Report Outlining the Activities and Accomplishments of the Office of State Human Resources’ (OSHR) Safety, Health and Workers’ Compensation Division (SHWC) for FY2020

Pursuant to NCGS §143-583
August 2020

NORTH CAROLINA Office of State Human Resources

B A R B A R A  G I B S O N  
State Human Resources Director

S C A R L E T T E  G A R D N E R ,  E s q. 
Safety, Health and Workers’ Compensation Division Director

Report compiled by North Carolina Office of State Human Resources
Members of the North Carolina General Assembly,

I am pleased to deliver this report highlighting the activities and accomplishments of the Office of State Human Resources (OSHR) Safety, Health and Workers’ Compensation Division (SHWC) for fiscal year (FY) 2020. This report is submitted pursuant to NCGS §143-583.

OSHR is pleased to showcase the SHWC Division’s statewide services to state agencies and the UNC System via ongoing collaboration with workplace safety and human resources staff through established programs, ongoing outreach, and new initiatives. In addition, the SHWC Division has engaged in substantial COVID-19 response and continues ongoing efforts to promote safety measures that will help prevent exposure at all State worksites.

New workers’ compensation claim filings declined 15% between FY2019 and FY2020 due in part to a substantial reduction in injury reports from March through June as thousands of employees statewide were teleworking pursuant to Executive Orders and thus not exposed to as many workplace hazards. The total number of open claims as of June 30 declined 17% between fiscal years as well.

The State Workers’ Compensation Program (SWCP) administered by OSHR covers approximately 170,000 state employees in Cabinet and Council of State agencies, the UNC System, and Community Colleges. Steadfast commitment to reduction of workplace hazards, ongoing safety training, and strong safety culture are essential to continue improving workplace safety. Consistent workers’ compensation claims handling in partnership with contracted vendors will ensure injured employees timely receive benefits due while simultaneously containing claim costs borne by taxpayers.

OSHR’s SHWC Division will continue partnering with state agencies and universities to provide technical assistance and educational resources for use by employees and safety and workers’ compensation professionals to continue working towards reducing workplace hazards and injuries and controlling workers’ compensation costs.

If you have any questions or need further information, please do not hesitate to let us know.

Sincerely,

Barbara Gibson, Director
Office of State Human Resources
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Introduction and Executive Summary

NCGS §143-583 requires the Office of State Human Resources (OSHR) annually report to the Joint Legislative Commission on Governmental Operations on the safety, health, and workers’ compensation activities of State agencies, compliance with Chapter 143, Article 63, and fines levied against state agencies pursuant to Chapter 95, Article 16 of the General Statutes.

Pursuant to NCGS §143-584, the OSHR Safety Health and Workers’ Compensation (SHWC) Division engages in the following:

• Provides consultative and technical services to assist state agencies in establishing and administering workplace safety and health programs.

• Administers the State’s self-insured workers’ compensation program with regard to contracting with vendors for specific claim services.

• Provides training and makes advisory recommendations regarding specific technical issues related to workplace safety and workers’ compensation claims administration.
Summary of SHWC Division Functions

Oversight of Statewide Safety and Health Programs

- Provides consultative and technical services to assist agencies regarding workplace safety, health, and injury prevention issues.

- Performs periodic outreach visits to agencies.

- Reviews and assists with development of agency specific safety policies/programs.

- Reviews agency, university and vendor performance adherence to safety programs and policies and identifies trends for future injury prevention.

- Develops in collaboration with state agencies new and revised model programs, guidelines, best practices, and other technical resources to help agencies meet safety standards.

- Works in partnership with statewide safety professionals via the OSHR Hazard Prevention Network.

- Administers OSHR's ongoing hazard awareness campaign, Flag The Hazard.

- Maintains web tool for state employees to report observed hazard reports that are automatically forwarded to respective state agency safety leaders for correction and response.

- Oversees WalkSmartNC, OSHR’s pedestrian safety initiative, a multi-agency collaboration to promote pedestrian safety awareness in drivers and pedestrians via establishment of replicable best practices, training, toolkits and other education resources for use in public and private sector pedestrian safety campaigns statewide.

