



annual **2016** report

VIRGINIA WORKERS' COMPENSATION COMMISSION

our mission

To serve injured workers, victims of crimes, employers, and related industries by providing exceptional services, resolving disputes, and faithfully executing the duties entrusted to us by the Commonwealth of Virginia.



CHAIRMAN'S WELCOME

On behalf of the Commissioners and our valued staff, I am pleased to present the 2016 Annual Report of the Virginia Workers' Compensation Commission. The Commission is committed to providing excellent public service to our diverse stakeholders across the Commonwealth.

The Virginia Workers' Compensation Act was enacted in 1918 to protect workers and employers from the devastating consequences of workplace injuries. Nearly 100 years later, the Virginia Workers' Compensation Commission is an important judicial agency. We interpret and administer the Act while remaining on the forefront of innovation to better serve the citizens of the Commonwealth.

Our Mission, Vision, and Core Values drive our commitment to lead the nation as the most effective and innovative state agency. With 292 dedicated employees and seven offices across the Commonwealth, we strive to serve the needs of employers, injured workers, claims administrators, and insurers.

Promoting efficiency and managing our litigation dockets is vital. In 2016 we processed 47,609 electronic claims and issued 3,827 hearing-level and 795 appellate decisions. **With expanded Alternative Dispute Resolution (ADR) and other improved docket controls, from 2012 to 2016 we produced a 30% decrease in the average time from claim filing to resolution.** In 2016, our staff developed and implemented groundbreaking technology-based automation for ADR. As a result,

the Commission received the inaugural Innovation Award from the International Association of Industrial Accident Boards and Commissions (IAIABC).

The Commission expanded its green initiative by offering paperless notifications to claimants and claim administrators through our WebFile system. We launched a new mobile-friendly educational conference website. Rebranding efforts for the Criminal Injuries Compensation Fund (working as Virginia Victims Fund, VVF) resulted in a new website launched in December 2016. We implemented a process to review and eliminate costly paper file storage through a revised retention policy. We upgraded our regional offices, designated them as courthouses, and enhanced safety for Commission staff and visitors. Also, we partnered with a regulatory advisory panel and consulting actuary to establish the first-ever medical fee schedules for health care services in Virginia. The Commission continues to host webinars and conferences across the Commonwealth to provide training and guidance on key workers' compensation topics, including Electronic Data Interchange (EDI), insurance compliance, and claims services. Our VVF staff provides training statewide and participates in several public awareness campaigns.

The Commission's highly-valued employees have worked hard to produce strong results, while maximizing efficiency and reducing administrative burdens. In 2017, our strong team will continue to build on our successes while demonstrating excellent customer service to our stakeholders. We will further enhance and improve our service delivery. Most importantly, we will remain committed to serving injured workers, crime victims, employers, and related industries by faithfully meeting the duties entrusted to us by the Commonwealth of Virginia.



**CHAIRMAN
MARSHALL**

A handwritten signature in black ink, appearing to read 'Wesley G. Marshall'. The signature is fluid and cursive, written in a professional style.

Hon. Wesley G. Marshall, *Chairman*

ABOUT THE COMMISSION

The Virginia Workers' Compensation Commission (VWC) strives to be a nationwide leader while building upon the rich history of public service and effective government.

Some form of workers' compensation has been in existence for thousands of years: from 2050 B.C. ancient Sumeria; to the 1600's of English privateer Captain Henry Morgan; to 1900 Prussia and to the present day. Workers' compensation statutes are designed to protect injured workers by providing financial compensation and medical benefits while protecting the employers from civil litigation. Virginia adopted its Workmen's Compensation Act in 1918.

Formerly named the Industrial Commission, the Virginia Workers' Compensation Commission name changed as part of the recodification of Title 65.1 of the Code of Virginia in 1991. The Commission is an independent state agency operating under the authority of the General Assembly of Virginia. Its primary role is to oversee the resolution of claims through mediation, hearings, and appeals. The policies and procedures of the Commission are largely determined by the provisions of the Act, which defines the composition of the Commission and specifies the judicial powers and responsibilities of the Commissioners. The Commission provides services to injured workers, employers, attorneys, medical providers, insurers, claim administrators, Group Self-Insured Associations (GSIA's) and Professional Employer Organizations (PEO's).

The Commission is also entrusted with the administration of the Criminal Injuries Compensation Fund, the Uninsured Employer's Fund, the Medical Costs Peer Review Program, the Second Injury Fund, and the Virginia Birth-Related Neurological Injury Compensation Program. The Commission headquarters is in Richmond with six regional offices in Bristol, Fairfax, Harrisonburg, Manassas, Roanoke, and Virginia Beach.

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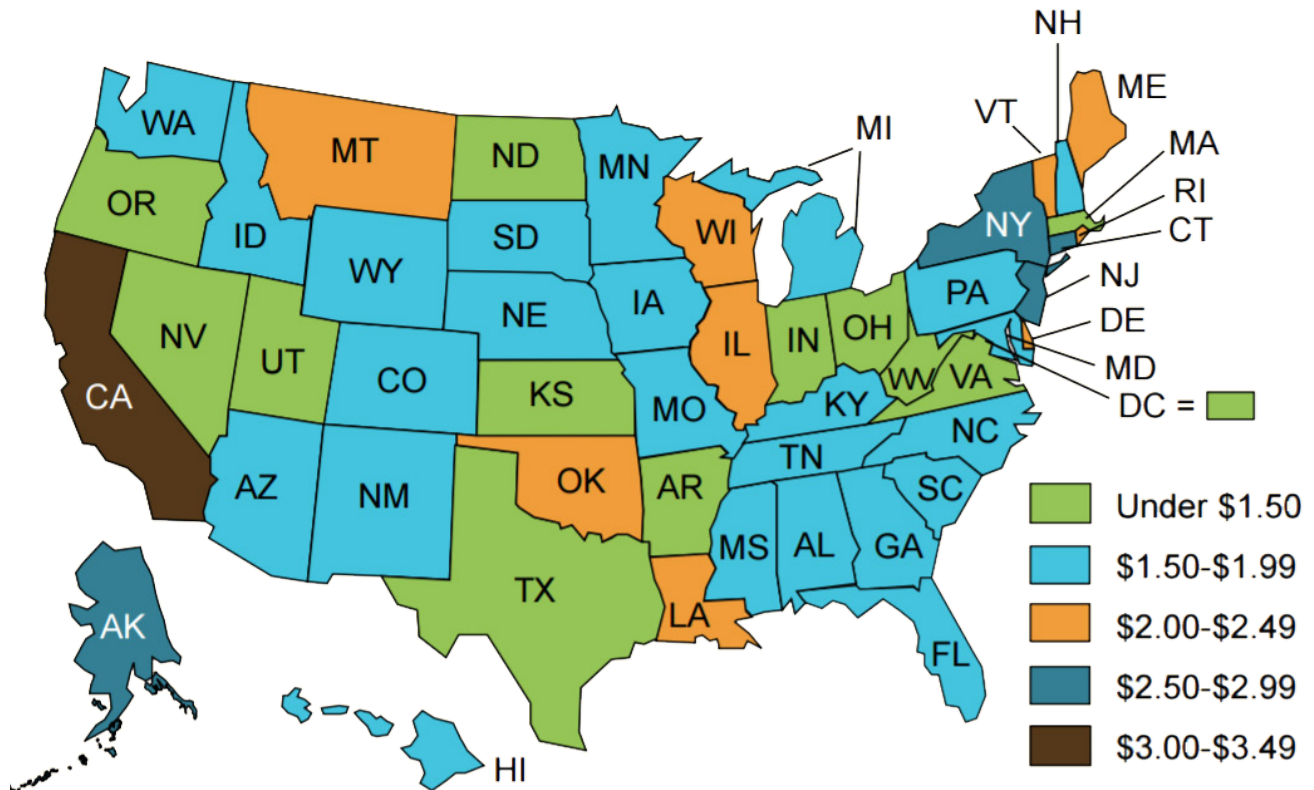
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INDUSTRY

Virginia enjoys considerable respect as a leader in the realm of state workers' compensation law. An important long-standing characteristic of Virginia's workers' compensation system is its low cost. Policymakers and regulators believe that a low-cost workers' compensation system creates economic advantages in promoting business and job growth.

