

## **ATTACHMENT 1- OVERVIEW OF THE WCB**

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## **ATTACHMENT 1: OVERVIEW OF THE WCB**

### **DESCRIPTION OF WCB CURRENT PROCESSES & STAKEHOLDERS**

To assist proposers in determining the scale of the reengineering effort, this document provides an overview of WCB's current internal processes and stakeholders. After this introduction, major processes are described in detail, and both internal and external stakeholders are listed at the end of this Attachment.

Workers' Compensation insurance provides weekly cash benefits in lieu of lost wages and the cost of medical care and treatment, including rehabilitation, for covered employees who are injured on the job or have a job-related illness. It also provides for payments to eligible survivors if the job-related injury or illness results in the death of the worker. Claims management involves the entire process from filing a claim to resolution, including claims management and adjudication of all contested issues. WCB oversight ensures that the injured worker receives cash benefits and necessary medical treatment in a prompt and equitable manner.

The primary participants in any workers' compensation claim are the injured worker and his or her employer. The injured worker may or may not be represented by an attorney. The employer is usually covered by an insurance policy, is self-insured or is insured with the New York State Insurance Fund. The injured workers' doctor also plays a central role in the claim process because the injured worker must demonstrate the existence of a medical disability to be eligible for cash benefits.

The Office of Operations provides the main functions for the claims process. To resolve issues, the WCB utilizes an adjudication process. Other internal processes include rehabilitation, disability benefits, procedural penalties and administrative review.

The WCB has a Bureau of Compliance that ensures that all eligible employees are covered, through their employers, by workers' compensation and disability benefits insurance, and that injured workers whose employers were uninsured receive appropriate benefits in an equitable, efficient and timely manner. The WCB's Insurance Compliance system (IC2) system contains proof of coverage (POC) information for every employer who has workers' compensation coverage using a national EDI standard. The IC-2 system matches POC data against a data feed of all active employers from the Department of Labor and processes a series of automated compliance steps, including possible assessment of penalties for those employers that do not have coverage. Injured workers whose employers are uninsured are processed by the No Insurance Unit.

The WCB also has a Medical Director's Office (MDO) with general oversight of medical issues at the Board. The office is comprised of the Medical Director, Assistant Medical Director and nursing staff located in Albany and Brooklyn. Organizationally the MDO oversees the Bureau of Health Management and the Office of Health Provider Administration. The MDO's responsibilities include the formulation and implementation of strategies, guidelines and policies that will promote high-quality care and positive outcomes for all injured workers, implementation and updating of the Medical Treatment Guidelines (MTG) and the education and

training of guideline users. The MDO works to ensure that injured workers obtain efficient and timely medical treatment. The MDO resolves disputes in individual claims over whether a requested medical test, treatment or procedure meets the criteria of the MTG. When agreed to by the parties, the office also resolves disputes over variance requests, which involve the request to perform a particular test, treatment or procedure that is not covered by the MTG or exceeds the treatment recommendations prescribed in the MTG.

The WCB's Office of Self Insurance (OSI) conducts an annual process of review to ensure that the self-insured entities have the financial resources required to continue the privilege of being self-insured. The Office of Self Insurance is also responsible for regulating a process that ensures that the proper workers' compensation benefits are paid to injured workers in the event a self-insurer defaults. The Licensing Office within OSI is responsible for processing applications submitted for a license to appear before the Workers' Compensation Board as a Third Party Administrator (TPA) or Claimant Representative (Licensed Rep).

The Advocate for Injured Workers Office works to help resolve questions and concerns for the injured workers. The Advocate for Business Office works as liaisons for the business community.

The Office of the Fraud Inspector General (OFIG) of the Workers' Compensation Board investigates potential criminal conduct pertaining to the operation of the workers' compensation system and develops potential criminal cases for referral to prosecutors.

Processes and the offices that are responsible for their administration are described in more detail in the following sections.