- Maintains OSHR SHWC SharePoint site, Safety Zone, to communicate and maintain a virtual library of workplace safety resources.

Oversight of State Workers’ Compensation Program (SWCP)

- Administers all vendor contracts for workers’ compensation claims services.

- Monitors vendors’ performance and adherence to contractual requirements.

- Establishes claim handling guidelines and provides guidance on claims administration practices to state agencies and vendors.

- Monitors state agency and vendor compliance with NCGS § Chapter 97, the NC Workers’ Compensation Act.

- Assists state agencies with ongoing claim status assessment and proper claims handling.

- Provides claims management guidance and training to agency and university employees.

- Serves as the on-call information resource for agency and university workers’ compensation administrators.

- Monitors claim litigation and settlements.

- Identifies ongoing claims for improved claims outcome and cost containment opportunities.

- Maintains OSHR SHWC SharePoint site, CompWorld, to maintain a virtual library of workers’ compensation resources.
A. Workplace Requirements for Safety and Health Outreach Program

Pursuant to NCGS §143-581, OSHR provides state agencies with model safety and health programs based on federal and state law to ensure protection of employees from job-related injuries and health impairment.

In FY2017, OSHR developed an Outreach Program to simultaneously build partnerships and assist state agencies with achieving adherence to the model programs.

OSHR continues engaging directly with State agencies and universities via safety outreach visits conducted both in-person and more recently via teleconference pursuant to COVID-19 safety guidelines. OSHR Safety staff completed visits with six agencies and 13 universities in FY2020.

FY2020 outreach visits included a specific review of the agency’s safety committee and emergency action plan programs, policies, procedures, documentation of safety reports, training programs and records, safety goals, injury analysis, hazard assessments, and safety committee meeting minutes. When applicable, outreach visits also included a comprehensive tour of high-risk facilities such as shops, grounds, or laboratories.

OSHR is not a regulatory agency that issues citations or fines. The Outreach Program provides state agencies with a no-risk assessment of potentially hazardous conditions that could result in future injury or assessment of regulatory fines.

B. Flag The Hazard Campaign

The SHWC Division proactively partners with state agencies to improve hazard recognition and mitigation. OSHR's Flag The Hazard campaign is comprised of a 12-month cycle of events with an annual observance of State Safety Month including direct communications with all state agency employees, safety stand downs, hazard hunts, specific seasonal hazards, and cross-agency social media campaigns addressing both general and workplace safety and health topics. OSHR partners with state agency safety leaders and communications staff to widely publicize these messages and events via print, email, and social media.

OSHR's Flag The Hazard web-based reporting tool is available at hazards.nc.gov.

The tool permits state employees to report workplace hazards or safety concerns for any state agency. The Flag The Hazard tool is designed to automatically notify each agency’s designee when a hazard report is received. Agency designees are then automatically prompted to provide information on corrective actions that also is relayed via email to the employee that reported the hazard.

The system also tracks all reported hazards enabling OSHR to analyze detailed data and agency responses to identify trends and highlight successes.

C. Hazard Prevention Network

The SHWC Division works in partnership with the entire network of state agency safety leaders and professionals via the Hazard Prevention Network.

The Network’s activities are focused on establishing collaborations between agency safety professionals statewide to accomplish a variety of tasks and projects that will positively impact workplace safety and health and build the state’s safety culture.
Summary of FY2020 Safety Activities

A survey was conducted and the following 12-month and 36-month projects agreed upon as statewide priorities were worked on during FY 2020:

- Workplace safety incentive/award programs for state agencies/universities
- Model Safety Surveys for employee input regarding agency/university safety programs
- Standardized Safety Reporting formats
- Memorandum of Understanding for Cabinet and Council of State agencies and OAH addressing sharing of safety resources similar to what has already been implemented by the UNC System
- Integration of agency/university workers’ compensation and safety programs

Safety professionals statewide received education on the following topics:

