

# COMMONWEALTH OF MASSACHUSETTS WORKERS' COMPENSATION ADVISORY COUNCIL



## FY 2018 ANNUAL REPORT

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# INDEX

- Chairman's Welcome [Page 3]
- 2018 Highlights | Mission [Page 4]
- Focus Areas [Page 5]
- Safety [Pages 7 & 8]
- Compliance [Page 9]
- DIA | Office of Investigation [Pages 10 & 11]
- The Opioid Crisis [Page 12]
- Funding | Revenue Sources | Budget [Pages 13 – 23]
- Legislation [Page 24]
- Judicial Decisions | DIA Office of Dispute Resolution [Page 25]
- DIA Locations [Page 26]
- DIA | Office of Claims [Pages 27-28]
- DIA | Workers' Compensation Trust Fund | Industry Breakdown [Pages 29 & 30]
- Advisory Council Members [Pages 31]
- Appendices [Page 32]

# CHAIRMAN'S WELCOME

On behalf of the Workers' Compensation Advisory Council ("WCAC"), we are pleased to present the Workers' Compensation Advisory Council Fiscal Year 2018 Annual Report. The Council is charged with providing an analysis of the workers' compensation system in Massachusetts, in accordance with MGL Chapter 23E, Section 17, including operations at the Department of Industrial Accidents ("DIA"). This report is focused on meeting that specific obligation. Much of the data and content focus is similar to prior years, but we have incorporated extensive use of links and hyperlinks to information. We welcome reader feedback on this evolving format. The Council's web page contains all prior year reports for reference as necessary.

This report is a product of the commitment, contributions, and collaboration of a diverse group of Council members who volunteer their time to analyze a variety of workers' compensation issues with the goal of identifying priority focus areas. The Council is hopeful that this report will serve to highlight and recognize recent system successes, perceived challenges, and offer guidance to policymakers looking to improve the system. We also wish to publicly recognize the contributions toward development of this report of Maureen O'Connell, the Advisory Council Executive Director, and the entire DIA management team led by Director Linda Turner.

In a fast-paced and constantly changing workers' compensation environment, the Council renews its mission each year to evaluate our Massachusetts workers' compensation system. We feel that all stakeholders should remain proud of our system and its current performance. While there are always areas to improve upon, the Council feels that the Massachusetts model remains one of the premier workers' compensation systems in the country; and, recognizes that there continues to be national feedback from others outside of the Commonwealth who view Massachusetts' system in that same way. That said, the Council looks forward to working with all stakeholders to continue to improve our highly regarded workers' compensation system.

On Behalf of The Council,

*Todd R. Johnson*

Todd R. Johnson JD, AIC, ARM-P, ARM-E  
Chairman

*John Pulgini*

John Pulgini, Esq.  
Vice Chairman

## 2018 HIGHLIGHTS

### RECOVERY:

\$2.4 million dollar recovery by  
the Civil Litigation Unit

### FINES COLLECTED:

\$1,067,449.00: Compliance

\$982,750.00: Investigation

\$203,200.00: First Report

### THE OFFICE OF DISPUTE RESOLUTION:

The Department is diligent in  
resolving cases efficiently. 50%  
of cases are resolved at  
Conciliation

## OUR MISSION

The Workers' Compensation Advisory Council [WCAC] is charged with providing an analysis of the workers' compensation system in Massachusetts, in accordance with **MGL Chapter 23E, Section 17**, including operations at the Department of Industrial Accidents [DIA] for Fiscal Year 2018 which covers the period July 1, 2017 through June 30, 2018.

The WCAC consists of 16 voting and non-voting members that represent major stakeholders in the workers' compensation system. Members include five business and five labor representatives and one representative each from the claimant's bar, insurance industry, medical provider and vocational rehabilitation provider.

Within the annual report you will also find milestones; additional areas of the workers' compensation system; Priority Focus Areas and Continued Areas of Focus.

As we look ahead to Fiscal Year 2019, the Commonwealth is focused on mitigating opioid abuse. House Bill 4470 has been enacted as House Bill 4722 | An Act for Prevention and Access to Appropriate Care and Treatment of Addiction.

The DIA is facilitating discussions with the Executive Office of Health and Human Services (EOHHS) and stakeholders regarding the medical reimbursement rates.

[Click Here](#) for more information on the DIA.  
[Click Here](#) for more information on House Bill 4722.

# FOCUS AREAS

The format of the annual report has evolved over the last two fiscal years and as a result the Workers' Compensation Advisory Council [WCAC] established listed three **Focus Areas** for Fiscal Year 2018:

- 1 - SAFETY**
- 2 - COMPLIANCE**
- 3 - THE OPIOID CRISIS**

In addition to the above, the Advisory Council also is committed to monitoring the following:

- 1 - LEGISLATION**
- 2 - FUNDING**
- 3 - JUDICIAL DECISIONS**

# FOCUS AREAS

- 1) SAFETY
- 2) COMPLIANCE
- 3) THE OPIOID CRISIS

Pages 7- 12

# 1) SAFETY

- “On March 9, 2018, Chapter 44 of the Acts of 2018, *An Act Relative to Standards of Employee Safety*, was enacted. The law amends M.G.L. chapter 149 § 6 ½, updates and clarifies employee safety requirements in public sector workplaces, and will be enforced by the Department of Labor Standards (DLS). **The law becomes effective February 1, 2019.**
- The law defines a public sector workplace to include counties, municipalities, all state agencies, quasi-public independent entities, courts, bureaus, commissions, divisions or authorities of the commonwealth, political subdivisions, and public colleges and universities. It requires all public sector employers to implement methods of reducing work-related injury and illness that meet the minimum requirements provided under the federal Occupational Safety and Health Act of 1970, and establishes a new occupational health and safety hazard advisory board, appointed by the Governor.”