## **1.1 WC Claims Process**

The Office of Operations, through its 11 District Offices and 30 customer service centers throughout the state, establishes claimant's cases, performs case maintenance and assembles needed documentation of the facts, resolves uncontroverted issues relating to a case and prepares and executes a calendar for both informal meetings and regular hearings before Workers' Compensation Law Judges or Conciliators. Every District Office has examining staff organized into teams, consisting of a Team Leader, Mentor, and a number of claims examiners. In addition to processing claims in an administrative manner, the team members provide both in-person and telephone customer service to injured workers and other external stakeholders, including employers, attorneys, health care providers, insurance carriers, and their third-party administrators. All of this work is processed through the Claims Information System, which is an in-house application.

Forms from the claimants, payers and medical providers are filed on paper forms, through the web, or electronically through batch reports. The majority of papers filed with the Board are sent to an outside scanning vendor and scanned into an electronic case folder.

If indicated, the WCB will assemble a claim – creating an electronic record – corresponding to an accident report, medical report or filing from an injured worker. In 2009 the WCB assembled nearly 116,000 claims.

Historically, the WCB resolves, i.e. makes a determination of liability, assembled claims. Under the 2007 Workers' Compensation Reform, the WCB resolves assembled claims that are "complete" claims – those having the minimum set of forms filed with the WCB. The WCB

resolves claims whether or not there is any disputed issue in a claim. Resolutions may be informal through an Administrative Determination or Conciliation agreement. Resolutions may also be achieved through the WCB's formal hearing process. (See Section 1.3 Adjudication Process below)

- In 2009, the WCB informally resolved all pending issues over 109,000 times.
- At the end of 2009, there were 90,000 claims pending before the WCB – a historic low (26,000 fewer pending claims than at the start of 2008).
- In 2009, the WCB received over 21,670,000 forms for scanning – a new record and over 500,000 more forms than the year before.
- In 2009, over 183,000 accidents were reported to the WCB.

## **1.2 Local Office Support**

The Contact Management Organization (CMO) is responsible for handling all "first level contacts" to the Board from our stakeholders via phone, in person at our Customer Service centers, by mail, fax or the general info email address.

CMO is managed by the Director of the CMO and two regional managers who oversee the four teams. Each team is managed by a team Lead. A Local Operational Supervisory Unit (LOSU) is assigned to each of the 11 District Offices to oversee the day-to-day management of its respective staff. Each District CMO Office is comprised of a supervisor and Customer Service Representatives (CSRs), who are assistant examiners and clerks. There are 30 customer service centers within CMO.

In addition to serving the Board stakeholders, the CMO is a support unit to the other business units at the Board. This unit performs claims support functions, which include: receipt and preparation of mail for scanning into the case folder, or "no claims" files; the assembly of new claims to create a case folder; coverage search; quality assurance review of scanning processes; maintenance of a hearing/meeting calendar; receiving, cataloging and maintaining physical evidence; and assisting claimants in filling out the electronic C-3 over the phone. All of this work is processed through the Claims Information System.

Telephone customer service is managed through the WCB's Virtual Call Center. Calls are handled and administered using Aspect ACD technology. The Call Center answers first-level calls for the following units:

- Claims
- Compliance
- Advocate for Injured Workers
- Administrative Review Division
- Health Provider Administration
- Rehab/Social Services
- Disability Benefits

- In 2010, CSR's handled nearly 660,000 calls.
- More than 392,000 customers were served by way of face-to-face contact at District Offices or Service Centers statewide.

### **1.3 Adjudication Process**

The WCB resolves issues when parties request Board intervention. Issues may be resolved informally through written decisions – either administrative determinations issued by claims examiners or proposed decisions issued by conciliators. These informal decisions may be objected to by any party, in which case a revised decision may be issued or, if the objection is substantive, a hearing may be scheduled. Claims examiners also render administrative determinations that impose penalties on carriers and self-insured employers. Other issues necessitate a formal hearing, and usually require testimony before a Workers' Compensation Law Judge (WCLJ). If an issue cannot be resolved in a single hearing, a WCLJ may continue the matter to one or more hearings. Hearings are conducted in every district office and numerous customer service centers. Hearings may utilize video conference equipment, telephone conference equipment or combinations thereof.