- Occupational Safety and Health Statistics (OSHS) Program
- Radon safety
- Agency Safety Committees – Best Practices and Lessons Learned
- University Safety Committees and Management Commitment
- Updates on new workers’ compensation services vendors handling the State’s claims
- Lockout/Tagout procedures
- New OSHR safety scorecard and updated Outreach Protocol
- Common findings of inspections, fire drills conducted by Office of State Fire Marshall
- Hazardous waste regulatory update
- New OSHR Model Program: Mobile Elevated Work Platforms (MEWP)
- OSHR COVID-19 Safety Return To Worksites Guidance for Non-Mandatory Employees in Non-Healthcare and Non-Corrections/Custody Worksites

Safety and Hazard Education and Training

SHWC Division staff conducts safety-related training and assessments for various state agencies upon request or in response to an identified need. Training provided in FY 2020 included CPR, first aid, and emergency evacuation procedures.

Preventive ergonomic assessments are conducted upon request. SHWC Division staff also help agencies establish their own ergonomic evaluation programs by providing training on proper ergonomic assessment methods and sample documentation.

The SHWC Division established a SharePoint site, SafetyZone, for agency safety leaders and workers’ compensation administrators where they can communicate, share resources, identify and eliminate workplace hazards and promote best practices.

WalkSmartNC

OSHR was awarded a 2019-2020 grant from the Governor’s Highway Safety Program to fund WalkSmartNC, a pedestrian safety initiative that focuses on increasing driver awareness and pedestrian safety. The grant was a culmination of work executed by a committee convened by OSHR and comprised of safety leaders and representatives of state and local agencies to explore strategies for encouraging safer motorists and pedestrian behavior.
Summary of FY2020 Safety Activities

The official WalkSmartNC kickoff occurred on October 10, 2019 when safety professionals from multiple agencies distributed pedestrian safety flyers in Downtown Raleigh parking areas and high traffic sidewalks inviting participation in an online survey regarding pedestrian safety in downtown Raleigh.

In conjunction with the committee’s work, the N.C. Department of Transportation funded a Downtown Raleigh Pedestrian Safety Study to collect survey data from state employees and others who live, work or recreate in the area examining pedestrian habits, concerns and solutions for increasing safety.

As a result of the study recommendations, OSHR has focused its efforts on developing a comprehensive messaging campaign, establishing pedestrian safety best practices that can be utilized in any high traffic motorists/pedestrian location, and creating a broad based coalition of collaborative partners in the public and private sector. The emphasis on establishing strong partnerships is exemplified by the new collaboration OSHR formed with the UNC Highway Safety Research Center.

This new collaboration will assist OSHR in fostering multiple pedestrian safety communication modalities, supporting long term program sustainability and initiating pedestrian safety training for state employees.

D. The NCDOL Inspection Activity regarding citations and fines for State Agencies in FY2020

The NCDOL, Division of Occupational Safety and Health conducted inspections or responded to complaints in state government facilities.

Description Totals

Total Inspections Listed: ...........................................25
Total Inspections Conducted:.................................24
Total Inspections with Citations:.........................13
Total Inspections without Citations:......................11
Total Citations Issued:..........................................34
Total Initial Penalties Assessed:.........................$58,300
Total Current Penalties Assessed:.................$54,050

NOTE: COVID-19 response activities are detailed in Section VI.
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State Agency Citation and Fines Activity - FY2020
A. Administration of Self-Insured Workers’ Compensation Program

The OSHR Division Director, State Workers’ Compensation Manager and Workers’ Compensation Consultants work directly with state agency human resources staff, contracted vendors, and the NCDOJ-Workers’ Compensation Section to administer all state employee workers’ compensation program claims in accordance with NCGS § Chapter 97, the Workers’ Compensation Act, accompanying administrative rules, and case law.

The SHWC Division seeks to help injured employees and support state agencies throughout the claims process whose duration varies from one day through the remainder of the injured employee’s life.

Effective claims management is achieved by adherence to best practices that promote the best possible outcome for the injured employee while containing lost wages, medical and other related costs.