A leading national comparison of workers' compensation systems is the Oregon Workers' Compensation Premium Rate Ranking Study. This study has been completed in even numbered years since 1986. In 2016, Virginia was ranked 47 out of 51 jurisdictions in terms of premium rate ranking. Virginia employers in the voluntary market pay, on average, \$1.24 per \$100 of employee payroll, or 67% below the median state rate.



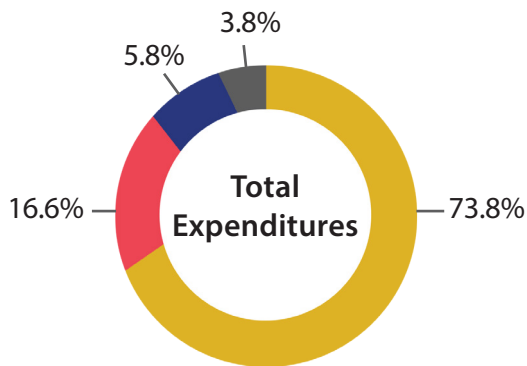
Year	Indexed Ranking	Workers' Compensation Premium Per \$100 Payroll Indexed	% Below Median State	Effective Date
2012	48	\$1.20	64%	4/1/2011
2014	48	\$1.17	68%	4/1/2013
2016	47	\$1.24	67%	4/1/2015

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services (Rev. 10/16)

Virginia Workers' Compensation Commission (VWC)

VWC collects a tax assessment from all workers' compensation insurers and self-insurers for the operating budget of the Commission, as well as the Uninsured Employer's Fund.

Total Collection \$40,882,762
Fiscal Year 2016 (July 1, 2015-June 30, 2016)



- Salary and benefits for full-time employees
- Contractual Services: communications, postage, travel, and computer maintenance
- Miscellaneous: supplies, equipment
- Fixed Costs: lease agreements, insurance, and utilities

Uninsured Employer's Fund

The Uninsured Employer's Fund (UEF) can provide compensation and medical payments to injured employees or dependent(s) whose employer was not properly insured at the time of a work-related accident.

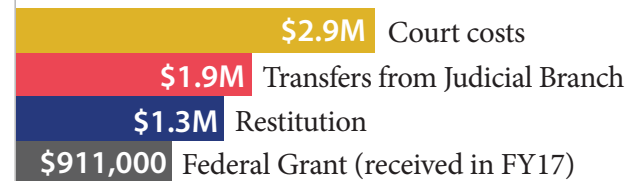
\$895,000
UEF Fines and Recoveries

\$4.4 million
UEF Operating Expenses

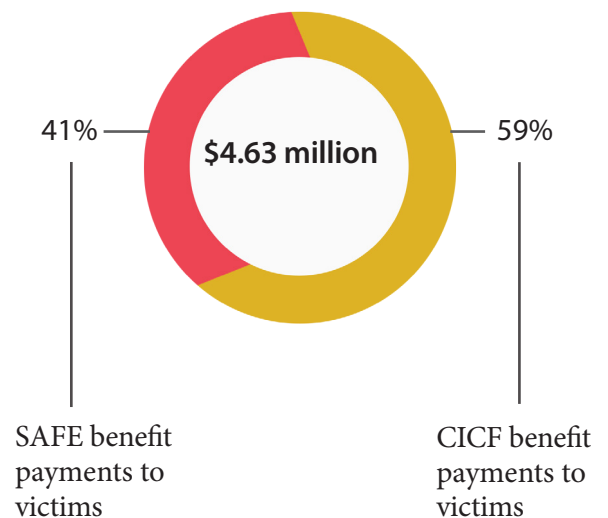
Criminal Injuries Compensation Fund (CICF)

CICF is administered by the Virginia Workers' Compensation Commission and is funded by court fees, assessments on offenders, restitution, and federal grant funds. CICF's Sexual Assault Forensic Exam Payment Program (SAFE) receives General Fund money via sums designated to the Virginia Supreme Court for reimbursement of sexual assault evidence collection expenses.

Total Revenues \$7 million
Fiscal Year 2016 (July 1, 2015-June 30, 2016)



Total Awards Made 2,887 Claims Awarded



Total Expenditures for administrative costs of 23 full-time employees, office rental, information systems, supplies, and equipment totaled \$2.75 million.



2016 Acts of the General Assembly

Chapters 279 and 290 were signed by Governor Terry R. McAuliffe on March 7, 2016. Directs the Workers' Compensation Commission (the Commission) to adopt regulations establishing fee schedules setting the maximum pecuniary liability of the employer for medical services provided to an injured person pursuant to the Virginia Workers' Compensation Act, in the absence of a contract under which the provider has agreed to accept a specified amount for the medical service. The regulations implementing the fee schedules shall become effective on January 1, 2018.

Chapter 358 (HB 44) was signed by Governor Terry R. McAuliffe on March 11, 2016 (effective July 1, 2016). Establishes presumptions in claims under the Virginia Workers' Compensation Act that the accident arose out of and in the course of employment if the employee (i) dies with there being no evidence that he ever regained consciousness after the accident, (ii) dies at the accident location or nearby, or (iii) is found dead where he is reasonably expected to be as an employee. These presumptions will exist in the absence of a preponderance of evidence to the contrary and where the factual circumstances are of sufficient strength from which the only rational inference to be drawn is that the accident arose out of and in the course of employment.

Chapter 456 (HB 667) was signed by Governor Terry R. McAuliffe on March 11, 2016 (effective July 1, 2016). Provides that for crimes committed on or after July 1, 1977, and before July 1, 2000, where the period of time to file a claim with the Criminal Injury Compensation Fund (the Fund) has been extended because of newly discovered evidence, the Virginia Workers' Compensation Commission, which administers the Fund, may consider expenses and loss of earnings that the claimant accrued after the date of the newly discovered evidence as stipulated in written notification from the attorney for the Commonwealth. Currently, consideration could be given only to expenses that accrued after the date the Commission received notification from the attorney for the Commonwealth that the crime was being investigated for newly discovered evidence. The bill applies to claims filed with the Fund on or after July 1, 2014.