Any party may seek administrative review of the decision of a Workers' Compensation Law Judge. Such requests are reviewed by a panel of three Workers' Compensation Board members. Panel decisions may be appealed to the Appellate Division, Third Department, and parties may simultaneously request review by the Full Board. All of the work handled by claims examiners, conciliators, WCLJs, Administrative Review staff and Board Panel members is processed through the Claims Information System through work queues and work requests. New York held over 283,000 formal hearings in 2010.

### **1.4 Verbatim Reporters**

Each District Office is assigned verbatim reporters, who take the official minutes of all hearings before law judges and the Board Panel. A verbatim reporter is present at every hearing, either in person or by video, to take the minutes of the hearing and transcribe the minutes when requested by the Board or a party of interest. Minutes may consist of simple findings to very lengthy and complex medical and/or lay testimony. All hearing minutes are taken using Diamante stenograph machines. Once meeting minutes are transcribed, they are imported into the Claims Information System. The senior verbatim reporter in each district reports to the local senior law judge and the supervisor of hearing reporter services in the Office of Operations.

### **1.5 Social Services/Rehabilitation**

Social Services provide assistance to injured workers with family or financial problems that may be interfering with the injured workers ability to return to work. The Rehabilitation Unit provides services for injured workers who cannot return to their former jobs and provides guidance to the injured worker to determine the best way to return to the workforce. All work (reports, letters, etc.) for this area is done using a variety of Microsoft Office tools (Word, Excel, etc.). These documents are then imported as needed into the Claims Information System.

## **1.6 Disability Benefits Claims Processing**

The Disability Benefits Bureau processes claims for temporary cash benefits payable for a maximum of twenty-six weeks in a fifty-two week period for “off the job” injuries and illnesses. Medical care is not a covered benefit. The Disability Benefit Bureau utilizes a paper-based system with virtually no automated processing. The Bureau is comprised of three units: Control Unit, Review Unit, and Special Fund for Disability Benefits.

The Control Unit indexes new claims and tracks existing disability benefits claims in the Bureau; all correspondence, inquires and requests are routed through the Control Unit. Closed cases are maintained for three years after which time the folders are sent for disposal. The Review Unit processes denials and rejection of claims by carriers and self-insured employers as the claimant may contest or appeal that denial.

The Assistant Examiner determines whether the claimant is entitled to Disability Benefits or whether the issue requires a hearing. The Special Fund for Disability Benefits (Special Fund) acts as a disability benefits carrier paying claims where those persons have been out of work for more than four weeks at the time of their disability. This requires the Assistant Examiners to have a working knowledge of the Unemployment Insurance Law as well as the Disability Benefit Law for making decisions and determinations on eligibility and entitlement to benefits and directing payment amounts and periods to the Finance Unit. While this unit interacts with CIS, the majority of its processes are maintained in a paper-based system. All revenue received, including disability benefit penalties and claim reimbursements, are deposited into the Special Fund.

## **1.7 Procedural Penalty Processing**

Procedural Penalties are financial penalties imposed by WCB, set by statute, when the insurance carrier or employer fails to comply with a particular responsibility in the administration of a claim. Procedural Penalties are issued through the hearing process or the Health Provider Administration (HPA) process. Penalties may also be appealed to Board Panels or through the HPA process. Once per quarter, every penalized party is forwarded a statement of all penalties that have not been paid or appealed (i.e., more than 90 days old and unpaid and have no outstanding appeal). Penalties on the statement may not be appealed further except for issues such as they have been previously paid/rescinded or have been charged to the wrong party. These issues must be raised within 30 days of the statement. Any objections are reviewed in the Penalty Collection Unit and the results forwarded to the party prior to the next statement being issued. The WCB collects \$3 million annually in procedural penalties.

