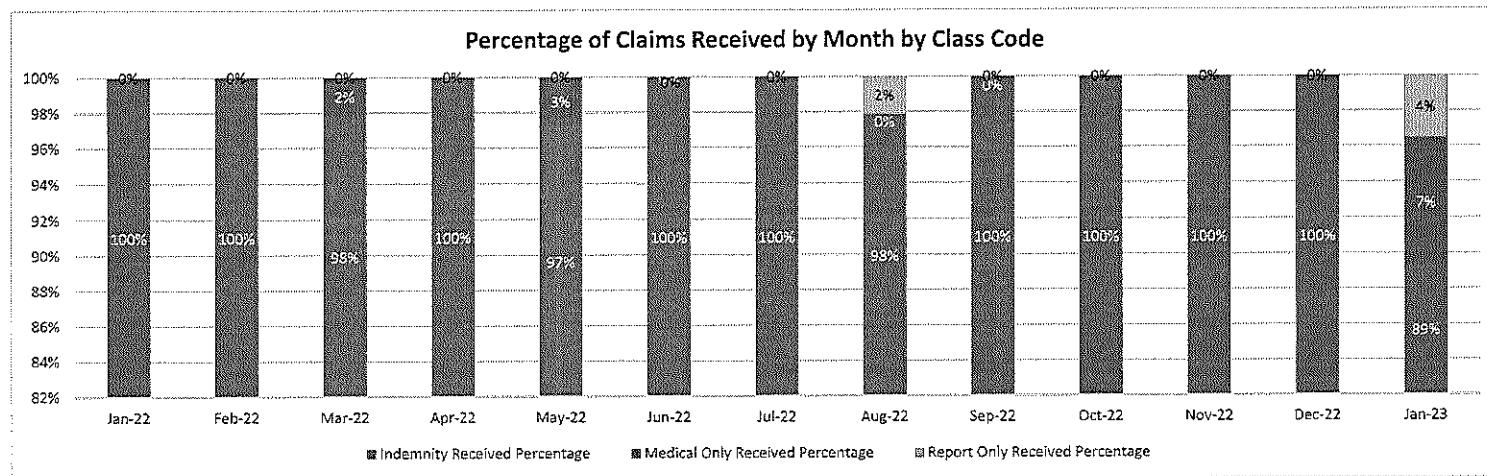
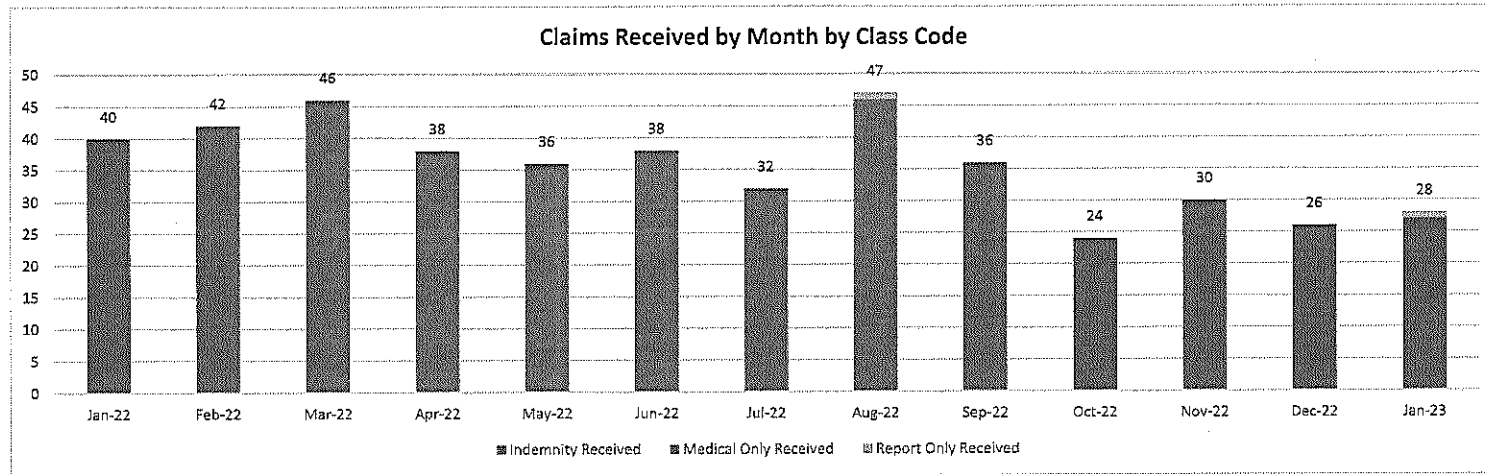
Maryland Uninsured Employers' Fund

Key Performance Indicators Tracking



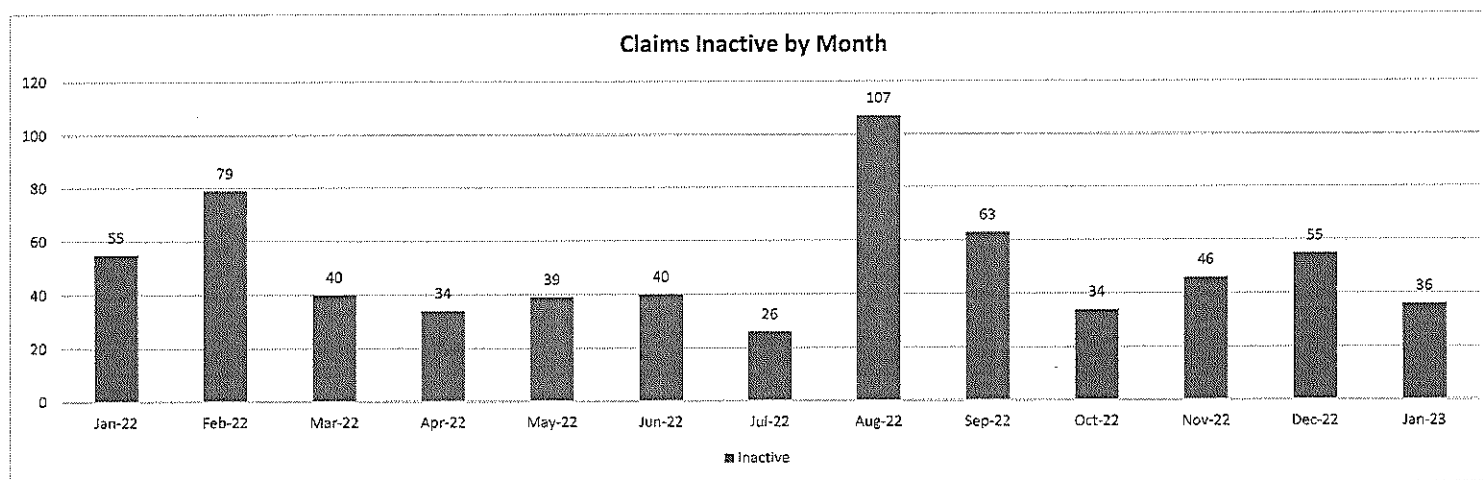
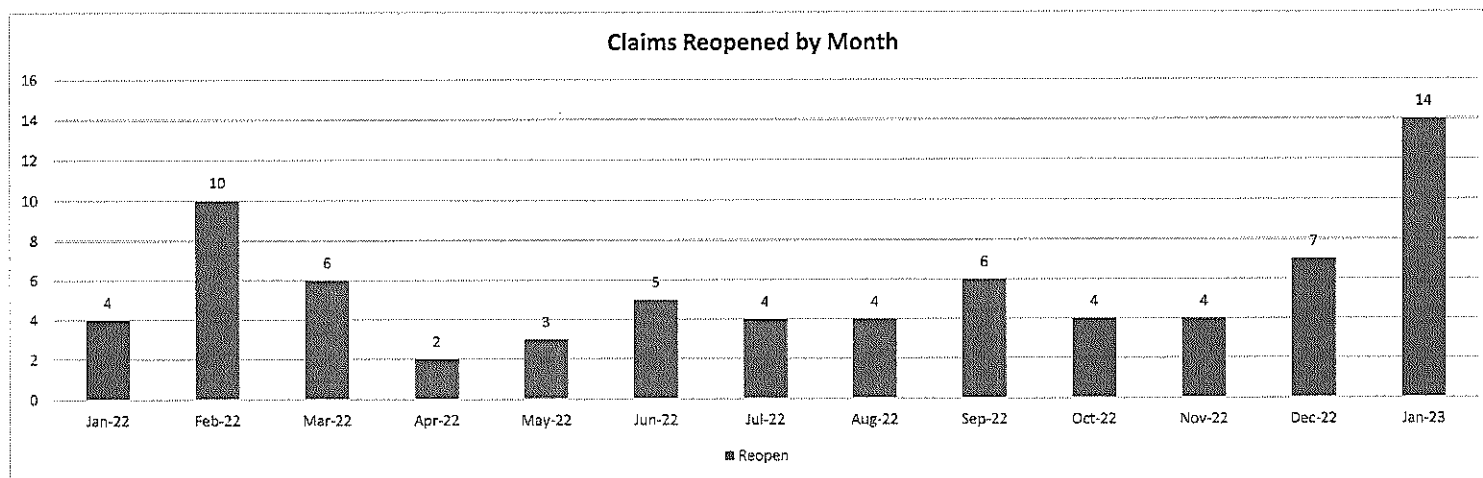
Maryland Uninsured Employers' Fund Key Performance Indicators