For more information on MGL Chapter 149 Section 6 ½ [Click Here](#)

- **Safety Grants**

The DIA’s Office of Safety awarded \$700,000 in safety grants to pay for programs that provide workplace safety training.

- **Training**

The Office of Safety funded **45 grants which were used to train 4400 Massachusetts workers**. For a sample of grants awarded to employers please refer to the chart on Page 8.

- **Commonwealth of Massachusetts**

Massachusetts experienced an increase in workforce fatalities: 70 in 2016 & 74 in 2017. In the Commonwealth of Massachusetts, transportation-related incidents were the leading cause of death. To learn more about the [FACE Report Click Here](#)

- **National Campaign**

Massachusetts joined the National campaign to prevent falls in the construction industry. For more information: [Stop Construction Falls](#)

**Additional information from the Department of Public Health can be found [Here](#)**

## SAFETY GRANTS FY 2018

Grant: \$25,000.00

Purpose: Train staff

Grant: \$24,610.00

Purpose: Train staff in  
defensive driving

Grant: \$8,000

Purpose: OSHA 10 training



## 2) COMPLIANCE

- ❖ Private Sector employers, ***with one or more employees***, operating in the Commonwealth of Massachusetts are required to maintain workers' compensation insurance for their employees.
- ❖ This requirement can be satisfied by purchasing a commercial insurance policy, becoming a member in a self-insurance group [SIG], or maintaining a license as a self-insured employer.
- ❖ The DIA Office of Investigations is charged with enforcing M.G.L. Chapter 152, Section 25C (2). During an investigation, the investigative team will request that the business provide proof of workers' compensation coverage. If a business fails to provide proof of coverage, a stop work order (SWO) is immediately issued.
- ❖ In Fiscal Year 2018 the Office of Investigations issued 1883 Stop Work Orders, conducted 5,037 field compliance checks, and collected \$982,750.00 in fines. As a result of the SWOs being issued for non-compliance 5,740 employees were covered by workers' compensation insurance.

For more information please refer to Page 10.

# DIA - OFFICE OF INVESTIGATIONS

All businesses operating in the Commonwealth of Massachusetts must have proof of workers' compensation insurance coverage. If a business fails to provide proof of coverage a Stop Work Order (SWO) is issued immediately.

- The number of SWOs issued to Small, Medium & Large Employers: 1883  
Employers - Small: 1822; Medium: 56; Large : 5
- The number of Employees covered by workers' compensation insurance as a result of SWOs: 5740

During an office compliance check a referral is reviewed in-house. Once it has been thoroughly reviewed in-house and it is probable that an employer is in violation of the statute, the DIA will conduct a field investigation at the worksite. During a field investigation, an investigative team will request that the business provide proof of workers' compensation insurance coverage.

- In the month of September 2018 [FY 2019] there were 3,135 office compliance checks and 3,863 field compliance checks conducted.

## COMPLIANCE INVESTIGATIONS



## COMPLIANCE FINES



## SWO INVESTIGATIONS



## RECOMMENDATION

The WCAC recommends continued focus on compliance and vigilance by the DIA in investigating, issuing Stop Work Orders **[SWOs]** to employers operating without workers' compensation insurance and aggressively pursuing uninsured employers to recoup funds paid by the Trust Fund. The WCAC recommends that the DIA continue its collaborations with other state agencies to effectively identify and address non-compliant employers.

### 3) THE OPIOID CRISIS

The WCAC continues to make the Opioid Crisis a priority in the Massachusetts workers' compensation system and will support the DIA in efforts to mitigate opioid abuse in the Commonwealth of Massachusetts.

Senior Judge Omar Hernandez and the DIA launched a two year pilot program in 2017. **The Opioid Alternative Pathway Treatment Program** is another tool in the fight against opioid addiction. [Click Here for Announcement](#)

As of issuance of this report there were 45 injured workers participating, at various stages in the treatment program. **This is a voluntary process** and will only be available in cases where the injured worker has executed a lump sum settlement on an accepted basis but continues to treat with opioids.

As a result of the efforts made in the Commonwealth of Massachusetts, there was nationwide interest in the Opioid Alternative Pathway Treatment Program.

- **Detroit News** published an article about the opioid crisis and the efforts made in Massachusetts and obtained a quote from Senior Judge Hernandez: "These are people from all walks of life that didn't ask to get injured," he said. "These are hard-working people who unfortunately suffered a work-related injury ... and are now hooked on these drugs." [Click Here for Article](#)
- **Ramona Tanabe**, Executive Vice President of the Workers' Compensation Research Institute [WCRI] Cambridge, MA testified at the Federal Hearing on the Opioid Epidemic. To view "The Opioid Epidemic: Implications for the Federal Employees' Compensation Act." streamed live on YouTube May 8, 2018 [Click Here](#)

# MONITORING

- 1) LEGISLATION
- 2) FUNDING
- 3) JUDICIAL DECISIONS

Pages 14-25

# 1) FUNDING

- **Unique:**

The funding system for the DIA is unique. Funding is received through employer assessments, collections of fees/fines/penalties and reimbursements.

- **Employer Funded:**

Since 1985, the DIA has operated as an agency that is **fully funded** by the employers of Massachusetts; it is not funded by taxpayers.

- **Description of Funding:**

Funds are allotted to the Workers' Compensation Trust Fund and the Special Fund. The funds are used for DIA operations, benefits for uninsured claimants, and insurer reimbursements. [Pages 15-23].