A Breakdown of the Medical Fee Schedules (MFS) Implementation

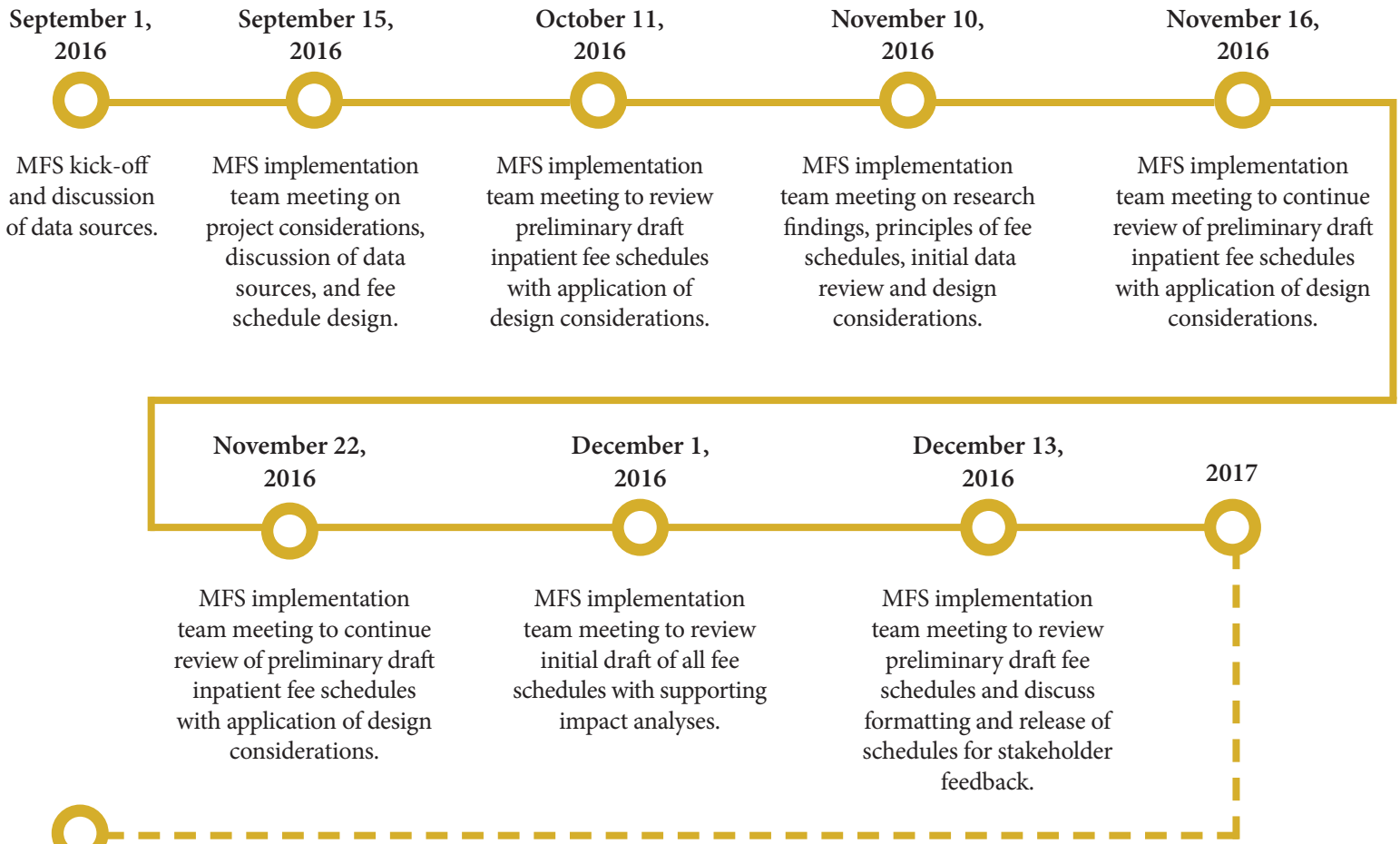
Why require medical fee schedules?

Despite apparent increasing efficiencies in overall workers' compensation premiums, stakeholders have expressed concern over increasing medical expenses in workers' compensation claims for the past several years.

How were the medical fee schedules developed?

Once Chapters 279 and 290 were passed, an implementation team comprised of a regulatory advisory panel of stakeholders, consulting actuary, and Commission employees was formed to develop a project plan to meet all MFS requirements.

MFS TIMELINE



Next Steps

In 2017, the consulting actuary presented revisions based on Stakeholder's feedback and submitted the Proposed Medical Fee Schedules. The Commission preliminarily approved the Medical Fee Schedules and it entered the public comment period on April 10, 2017. Public comments will be accepted through May 10, 2017, and a public hearing will be held on May 23, 2017.

Scan the QR code for more information, or visit www.workcomp.virginia.gov



COMMISSIONERS AND EXECUTIVE LEADERS



Hon. Wesley G. Marshall, *Chairman*

Chairman Marshall was appointed by the 2012 Virginia General Assembly and began his position with the Virginia Workers' Compensation Commission on June 18, 2012. Mr. Marshall earned a J.D. from the University of Virginia School of Law in 1988 and a B.A. with distinction from the University of Virginia in 1985. Prior to his appointment with the Commission, Mr. Marshall was in private practice of law for more than 23 years, primarily representing plaintiffs in workers' compensation, employment, and other related civil litigation.



Hon. R. Ferrell Newman, *Commissioner*

Commissioner Newman was appointed by the 2013 Virginia General Assembly and began his position with the Virginia Workers' Compensation Commission on March 11, 2013. Mr. Newman earned a J.D. from the College of William and Mary's Marshall Wythe School of Law in 1983 and a B.S. from the University of Richmond in 1979. Prior to his appointment with the Commission, Mr. Newman was in private practice of law for 30 years, with a heavy concentration in workers' compensation.



Hon. Roger L. Williams, *Commissioner (deceased)*

Commissioner Williams was appointed by the 2008 Virginia General Assembly and began his position with the Virginia Workers' Compensation Commission on May 1, 2008. Mr. Williams served as Commissioner until his death on October 11, 2016. Mr. Williams earned a J.D. from the University of Richmond's T.C. Williams School of Law in 1980 and a B.S. from Washington and Lee University in 1975. Prior to his appointment with the Commission, Mr. Williams was in private practice of law for 28 years, almost exclusively in the area of insurance defense litigation, with emphasis on the law of workers' compensation.



Evelyn V. McGill, *Executive Director*

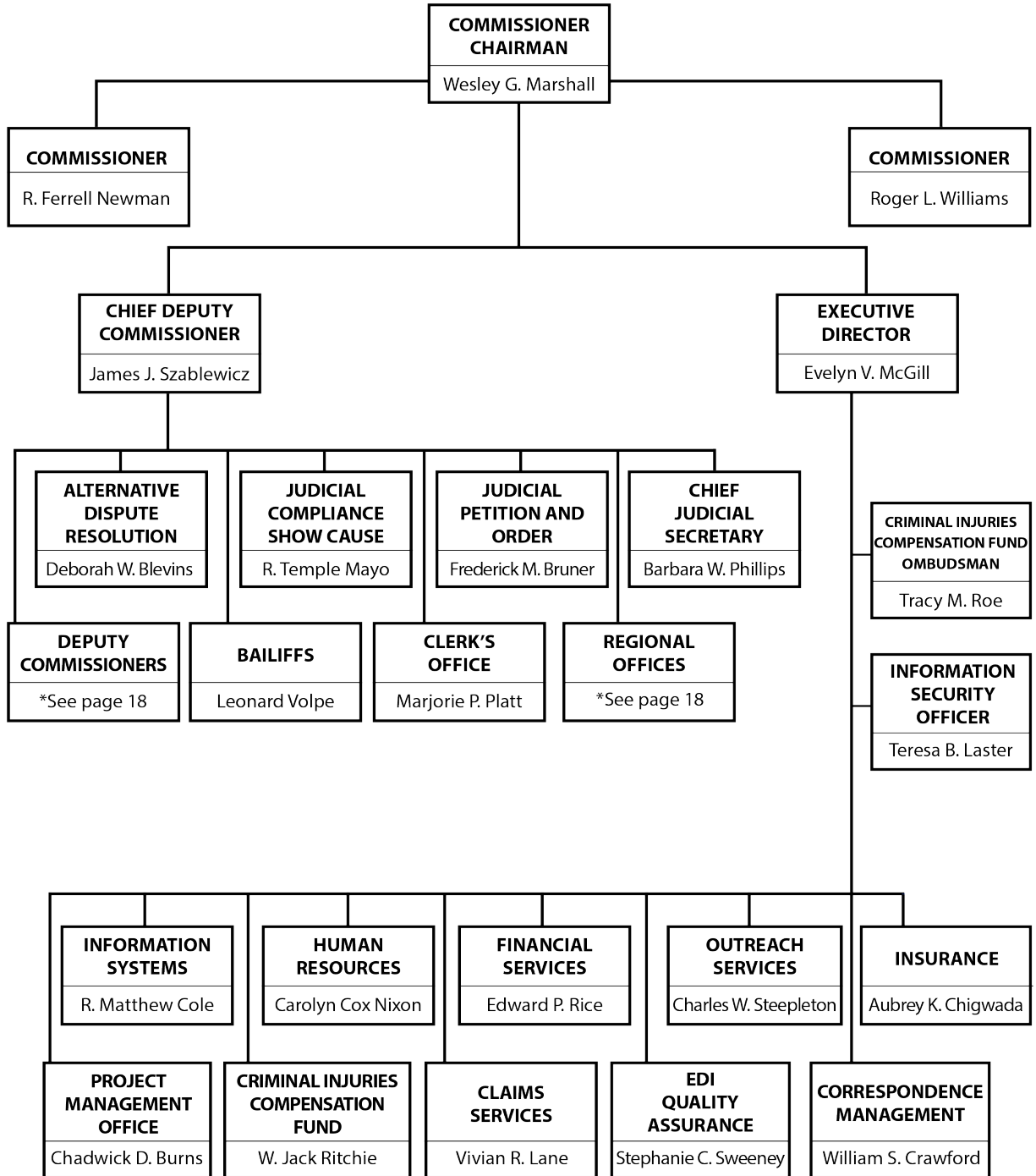
Evelyn V. McGill joined the Virginia Workers' Compensation Commission as the Executive Director in 2013. Ms. McGill is responsible for the administrative, operational and financial functions, staff and systems of the Commission. Ms. McGill studied as a Pre-Graduate Fellow at the University of Virginia and earned a Master of Business Administration from Virginia Tech, a Master of Public Administration from the University of Pittsburgh, and a B.S. from Virginia Commonwealth University. Ms. McGill was previously employed with the City of Richmond's Police Department for 14 years, as the Deputy Chief of Administration/Executive Director.