Jan-2023



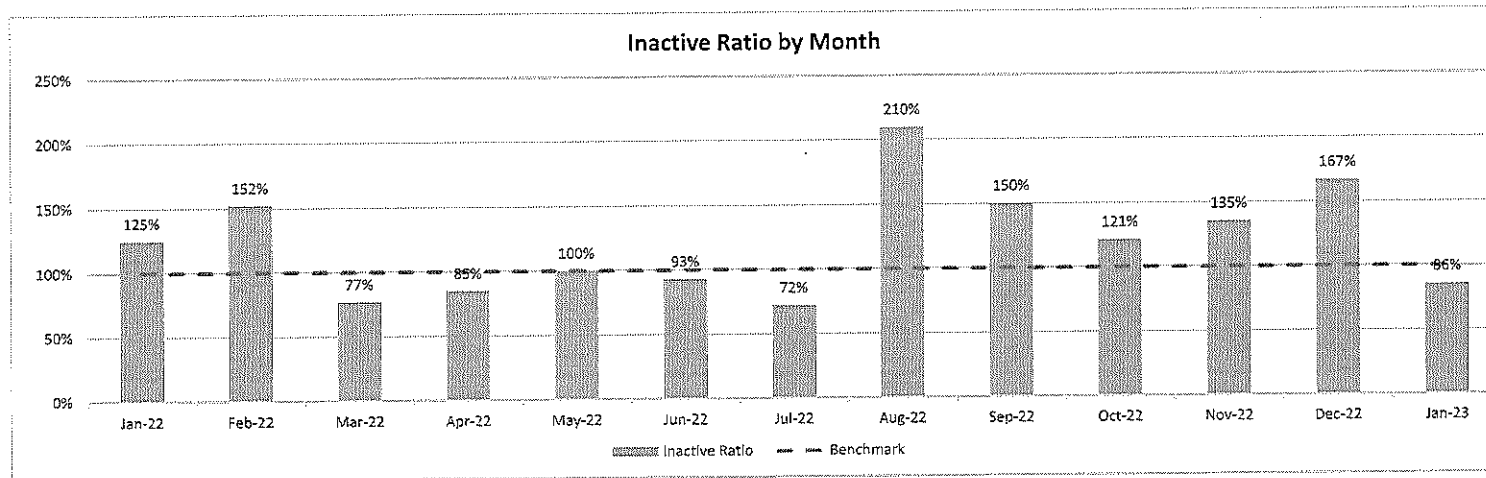
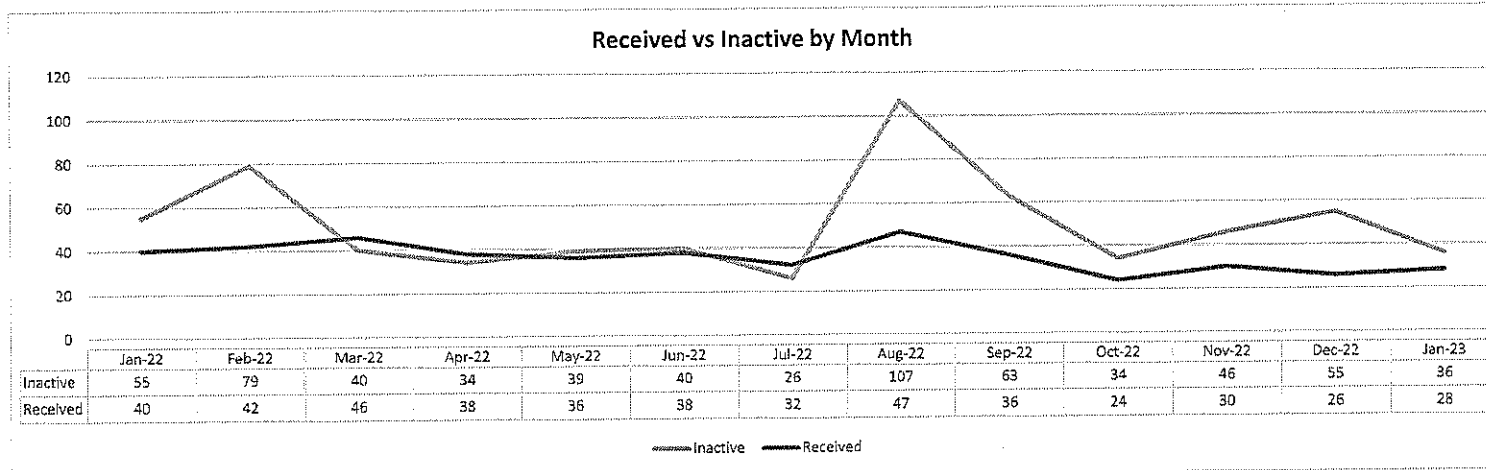
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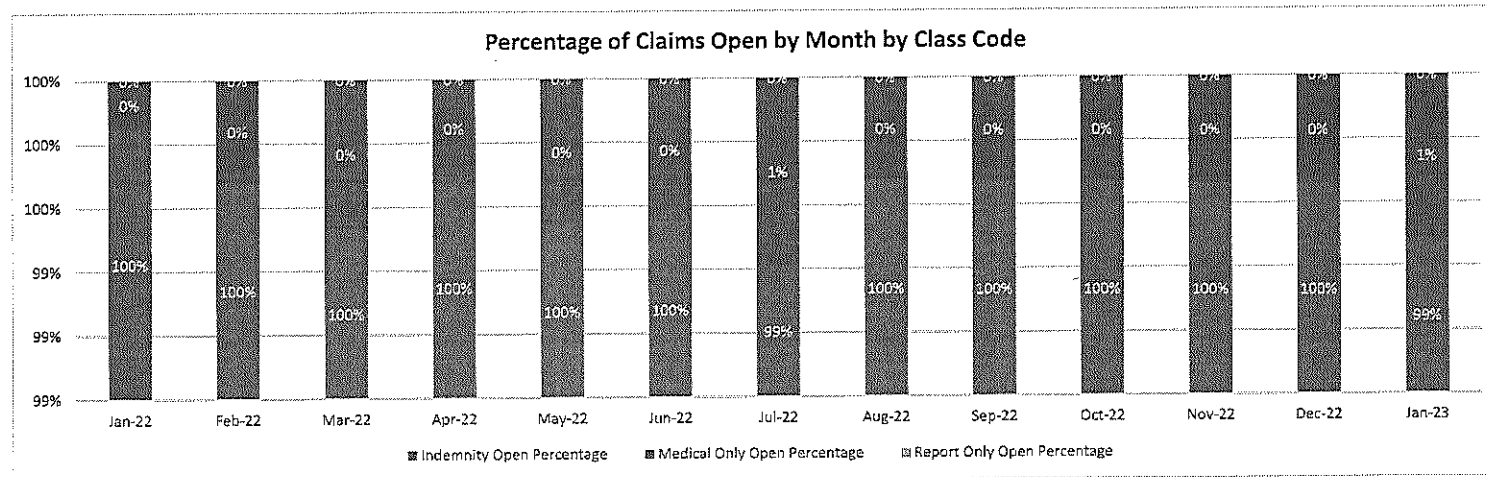
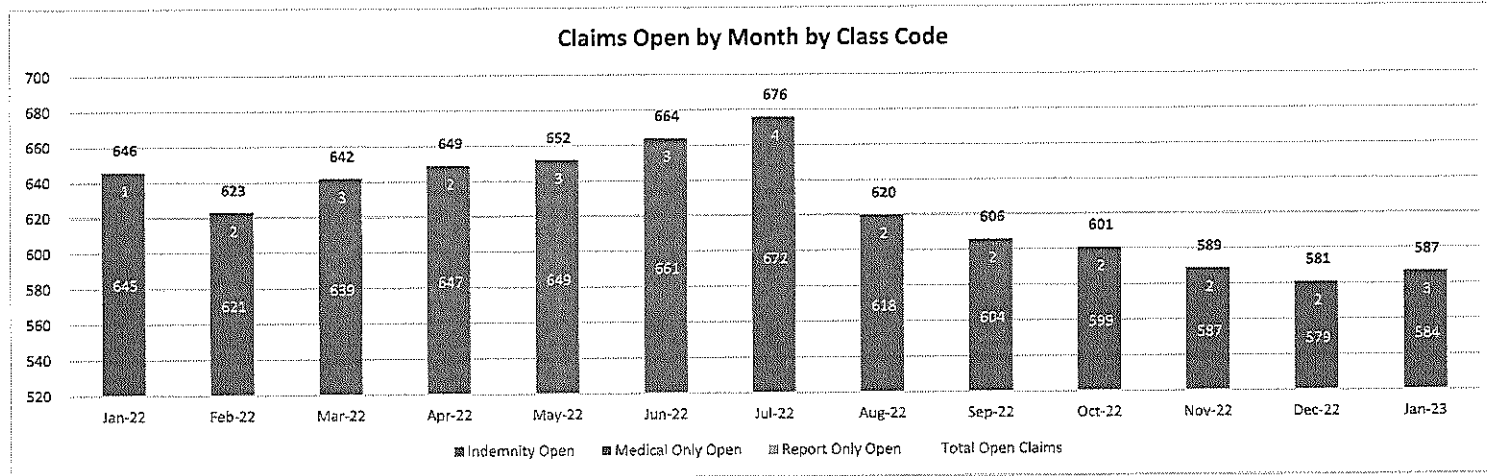
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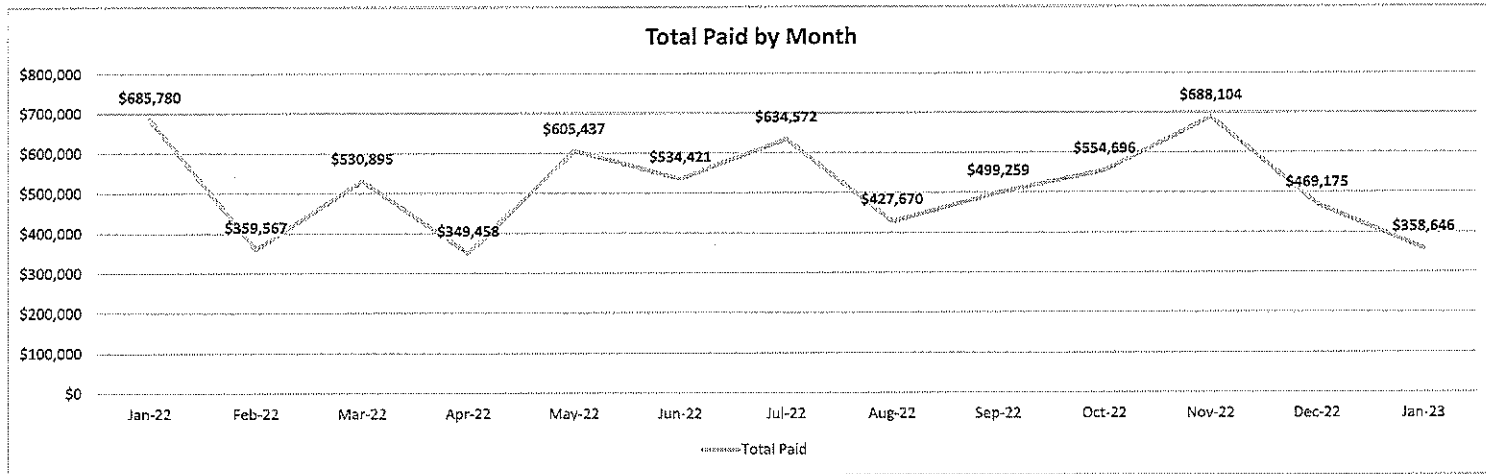
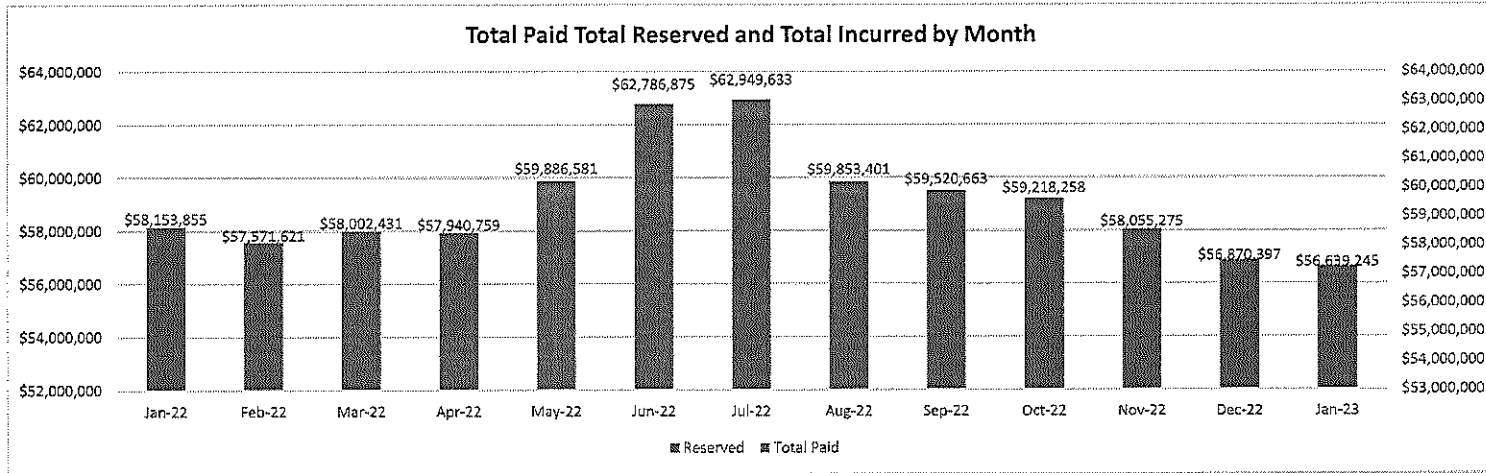
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Jan-2023



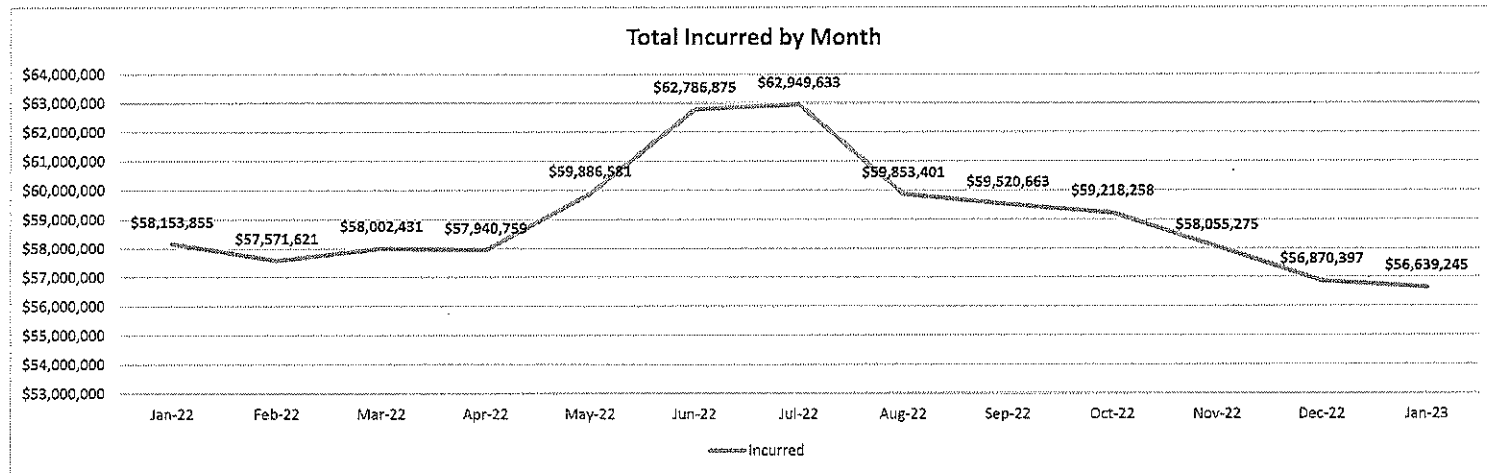
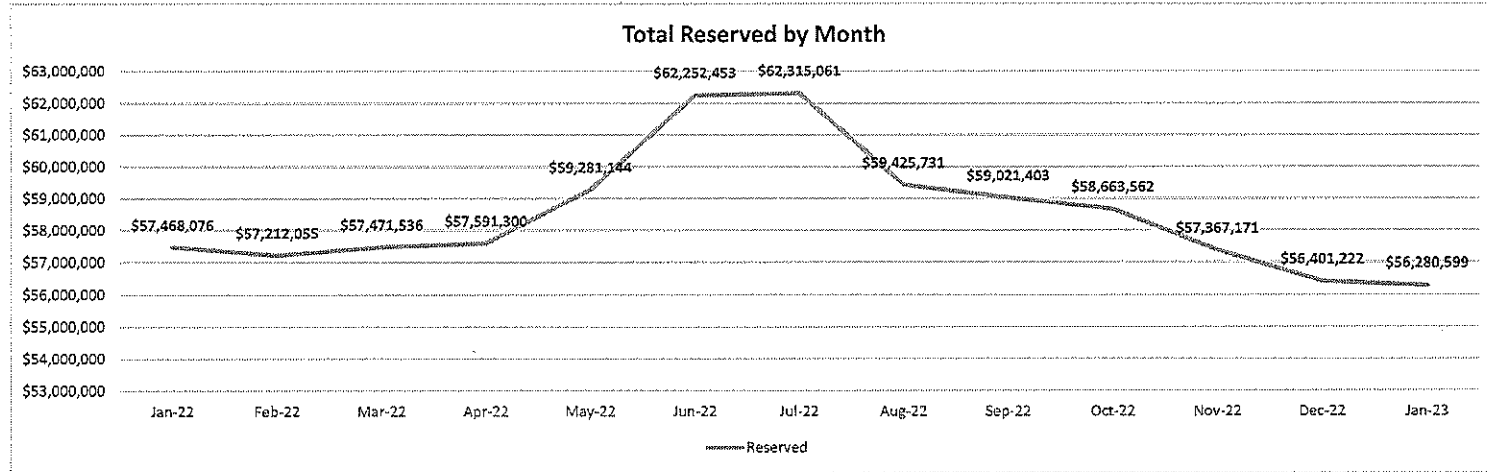
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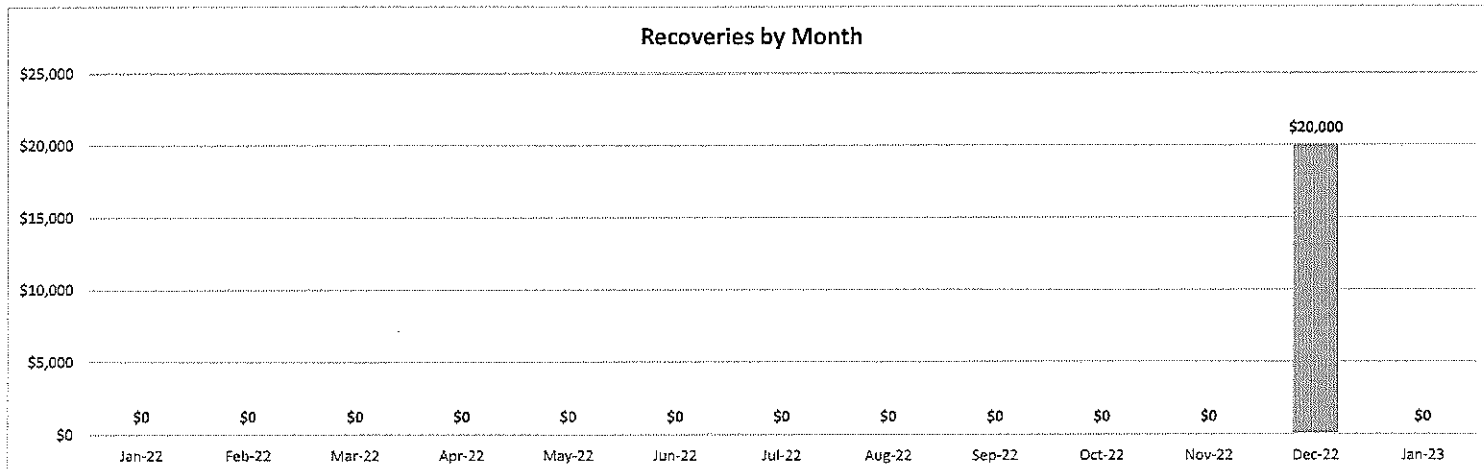
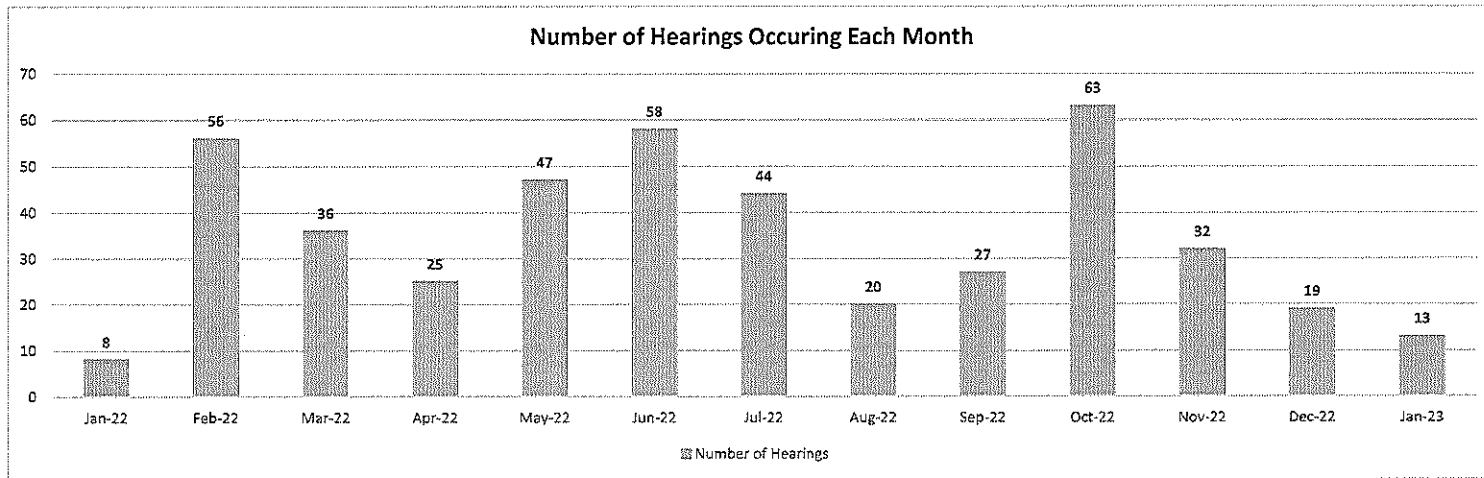
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Jan-2023



