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**C98F00 – Workers' Compensation Commission  
Fiscal Year 2026 Operating Budget  
Response to Department of Legislative Services Analysis**

House Appropriations Committee  
Subcommittee on Public Safety and Administration  
Delegate Jazz Lewis (*Chair*)  
January 30, 2025

Senate Budget and Taxation Committee  
Subcommittee on Public Safety, Transportation, and Environment  
Senator Michael A. Jackson (*Chair*)  
February 3, 2025

**DISCUSSION NO. 1**

**WCC should comment on how the implementation of the new system has improved agency operations and the ongoing maintenance and operations costs for the new system.**

Agency Operations

*SECURITY IMPROVEMENT*

Our new computer system is far more resistant to a cybersecurity breach. Additionally, CompHub is cloud based and can be easily restored in the event of a natural disaster or ransomware attack.

*COURT MANAGEMENT*

CompHub instantaneously communicates (electronically) decisions made by Commissioners on Motions for Postponement, Settlements, Stipulations, Motions to Enter/Withdraw Appearance and Lump Sum requests. Court transcripts, Hearing Notices and Requests for Subpoenas are electronically requested. Attorneys now submit their hearing exhibits electronically, thereby reducing paper usage and dispensing with the necessity of scanning paper into the computer system. Paper filing remains available to pro se litigants.

*BUSINESS FUNCTIONS*

Business community, insurance industry, medical personnel and vocational providers can now electronically file Contesting Issues, Registration Forms, Request for Access by Physicians to Case Files, Claims for Medical Payments.

*EVALUATING EMPLOYEE PERFORMANCE*

CompHub produces reports that track the productivity of individual employees. These reports allow us to evaluate individual employee's job performance and to compare employees doing identical work.

*FEATURES AND FUNCTIONS STILL NOT IDEAL*

The insurance industry has a multitude of e-forms it uses to submit First Reports of Injury. Insurers have strongly resisted our attempts to require electronic filing using our template because it will require them to re-program their computer forms to mirror our template. Negotiations to resolve this dispute are on-going and constructive.

Our Employer Compliance Unit remains manual (the unit was never computerized). This is the unit that sues and penalizes businesses we allege to be without workers' compensation insurance. Our enterprise management team is currently developing computerized processes.

### Ongoing Maintenance and Operation Costs

When we submitted our budget request in September 2024, we believed that \$3.2 million would cover annual maintenance and operational costs. We are currently struggling with the question of whether or not the knowledge transfer from our contractual computer science professionals to our in-house employees (who lack computer science degrees) is attainable. When we contracted for the CompHub system in 2017, one of the selling points was that it was low code and easy to learn. While it has been easy to learn for our 14,000 registered users because we have done and continue to offer training, it has not been so easy for our in-house personnel to learn how to maintain and operate the system once the contractual employees leave. The system that was built is not low code.

## **DISCUSSION NO. 2**

**WCC should comment on its recommendations for an overseer to evaluate UEF staff effectiveness to perform enforcement actions. Additionally, it should comment on its recommendations suggested increase in the assessment and the need to set mandatory reserves.**

Pages 8-12 of our Budget Analysis addresses the fiscal picture of another independent agency (UEF) over whom we have no management authority or control. Our sole concern is that the UEF not become insolvent as its mission—paying medical bills, lost wages and permanency awards to injured workers whose companies did not have workers' compensation insurance—is critical to a healthy workers' compensation system.

### Recommendation that an Overseer evaluate UEF staff effectiveness to perform enforcement actions.

The WCC Report Addressing the Long-term Solvency of the UEF identified a comprehensive list of duties of an overseer. There were two (2) duties that concerned evaluation of staff effectiveness to perform enforcement actions. Those two duties are as follows:

- monitor the prompt hiring of a private commission-based collection agency, track the suspension of business licenses, evaluate the increased pursuit of judgments and manage the transfer of functions that do not need to be performed by the TPA.
- assess the human resources and staffing needs of the agency which likely needs PINs for clerical functions that are currently being performed by the TPA.

Our agency is grateful that the Joint Oversight Committee on Workers' Compensation has been revived. This news was announced after the WCC filed its Report to the Legislature. It is unclear whether the Oversight Committee will meet during the legislative session, however. Additionally, we do not know how frequently the Committee will meet out of session. For that reason, our agency continues to recommend monthly monitoring by an individual with knowledge of the insurance industry.

### Recommendation that assessment on WCC awards and settlements be raised from 2% to 2.5% and requirement that UEF set reserves on its cases.

A 0.50% increase in the assessment on WCC awards and settlements will provide an additional \$2M annually in revenue. This is part of a short-term solution. However, in order to understand the long-term solvency issues of the UEF, we need to know how much money the agency predicts it will need to pay out on each claim, even if it is spent over time. This is a core insurance adjusting function. The UEF has said it does set reserves, and its loss-run reports

have a reserve column. However, the administrative costs associated with its reserves are 50%. This seems to be out of line with insurance industry standards.

#### Other Comments

- Page 11, bullet 2 – One correction is offered: the UEF preferred to have both a private commission-based collections agency to pursue debts owed to it AND have the CCU also collect debts on its behalf.
- Page 15 – The first sentence states: “The 2024 JCR requested that WCC prepare one report.” It is unclear whether the sentence means that the WCC was requested to prepare one report with the UEF. If that is the intent of the sentence, the statement is untrue. The Chair of the WCC spoke with a Senate Budget Committee member on November 12, 2024, and that member advised that there could be a majority and minority report. The WCC believes that its report represents the views of the majority of the members of the committee, but the agency chose not to ask people to vote.

#### **RECOMMENDED ACTION NO. 1**

**Increase the turnover expectancy to 7.0%. The Workers’ Compensation Commission currently has 18 vacant positions, which is much higher than the 3.76 necessary vacancies to meet the fiscal 2026 budgeted turnover rate of 3.27%. At a 7.0% turnover expectancy, the agency will need to maintain 8.05 vacant positions. That number of vacant positions is approximately 10 fewer positions than the agency’s current number of vacancies.**

**Total Special Fund Net Change -\$554,685.**

The agency concurs with this recommended action.

The Commission offers the following additional information regarding nine (9) open positions:

<u>Title</u>	<u>Status</u>	<u>Date Employee Expected to Report</u>
1. Commissioner Assistant	interviewing	May 31, 2025
2. Appeals Coordinator	FILLED	February 19, 2025
3. Deputy Fiscal Director	FILLED	February 19, 2025
4. Deputy HR	pre-posting	June 30, 2025
5. ICR Administrator	posted	May 31, 2025
6. Claims Reviewer	posted	May 31, 2025
7. IT Webmaster	pre-posting	August 31, 2025
8. IT Assistant Director	re-posting	June 30, 2025
9. IT Cybersecurity Specialist	pre-posting	August 31, 2025