Hon. James J. Szablewicz, *Chief Deputy Commissioner*

Hon. James J. Szablewicz was appointed as Chief Deputy of the Virginia Workers' Compensation Commission in 2004. Mr. Szablewicz is responsible for the Judicial Division including the Clerk's Office, six Regional Offices as well as all of the Deputy Commissioners statewide. Mr. Szablewicz earned a J.D. from the University of Virginia School of Law and a B.A. in Political Science from Yale University. Prior to becoming the Chief Deputy Commissioner, Mr. Szablewicz served as a Deputy Commissioner with the Commission for two years. Before joining the Commission, Mr. Szablewicz was in private practice of law on Virginia's Eastern Shore for 11 years, primarily representing injured workers.

ORGANIZATIONAL CHART



“The dedicated efforts of our employees to achieve our mission is an integral part of who we are as an agency.”
Evelyn V. McGill, Executive Director

Our Employees

The Commission's employees are committed to the progress of workers' compensation in the Commonwealth. With a workforce of 292 employees, we have made huge strides with our enhanced customer service, outreach efforts, and technology improvements to engage key stakeholders.

Employee Development

The Commission understands the importance of rewarding, yet challenging work, as well as the opportunity for our employees to develop into a stronger workforce. Our blended approach with both mentoring and formal and informal on-the-job training helps to ensure that our employees enjoy the best work environment, excellent training and growth opportunities, and support to develop their careers. We invest in our employees and give them the tools they need to develop their skills and capabilities, thereby ensuring they remain valuable contributors to our success. We take pride in our diverse workforce and strive to reflect the diversity of the citizens we serve.

WE ARE VWC



INNOVATIVE

BRANDI MCATEER CLAIMS SERVICES

“Being innovative to me means to think outside of the box. To be imaginative and able to introduce new ideas with a creative way of thinking. I have tried to approach recent projects with new ideas and reachable goals.”



EFFECTIVE

MICHAEL BOURNE INSURANCE

“In life and the workspace our daily lives are infused with a conscious effort to complete and be successful with any task that is given. Being effective is a standard that I live by and strive to achieve daily. Without being effective there is no change and without change there is no success.”



ACCOUNTABLE

MAYLONE HAWKINS CORRESPONDENCE MANAGEMENT

“My focus is to hold myself accountable for my own actions and decisions I am required to make on a daily basis to meet the goals of the Correspondence Management Department. I strive to find solutions to properly plan and use my time efficiently to produce the best possible results.”



RESPECTFUL

DANIELLE JOHNSON MILLS
CRIMINAL INJURIES COMPENSATION FUND

“Respectful means displaying the ‘Golden Rule’ by treating others the way you wish to be treated. Being respectful requires awareness and acceptance of others’ differences concerning beliefs, rights, or opinions, and is an important value to exhibit in the workplace, and in life.”



IMPARTIAL

BOB HIMMEL
JUDICIAL DIVISION

“Impartiality should not be confused with indifference. Not immune to emotion, my role, without further agenda, is to apply the rule of law; to be guided principally through reason.”



INTEGRITY

STEPHANIE BREWER
FINANCIAL SERVICES

“Integrity means being honest and having strong morals. I feel that loyalty and honesty are also good qualities that demonstrate integrity. In my position, I must demonstrate integrity and good ethics when processing travel, payroll and other work on a daily basis.”



RELIABLE

JAMES HATHAWAY
INFORMATION SYSTEMS

“To me, being reliable simply means that you can be trusted. You can be depended on to get things accomplished, and you can always be counted on to stay true to your word.”

Management Philosophy

The Commission’s management philosophy is the set of shared beliefs and attitudes used in daily operations, strategic planning, and all activities at the Commission. Our management’s philosophy is reflected in our core values, policies, oral and written communications, and decision making. Management strives to lead by example with their everyday actions. Often these actions are taken to heart more so than words. The Commission’s talented and dedicated employees play a key role in achieving our mission and embodying our core values, which have become an integral component to our daily functions and overall culture at the Commission.

“I would like to be effective in leading the Commission’s ongoing efforts to improve the quality of the services the agency delivers and to develop an atmosphere where Commission employees feel respected and recognize that they play a significant part in the success of the agency. I want to encourage initiative in Commission employees to suggest changes within their areas of responsibility which will help the Commission better serve all who come before us.”

Commissioner Roger L. Williams, VEI

2016 KEY ACCOMPLISHMENTS



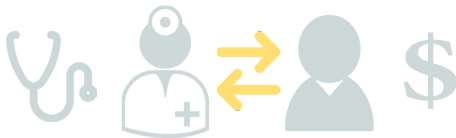
Obtained Full ARMICS Compliance

Successfully completed the Agency Risk Management and Internal Control Standards (ARMICS) requirements, and assured full compliance with the Department of Accounts on internal control standards and regulations



Successful Outreach Initiatives

Provided trainings and presentations on various topics to workers' compensation stakeholders, victim advocates, and partners. Also launched engaging marketing campaigns through various channels to reach injured workers, victims of crimes, employers, and related industries



Developed Medical Fee Schedules Project Plan

Established a timeline to develop draft medical fee schedules in order to ensure implementation on January 1, 2018



Expanded Compliance Initiatives

Launched insurance compliance checks on businesses across the state, and implemented an EDI Quality Assurance fine penalty structure, resulting in improved acceptance rates and timely filings



Advancements Through Technology

Implemented a new human resources timekeeping system, expanded the Go Green initiative by expanding the Webfile Paperless Option to include claimants and claim administrators, and also launched a new mobile-friendly educational conference website



Implemented E-Billing Initiative

Initiated the regulatory process for the review of the e-billing requirements for the E-Billing Model Rule and Companion Guide



Nationally Recognized in Innovation

Received the 2016 Innovator's Award for the Alternative Dispute Resolution automation initiative from the International Association of Industrial Accident Boards and Commissions (IAIABC)



Implemented a Revised Records Retention Policy

Implemented a process to review and eliminate costly paper file storage through a revised retention policy



Enhanced Security Measures

Designated each regional office as a courthouse to ensure highest level of response from law enforcement, and enhanced safety for Commission visitors and staff



Achieved Quicker Claims Processing

Implemented a new change-in-condition claims processing procedure, bypassing the traditional 20-Day Order process, which successfully reduced claim handling delays

VWC Educational Conference

The Virginia Workers' Compensation Educational Conference was held on October 19-20, 2016, in partnership with the International Workers' Compensation Foundation (IWCF). The annual conference offers multiple learning tracks geared toward various interests in workers' compensation for attorneys, employers, medical providers, insurance adjusters, and other stakeholders. The 2016 conference offered a new mobile-friendly website, more than 50 speakers, and 20 diverse topics.