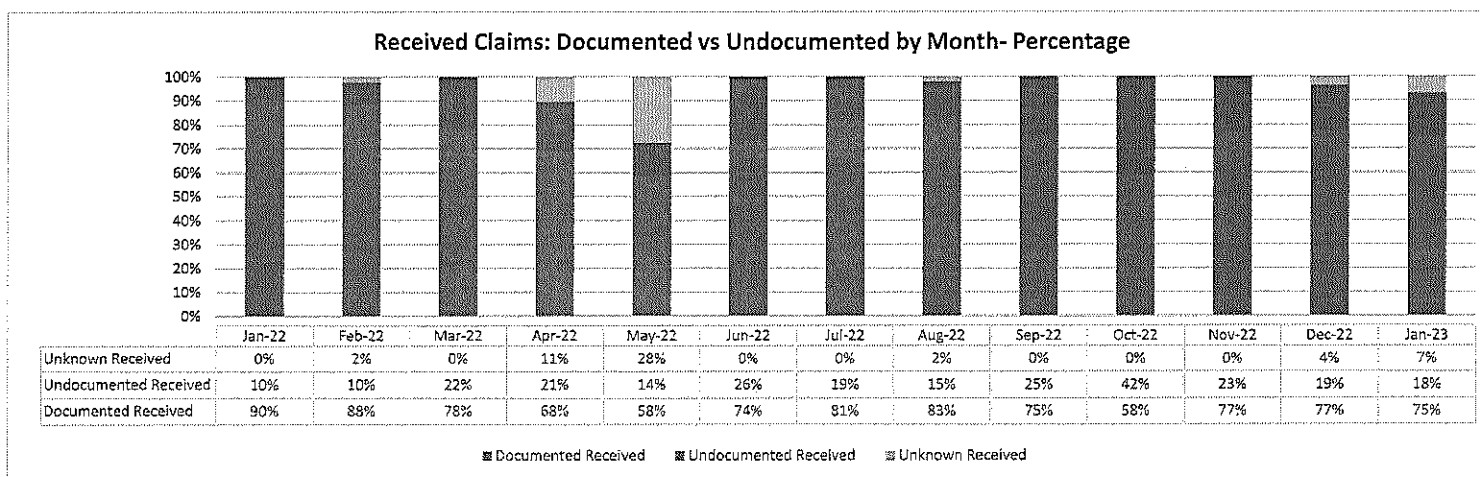
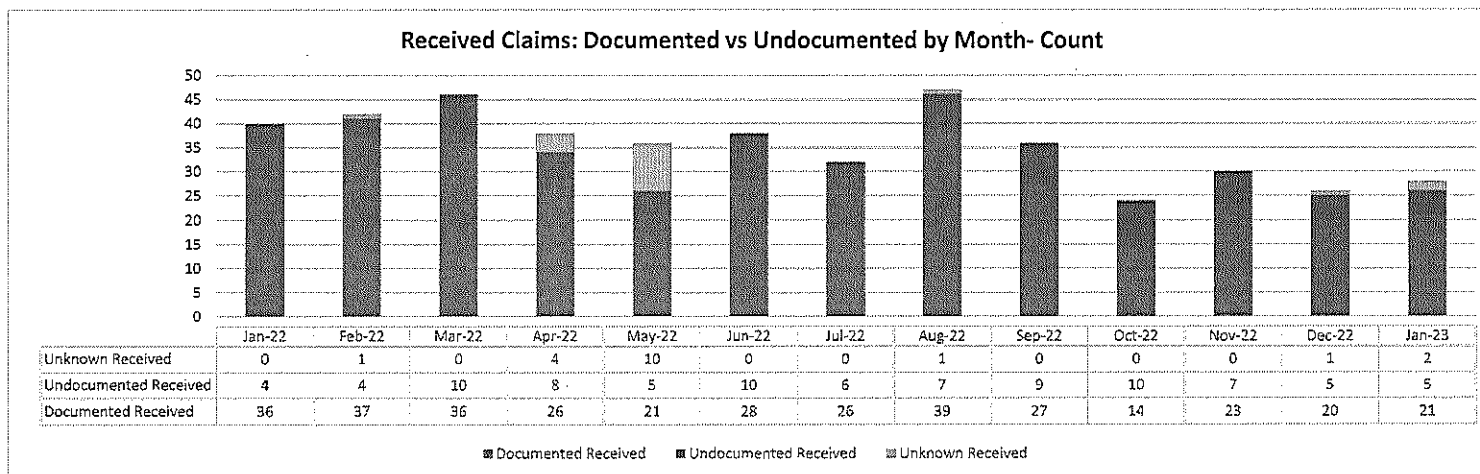
Maryland Uninsured Employers' Fund Key Performance Indicators

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Maryland Uninsured Employers' Fund Key Performance Indicators

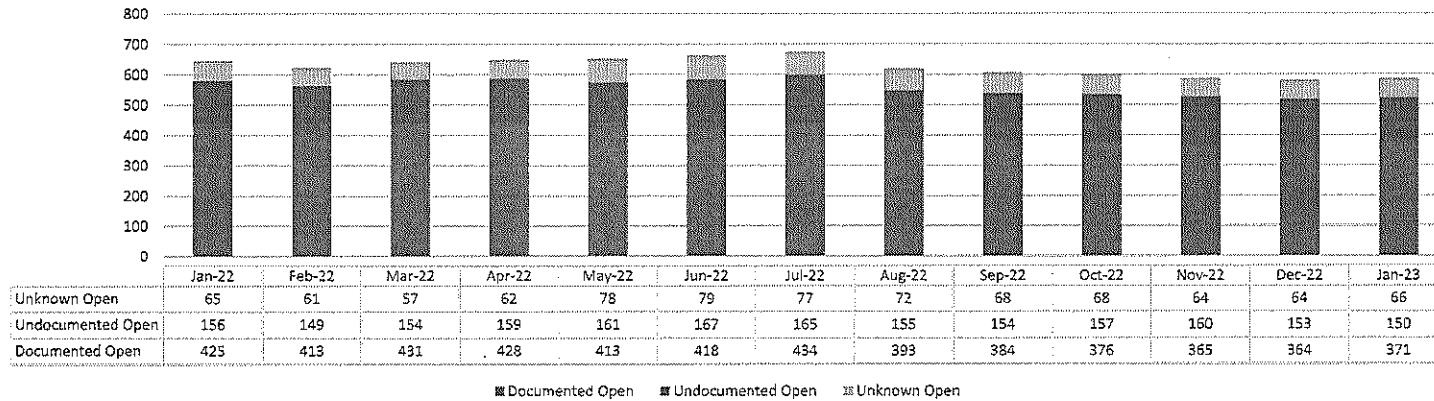
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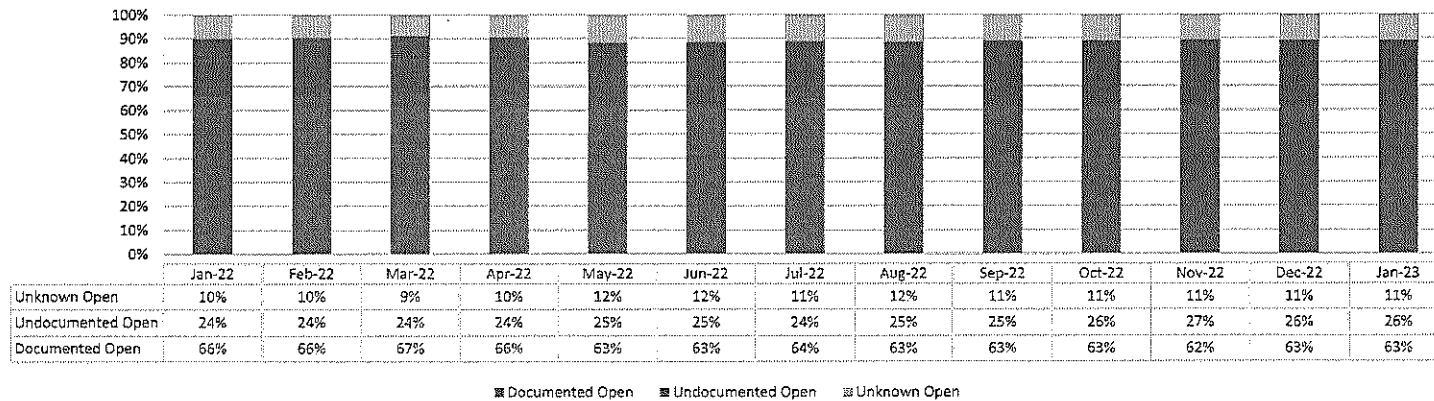
Maryland Uninsured Employers' Fund Key Performance Indicators

Jan-2023

Open Claims: Documented vs Undocumented by Month- Count

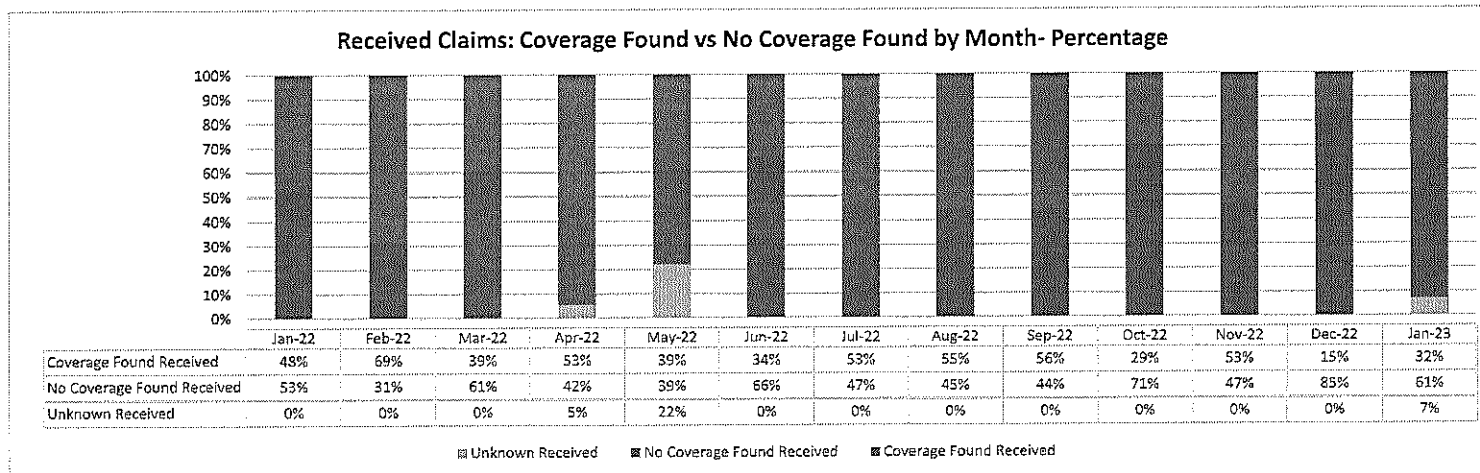
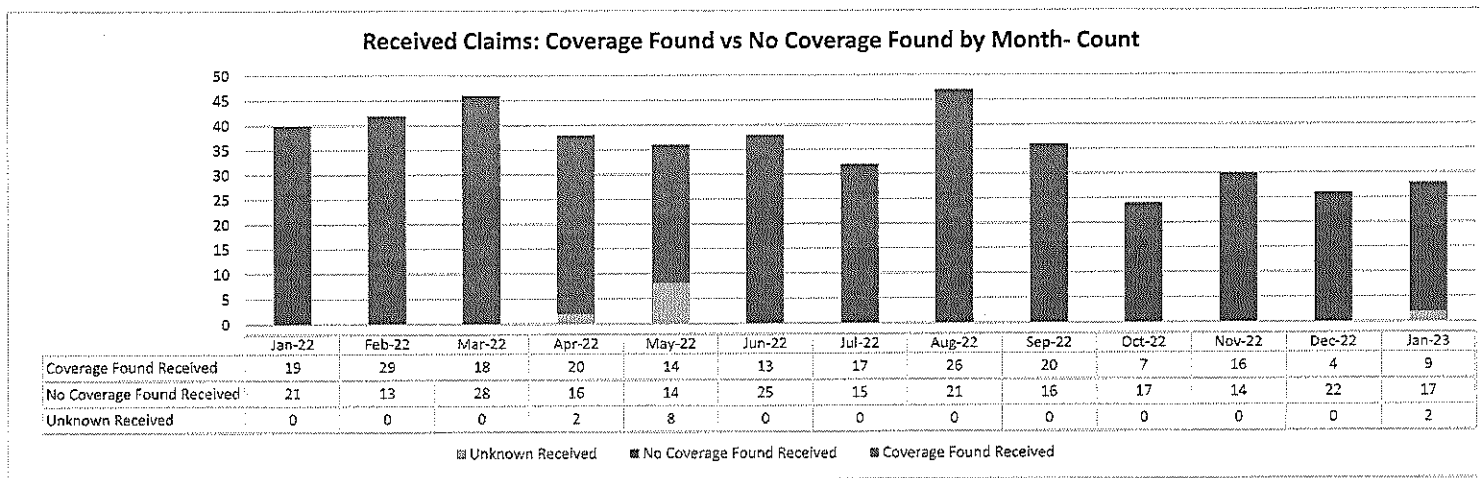