## **1.8 Administrative Review**

The Administrative Review Division (ARD) assists the WCB Board members in producing consistent and legally sustainable decisions to resolve appeals filed by parties in response to decisions made by Law Judges. The Division receives approximately 1,200 appeals per month. In addition, this Division assists the Board members in deciding whether a claim should be reopened for further proceedings. All of this work is processed through the Claims Information System. In 2010, ARD processed 11,182 requests and issued 9,635 MODs (Memorandums of Decision).

## **1.9 Employer Compliance**

Employer compliance seeks to ensure that all employers have valid and appropriate coverage for the payment of workers' compensation and disability benefits. The employer compliance function relies upon the IC2 system, which is an in-house application developed in a 3-tier PowerBuilder environment and is presently running version 10.5. IC2 receives employer information from the New York State Department of Labor and policy information from insurance companies and interfaces with the CIS application. The Insurance Compliance Unit monitors all New York State employers and issues penalties to those employers that are out of compliance, while the Data Administration Unit manages the employer and coverage records. All employers have the right to appeal their penalties, which are evaluated by the Penalty Review Unit. The Penalty Collection Unit manages the activities of the WCB's two collection agencies that collect unpaid noncompliance penalties and unpaid uninsured claims. The Judgment Unit files judgment liens against employers with unpaid penalties or unpaid uninsured claims. Penalties for noncompliance are deposited into the Uninsured Employers' Fund (UEF). The UEF is used to pay the claims of injured workers' whose employers did not have workers' compensation insurance.

A staff of investigators conducts targeted and random sweeps and investigations of employers to find employers who may be uninsured or who may be misclassifying workers as independent contractors. Investigators may issue stop-work orders to any employer who is uninsured. Investigators also prepare prosecutions of uninsured employers and investigate uninsured claims.

- Collects \$30 million in noncompliance penalties and reimbursements for uninsured claims annually
- Issues 55,000 penalties annually for failure to have workers' compensation insurance
- Reviews 21,000 noncompliance appeals annually
- Answers 86,000 phone calls annually
- Conducts 11,000 investigations of noncompliant employers annually
- Issues 1,800 stop-work orders annually
- Files 10,000 judgments for noncompliance penalties annually

## **1.10 No Insurance Claims Processing**

Claims for workers' compensation benefits for injured workers whose employers were uninsured are processed by the No Insurance Unit. The No Insurance Unit collects all evidence, prepares workers' compensation claims for hearings and administers the payment of all compensation and medical benefits and uses both CIS and IC2. A team of lawyers in the Legal Hearings Unit represents the UEF at Board hearings to ensure that only valid claims are compensated.

- 500 cases are established each year for injured workers whose employers were uninsured and required payments by the UEF
- \$30 million is paid annually by UEF for medical and indemnity payments on uninsured claims

### **1.11 Health Management Process**

The Bureau of Health Management is responsible for the authorization of licensed physicians, chiropractors, podiatrists and psychologists to provide treatment to workers' compensation claimants and for the establishment and maintenance of the workers' compensation medical fee schedules associated with that treatment. The Bureau authorizes independent medical examiners (IME) and registers entities that derive income from independent medical examinations. The Bureau also licenses medical bureaus/centers and x-ray facilities and determines and/or facilitates determinations of appropriateness of medical bills in dispute (via an administrative award or arbitration panel decision) as well as all aspects of health care delivery in the workers' compensation system. Most of this work is processed through the Health Provider Administration System (HPA), which is an in-house application. The HPA application interacts with CIS for determinations of appropriateness of medical bills in dispute.

### **1.12 Self Insurance & TPA Licensing**

The Office of Self Insurance's annual process of review ensures that the self-insured entities have the financial resources required to continue the privilege of being self-insured. The four main self-insurance programs administered by the Board include: individual private self insurance, group self-insured trusts, political subdivisions, and disability benefits. Individual private self-insured employers are large individual employers who have the desire and financial resources to self-insure their New York workers' compensation costs and benefits.