- **Concern:**

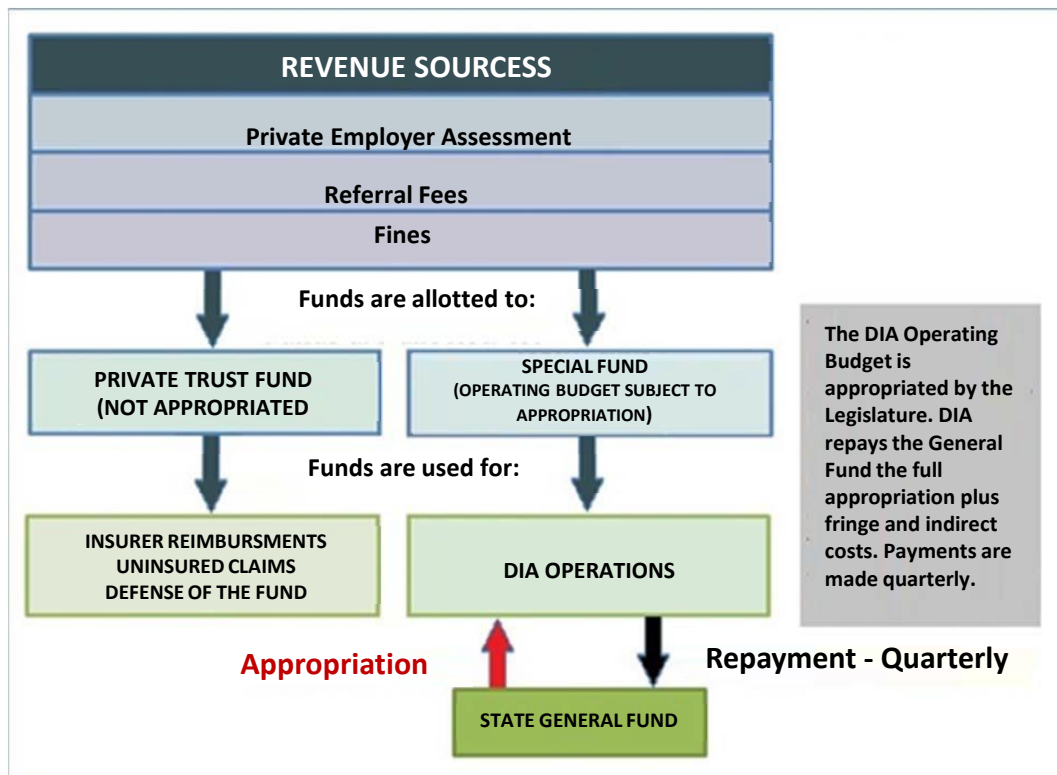
The WCAC is concerned that in recent years, including Fiscal Year 2017, policymakers have treated the DIA as a tax-funded agency, reducing the agency's budget and imposing midyear reductions and account transfers.

# REVENUE SOURCES

## Effective July 1, 2018:

For the fourth consecutive year, the assessment rate employers pay to the Commonwealth of Massachusetts on workers' compensation policies has been reduced. In Fiscal Year 2019, employers will pay **3.83%** in assessments on their insurance premium.

- ❖ Private employers fund the DIA through an assessment on their workers' compensation insurance premiums. The Revenue Sources chart below shows the DIA's operating expenses. The General Fund is paid back the full amount of the appropriation plus fringe and indirect costs.



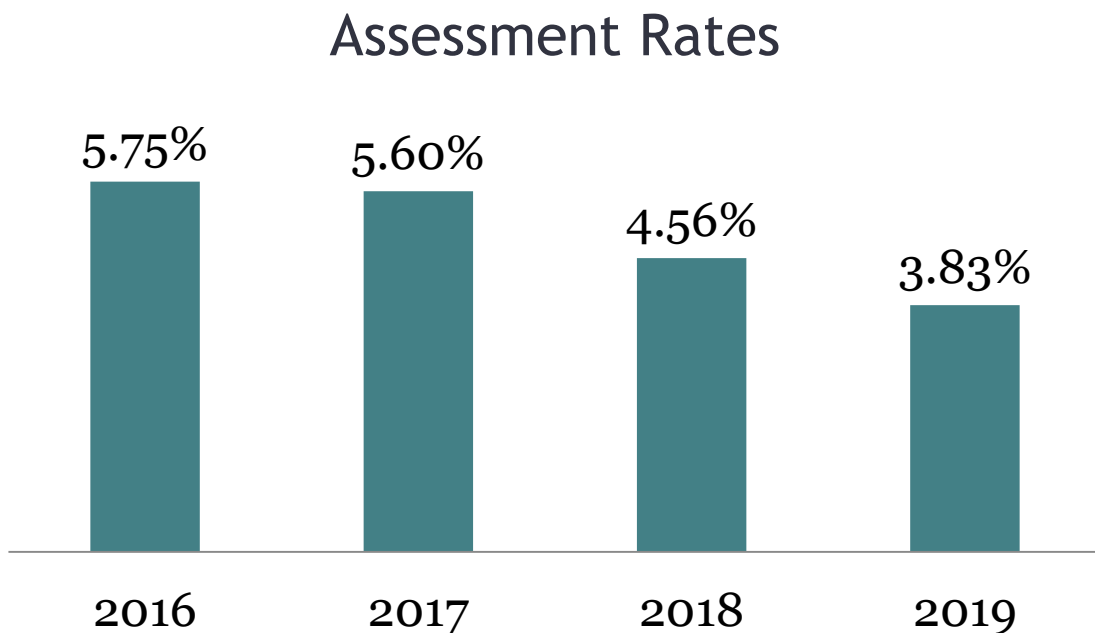
# ASSESSMENT RATE

- **Fiscal Year 2019**

**The Fiscal Year 2019 assessment rate is 3.83%.** Decreasing the assessment rate eases the financial burden on employers while maintaining sufficient resources to cover the needs of those injured on the job and operation of the department.

- **Decrease**

Over the last several fiscal years the assessment rate has decreased.





# ASSESSMENT AND BUDGET PROCESS

## ○ **Assessment:**

Employers fund the DIA through an assessment on their workers' compensation insurance premiums. See Chart below for private employer assessment rates.