Open Claims: Documented vs Undocumented by Month- Percentage



Maryland Uninsured Employers' Fund Key Performance Indicators

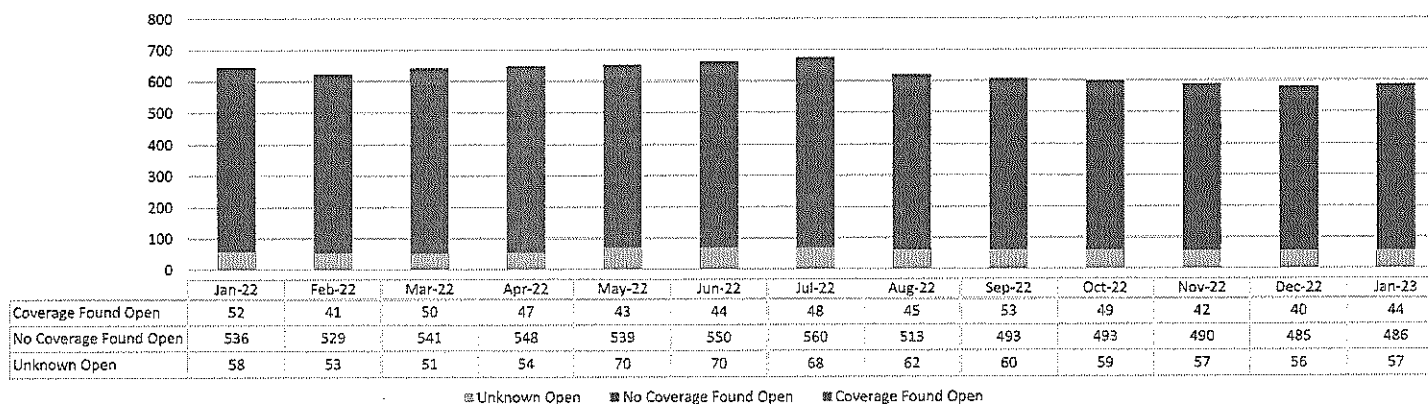
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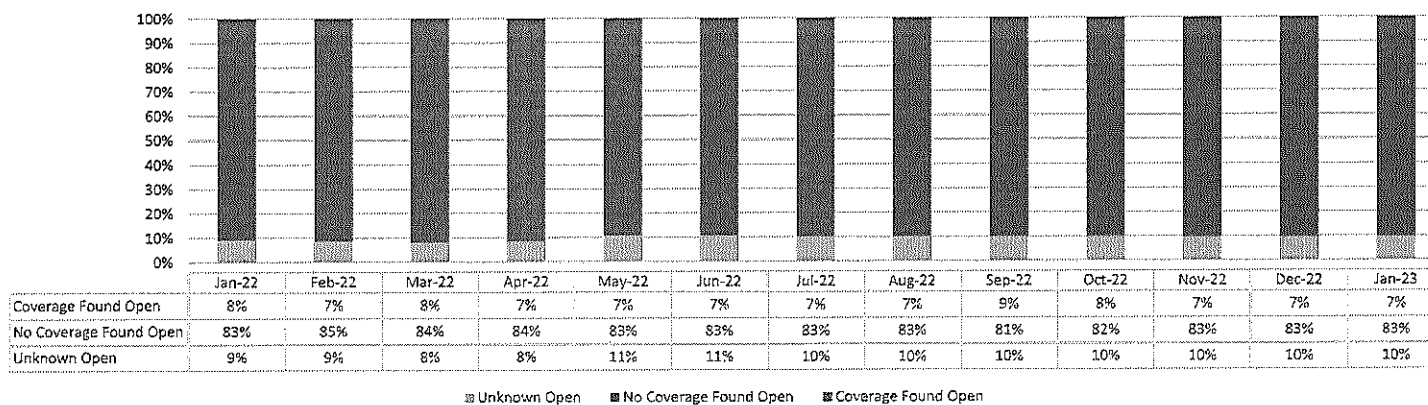
Maryland Uninsured Employers' Fund Key Performance Indicators

Jan-2023

Open Claims: Coverage Found vs No Coverage Found by Month- Count

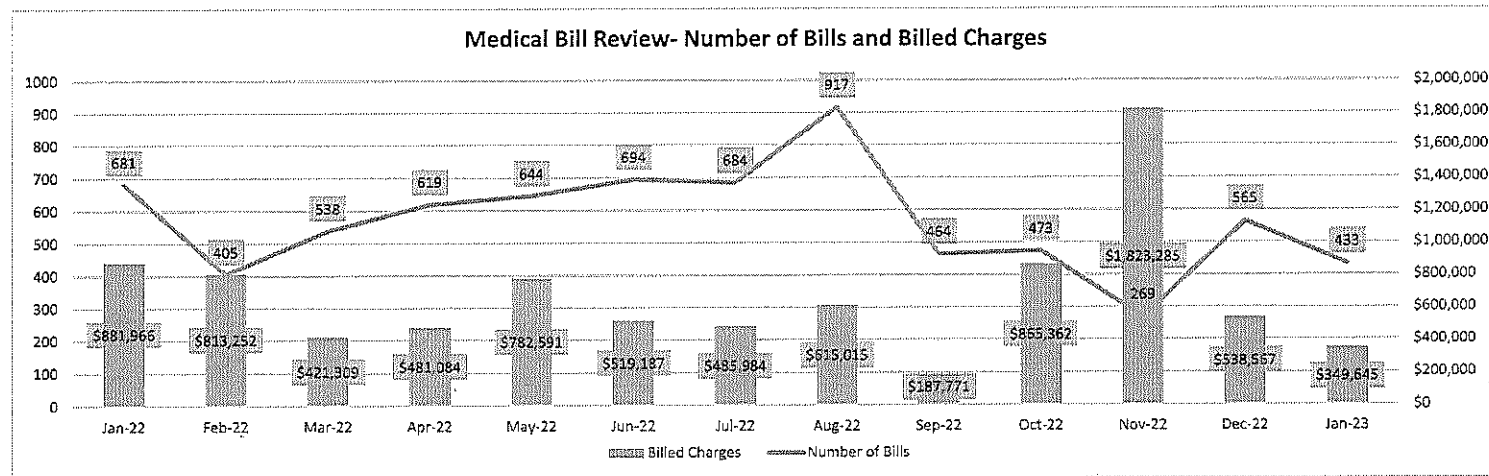
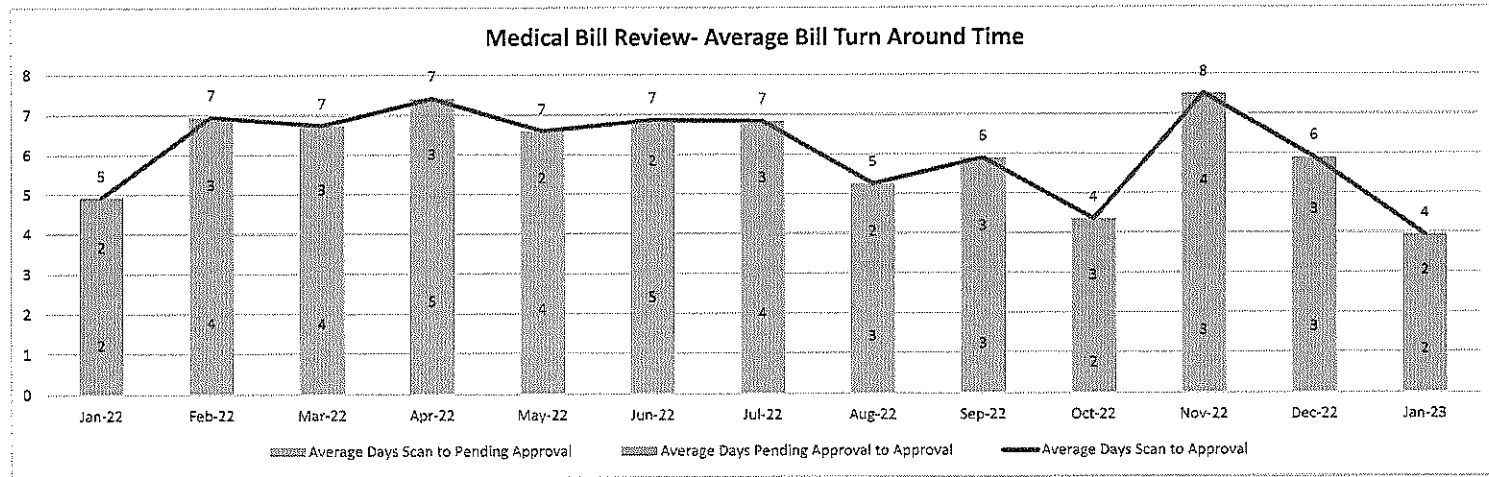


Open Claims: Coverage Found vs No Coverage Found by Month- Percentage



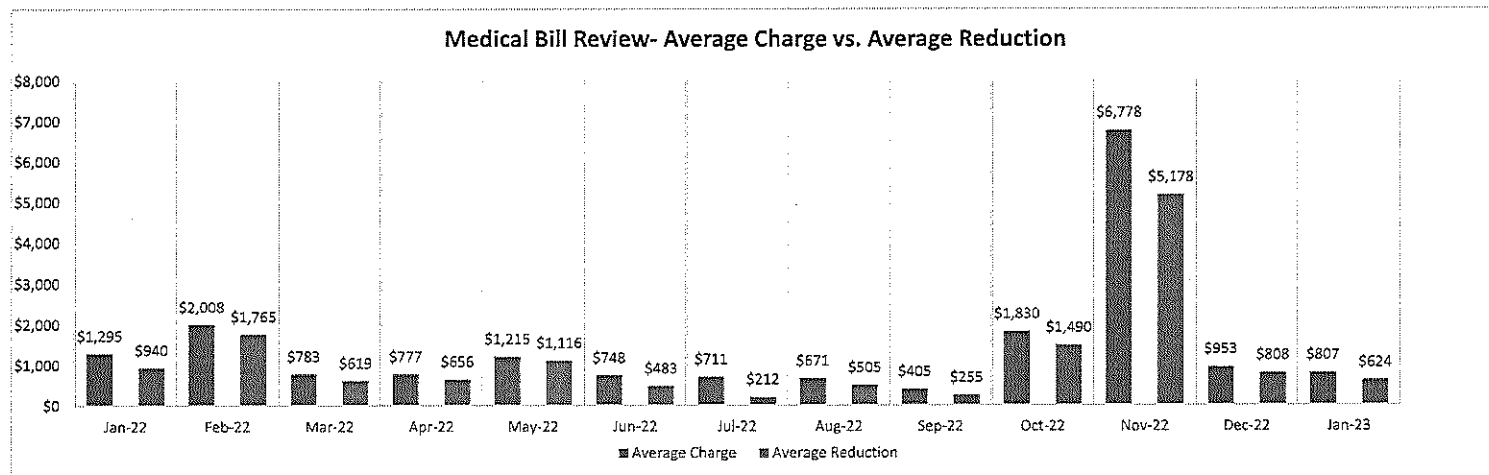
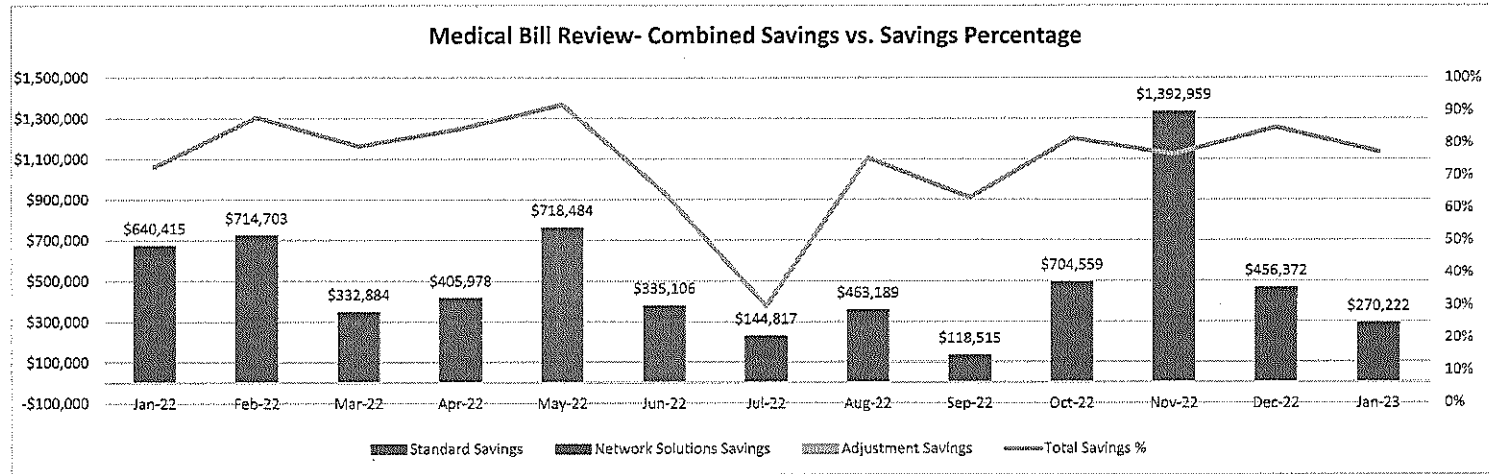
Maryland Uninsured Employers' Fund Key Performance Indicators