Group self-insured trusts generally consist of smaller employers in similar industries or trade associations who wish to self-insure but do not demonstrate the financial resources to self-insure individually. These smaller employers band together to form a trust in which each member is jointly and severally liable. Political subdivisions include counties, municipalities, school districts, fire districts, and other eligible public entities that elect to self-insure their workers' compensation costs. Employers, including political subdivisions, may also self-insure the costs associated with disability benefits for off-the-job injuries and illnesses.

The Licensing Office within OSI is responsible for processing applications submitted for a license to appear before the Workers' Compensation Board as a Third Party Administrator (TPA) or Claimant Representative (Licensed Rep). Complaints from claimants and medical providers concerning a TPA or Licensed Rep are also handled by the Licensing Office. Presently, there are several specific technologies in use by OSI. They include: Microsoft Excel and Word, the Self Insurance Correspondence Tracking System (Lotus Notes-based application used to track completion of the application process), a Security Deposit Calculation Program (Microsoft Excel-based application that calculates the amount of security deposit that a self-insurer needs to deposit with the Board), the IC2 System (used by OSI to enter and maintain SI coverage for employers), the Foxpro Self Insurance Application (a database maintaining information on all self insurers), and CIS for inquiring on claims related data. The WCB administers a self-insurance program for over 9,000 employers.

### **1.13 Advocate for Injured Workers**

The Advocate for Injured Workers Office accepts complaints concerning matters related to workers' compensation, investigates and attempts to resolve them. In addition, the Advocate

provides information to injured workers to enable them to protect their rights in the workers' compensation system.

**1.14 Advocate for Business**

The Advocate for Business is the primary liaison between New York's business community and the Workers' Compensation Board. The office was created by legislation to give employers one place to call to get answers to their workers' compensation questions. The Advocate for Business assists with coverage questions educates business owners and government personnel on how the workers' compensation works, and documents related concerns and offers potential solutions to the Chair of WCB.

**1.15 Investigation of Fraud**

Office of the Fraud Inspector General (OFIG) investigates allegations of fraud and other criminal conduct pertaining to the operation of the workers' compensation system. By statute, the OFIG reports directly to the Chair and is independent of the rest of the agency; it has the power to subpoena witnesses, administer oaths or affirmations, take testimony and compel the production of books, papers, records and documents.

To accomplish this mission, OFIG investigators investigate allegations throughout New York State, and together with audit and legal staff, evaluate the information and, as appropriate, refer matters for criminal prosecution to the New York State Attorney General or to the local district attorney offices. Even in cases where criminal prosecution is not warranted, OFIG may pursue the matter in civil litigation to remedy abuses to the workers' compensation system that were identified in the course of investigation. Typical areas of investigation by OFIG include: employer premium fraud, healthcare provider fraud and claimant fraud. Records of the OFIG's investigations are maintained in a separate off-the-shelf claims management system recently procured by the WCB.

**1.16 Stakeholders**

An initial list of stakeholders has been developed. The groups for both internal and external stakeholders are listed below:

<b>Groups:</b>
Board Members
Advisory Council
Executive Council
Project Steering Committee
<b>WCB staff:</b>
All Board Employees
Administration
Advocate for Business

Advocate for Injured Workers
Affirmative Action
Administrative Review Division (ARD)
Claims Operations/District Offices
Contact Management Office
Disability Benefits
Finance
Fraud Inspector General
General Counsel
Health Management
Human Resources
Information Management Services (IMS)
Internal Audit
Management and Policy Services
Medical Director
Office of Adjudication
Operations
Policy & Program Development
Project Management Office (PMO)
Public Information Office
Rehabilitation and Social Services
Regulatory Affairs
Secretary to the Board
Security
Office of Chair
Verbatim Reporters

This Attachment has provided an overview of the current WCB structure and stakeholders. The majority of the work in this effort will be based in the Menands Office. The vendor will also be expected to participate in activities in other areas of the state. Proposers must indicate in their response how they would recommend managing the dispersed group of stakeholders and how they plan to address activities outside the main location.

The current WCB Organization Chart is provided for your review below. For more detailed information on the Board, refer to our website at <http://www.wcb.state.ny.us/>.