## ○ **Operating Budget:**

The Fiscal Year 2018 General Appropriations Act (GAA) allocated \$19,633,943 for DIA operating expenses [line item 7003-0500] was signed by Governor Charles D. Baker on July 17, 2017. The operating budget of the DIA is appropriated by the Legislature even though employer assessments fund the DIA. [Chart on Page 17] [Fiscal Year 2018 Budget Click Here](#)

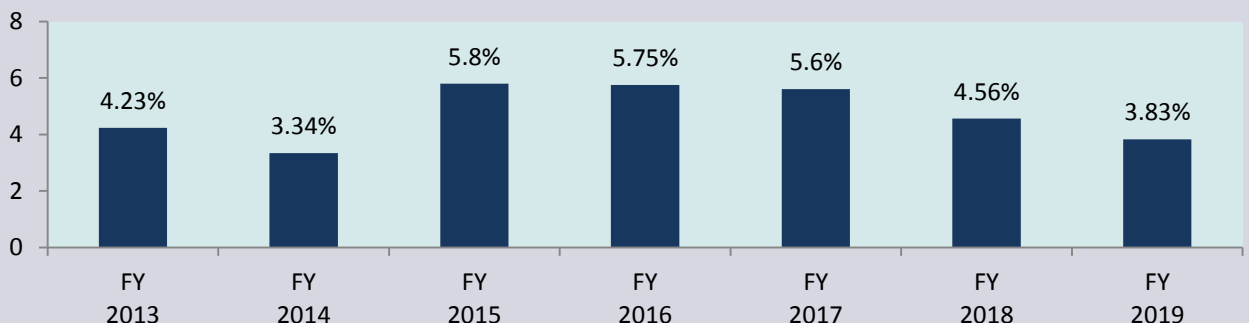
## ○ **Budget Process:**

The DIA must abide by the budget process in the same manner as most other tax-funded government agencies.

## ○ **Collections and Expenditures:**

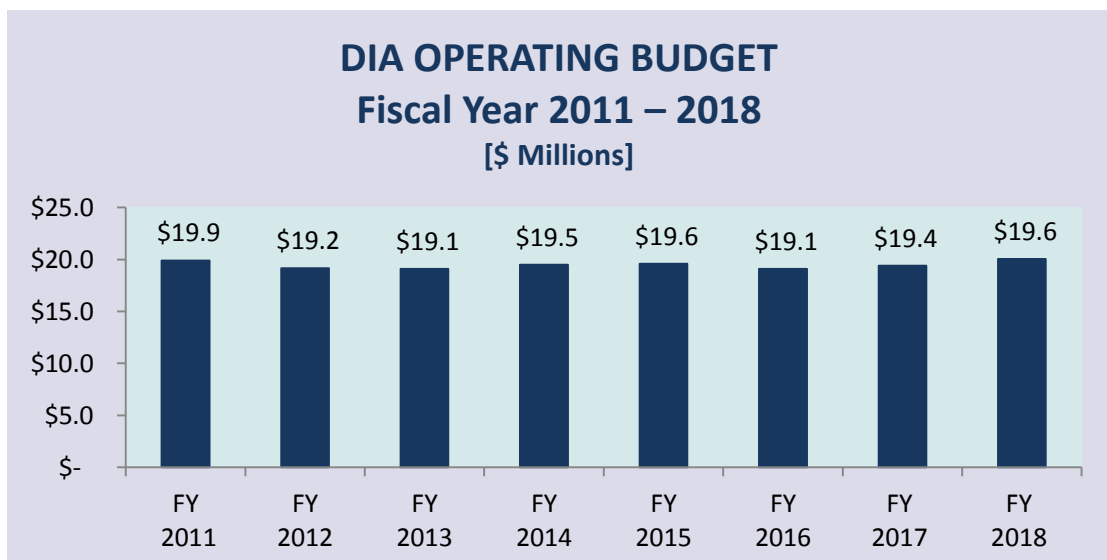
Collections, expenditures, public trust fund and private trust fund balances are displayed on Pages 19 - 23.

### PRIVATE EMPLOYER ASSESSMENT RATES [ % Percent]



# OPERATING BUDGET

A historical view of the DIA Operating Budget dating back to Fiscal Year 2000 can be found in the charts below.