Jan-2023



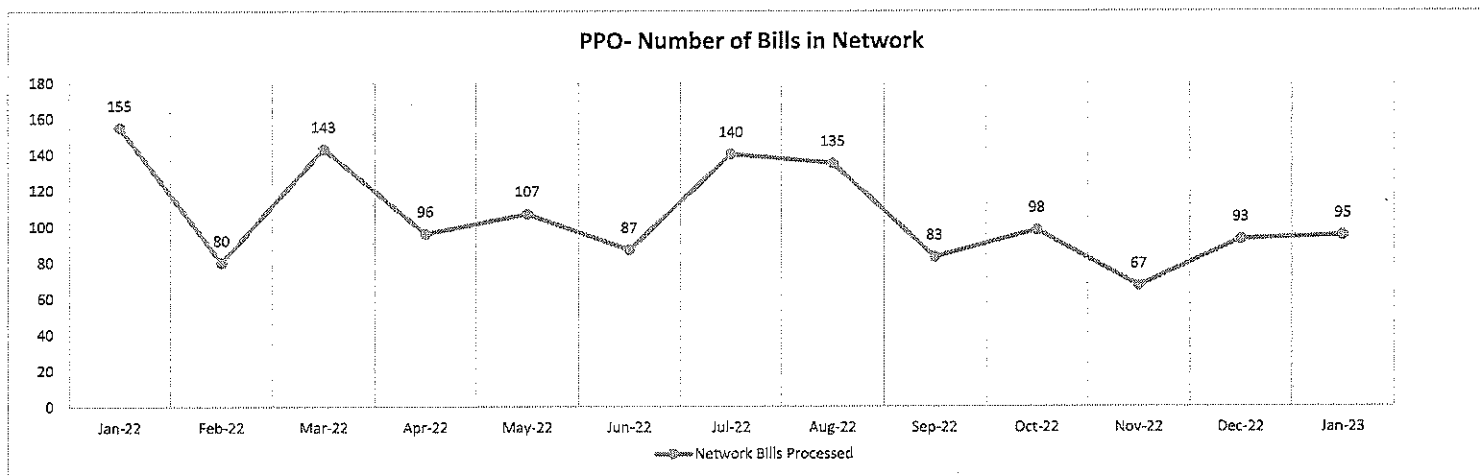
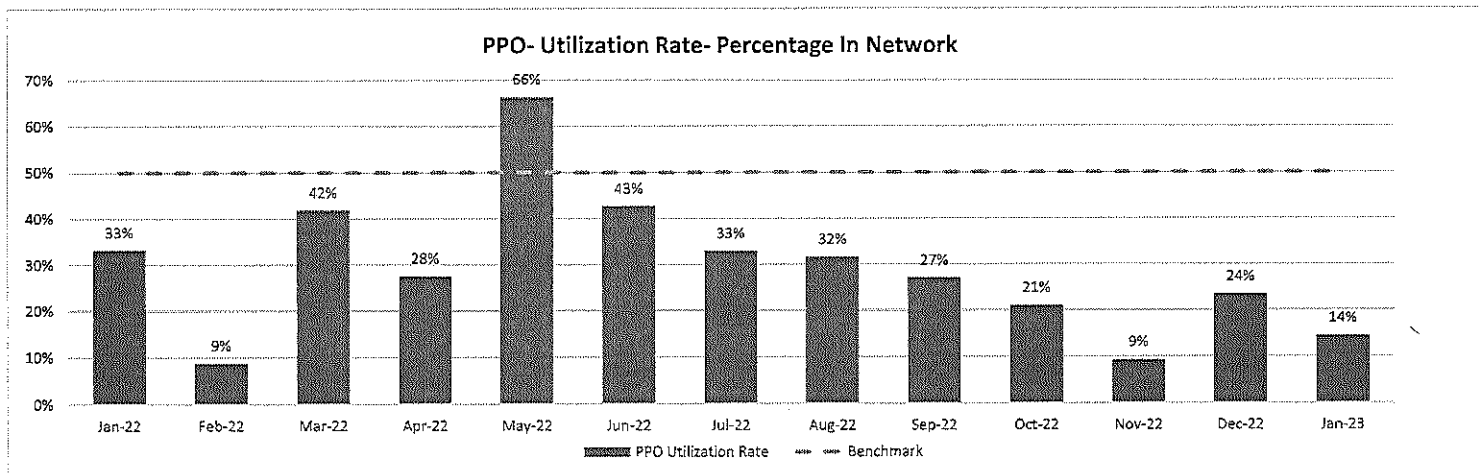
Maryland Uninsured Employers' Fund Key Performance Indicators

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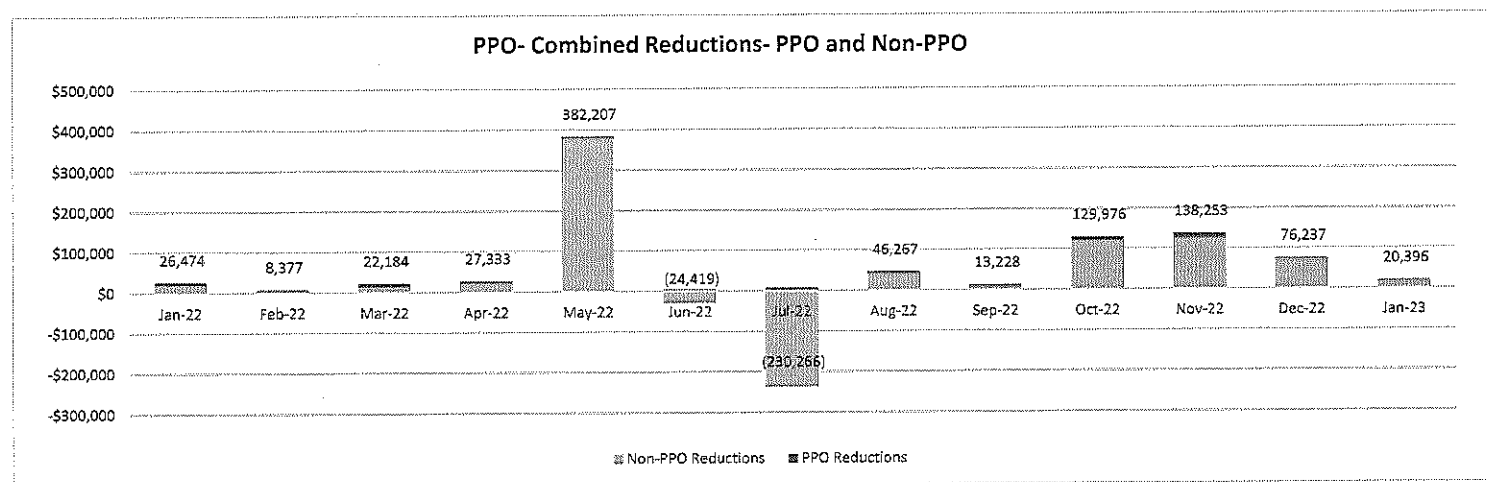
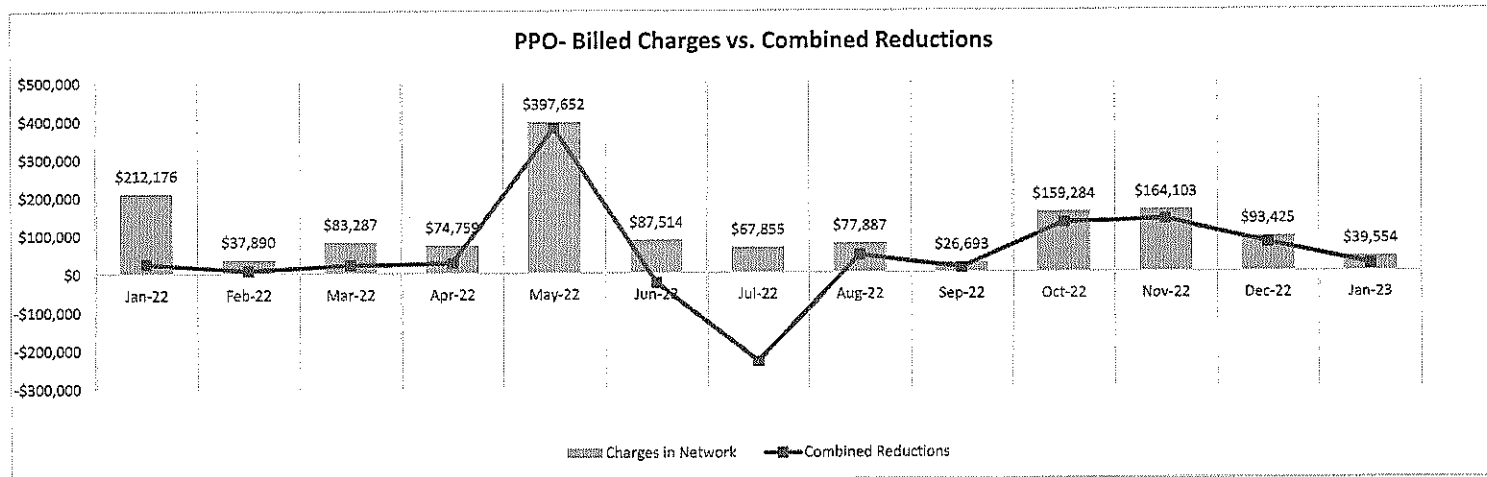
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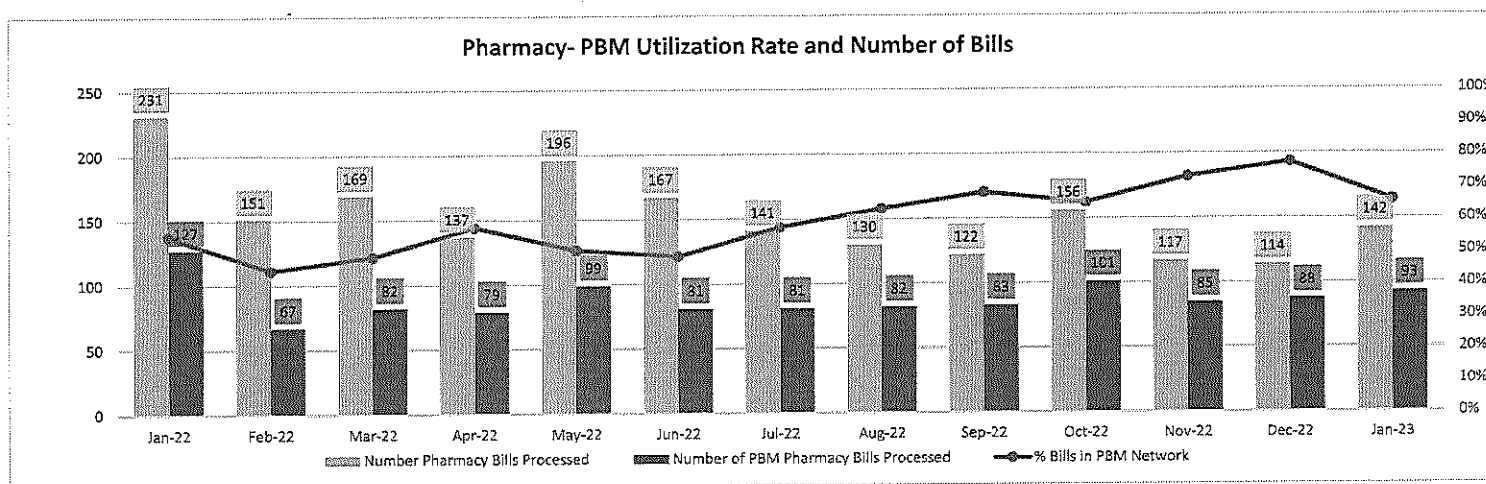
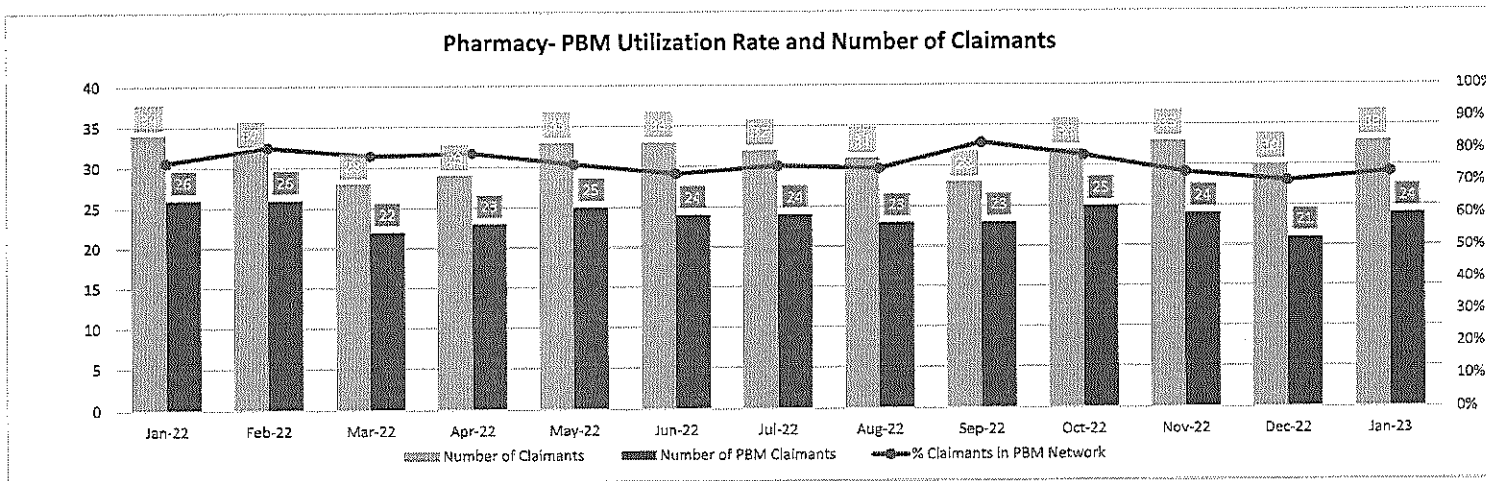
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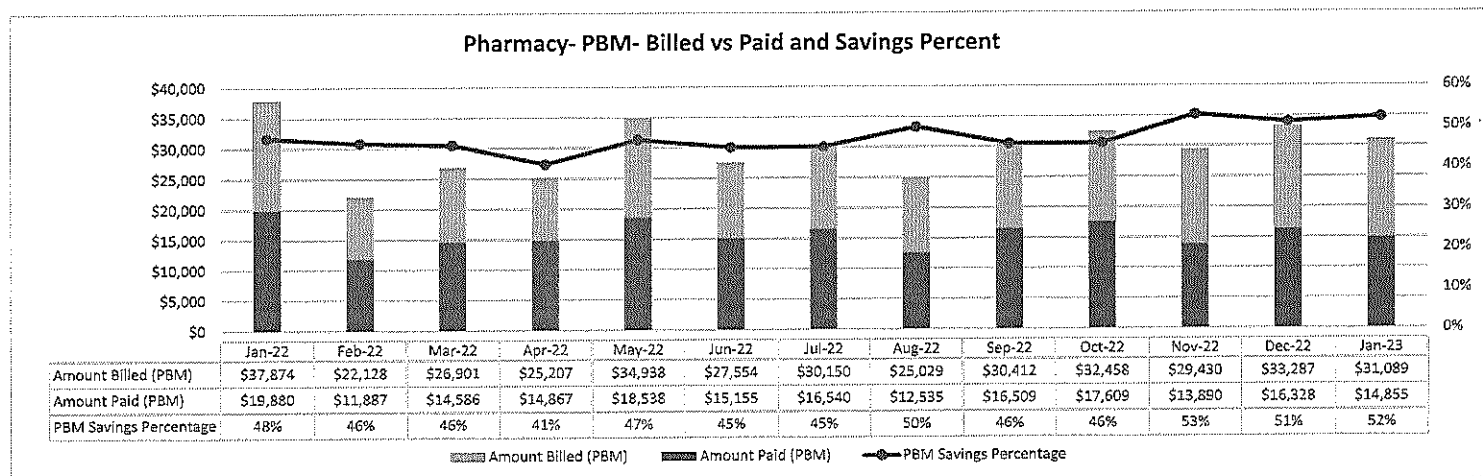
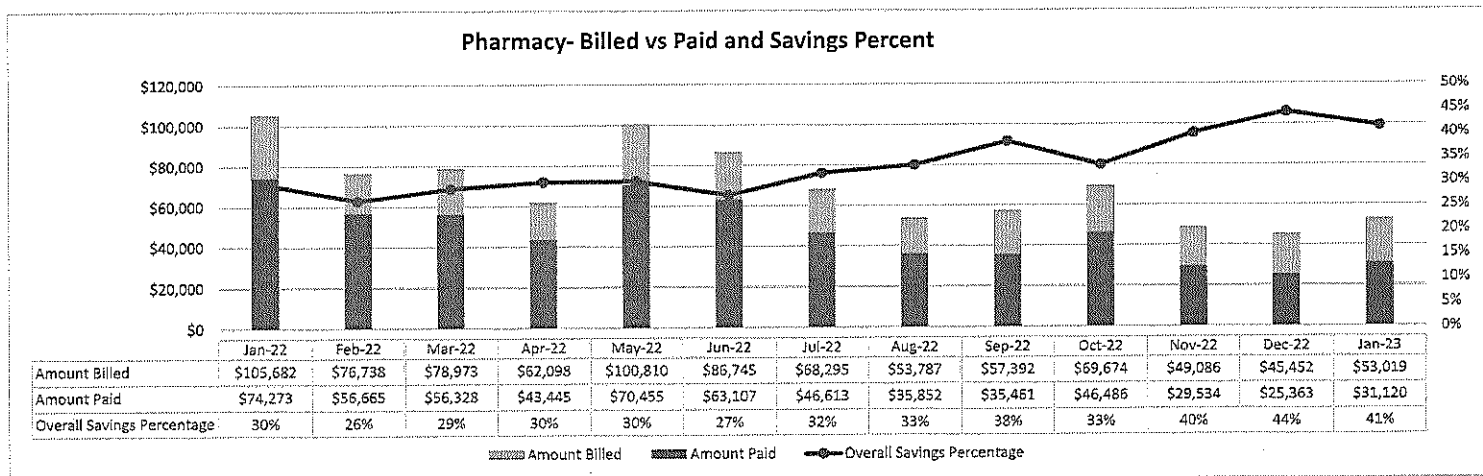
Maryland Uninsured Employers' Fund Key Performance Indicators