Conference Highlights

525

Attendees

51

Speakers

37

Vendors

3

Sponsors





CUSTOMER CALLS

CICF	14,306 calls
Insurance	11,808 calls
VWC Call Center	84,595 calls



MAIL CORRESPONDENCE

Incoming Mail	125,952 pieces
Outgoing Mail	1,963,645 pieces
E-Faxes	65,660 pieces



VWC TRAINING OUTREACH INITIATIVES

STATEWIDE

Trainings and presentations were offered on a range of workers' compensation topics across the Commonwealth, reaching stakeholders in the healthcare industry, attorneys, and claim adjusters. VWC staff from various departments provided information on mediation, best practices for workers' compensation attorneys and filing a claim, medical fee schedule updates, implementation of the Paperless initiative, case law updates, among others. The Criminal Injuries Compensation Fund provided 77 trainings, reaching more than 3,000 advocates, partners and medical providers.

NATIONWIDE

VWC employees were involved in multiple types of outreach initiatives within six states during 2016. These included presentations on the effective use of medical fee schedules in workers' compensation, as well as VWC's automation of ADR, a demonstration on the Commission's electronic claims and adjudication systems, and as a panel member on the national discussion of the future of workers' compensation.

Ways to Connect



VWC Website
www.workcomp.virginia.gov



Mobile-Friendly Conference Website
www.vwconference.workcomp.virginia.gov



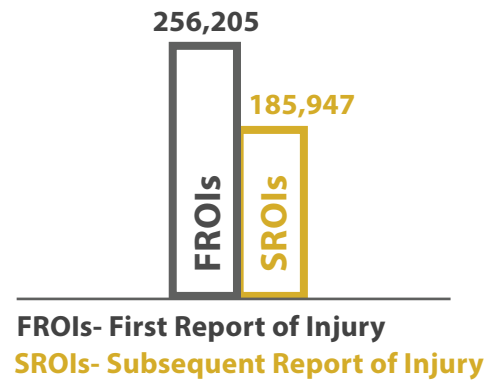
VWC YouTube
www.tinyurl.com/vwcyoutube



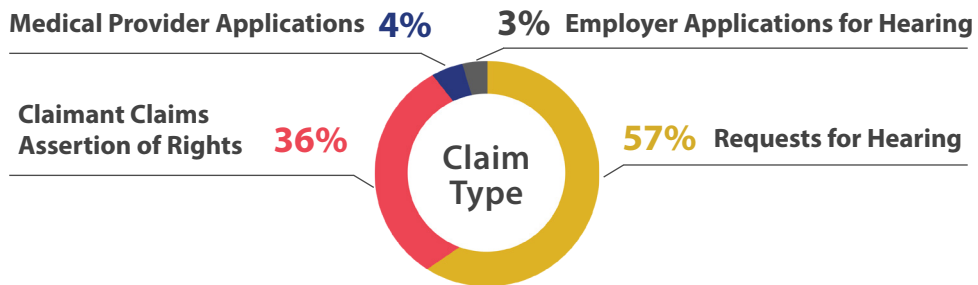
Event Photos
www.flickr.com/photos/vaworkcomp