# COLLECTIONS & EXPENDITURES

<b>SPECIAL FUND</b>	<b>FY'18</b>	<b>FY'17</b>	<b>FY'16</b>	<b>FY'15</b>	<b>FY'14</b>
<b><u>COLLECTIONS</u></b>					
<b>INTEREST</b>	<b>42,817</b>	24,387	<b>11,243</b>	<b>5,316</b>	<b>5,057</b>
ASSESSMENTS	24,948,735	22,129,907	20,662,324	14,677,534	11,794,002
LESS RET. CHECKS	0	0	0	0	(13,054)
LESS REFUNDS	(224,804)	(212,215)	(346,009)	(21,280)	0
<b>SUB-TOTAL</b>	<b>24,723,932</b>	<b>21,917,692</b>	<b>20,316,315</b>	<b>14,656,254</b>	<b>11,780,948</b>
REFERRAL FEES	4,523,149	4,475,217	4,281,551	3,912,134	3,644,241
LESS RET. CHECKS	0	0	0	0	(8,339)
LESS REFUNDS	0	(1,606)	(76,402)	(136,907)	(24,564)
OPERATING TRANSFER	(3,190)	0	0	0	0
<b>SUB-TOTAL</b>	<b>4,519,959</b>	<b>4,473,611</b>	<b>4,205,149</b>	<b>3,775,227</b>	<b>3,611,338</b>
1ST REPORT FINES	203,200	198,811	248,430	252,716	140,622
LESS RET. CHECKS	0	(1,000)	0	0	(500)
LESS REFUNDS	0	0	0	(4,662)	(900)
<b>SUB-TOTAL</b>	<b>203,200</b>	<b>197,811</b>	<b>248,430</b>	<b>248,054</b>	<b>139,222</b>
STOP WORK ORDERS	947,500	1,020,522	1,111,280	1,180,461	1,467,999
LESS REFUNDS	0	(5,567)	(4,250)	(4,407)	(33,300)
EDS FEE	35,945	52,494	0	12,487	(1,459)
LESS BAD CHECKS	0	0	0	0	(2,475)
MERCHANT FEE	0	0	0	0	(166)
<b>SUB-TOTAL</b>	<b>983,445</b>	<b>1,067,449</b>	<b>1,107,030</b>	<b>1,188,541</b>	<b>1,430,599</b>
LATE ASSESS. FINES	5,500	97,660	101,980	149,304	139,446
MISCELLANEOUS	0	0	(500)	49,464	53,230
ADJUSTMENT	0	0	0	0	0
<b>SUB-TOTAL</b>	<b>5,500</b>	<b>97,660</b>	<b>101,480</b>	<b>198,769</b>	<b>192,676</b>
<b>TOTAL SPECIAL FUND COLLECTIONS</b>	<b>30,478,853</b>	<b>27,778,610</b>	<b>25,989,646</b>	<b>20,072,162</b>	<b>17,159,840</b>
<b>BALANCE BRGT FWD</b>	<b>10,176,338</b>	7,082,154	4,980,445	7,534,484	12,252,405
<b>TOTAL</b>	<b>40,655,191</b>	<b>34,860,764</b>	<b>30,945,046</b>	<b>27,606,646</b>	<b>29,412,245</b>
LESS EXPENDITURES	(25,411,851)	(24,684,426)	(23,887,937)	(22,626,201)	(21,877,761)
ADJUSTMENT	0	0	0	0	0
<b>BALANCE</b>	<b>15,243,340</b>	<b>10,176,338</b>	<b>7,082,154</b>	<b>4,980,445</b>	<b>7,534,484</b>
<b><u>EXPENDITURES</u></b>					
<b>TOTAL DIRECT</b>	<b>868,377</b>	<b>739,239</b>	<b>959,520</b>	<b>263,116</b>	<b>0</b>
REPAYMENT - SALARIES	14,243,306	13,995,106	13,836,825	13,722,012	13,516,002
FRINGE BENEFITS	4,927,580	4,574,381	3,970,076	3,722,851	3,530,765
INDIRECT COSTS	487,121	478,633	507,811	537,903	389,121
NON-PERSONNEL COSTS	4,816,348	4,711,929	4,612,697	4,397,893	4,441,873
OTHER INDIRECT COSTS	69,118	185,138	1,007	(17,574)	0
IP INDIRECT-EXPENSE	0	0	0	0	0
ADJUSTMENT FRINGE	0	0	0	0	0
<b>TOTAL REPAYMENT</b>	<b>24,474,355</b>	<b>23,760,049</b>	<b>22,927,410</b>	<b>22,363,085</b>	<b>21,877,761</b>
<b>TOT. SPECIAL FUND EXPENDITURES</b>	<b>25,411,851</b>	<b>24,684,426</b>	<b>23,887,937</b>	<b>22,626,201</b>	<b>21,877,761</b>

# COLLECTIONS & EXPENDITURES

<b>PUBLIC TRUST FUND</b>	<b>FY'18</b>	<b>FY'17</b>	<b>FY'16</b>	<b>FY'15</b>	<b>FY'14</b>
<b><u>COLLECTIONS</u></b>					
INTEREST	2	256	864	409	388
ASSESSMENTS	0	0	0	0	0
LESS FUNDS TRANSFERRED	409,692	0	0	0	0
<b>TOTAL ASSESSMENTS</b>	<b>409,692</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PUBLIC TRUST COLLECTIONS</b>	<b>409,694</b>	<b>256</b>	<b>864</b>	<b>409</b>	<b>388</b>
BALANCE BRGT FWD	0	0	409,125	408,716	408,328
<b>TOTAL</b>	<b>409,694</b>	<b>256</b>	<b>409,890</b>	<b>409,125</b>	<b>408,716</b>
LESS EXPENDITURES	0	0	(409,989)	0	0
<b>BALANCE</b>	<b>409,694</b>	<b>256</b>	<b>0</b>	<b>409,125</b>	<b>408,716</b>
<b><u>EXPENDITURES</u></b>					
RR COLAS	0	0	0	0	0
<b>TOT. PUBLIC TRUST EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>409,989</b>	<b>0</b>	<b>0</b>

<b>PRIVATE TRUST FUND</b>	<b>FY'18</b>	<b>FY'17</b>	<b>FY'16</b>	<b>FY'15</b>	<b>FY'14</b>
<b><u>COLLECTIONS</u></b>					
INTEREST	67,327	38,347	17,679	12,922	12,320
ASSESSMENTS	60,897,757	67,886,338	64,384,880	56,907,836	38,535,520
LESS RET. CHECKS	0	0	0	0	(62,943)
LESS REFUNDS	(677,366)	(9,039)	(1197885.83)	(629,833)	(28,575)
<b>SUB-TOTAL</b>	<b>60,220,391</b>	<b>67,877,299</b>	<b>63,186,994</b>	<b>56,278,003</b>	<b>38,444,002</b>
REIMBURSEMENTS	1,557,376	2,481,274	1,746,315	1,556,069	1,015,107
RET. CHECK	0	0	0	0	(1,550)
REFUNDS	(25,554)	0	0	0	0
<b>SUB-TOTAL</b>	<b>1,531,822</b>	<b>2,481,274</b>	<b>1,746,315</b>	<b>0</b>	<b>1,013,557</b>
SEC. 30 H	0	0	0	0	7,259
OTHER TRUST FUND	0	0	26,873	0	0
<b>TOT.PRIVATE TRUST COLLECTIONS</b>	<b>61,819,541</b>	<b>70,396,920</b>	<b>64,977,861</b>	<b>\$57,846,994</b>	<b>39,477,138</b>
BALANCE BRGT FWD	35,097,288	16,530,628	6,229,734	8,199,807	28,599,262
<b>TOTAL</b>	<b>96,916,829</b>	<b>86,927,548</b>	<b>71,207,595</b>	<b>66,046,801</b>	<b>68,076,399</b>
LESS EXPENDITURES	(51,328,079)	(51,830,260)	(54,676,967)	(59,817,067)	(59,876,592)
ADJUSTMENT	0	0	0	0	0
<b>BALANCE</b>	<b>45,588,751</b>	<b>35,097,288</b>	<b>16,530,628</b>	<b>6,229,734</b>	<b>8,199,807</b>