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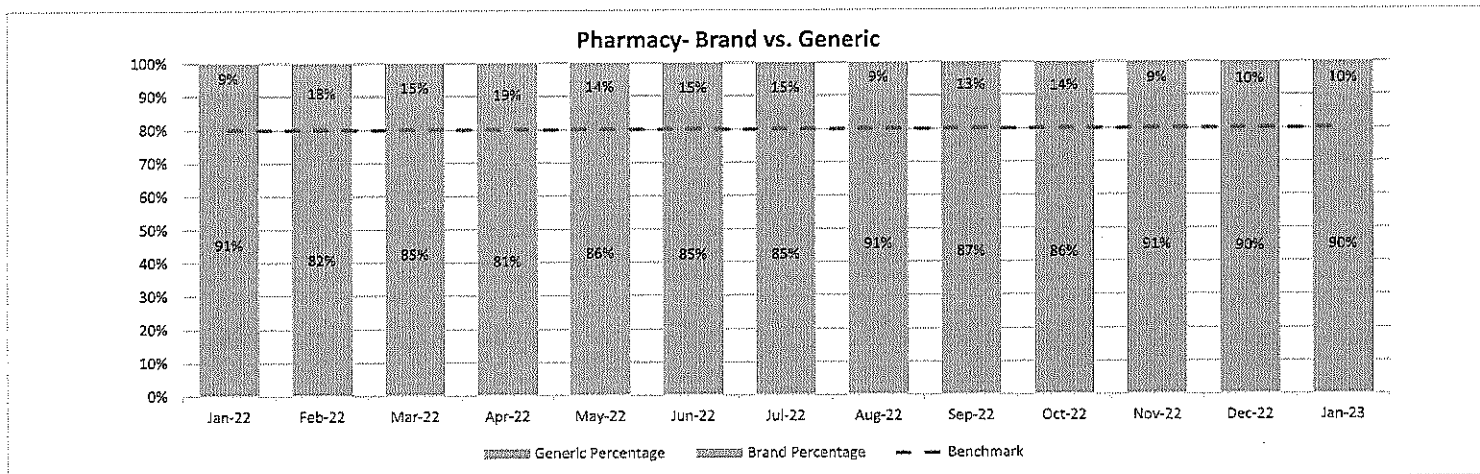
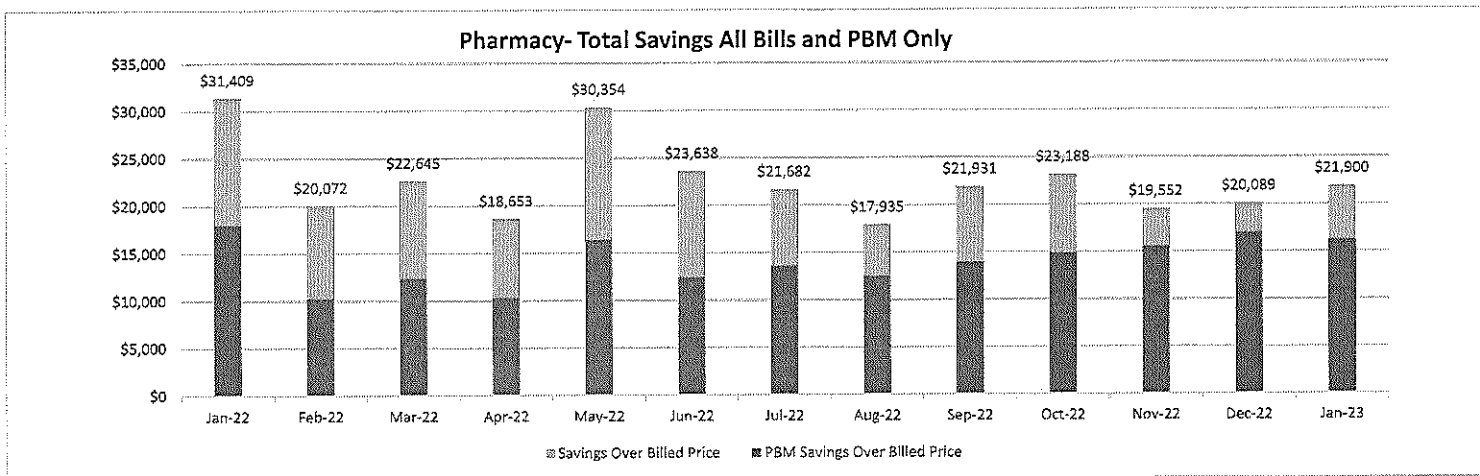
Maryland Uninsured Employers' Fund Key Performance Indicators

Jan-2023



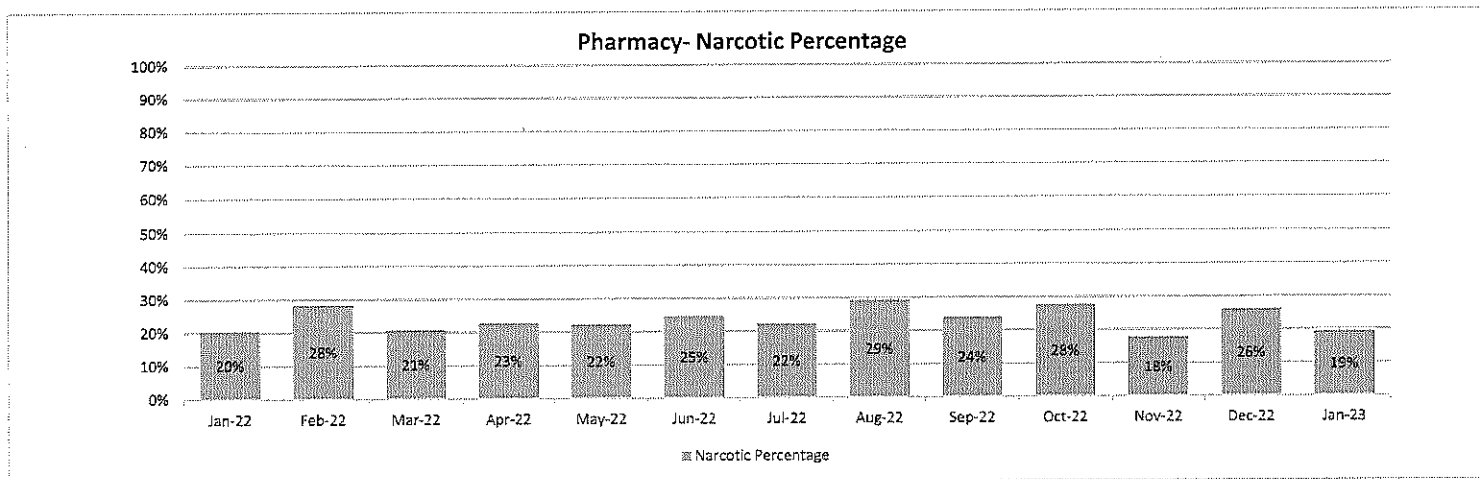
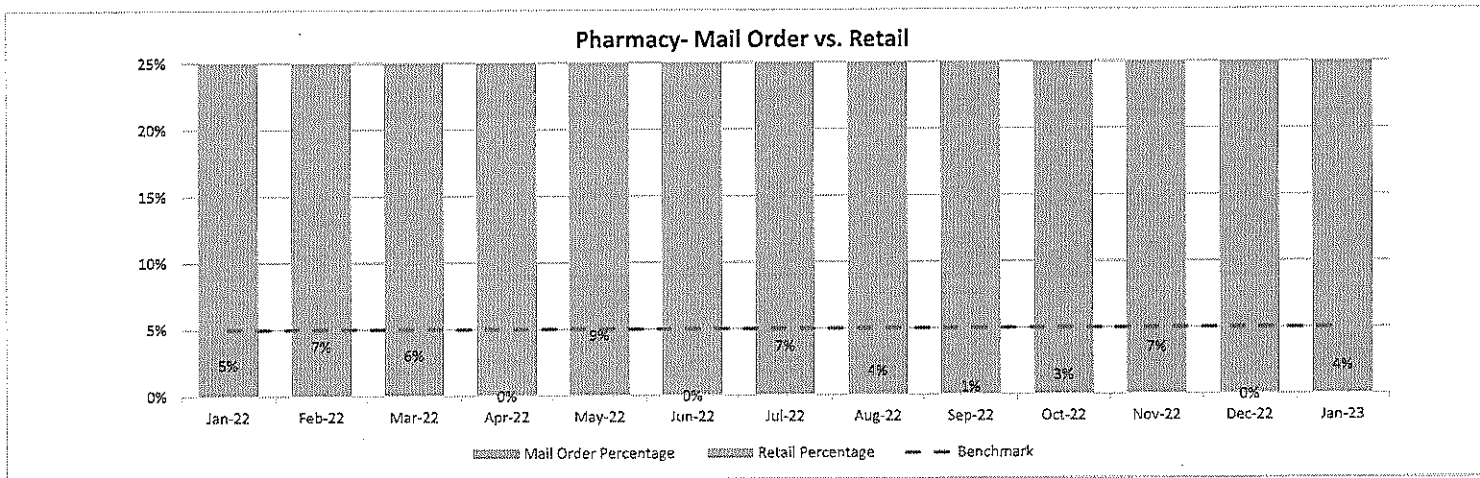
Maryland Uninsured Employers' Fund Key Performance Indicators

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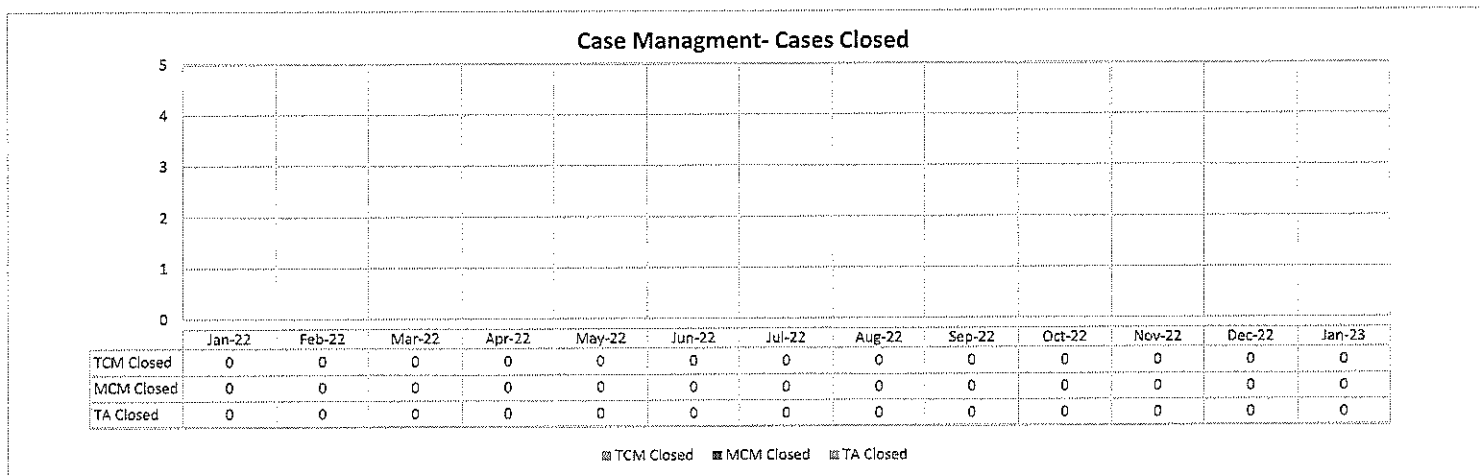
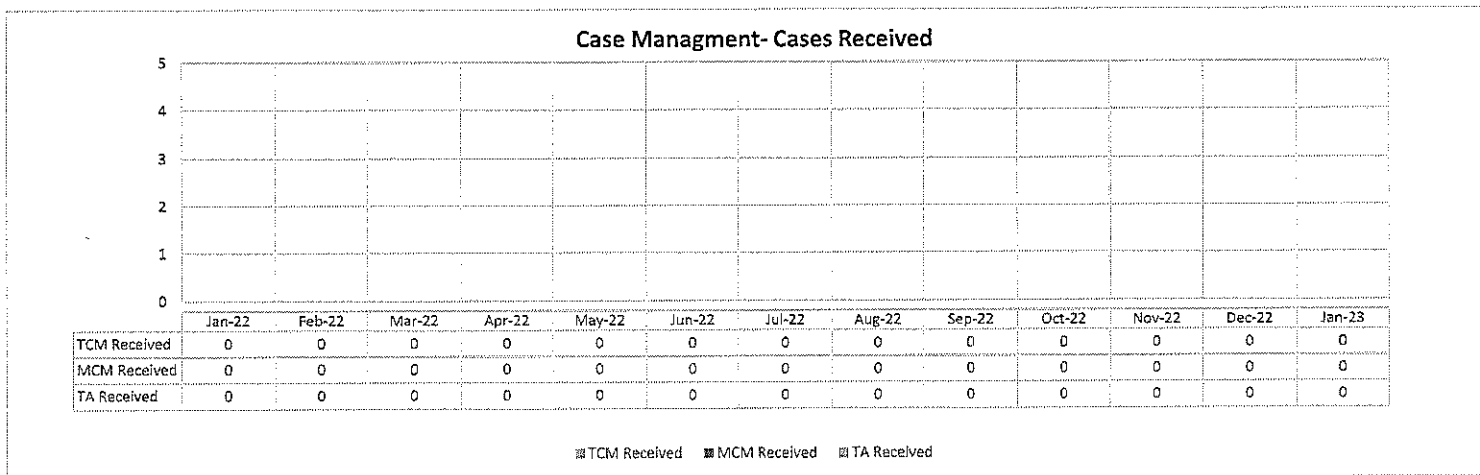
Maryland Uninsured Employers' Fund Key Performance Indicators