OSHR workers’ compensation staff consults with all stakeholders to continuously update and implement claims handling guidelines in accordance with State law and specific needs to ensure consistent claims management practices are being utilized by State agencies and contracted vendors.

Performance metrics reveal ongoing improvement in claim outcomes, cost containment, and future cost avoidance.

The charts herein highlight several quantifiable trends attributable to increased OSHR and agency hands-on involvement in daily claims management working in collaboration with contracted vendors and the Attorney General’s office.

B. New State Workers’ Compensation Program Claim Services Vendors Implementation

Throughout the history of third-party administration of the State’s workers’ compensation program, the State’s contracted third-party administrator administered an integrated program wherein the vendor directed medical treatment and most other claim services to providers of their choosing.

Effective January 1, 2020, the State implemented new separate contracts for individual claims services as follows: third-party administrator (claims administration, medical, pharmacy, bill review), nurse and vocational case management, physical therapy, diagnostic radiology, home healthcare, durable medical equipment, transportation and translation, and surveillance.

These direct contractual relationships allow OSHR to engage in greater oversight and directly hold vendors accountable for adhering to contractual requirements associated with delivery of services.
C. Partnership with State Agencies

OSHR State Workers’ Compensation Manager works alongside the Workers’ Compensation Consultants who are assigned to individual state agencies and engage in the following activities to provide subject matter expertise and technical support for all workers’ compensation-related matters:

a. Serve as an information resource for agency workers’ compensation administrators and legal staff regarding workers’ compensation related claim handling matters.

b. Assess open claims on a quarterly basis and transmit written reports to State agencies for selected subsets of claim inventory including claims with and without lost workdays.

c. Communicate with contracted vendors, state agencies, and N.C Department of Justice-Workers’ Compensation Section regarding handling of various claims management issues.

d. Work in partnership with contracted vendors to address claim issues or concerns raised by injured employees, agency workers’ compensation administrators, NCDOJ-Workers’ Compensation Section, or independent review of OSHR.

e. Work directly with vendors to ensure workers’ compensation service contract compliance and continuous performance improvement.

f. Provide in-person and virtual training resources for employees, supervisors, and agency workers’ compensation administrators regarding a variety of workers’ compensation related topics.

g. Maintain SharePoint site, generate Job Aids, checklists, process charts, flowcharts, and other resources to aid in workers’ compensation claims management.

h. Participate in professional organizations serving the workers’ compensation community to stay abreast of current trends, cost saving measures, and return-to-work strategies which may be utilized to improve the State's Workers’ Compensation Program.

NOTE: COVID-19 response activities are detailed in Section VI.
Total New Reported Claims

Number of Total New Reported Claims Continues to Decline in FY2020

Total newly reported claims declined 31% between FY2014 and FY2020. The steady decrease over the past six fiscal years may be attributed in part to increased awareness of workplace hazards by State agency/university employees and employers and the importance of eliminating or mitigating identified risks before an injury occurs.

As of June 30, 2020, the State Workers’ Compensation Program covers approximately 170,000 state employees in Cabinet and Council of State agencies, the UNC System, and Community Colleges; therefore, constant vigilance on the part of management, supervisors, and employees is imperative to continue reducing workplace risks and resulting injury claims.

OSHR works to identify effective and innovative ways for agency workers’ compensation staff to collaborate on improving workplace safety and addressing all concerns as they arise.

It should be noted, a portion of the reduction in workplace injury claims in FY2020 is attributable to substantial reductions in employee manhours, travel, on-site work, and higher risk tasks due to implementation of teleworking by many State agencies for all employees when feasible to do so per Executive Orders.
Total Worker’s Compensation Claims Cost

Total workers’ compensation claims cost including settlements decreased from $79,464,739 in FY2019 to $76,872,741 in FY2020 representing an overall savings of $2,591,998 or approximately 3.26%. This decline may be attributed to a decrease in the amount expended for full and final claim settlements, sharp decrease in total claim inventory, and ongoing commitment by State agencies to reduce lost time from work via comprehensive return to work programs.