# COLLECTIONS & EXPENDITURES

<b>PRIVATE TRUST FUND</b>	<b>FY'18</b>	<b>FY'17</b>	<b>FY'16</b>	<b>FY'15</b>	<b>FY'14</b>
<b><u>CLAIMANTS - EXPENDITURES</u></b>					
RR SEC. 34	1,320,249	1,148,166	1,108,354	1,120,950	1,824,561
RR SEC. 35	304,806	348,188	434,169	499,721	574,785
RR LUMP SUM	1,824,731	1,966,349	1,844,071	1,801,203	2,149,430
RR SEC. 36	95,827	214,642	107,669	351,484	142,923
RR SEC. 31	141,622	166,317	245,624	176,642	162,689
RR SEC. 34, PERM. TOTAL	744,787	736,439	925,489	865,685	948,058
RR COLA ADJ	180,362	192,994	866,228	281,448	243,368
RR EE MEDICAL	53,983	52,193	51,727	33,698	35,409
RR EE TRAVEL	1,300	1,474	5,000	9,196	8,000
RR EE MISC. EXPENSE	0	0	369	905	957
RR BURIAL BENEFITS	16,334	11,125	0	0	0
RR LEGAL FEES	681,106	674,864	925,689	676,763	868,540
RR VOC. REHAB SERVICES	27,452	13,941	8,482	14,091	3,965
RR REHAB (PRIOR YEAR)	0	0	0	0	0
RR MEDICAL	2,695,691	2,947,041	1,384,551	1,789,068	1,695,603
EE Books & Supplies	(603)	1,724	60	0	0
<b>SUB-TOTAL CLAIMANT PAYMENTS</b>	<b>8,087,647</b>	<b>8,475,457</b>	<b>7,907,482</b>	<b>7,620,855</b>	<b>8,658,285</b>
<b>MM TUITION</b>	<b>14,442</b>	<b>8,991</b>	<b>5,975</b>	<b>0</b>	<b>4,795</b>
<b>TOTAL CLAIMANTS</b>	<b>8,102,089</b>	<b>8,484,448</b>	<b>7,913,457</b>	<b>7,620,855</b>	<b>8,663,080</b>
<b><u>INSURERS - EXPENDITURES</u></b>					
RR COLAS	8,503,462	8,960,571	10,679,718	14,073,608	15,458,218
RR SEC. 19 COLA LUMP SUM	192,651	271,353	338,590	270,653	286,050
RR LATENCY SEC. 35C	465,807	55,001	172,154	436,956	410,002
RR LATENCY SEC. 35C QUARTERLY	79,619	109,025	135,485	110,992	375,253
RR SEC. 37	14,880,525	18,178,616	17,626,489	20,682,433	19,717,765
RR SEC. 37 QUARTERLY	10,775,877	7,563,905	10,393,381	9,999,957	8,749,683
RR SEC. 37 INTEREST	0	0	0	0	0
<b>TOTAL PAYMENT TO INSURERS</b>	<b>34,897,940</b>	<b>35,138,471</b>	<b>39,345,817</b>	<b>45,574,599</b>	<b>44,996,971</b>
<b><u>OEVR - EXPENDITURES</u></b>					
MM TUITION	0	0	942	0	0
RR REHAB-30H	0	0	4	170	0
EE OTHER	0	0	0	0	0
RR EE TRAVEL	0	0	0	0	0
RR EE BOOKS & SUPPLIES	0	0	0	0	0
<b>SUB-TOTAL OEVR EXP.</b>	<b>0</b>	<b>0</b>	<b>946</b>	<b>170</b>	<b>0</b>