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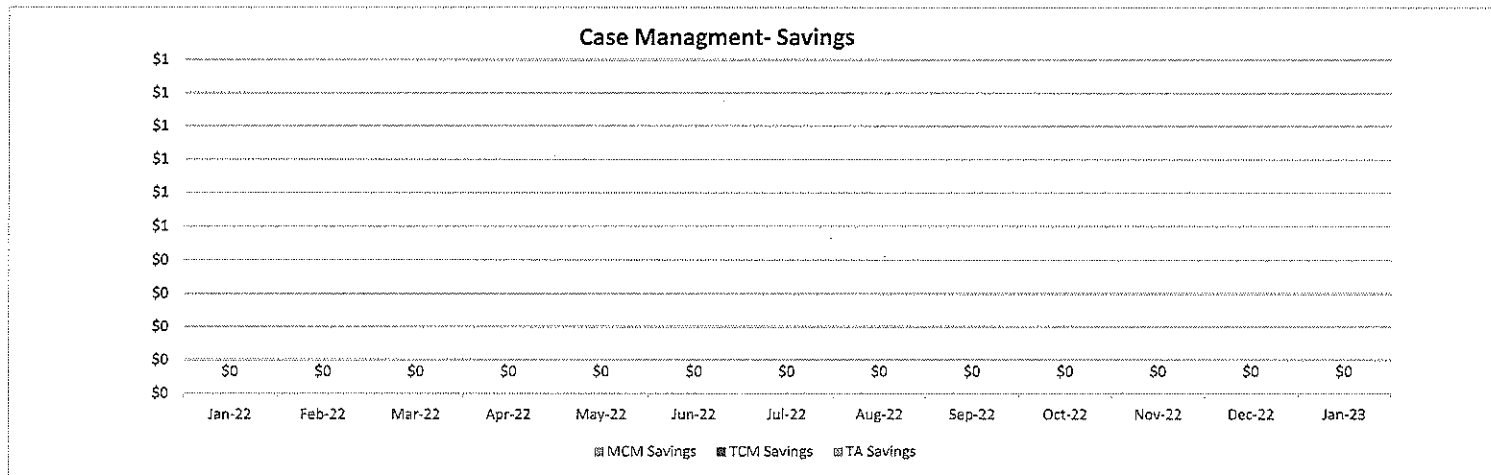
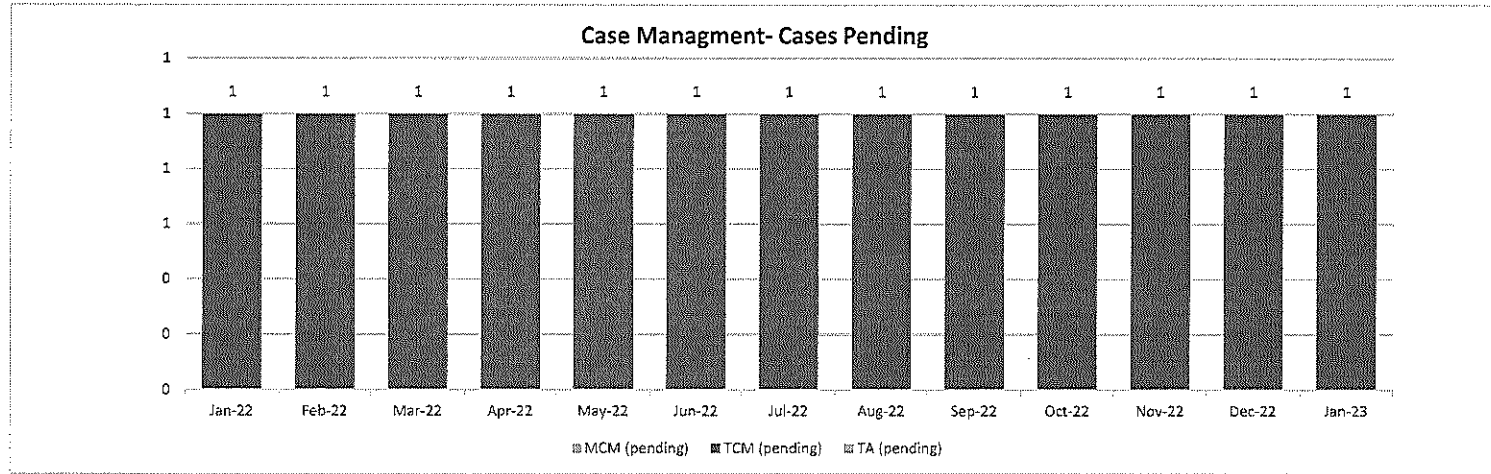
Maryland Uninsured Employers' Fund Key Performance Indicators

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Maryland Uninsured Employers' Fund Key Performance Indicators

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Maryland Uninsured Employers' Fund Key Performance Indicators

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Activity	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Received	40	42	46	38	36	38	32	47	36	24	30	25	28	36	463
Indemnity Received	40	42	45	38	35	38	32	46	36	24	30	25	25	35	457
Medical Only Received	0	0	1	0	1	0	0	0	0	0	0	0	2	0	4
Report Only Received	0	0	0	0	0	0	0	1	0	0	0	0	1	0	2
Indemnity Received Percentage	100%	100%	98%	100%	97%	100%	100%	98%	100%	100%	100%	100%	89%	99%	99%
Medical Only Received Percentage	0%	0%	2%	0%	3%	0%	0%	0%	0%	0%	0%	0%	7%	1%	1%
Report Only Received Percentage	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	4%	0%	0%
Reopen	4	10	6	2	3	5	4	4	6	4	4	7	14	6	73
Inactive	55	79	40	34	39	40	26	107	63	34	46	55	36	50	654
Inactive Ratio	125%	152%	77%	85%	100%	93%	72%	210%	150%	121%	135%	167%	86%	121%	122%

Hearings	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Number of Hearings	8	56	36	25	47	58	44	20	27	63	32	19	13	34	448

Inventory	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Indemnity Open	645	621	639	647	649	661	672	618	604	599	587	579	584	623	
Medical Only Open	1	2	3	2	3	3	4	2	2	2	2	2	3	2	
Report Only Open	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Indemnity Open Percentage	100%	100%	100%	100%	100%	100%	99%	100%	100%	100%	100%	100%	99%	100%	
Medical Only Open Percentage	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	1%	0%	
Report Only Open Percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Total Open Claims	646	623	642	649	652	664	676	620	606	601	589	581	587	626	

Financial Overview	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Total Paid	\$685,780	\$359,567	\$530,895	\$349,458	\$605,437	\$534,421	\$634,572	\$427,670	\$499,259	\$554,896	\$688,104	\$469,175	\$358,646	\$515,206	\$6,697,679
Reserved	\$57,468,076	\$57,212,055	\$57,471,536	\$57,591,300	\$59,281,144	\$62,252,453	\$62,315,061	\$59,425,731	\$59,021,403	\$58,663,562	\$57,367,171	\$56,401,222	\$56,280,599	\$58,519,332	
Incurred	\$58,153,855	\$57,571,621	\$58,002,431	\$57,940,759	\$59,886,581	\$62,786,875	\$62,949,633	\$59,853,401	\$59,520,663	\$59,218,258	\$58,055,275	\$56,870,397	\$56,639,245	\$59,034,538	
Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000	\$0	\$1,538	\$20,000

Maryland Uninsured Employers' Fund Key Performance Indicators

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Documented vs. Undocumented	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Documented Received	36	37	36	26	21	28	26	39	27	14	23	20	21	27	354
Undocumented Received	4	4	10	8	5	10	5	7	9	10	7	5	5	7	90
Unknown Received	0	1	0	4	10	0	0	1	0	0	0	1	2	1	19
Documented Open	425	413	431	428	413	418	434	393	384	376	365	364	371	401	
Undocumented Open	155	149	154	159	161	167	165	155	154	157	160	153	150	157	
Unknown Open	65	61	57	62	78	79	77	72	68	68	64	64	66	68	

Coverage Found vs. No Coverage Found	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Coverage Found Received	19	29	18	20	14	13	17	26	20	7	16	4	9	16	212
No Coverage Found Received	21	19	28	16	14	25	15	21	16	17	14	22	17	18	239
Unknown Received	0	0	0	2	8	0	0	0	0	0	0	0	2	1	12
Coverage Found Open	52	41	50	47	43	44	48	43	53	49	42	40	44	46	
No Coverage Found Open	536	529	541	548	539	550	560	513	493	493	490	485	485	520	
Unknown Open	58	53	51	54	70	70	68	62	60	59	57	56	57	60	

Medical Bill Review Turn Around Time	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Average Days Scan to Pending Approval	2	4	4	5	4	5	4	3	3	2	3	3	2	3	
Average Days Pending Approval to Approval	2	3	3	3	2	2	3	2	3	3	4	3	2	3	
Average Days Scan to Approval	5	7	7	7	7	7	7	5	6	4	8	6	4	6	

Medical Bill Savings	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Number of Bills	681	405	538	619	644	694	684	917	464	473	269	565	433	568	7,386
Billed Charges	\$881,966	\$813,252	\$421,309	\$481,084	\$782,591	\$519,187	\$485,984	\$615,015	\$187,771	\$865,362	\$1,823,285	\$538,567	\$349,645	\$674,232	\$8,765,019
Total Savings %	73%	88%	79%	84%	92%	65%	30%	75%	63%	81%	76%	85%	77%	74%	
Standard Savings	\$628,117	\$704,565	\$322,307	\$396,886	\$710,102	\$323,079	\$110,778	\$291,327	\$110,367	\$464,092	\$1,254,983	\$412,429	\$265,227	\$461,097	\$5,994,260
Network Solutions Savings	\$14,194	\$10,841	\$13,162	\$9,092	\$8,596	\$14,222	\$34,039	\$171,861	\$8,164	\$240,515	\$137,976	\$43,942	\$5,605	\$54,785	\$712,210
Adjustment Savings	-\$1,897	-\$703	-\$2,585	\$0	-\$215	-\$2,195	\$0	-\$16	-\$16	-\$48	\$0	\$0	\$0	-\$611	-\$8,269
Total Savings	\$640,415	\$714,703	\$332,884	\$405,978	\$718,484	\$335,106	\$144,817	\$463,189	\$118,515	\$704,559	\$1,392,959	\$456,372	\$270,222	\$515,246	\$6,698,201
Average Charge	\$1,295	\$2,008	\$783	\$777	\$1,215	\$748	\$711	\$671	\$405	\$1,830	\$6,778	\$953	\$807	\$1,460	
Average Reduction	\$940	\$1,765	\$619	\$656	\$1,116	\$483	\$212	\$505	\$255	\$1,490	\$5,178	\$808	\$624	\$1,127	

Preferred Provider Network	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Network Bills Processed	155	80	143	96	107	87	140	135	83	98	67	93	95	106	1,379
PPO Utilization Rate	33%	9%	42%	28%	66%	43%	33%	32%	27%	21%	9%	24%	14%	29%	
Charges in Network	\$212,176	\$37,890	\$83,287	\$74,759	\$397,652	\$87,514	\$67,855	\$77,887	\$26,893	\$159,284	\$164,103	\$93,425	\$39,554	\$117,083	\$1,522,077
PPO Reductions	\$6,927	\$1,787	\$9,164	\$4,100	\$2,705	\$4,379	\$7,904	\$3,690	\$2,048	\$9,526	\$13,460	\$1,378	\$1,844	\$5,301	\$68,912
Non-PPO Reductions	\$19,547	\$6,590	\$13,021	\$23,233	\$379,502	-\$28,798	-\$238,170	\$42,576	\$11,180	\$120,450	\$124,793	\$74,859	\$18,552	\$43,641	\$567,334

Maryland Uninsured Employers' Fund Key Performance Indicators

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Pharmacy Management	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
Number of Claimants	34	32	28	29	33	33	32	31	28	32	33	30	33	31	408
Number Pharmacy Bills Processed	231	151	169	137	196	167	141	130	122	156	117	114	142	152	1,973
Amount Billed	\$105,682	\$76,738	\$78,973	\$62,098	\$100,810	\$86,745	\$68,295	\$53,787	\$57,392	\$69,674	\$49,086	\$45,452	\$53,019	\$69,827	\$907,750
Amount Paid	\$74,273	\$56,665	\$56,328	\$43,445	\$70,455	\$63,107	\$46,613	\$35,852	\$35,461	\$46,486	\$29,534	\$25,363	\$31,120	\$47,285	\$614,702
Savings Over Billed Price	\$31,409	\$20,072	\$22,645	\$18,653	\$30,354	\$23,638	\$21,682	\$17,935	\$21,931	\$23,188	\$19,552	\$20,089	\$21,900	\$22,542	\$293,048
Overall Savings Percentage	30%	26%	29%	30%	30%	27%	32%	33%	38%	33%	40%	44%	41%	33%	
Number of PBM Claimants	26	26	22	23	25	24	24	23	23	25	24	21	24	24	310
Number of PBM Pharmacy Bills Processed	127	67	82	79	99	81	81	82	83	101	85	88	93	88	1,148
Amount Billed (PBM)	\$37,874	\$22,128	\$26,901	\$25,207	\$34,938	\$27,554	\$30,150	\$25,029	\$30,412	\$32,458	\$29,430	\$33,287	\$31,089	\$29,727	\$386,455
Amount Paid (PBM)	\$19,880	\$11,887	\$14,586	\$14,867	\$18,538	\$15,155	\$16,540	\$12,535	\$16,509	\$17,609	\$13,890	\$16,328	\$14,855	\$15,629	\$203,177
PBM Savings Over Billed Price	\$17,994	\$10,241	\$12,315	\$10,339	\$16,400	\$12,398	\$13,610	\$12,494	\$13,903	\$14,849	\$15,540	\$16,959	\$16,234	\$14,098	\$183,277
PBM Savings Percentage	48%	46%	46%	41%	47%	45%	45%	50%	46%	46%	53%	51%	52%	47%	
% Claimants in PBM Network	76%	81%	79%	79%	76%	73%	75%	74%	82%	78%	73%	70%	73%	76%	
% Bills in PBM Network	55%	44%	49%	58%	51%	49%	57%	63%	68%	65%	73%	77%	65%	59%	
Brand Percentage	9%	18%	15%	19%	14%	15%	15%	9%	13%	14%	9%	10%	10%	13%	
Generic Percentage	91%	82%	85%	81%	86%	85%	85%	91%	87%	86%	91%	90%	90%	87%	
Mail Order Percentage	5%	7%	6%	0%	9%	0%	7%	4%	1%	3%	7%	0%	4%	4%	
Retail Percentage	95%	93%	94%	100%	91%	100%	93%	96%	99%	97%	93%	100%	96%	96%	
Narcotic Percentage	20%	28%	21%	23%	22%	25%	22%	29%	24%	28%	18%	26%	19%	24%	
Number of OON 3rd Party Bills	6	3	5	5	7	7	6	4	2	7	8	6	5	5	71
Number of OON Physician Dispensing Bills	9	8	6	6	8	7	7	8	8	7	5	6	9	7	94