NOTE: These figures do not include salary continuation payments pursuant to NCGS § Chapter 143, Article 12B, Salary Continuation Plan for Certain State Law-Enforcement Officers.
Total Claim Settlement Costs

Fiscal constraints and budget uncertainty in multiple State agencies resulted in a substantial decrease in claim settlements in FY2020, especially as compared to previous fiscal years. Claim settlements in FY2020 totaling $6,344,221 were only approximately 26.7% of the high experienced in FY2017 of $23,745,511.

This decrease will likely result in higher future total claim expenditures due to decreased future cost avoidance. Projected future cost avoidance is the additional estimated amount of claim costs that likely will be spent throughout the remainder of the lifetime of a claim if it is not settled.

Session Law 2015-241, Section 30.18(a) appropriated $2,000,000 in FY2016, and an additional approximately $4.38 million that became available in FY2017 to assist in closing existing workers’ compensation claims.

Session Law 2017-57, Section 2.1 also appropriated $2,000,000 for the same purpose. These appropriations increased the number of claims that were able to be settled during those years, resulting in increased cost avoidance. Settlement of claims with the assistance of General Assembly appropriated funds in FY2016, FY2017 and FY2018 yielded projected future claim costs savings exceeding $136,000,000 dollars.

The General Assembly did not approve funds to use for closure of workers’ compensation claims in the FY2020 budget; thus, many State agencies were not motivated or fiscally unable to settle claims due to this lack of supplemental funding.
Salary Continuation Payments per NCGS §143-166.13

Salary Continuation payments are available when an injured employee who qualifies incurs an injury resulting from or rising out of an episode of violence, resistance, or due to other special hazards that occur while the eligible employee is performing official duties.

Salary Continuation payments are also available pursuant to NCGS §115C-338 when an employee of a State supported educational institution is injured in an episode of violence.

While salary continuation payments rapidly decreased after statutory changes enacted in 2014 and 2015 and a 2016 clarifying amendment limited salary continuation benefits to specific types of injuries, salary continuation payments increased in 2018 due largely to one specific incident resulting in multiple injured employees' eligibility for salary continuation.

Qualified injured employees are eligible for salary continuation in accordance with NCGS §143-166.13 for a total of two years from their date of disability pursuant to NCGS §143-166.14. The multiple claims resulting from the 2018 incident continued to impact salary continuation expenditures in FY2020.

NOTE: This data is subject to change due to pending salary continuation decisions that may include retroactive payments.

FY14-FY20 Total Workers' Compensation Salary Continuation
as of 6/30/2020

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Total Medical Costs

Total medical cost includes hospital and outpatient treatment, physician visits, prescription drugs, diagnostics and ancillary services, excluding Medicare Set Asides (MSA) payments required to settle certain claims.

NOTE: FY2020 total medical expenditures were impacted by a few exceptionally costly claims including a new catastrophic claim which incurred $2,912,427 in immediate post-injury medical expenses which accounts for 9.03% of the total medical costs for FY2020. Thus, excluding this catastrophic claim from the medical cost total would have resulted in a $853,980 or 2.9% decrease in FY2020.

The decrease in medical costs over the past six fiscal years may be attributed to reductions in the N.C. Industrial Commission Fee Schedule, which establishes a maximum charge for workers’ compensation related medical treatment, the decrease in new claims filed, the number of claims settled thereby avoiding substantial medical treatment and prescription drug expenses, and measures taken to obtain more transparent pricing.
Injury Reporting Lag Time

Claim reporting lag time for all state agencies decreased 45% between FY 2014 and FY 2020 indicating state employees and supervisors are reporting workplace injuries to the State’s third-party administrator more quickly.

Early claim reporting generates numerous benefits including ensuring injured employees receive necessary, prompt medical care for work-related injuries, expedited claim investigations, and faster compensability determinations.

Minimal claim reporting lag time enables assigned claim adjusters to engage in communication with injured employees earlier in the claims handling process to provide them with needed information and address their concerns.