# COLLECTIONS & EXPENDITURES

PRIVATE TRUST FUND	FY'18	FY'17	FY'16	FY'15	FY'14
<b>DEFENSE - EXPENDITURES</b>					
<b>AA PAYROLL - SALARY</b>	<b>4,531,893</b>	<b>4,626,702</b>	<b>4,285,094</b>	<b>3,878,899</b>	<b>3,667,146</b>
AA STAND-BY PAY	525	1,516	35	0	0
AA VACATION-IN-LEU	0	16,619	10,678	7,638	1,054
AA BONUS AND AWARDS	1,174	18,058	2,000	0	0
AA OVERTIME COSTS	4,632	3,700	1,067	415	696
AA SICK LEAVE BUY BACK	12,280	12,280	1,633	0	0
<b>SUB-TOTAL</b>	<b>4,538,223</b>	<b>4,678,874</b>	<b>4,300,506</b>	<b>3,886,951</b>	<b>3,668,896</b>
BB TRAVEL	53,099	46,623	48,997	44,646	51,017
BB CONFERENCE TRAINING	2,387	1,497	(916)	5,540	2,385
BB EMPLOYEE REIMBURS AP	0	0	0	0	0
BB EE REIMBURSEMENT	(207)	(187)	22	11	61
BB EMPLOYEE REIMBURS	185	242	151	154	188
<b>SUB-TOTAL</b>	<b>55,466</b>	<b>48,175</b>	<b>48,253</b>	<b>50,351</b>	<b>53,651</b>
CONTRACTED STUDENT INTERNS	263	0	0	27,773	30,339
<b>SUB-TOTAL</b>	<b>263</b>	<b>0</b>	<b>0</b>	<b>27,773</b>	<b>30,339</b>
DD FRINGE	1,643,811	1,627,614	1,320,920	1,120,020	1,015,522
DD MEDICAL EXPENSES	0	951	0	0	19
DD BOND	0	0	0	0	0
DD WC CHARGEBACK	2,195	6,619	1,965	1,208	932
DD HEALTH SERVICES CORP	974	0	0	0	0
<b>SUB-TOTAL</b>	<b>1,646,980</b>	<b>1,635,185</b>	<b>1,322,885</b>	<b>1,121,228</b>	<b>1,016,472</b>
EE RENTAL/MV CHR-G-BACK	0	0	0	0	0
EE DEST. OLD RECORDS	0	0	0	6,562	0
EE ADVERTISING	0	168	431	0	0
EE BOOKS/SUPPLIES	31,294	55,507	31,155	30,354	45,675
EE IMPARTIAL APPEALS	29,850	24,518	26,777	13,650	18,612
EE CENTRAL REPRO.	63	0	0	0	7,950
EE POSTAGE	23,379	19,890	1,317	18,055	25,058
EE WATER	1,679	996	996	100	1,430
EE TRAINING / TUITION	991	2,104	191	500	500
EE TEMP USE SPACE	561	188	51	0	176
EE PRINTING	6,103	4,798	1,551	1,071	2,421
EE CONFERENCE, INCIDEN.	6,968	6,624	6,427	9,924	5,464
EE INDIRECT COSTS	<b>155,207</b>	159,029	157,377	152,069	103,330
EE POSTAGE CHR-G-BACK	127	164	1,394	2,101	2,246
EE MEMBERSHIPS	2,647	2,806	2,558	1,972	1,625
EE STATE SINGLE AUDIT CHGBK	0	0	0	0	398
<b>SUB-TOTAL</b>	<b>258,869</b>	<b>276,791</b>	<b>230,222</b>	<b>236,357</b>	<b>214,884</b>
FF MED SUP/TOILETRIES & PERSONL	703	0	5,267	331	10,027
FF STATE OFFICE MAINTENANCE	<b>45,412</b>	27,541	84,209	114,509	92,586
<b>SUB-TOTAL</b>	<b>46,115</b>	<b>27,541</b>	<b>89,476</b>	<b>114,840</b>	<b>102,614</b>
GG BOSTON LEASE	606,748	602,464	528,681	494,226	491,459
GG ELECTRICITY - BOSTON	0	0	0	0	0
GG FUEL FOR VEHICLES	57	60	0	0	4
<b>SUB-TOTAL</b>	<b>606,805</b>	<b>602,525</b>	<b>528,681</b>	<b>494,226</b>	<b>491,463</b>
HH CONSULTANTS	429,375	364,467	234,176	183,669	202,104
<b>SUB-TOTAL</b>	<b>429,375</b>	<b>364,467</b>	<b>234,176</b>	<b>183,669</b>	<b>202,104</b>

# COLLECTIONS & EXPENDITURES

<b>PRIVATE TRUST FUND</b>	<b>FY'18</b>	<b>FY'17</b>	<b>FY'16</b>	<b>FY'15</b>	<b>FY'14</b>
JJ OPERATIONAL SERV.	204,529	209,580	158,940	153,882	166,411
<b>SUB-TOTAL</b>	<b>204,529</b>	<b>209,580</b>	<b>158,940</b>	<b>153,882</b>	<b>166,411</b>
KK EQUIPMENT	2,138	1,793	1,815	13,027	8,092
<b>SUB-TOTAL</b>	<b>2,138</b>	<b>1,793</b>	<b>1,815</b>	<b>13,027</b>	<b>8,092</b>
LL AUTOMOBILE RENT/LEASE	55,432	64,035	64,311	51,564	58,710
LL OFFICE EQUIP RENT/LEASE	13,627	1,895	676	911	1,747
LL PRINT/COPY EQUIP RENT/LEASE	7,305	6,397	17,764	12,139	6,761
LL OFFICE EQUIP MAINTENANCE	8,535	11,728	1,197	1,453	358
LL PRINT/COPY EQUIP MAINT	100	167	8	837	410
<b>SUB-TOTAL</b>	<b>84,998</b>	<b>84,222</b>	<b>83,956</b>	<b>66,904</b>	<b>67,986</b>
UU TELECOM SERVICES - DATA	28,587	23,130	28,629	23,858	27,618
UU TELECOM SERVICES - VOICE	19,263	20,001	17,427	17,894	30,382
UU SOFTWARE LICENSES	12,437	2,284	71,932	2,341	29,199
UU INFO TECH CHARGEBACK	208,573	31,925	31,416	30,920	24,078
UU INFO TECH PROFESSIONALS	31,292	17,985	0	2,929	7,278
UU INFO TECH CABLING	0	0	0	0	9
UU INFO TECH EQUIP PURCHASE	9,070	3,126	112,842	138,969	38,342
UU IT TELP LEASE-PURCHASE	0	0	0	0	0
UU INFO TECH MAINTENANCE	142,295	164,555	152,648	50,510	34,702
UU INFO TECH CONTRACT SVCS	748	13,085	0	2,570	0
<b>SUB-TOTAL</b>	<b>452,266</b>	<b>276,091</b>	<b>414,894</b>	<b>269,992</b>	<b>191,607</b>
NN NON-MAJOR INFRA MAINT	304	158	1,525	784	723
NN INFRA MAINT TOOLS/SUPPLIES	103	261	0	0	10
NN HAZARDOUS WASTE	0	0	0	0	0
NN NON- HAZARDOUS WASTE	1,617	1,676	1,417	1,458	1,248
<b>SUB-TOTAL</b>	<b>2,023</b>	<b>2,096</b>	<b>2,942</b>	<b>2,242</b>	<b>1,982</b>
TT LOANS AND SPECIAL PMNTS	0	0	0	0	40
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>
RR PENALTIES SEC. 8	0	0	0	0	0
<b>SUB-TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL DEFENSE EXPENDITURES</b>	<b>8,328,049</b>	<b>8,207,341</b>	<b>7,416,747</b>	<b>6,621,443</b>	<b>6,216,542</b>
<b>TOTAL PRIV. TRUST EXPENDITURES</b>	<b>51,328,079</b>	<b>51,830,260</b>	<b>54,676,967</b>	<b>59,817,067</b>	<b>59,876,592</b>