QUICK FACT 37 employees process workers' compensation claims

62,588
major workplace injuries
reported in 2016



47,609
claims received in 2016



COLA
cost of living rate
effective 10-01-16
.55%

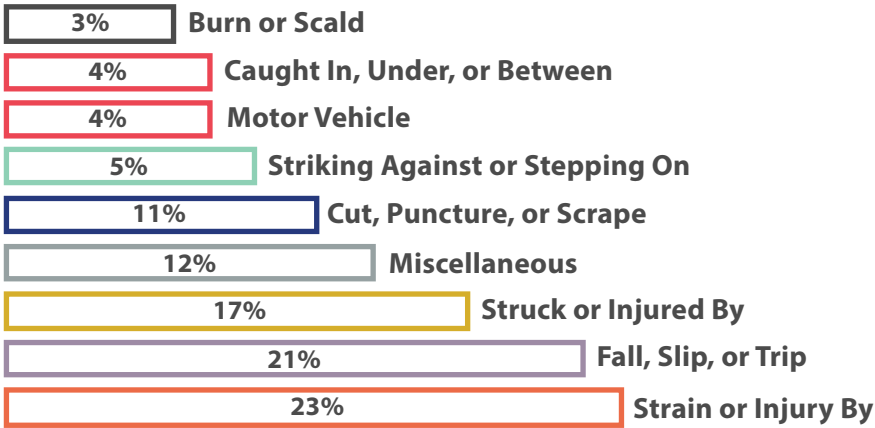


COMPENSATION RATES
effective 07-01-16
\$996 **\$249**
Maximum Minimum

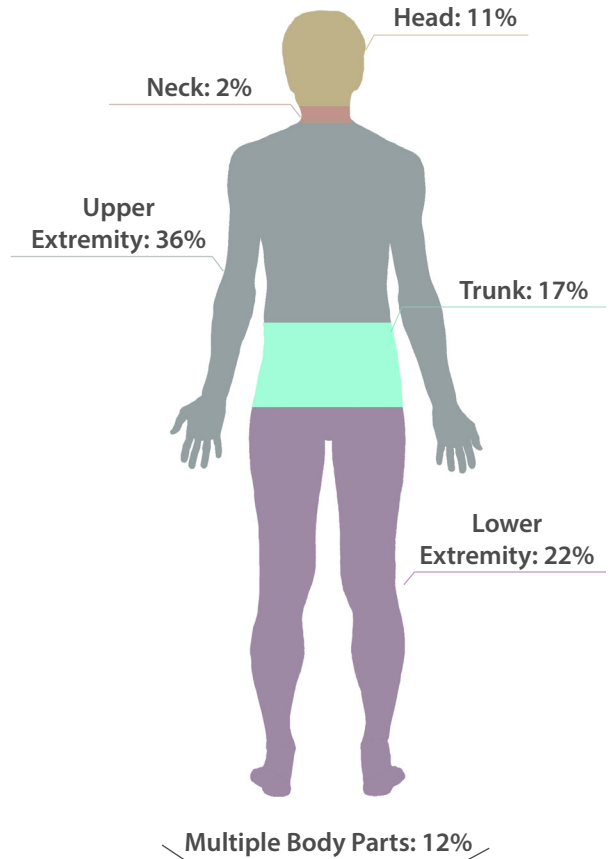
29,183
Awards Entered
by Agreement

12,124
Award
Terminations

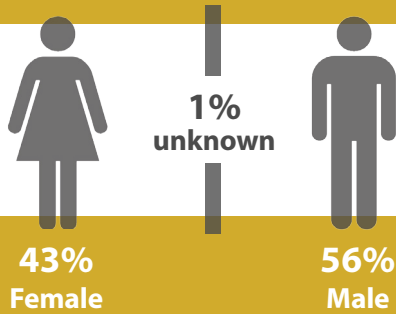
Distribution by Event



Distribution by Injury

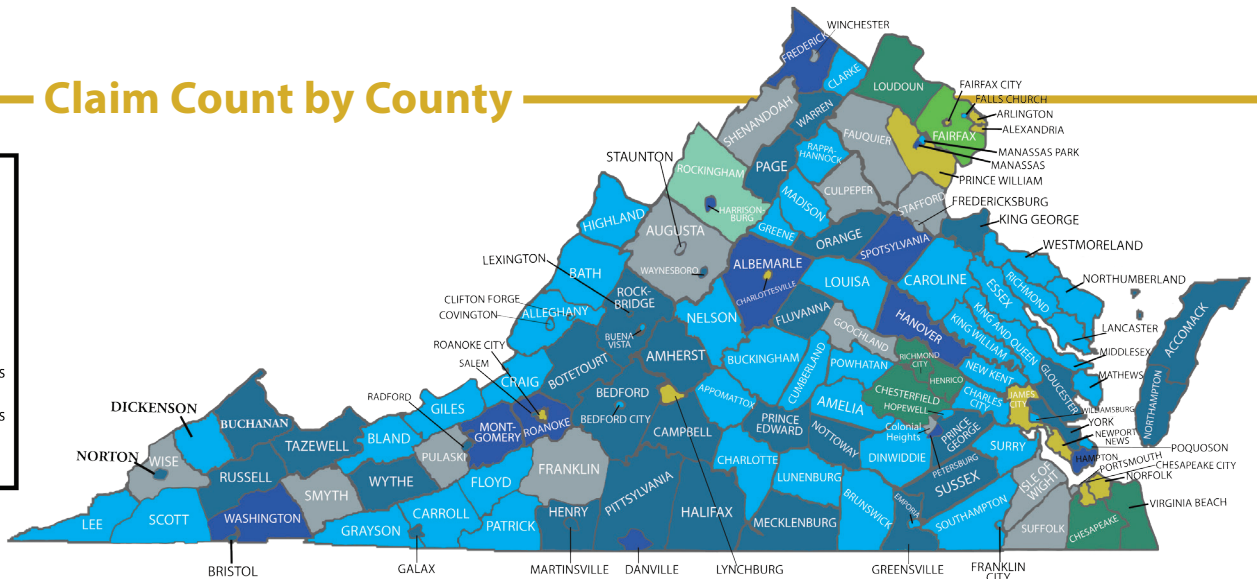
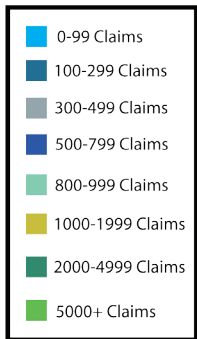


Claims by Gender



5.65
Average Disability Days
Per Claim in 2016

Claim Count by County



For a detailed breakdown of these figures, please visit www.workcomp.virginia.gov

Alternative Dispute Resolution

As part of the Judicial Division, the Alternative Dispute Resolution (ADR) program provides voluntary, confidential informal dispute resolution processes. Facilitations are conducted by ADR staff members who assist in reaching an agreeable solution. The Commission's 19 certified mediators include a retired Commissioner, Deputy Commissioners, and staff attorneys who regularly mediate in 9 locations across the Commonwealth.

In 2016, the Commission automated business processes, eliminating the need for manual record keeping and reporting functions while creating seamless, real-time pivots to and from the ADR and litigation claims track. The result: more than 70% of cases referred to ADR were completed within 45 days during 2016.

Mediations in 2016

30

Orientations

1,122

Issue Mediations and Issue Facilitations

502

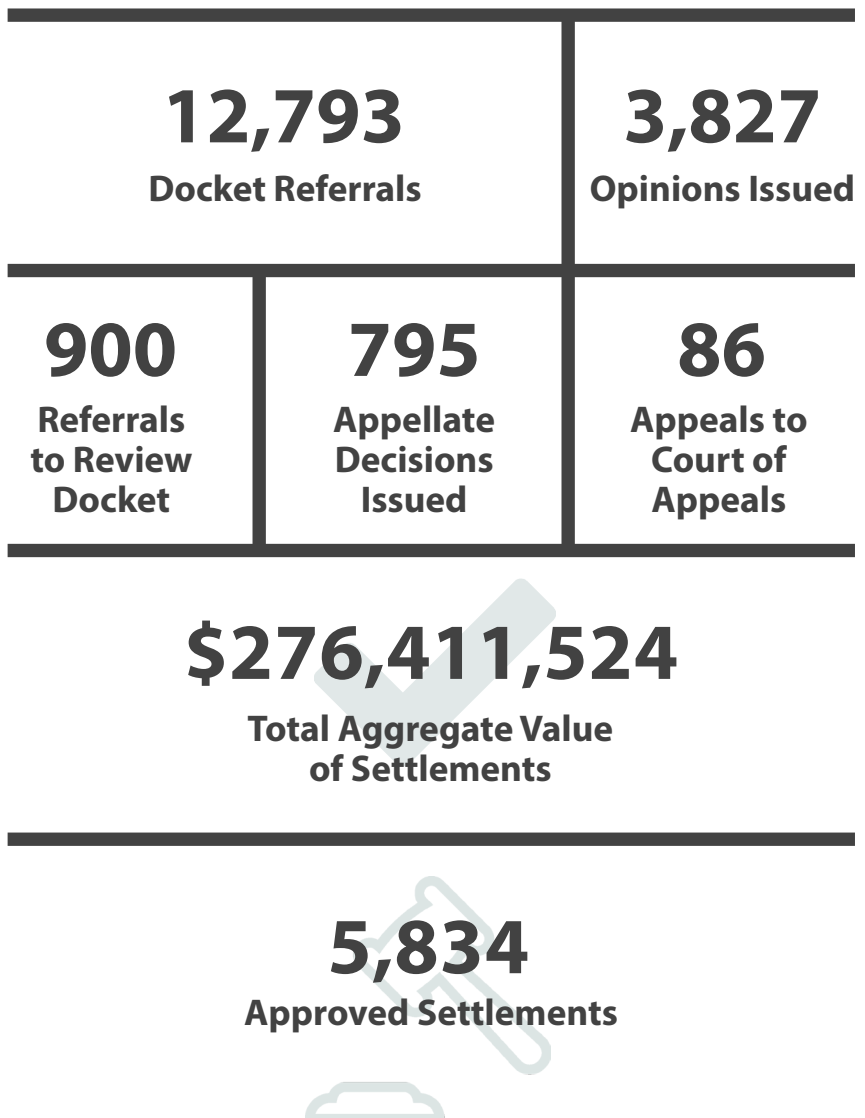
Full and Final Mediations

17% Growth Rate
in ADR cases in 2016

Adjudication

The Commission works as a court system where contested workers' compensation claims are referred to the Judicial Division for adjudication. Each contested claim is docketed for hearing, either for an evidentiary hearing or for a decision on the record. Appeals of judicial decisions are docketed for review and heard by the Virginia Workers' Compensation Commission's three Commissioners. Decisions of the full Commission can be appealed to the Virginia Court of Appeals.

The Commission also adjudicates claims made under the Virginia Birth-Related Neurological Injuries Compensation Act (Va. Code Sec. 38.2-5000 et seq.). The Commission does not pay or administer benefits or manage assets on behalf of the Fund established by this Act.



Deputy Commissioners

The Commission employs 23 Deputy Commissioners who serve as administrative law judges. They preside over evidentiary hearings throughout the state to determine rights and liabilities of parties under the Act.

Deputy Commissioners by Location

Bristol

Hon. Christen W. Burkholder*
 Hon. D. Edward Wise, Jr.