Case Management	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	13 Month Average	13 Month Total
MCM (pending)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MCM Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MCM Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MCM Savings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TCM (pending)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
TCM Received	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0
TCM Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0
TCM Savings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!	\$0
TA (pending)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TA Received	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0
TA Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0
TA Savings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (pending)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Savings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Maryland Uninsured Employers' Fund Key Performance Indicators

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Adjuster	Previous Month Open Claims	Received Claims	Reopen Claims	Claims Transferred	Closed Claims	Open Claims	Closing Ratio
Massengill, Stacy J	99	1	2	0	2	100	67%
Joseph, Kathy A	91	0	8	2	3	98	38%
Casselman, Missie L.	92	0	3	2	2	95	67%
Nodonly, Brigid A	75	6	0	(2)	4	75	67%
Toussaint, Carly x	74	6	0	0	7	73	117%
Amenta, Steven D	72	6	0	0	6	72	100%
Maszon, Michele D	78	6	1	(2)	12	71	171%
Assignment, Pending X	0	2	0	0	0	2	0%
Rudasill, Cathy J	0	1	0	0	0	1	0%
Grand Total	581	28	14	0	36	587	86%

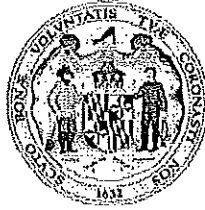


LAWRENCE J. HOGAN, JR.
GOVERNOR

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MARTIN E. LEWIS
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MICHAEL W. BURNS
Director
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STATE OF MARYLAND
UNINSURED EMPLOYERS' FUND

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October 20, 2022

Gregory A. Hook, CPA
Legislative Auditor
State of Maryland
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, Maryland 21201

Dear Mr. Hook:

Please accept this letter as the Maryland Uninsured Employer's Fund (UEF) report to the Office of Legislative Audits (OLA) for the Audit Report dated September 21, 2021 (2021 Audit) as required by the Joint Chairmen's Report (JCR) for the 2022 Legislative Session. As outlined on p.15 of the JCR, the Legislature enacted the following:

C96J00.01 General Administration

Add the following language to the special fund appropriation:
provided that since the Uninsured Employers' Fund (UEF) has had serious findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), \$250,000 of this agency's special fund appropriation may not be expended unless:

(1) UEF provides a status report to OLA describing the corrective action that it has taken with respect to all audit findings on or before November 1, 2022; and

(2) a report is submitted to the budget committees by OLA listing each audit finding along with a determination that each finding was corrected. The

budget committees shall have 45 days from the date of the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2023.
JCR at p. 15.

The UEF reports the following as to the corrective actions taken regarding the three findings from the 2021 Audit:

Finding 1-

UEF did not ensure that payments to its TPA were adequately supported and consistent with the contract terms. As a result, we identified payments totaling \$521,083 for which the rate paid by UEF was not included in the contract or exceeded the rates specified in the contract.

UEF Response-

The UEF has expanded its inquiry into this Finding to include areas not noted in the OLA Audit Finding. After working for months with the agency's Attorneys General, the agency has evaluated every bill on all fixed priced items under the contract with CorVel and has confirmed that the UEF has overpaid CorVel. CorVel has denied that it was overpaid. Regarding this contractual dispute, the UEF has made a written claim with the contract's procurement officer pursuant to State Finance and Procurement Article §15-216.1 and COMAR Sec. 21.10.04.05 on August 31, 2022. The agency further intends to reduce CorVel's monthly fee during the remaining months of the contract until the agency is made whole in order to recover the funds. Under law, the state procurement officer has 180 days to make a decision on the claim and either party could then appeal that decision to the Board of Contract Appeals.

Recommendations 1-

We recommend that UEF

- a. ensure that invoiced amounts are supported and agree to contract approved rates and level of services prior to approving invoices for payment (repeat), and discontinue payments not provided for in the contract;
- b. establish a process for monitoring TPA performance for claims processing and related functions (repeat); and
- c. consult with legal counsel regarding the potential to recover the aforementioned overpayments.

The UEF has also established procedures to have fiscal staff review invoiced amounts to "ensure that invoiced amounts are supported and agree to contract approved rates and level of services prior to approving invoices for payment" and has discontinued payments not provided for in the contract and adjusted payments to conform to the requirements of the contract.

As part of this process the fiscal staff continues to monitor the performance of the TPA regarding claims management and processing, a process which has been ongoing.

As noted, the agency has been working with the agency staff to recover overpayments.

The UEF has, therefore, complied with this finding and recommendations to the extent possible by law at this time. Further action on recovery of overpayments awaits the decision of the procurement officer and the resulting response of the TPA, both of which are actions outside of the control of this agency. Upon the results of these decisions the agency will take appropriate action to recover the funds owed as outlined above.

The UEF strongly emphasizes that this matter may well end up in litigation and upon the direction of counsel has limited discussion of details herein in a public document as to this matter in contemplation of litigation as being in the best interests of the State of Maryland in successfully recovering all relevant funds.

Finding 2 --

UEF did not adequately review recurring indemnity payments processed by the TPA to ensure claimants were still eligible for payment.

Recommendations 2-

We recommend that UEF

- a. establish a documented procedure to verify, at least on a test basis, that recurring indemnity payments are made only to eligible individuals; and
- b. obtain and review the results of the TPA's alive and well checks to ensure that future recurring indemnity payments to deceased individuals are terminated and recover any payments made after the date of death.

UEF Response

As noted in the initial response to the 2021 Audit, Agency staff has been complying with Recommendation 2a. for many months. A fiscal staff member is forwarded a spreadsheet from the TPA with relevant information bi-weekly and randomly reviews cases to ensure payments confirm to WCC orders. Names of cases reviewed are recorded.

Additionally, a process has been in place for almost one year whereby quarterly meetings are conducted between UEF staff, Attorneys General and TPA staff to review a detailed list of all ongoing permanent disability cases in detail. Each relevant case is discussed and reviewed between UEF staff, OAG staff and TPA staff.

Finally, a process by the UEF to review the results of all "alive and well" checks was implemented many months ago with the results of all checks conducted furnished to Agency Director as "alive and well" checks occur for review by the Director. Information concerning those checks is forwarded to the UEF by the TPA when they occur.

The UEF has, therefore, complied with the Find and Recommendations of Finding 2.

Finding 3-

UEF did not adequately monitor and pursue collection of all delinquent accounts. As of November 30, 2020, there were 1,920 delinquent accounts totaling \$14.5 million that, based on their age, should have been referred to the State's Central Collection Unit (CCU).

Recommendations 3 –

We recommend that UEF

- a. investigate and take the necessary corrective actions to resolve the noted deficiencies (generate dunning notices and produce accurate accounts receivable aging reports) to ensure that the accounting system provides sufficient information to monitor and pursue collection activities (repeat),
- b. refer all delinquent accounts to CCU for collection in accordance with the amended CCU regulations (repeat), and
- c. establish a process to identify and refer delinquent employers to applicable State and local licensing authorities for license or permit suspension (repeat).

UEF Response

In response to Finding 3 the UEF hired a temporary staff person whose responsibilities have been to comply with this Audit Finding and resulting recommendations. The UEF reports that this person now reviews accounts to insure accurate and ongoing collection efforts, refers all delinquent accounts to the Central Collection Unit (CCU) on a regular ongoing basis, and has related responsibilities for these activities. This individual works with other staff members as well on the matters discussed above.

As previously noted, as part of the ongoing program to overhaul, correct and initiate proper Agency functioning, the UEF set up a program to “establish a process to identify and refer delinquent employers to applicable State and local licensing authorities for license or permit suspension” several years ago. That program has been and remains ongoing. Based on Recommendation 3.c., the agency, working with its Attorneys General, has memorialized the process for identifying and referring delinquent employers for license or permit suspension in detail. A copy of the Agency License Revocation Process procedures document has been previously provided to the OLA in 2021.

The license suspension program continues to be ongoing, and routinely is initiated whenever an employer fails to comply with the terms of relevant Orders issued by the Workers Compensation Commission (WCC) and therefore triggers UEF involvement and expenditures in a case.

After hiring the new temporary staff member, training that person, and many months of full-time research and investigation the UEF can report it has completely reviewed and disposed of the 1920 accounts referred to us by the OLA Audit. The results are as follows:

- 1150 accounts totaling \$13,416,703.91 were sent to the CCU for collection.
- 20 accounts for amounts owed under \$30.00 cannot be sent to the CCU because the CCU refuses to accept amounts due under \$30.00 for collection.
- 750 of the "delinquent accounts" identified for referral to the CCU were found to have either already been sent to the CCU for collection previously by the agency or were not eligible to be sent to the CCU for reasons including: the claims had been paid; a settlement approved by the WCC reduced the original amount owed; the claim had been dismissed or never pursued by the claimant; the debtor was deceased; a payment agreement had been agreed to by the parties; the claims are ongoing so revised debt amounts are forwarded as generated by the UEF to the CCU already; and/or 100 percent of the claim total eligible for collections had already been forwarded to the CCU.

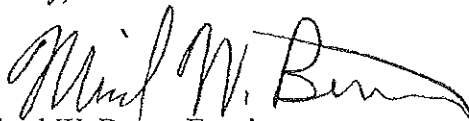
These 750 claims totaled \$1,082,161.72.

The UEF has, therefore, hired a temporary staff position to handle and comply with the Finding Number 3, and related recommendations, and continues to deal with relevant ongoing matters. As previously detailed, the agency has also resolved the 1920 accounts herein in compliance with this finding and recommendations.

The UEF asserts that it has, therefore, complied fully with Audit 2021 Finding 2 and 3 and has, to the extent legally possible, complied with Audit 2021 Finding 1. The UEF requests that the OLA so find and report such to the Maryland Legislature in a timely fashion.

Thank you for your attention, assistance and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Burns", with a long, sweeping horizontal stroke extending to the right.

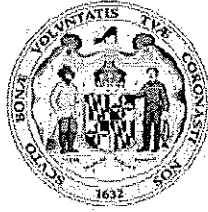
Michael W. Burns, Esquire
Director

LAWRENCE J. HOGAN, JR.
GOVERNOR

STATE OF MARYLAND

MARTIN E. LEWIS
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December 21, 2022

Gregory A. Hook, CPA
Legislative Auditor
State of Maryland
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, Maryland 21201

Dear Mr. Hook:

Please accept this letter as the Maryland Uninsured Employers' Fund (UEF) supplemental report to the report dated October 20, 2022 to the Office of Legislative Audits (OLA) for the Audit Report dated September 21, 2021 (2021 Audit) as required by the Joint Chairmen's Report (JCR) for the 2022 Legislative Session. As outlined on p.15 of the JCR, the Legislature enacted the following:

C96J00.01 General Administration

Add the following language to the special fund appropriation:

provided that since the Uninsured Employers' Fund (UEF) has had serious findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), \$250,000 of this agency's special fund appropriation may not be expended unless:

(1) UEF provides a status report to OLA describing the corrective action that it has taken with respect to all audit findings on or before November 1, 2022; and

(2) a report is submitted to the budget committees by OLA listing each audit finding along with a determination that each finding was corrected. The

budget committees shall have 45 days from the date of the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2023.
JCR at p. 15.

The UEF reports the following update as to the corrective actions taken regarding Finding 1 from the 2021 Audit:

Finding 1-

UEF did not ensure that payments to its TPA were adequately supported and consistent with the contract terms. As a result, we identified payments totaling \$521,083 for which the rate paid by UEF was not included in the contract or exceeded the rates specified in the contract.

UEF Response-

The UEF has expanded its inquiry into this Finding to include areas not noted in the OLA Audit Finding. After working for months with the agency's Attorneys General, the agency has evaluated every bill on all fixed priced items under the contract with the TPA (CorVel) and has confirmed that the UEF has overpaid CorVel.¹ CorVel initially denied that it was overpaid. Regarding this contractual dispute, the UEF has made a written claim with the contract's procurement officer pursuant to State Finance and Procurement Article §15-216.1 and COMAR Sec. 21.10.04.05 on August 31, 2022. Under law, the state procurement officer has 180 days to make a decision on the claim and either party could then appeal that decision to the Board of Contract Appeals.

However, CorVel has subsequently advised the UEF that it has accepted the UEF conclusions regarding the overpayments made to CorVel and has agreed to make the necessary reductions to its monthly invoices to the UEF for the remainder of the contract to account for, and reimburse the agency for, the overpayments. These reimbursements have begun and continue.

Recommendations 1-

We recommend that UEF

- a. ensure that invoiced amounts are supported and agree to contract approved rates and level of services prior to approving invoices for payment (repeat), and discontinue payments not provided for in the contract;
- b. establish a process for monitoring TPA performance for claims processing and related functions (repeat); and
- c. consult with legal counsel regarding the potential to recover the aforementioned overpayments.

¹ The evaluation for overpayments for fixed pricing items did not include overpayments for Medical Cost Savings since CorVel acknowledged those overpayments for this item on February 11, 2022.

The UEF has also established procedures to have fiscal staff review invoiced amounts to “ensure that invoiced amounts are supported and agree to contract approved rates and level of services prior to approving invoices for payment” and has discontinued payments not provided for in the contract and adjusted payments to conform to the requirements of the contract. As part of this process the fiscal staff continues to monitor the performance of the TPA regarding claims management and processing, a process which has been ongoing.

As a result of the actions taken and described herein the UEF asserts that it has, therefore, complied fully with all three (3) of the 2021 Audit Findings.

Thank you for your attention, assistance and consideration.

Sincerely,

Michael W. Burns

Michael W. Burns, Esquire
Director