The slight increase in claim reporting lag time in FY 2020 may be attributed to some State agencies delaying new injury reporting for non-serious injuries occurring in December 2019 until January 2020, at which time these injury reports were transmitted to the new third-party administrator.

Delayed claims reporting enabled agencies to avoid new claim filing fee charges from the prior vendor and injured employee confusion as they only received communication regarding their claim from the new third party-administrator.

During this time, State agencies directed injured employees to initial medical treatment as usual, and in some cases authorized follow-up care to ensure necessary medical treatment was received until the claim was reported to the new vendor and adjuster was assigned to handle the claim.

| FY14-FY20 Average Days from Date of Injury Until Injury Report is Complete for New Injuries that Occurred During that Fiscal Year as of 6/30/2020 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| FY14            | FY15            | FY16            | FY17            | FY18            | FY19            | FY20            |
| 17.1            | 19.8            | 15.5            | 14.9            | 13.2            | 9.2             | 9.4             |
COVID-19 Response

SHWC has developed and published multiple information resources for State agencies to aid in the response to the COVID-19 pandemic with regards to both workplace safety and ongoing workers’ compensation claims management.

SHWC has collaborated with OSHR staff, DHHS and other State agencies, and the NC DOJ-Workers’ Compensation Section to develop a series of Safe Return to Worksites guidance documents concerning COVID-19 and related conditions risk management issues.

These resources will be regularly updated as new Executive Orders and federal and state public health guidance is issued. SHWC Division staff have participated in the following COVID-19 related activities and special projects:

- Preparation of memos including guidance for handling of COVID-19 exposure, positive employees, cleaning, public health reporting, and communications.

- Preparation of OSHR Safe Return To Worksites Guidance available at [oshr.nc.gov/safe-return](oshr.nc.gov/safe-return) covering the following topics and more:
  - Social distancing recommendations for State owned and leased worksites, including personal workspaces, public-facing areas, building entrances, reception areas elevators, breakrooms/kitchens, conference rooms/classrooms, travel, shared equipment, etc.
  - Cleaning protocols for buildings and personal workspaces
  - Use of face coverings and other personal protective equipment
  - Employee self-monitoring/assessment for COVID-19 symptoms
  - Handling of COVID-19 symptomatic or positive employees at worksite
  - Employee relations including EEO and ADA considerations and requests for accommodation
  - High-risk individuals
  - Teleworking

- Creation of COVID-19 Safe Return To Worksite checklists for Agency Heads/Chief Deputies, Middle Managers, and Employees

- Creation of COVID-19 Safety-Safe Return to Worksites training modules for state employees in non-healthcare and non-corrections worksites.

- Arranged for State agencies to offer initial medical treatment via telehealth for non-critical work-related injuries to avoid visit to medical facility.

- Arranged for State agencies to offer physical therapy via telehealth for injured employees so that treatment may continue without interruption while physical facilities were closed or employees preferred to stay at home to reduce COVID-19 exposure risk.

- Collaborated with NCDOJ-Workers’ Compensation Section to develop special COVID-19 and related conditions claim investigation questions.

- Developed special procedure for COVID-19 and related conditions workers’ compensation claim compensability determination.
Conclusion

The SHWC Division will continue to make necessary modifications in ongoing programs, initiatives, and outreach to ensure State agencies continue moving forward with workplace safety and workers’ compensation claims management in light of new circumstances presented by the COVID-19 pandemic.

Ongoing collaborations and partnerships between SHWC staff and State agencies via the Hazard Prevention Network will continue to address previously identified short- and long-term statewide safety concerns. Workers’ compensation claim services are closely monitored and constant communication maintained between OSHR and State agencies, vendors, and the NCDOJ-Workers’ Compensation Section to rapidly respond to any concerns.

New virtual training resources will be available soon to provide agency workers’ compensation administrators with detailed information regarding best practices for claims management that will take care of injured employees, promote the best possible claim outcomes, and control claim costs. New safety training videos regarding some of the most common workplace injuries and pedestrian safety will be posted on LMS soon.