Fairfax

Hon. Susan E. Cummins
 Hon. John S. Nevin*

Harrisonburg

Hon. Jason P. Cording*
 Hon. William R. Culbreth

Manassas

Hon. W. Geovanni Munoz
 Hon. Dana L. Plunkett
 Hon. Jimese Pendergraft Sherrill*
 Hon. William T. Kennard

Richmond

Hon. Fredrick M. Bruner
 Hon. Angela F. Gibbs
 Hon. Brooke Anne Hunter
 Hon. Andrea W. Lee
 Hon. R. Temple Mayo
 Hon. P. Randolph Roach, Jr.
 Hon. Susan R. Stevick (retired)
 Hon. Randolph P. Tabb, Jr.

Roanoke

Hon. Deborah Wood Blevins
 Hon. Robert M. Himmel*
 Hon. Linda D. Slough

Virginia Beach

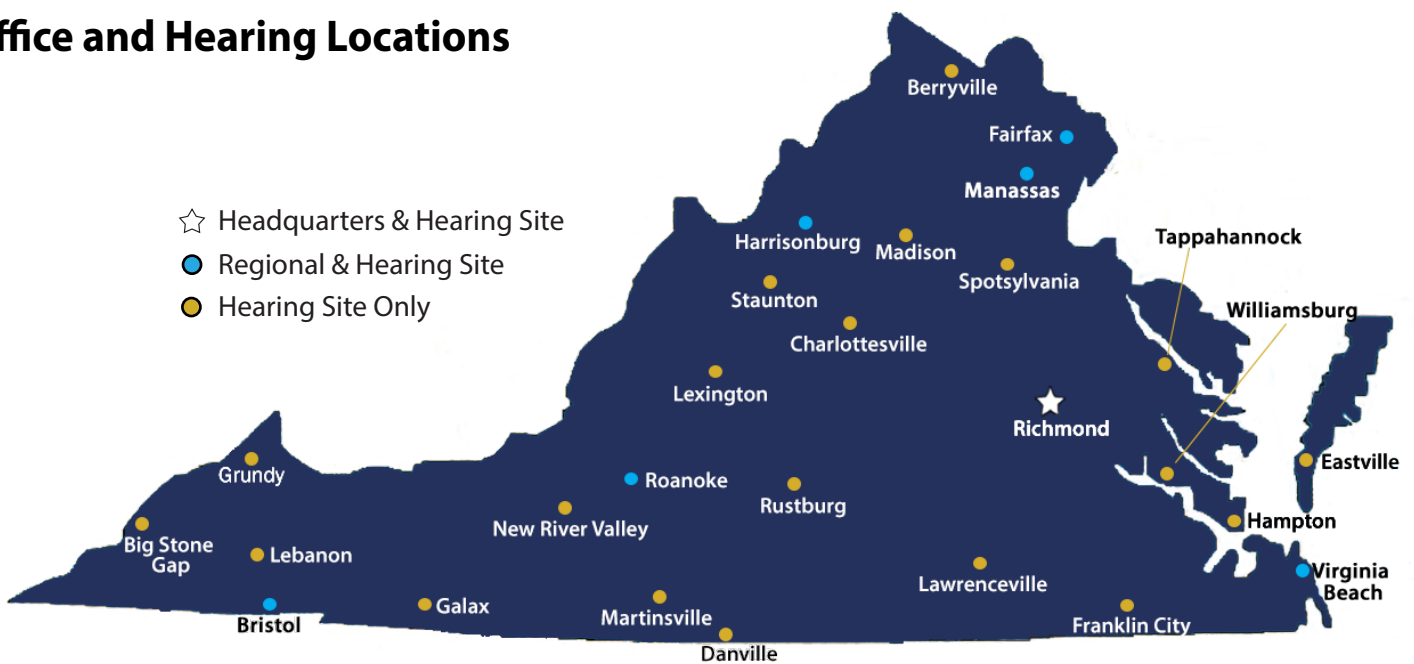
Hon. Lynne M. Ferris*
 Hon. Terry L. Jenkins
 Hon. Lee E. Wilder

**2016 Managing Deputy*



www.workcomp.virginia.gov

Office and Hearing Locations





VWC's Compliance Process

Educate



Guidance on electronic claims submissions, coverage requirements, and regulations is provided to stakeholders.

Monitor



Monitoring compliance of responsible parties is handled by multiple departments on a regular basis.

Investigate



Employer and carrier compliance is enforced through various processes including report cards for EDI submissions, and an investigative team for insurance compliance.

Respond



VWC strives to maintain open communication with partners through direct contact, outreach materials, and training opportunities.

Agency Risk Management and Internal Control Standards (ARMICS)

During 2016, the Commission identified 144 significant processes, conducted an agency-wide risk assessment, completed Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, and tested controls of high-risk processes. Other supporting processes included assessing the Code of Ethics effectiveness as well as designing and testing controls vulnerable to fraud. This agency-wide initiative provided support that operations are effective, allowing the Commission to file the ARMICS Certification Statement – *No Significant Weaknesses in Internal Control*.

Operational benefits generated by ARMICS requirements included procedures for the 2016 implementation of Oracle™ PeopleSoft (Cardinal) financial system, discovery of department synergies, and agency-wide segregation of duties.

Electronic Data Interchange (EDI)



All claim administrators are required to submit various EDI transactions on claims depending on what actions are taken throughout the claim’s lifespan.

There are regulations and statutory requirements that each claim administrator must abide by when submitting these transactions.

The EDI compliance initiative was implemented in 2015 in order to ensure these requirements are being followed appropriately. In 2016, the Commission implemented enhancements to use the Severity Code data element, to remain compliant with the IAIABC EDI standard.



The compliance team within the EDI Department continued issuing quarterly EDI Report Cards to each trading partner during 2016. Updates to the report card include an additional page to show how many penalties or fines were issued to the company versus overall fines issued in total. Based on the results of the quarterly report cards, one-on-one training was provided to several companies, with additional trainings upcoming in 2017 to help companies improve their score(s) with respect to EDI transmissions.

184

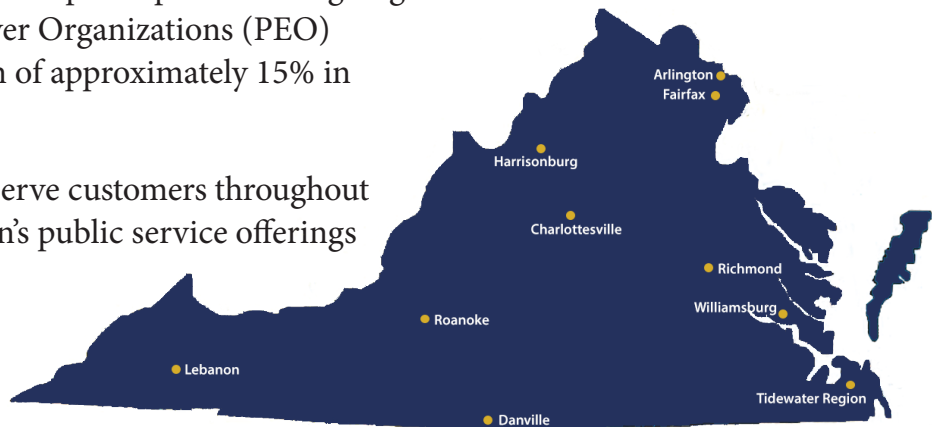
fines issued to training partners not in compliance

Insurance Compliance

The Investigations Unit within the Insurance Department made an immediate impact on employer compliance with the Workers’ Compensation Act throughout the Commonwealth during 2016.

Conducting employer insurance verification sweeps coupled with ongoing advances in Carrier and Professional Employer Organizations (PEO) compliance efforts led to an overall reduction of approximately 15% in uninsured employers in the state.

In an effort to increase efficiency and better serve customers throughout the Commonwealth, many of the Commission’s public service offerings were updated in 2016 and made available online. These included the Virginia Employer Non-Compliance Alerts (VENCA), the Contractor Certification Form 61A, and the Officer/Manager Rejection of Coverage Form 16A.



Areas where employer insurance verification sweeps were conducted in 2016

Scan the QR code for more information on insurance services provided by the Commission





New Online Options for Stakeholders

Enhanced Online Functionality for Attorneys, Claimants, and Claim Administrators

The Commission's WebFile Paperless option was extended to claimants and claim administrators in 2016. This filing option eliminates the need to send hard copies, giving customers secure access to their documents quicker, and also available 24 hours per day. It serves as an innovative, environmentally friendly option that provides both convenience for customers, as well as beneficial savings for the Commission.

In 2016, self-service functions for all WebFile users was implemented to manage their accounts and email address changes more easily.



90,794

Documents filed via Paperless option in 2016

810

Paperless users enrolled

WebFile Paperless Option for Medical Providers

In 2016, the CICF WebFile option was extended to include medical providers. These providers now have the ability to check the status of claims associated with their services, and upload documentation to those claims.

This will reduce the number of status requests by phone or email from service providers and reduce the time required to request and receive medical documentation.

Electronic Filing Options for Employers

The Insurance Department implemented online options for the Contractor Certification Form 61A, and the Officer/Manager Rejection of Coverage Form 16A during 2016.

These offerings are expected to create a reduction in denial rates for filing of coverage, as well as reduce the current 65,000 contractor certification paper forms received annually, and potentially save more than 2,000 hours of document management per year.



Scan the QR code for more information on WebFile



New Alternative Dispute Resolution (ADR) System

The ADR electronic claims management system was implemented in 2016, improving efficiency and claim resolution times. This system enforces confidentiality of the ADR process and properly assigns work tasks to Commission staff, ensuring that the claim moves quickly.

Self-Insurance Projects

In 2016, the Commission's Self-Insurance tracking system was updated, providing increased management capabilities of the Virginia Self-Insured Workers' Compensation Employers.

Additionally, the Commission implemented a proprietary Self-Insurance Financial Operation System (SIFS) as the system of record for self-insurance information. The first finance portal built at the Commission, processes and manages individual self-insurance for workers' compensation in the state, governed by Va. Code §§ 65.2-800 et seq.

Regional Office Relocations

Relocation of the Lebanon workers' compensation regional office to Bristol was completed in October 2016, and expansion of the Manassas regional office was developed with a move-in date planned for January 2017. These expansions allow the Commission space to accommodate for additional employees, dedicated mediation areas, and attorney conference rooms, as well as implement enhanced security measures consistent with the statewide initiative for all regional offices.

Looking ahead, other regional offices will be expanded or relocated, as well as the Commission headquarters to fit the needs of business operations.

Records Retention

The Commission retains workers' compensation injury records for 75 years from the date of injury, and insurance department files for 10 years.

A Records Retention Policy was developed in 2016 for workers' compensation and insurance department documents as a forward-thinking way to reduce file storage costs.

Changes to Commission systems will provide automated support for the Records Retention Policy. Other benefits of this project include a reduction in physical and electronic space needed, and decrease the Commission's carbon footprint.

5 programs are administered by VWC
VWC Programs



Medical Cost Peer Review Program

Until its repeal by the General Assembly in 2016, the Commission administered the Medical Cost Peer Review Program in accordance with Va. Code §§ 65.2-1300 et seq. Initially enacted in 1980, the program was based on informal hearings before committees of physicians who were themselves active in providing treatment for injured workers. The program was under the direction of a nine-member Statewide Coordinating Committee whose members were appointed by the legislature. The Statewide Coordinating Committee included five physicians as well as a representative from each of the following groups: employers, employees, hospitals, and the insurance industry. Each physician member also served as the chairman of the regional peer review committee in one of the five designated health systems areas in Virginia.

Each regional committee also had an additional four physician members who were appointed by the Statewide Coordinating Committee based on recommendations from the Medical Society of Virginia.

Second Injury Fund

The Second Injury Fund is maintained and administered in accordance with Va. Code §§ 65.2-1100 et seq. Initially enacted in 1975, the Second Injury Fund is used to alleviate some of the expenses employers who hire partially disabled workers will face if an accident occurs that causes one of these individuals to suffer a second and permanent disabling injury. This fund also pays compensation and medical benefits, but on a pro-rated basis, and with a \$7,500 limit on medical benefits.

Uninsured Employer's Fund (UEF)

The Uninsured Employer's Fund is maintained and administered in accordance with Va. Code §§ 65.2-1200 et seq. The fund was created by state legislation in order to provide payment of medical bills and compensation to injured workers in the event their employer failed to carry an active workers' compensation insurance policy. The UEF typically places liens on assets of the uninsured employers until the debt is repaid. These claims are processed by a third-party administrator who collects all evidence, prepares the claims for hearings, and administers the payments of all compensation and medical benefits.

Criminal Injuries Compensation Fund (CICF)



The Criminal Injuries Compensation Fund (CICF) is maintained and administered in accordance with Va. Code §§ 19.2-368.1 et seq. Established by the Virginia General Assembly in 1977, this fund pays unreimbursed expenses of innocent victims of crime who suffered physical or emotional injury or death. In 2008, the Fund also established the Sexual Assault

Forensic Exam Payment Program (SAFE). This fund is authorized to pay expenses associated with forensic evidence collection for victims of sexual assault in the Commonwealth.

The mission of CICF is to administer the Compensating Victims of Crime Act in a compassionate, fair and efficient manner. In so doing, the Fund strives to treat every victim and survivor with dignity and respect, recognizing the tremendous impact that violent crime has upon our society.

In 2016, CICF processed 3,534 new claims for crime victim compensation and forensic evidence collection, awarding just under \$4.8 million dollars.

CICF also moved forward with rebranding efforts to be known as the Virginia Victims Fund (officially the Criminal Injuries Compensation Fund). Communication materials about the rebranding were distributed in 2016, as well as a new website, launched in December 2016. Rebranding efforts will continue in 2017, while maintaining quality assistance to victims of crime.

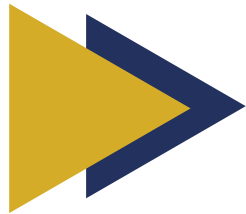


LEADERSHIP UPDATE



On January 18, 2017, the Virginia General Assembly appointed Robert A. Rapaport as Commissioner of the Virginia Workers' Compensation

Commission. His appointment follows a 35 year practice of law with a heavy concentration in workers' compensation.



THE WAY FORWARD

Serving injured workers, victims of crime, employers, and related industries is the heart of our mission. We are committed to continuously listening to stakeholders, adjusting business practices and communicating progress. We will work to maintain a culture where employees feel connected to our core values and have opportunities to grow their skills.

IN 2017, WE STRIVE TO...

Approve and Implement Medical Fee Schedules

The Commission will continue to review draft fee schedules in accordance with HB 378 and create a Medical Fee Services Department to ensure a go-live date of January 1, 2018.

Engage Through Technology

The Commission will evaluate video-conferencing options for mediations and hearings, as well as research and expand outreach options to stakeholders through multiple digital platforms.

Provide Employee Enrichment

To enhance employee engagement, the Commission will continue to focus on development and community service opportunities for employees, and encourage inter-agency collaboration. We will pilot additional telework program options to further promote work-life balance.

Lead the Nation

The Commission will continue to participate on national and local boards and organizations, such as the Southern Association of Workers' Compensation Administrators (SAWCA), the International Association of Industrial Accident Boards and Commissions (IAIABC), the National Association of Workers' Compensation Judiciary (NAWCJ), and the Office for Victims of Crime (OVC).

Evaluate Office Locations

The Commission will continue to evaluate office space in order to consolidate business operations. Regional office relocations and expansions will also be evaluated to support growth.

Virginia Workers' Compensation Commission

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