## DIA - INCOME SUMMARY

<b>INCOME SUMMARY</b>	<b>FY'18</b>	<b>FY'17</b>	<b>FY'16</b>	<b>FY'15</b>	<b>FY'14</b>
Total Assessments (All 3 Funds)	84,944,323	89,794,991	83,503,309	70,934,257	50,224,950
Total Filing Fees	4,519,959	4,473,611	4,205,149	3,775,227	3,611,338
Total First Report Fines	203,200	197,811	248,430	248,054	139,222
Total SWOs	983,445	1,067,449	1,107,030	1,188,541	1,430,599
Total Misc. Fines	24,991	26,127	0	49,464	53,230
Total 5% Fines (Late Assess.)	5,500	97,660	101,980	149,304	139,446
Total Reimbursements	1,531,822	2,481,274	1,746,315	1,556,069	1,013,557
Total 30H	0	0	0	0	7,259
Total Other Trust Fund	0	0	26,373	0	0
Yr. Adj. for Refunds to TF	0	0	0	0	0
Total Interest	110,147	62,990	29,785	18,647	17,765
<b>TOTAL INCOME</b>	<b>92,323,386</b>	<b>98,201,913</b>	<b>90,967,871</b>	<b>77,919,564</b>	<b>56,637,366</b>

## 2) LEGISLATION

The WCAC will continue to monitor legislation as it relates to Massachusetts General Law Chapter 152.

According to the Joint Committee on Labor and Workforce Development website:

“It shall be the duty of the committee on Labor and Workforce Development to consider all matters concerning discrimination with respect to employment, the labor laws, workers’ compensation and such other matters as may be referred.”

### HOUSE BILL NUMBER

1006 | 1014 | 1015 | 1028 | 1031 | 1039 | 2360 | 2362 | 3151 | 3161 | 4033 \*

**\*House Bill Number 4033 | New draft House Bill 4472**

An Act for Prevention and Access to Appropriate Care and Treatment of Addiction

### SENATE BILL NUMBER

998 | 1011 | 1026 | 1029 | 1058 | 2327 \*\*

**\*\*Senate Bill 2327 | New draft Senate Bill 2546**

An Act to Prevent Wage Theft and Promote Employer Accountability

To read the full text of the House and Senate Bills listed above or to track a bill’s legislative history by entering the bill number [Click Here](#)



## 3) JUDICIAL DECISIONS

### ○ Pending Hearing Decisions

Decisions following completion of a hearing in excess of six months have been trending downward since 2016. The Advisory Council expressed concern about the timeliness of judicial decisions. At the time of this report there were zero pending hearing decisions outstanding over six months in comparison to 23 in September 2016.

The WCAC would like to acknowledge Senior Judge Omar Hernandez and the Administrative Judges for their commitment to reducing the number of pending hearing decisions outstanding over six months.

### ○ Reviewing Board

The total number of hearing decisions appealed: 96

The total number of appeals resolved: 33 Published decisions; 18 Summary affirmations; 4 Lump sums approved and 19 withdrawals/dismissals

### ○ Review Board Inventory

42 Cases under panel deliberation; 5 awaiting assignment; 19 awaiting briefs and 11 awaiting conference.

### ○ Other Reviewing Board issues

Lump Sum conferences: 81

Number of Section 15 petitions heard: 1307

Number of Section 46A conferences heard: 7

For more information on the DIA Reviewing Board Decisions [Click Here](#)

For more information on The Dispute Resolution Process [Click Here](#)

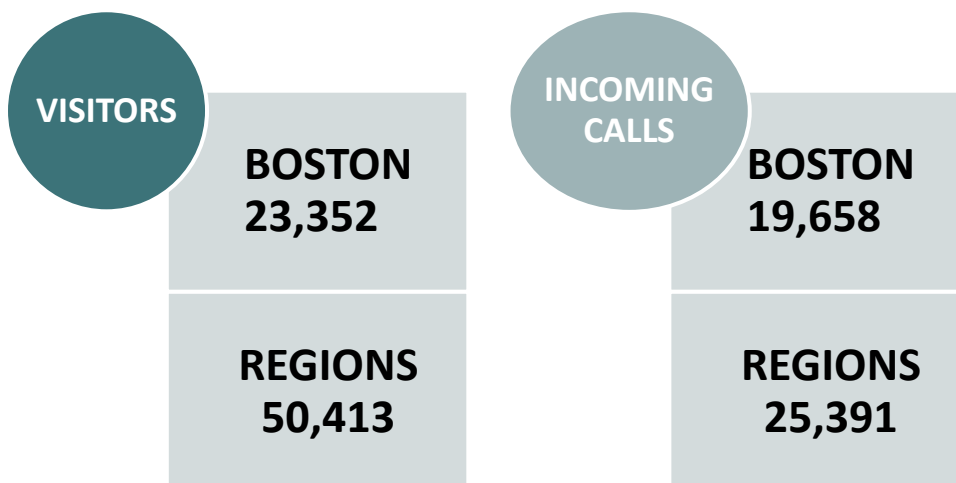


## DIA LOCATIONS

The DIA has one main office in **Boston** and four regional offices located throughout the Commonwealth of Massachusetts.

**[Fall River, Lawrence, Worcester, Springfield]**

Please refer to the chart below for the number of Visitors & Incoming Telephone Calls in Fiscal Year 2018.



# DIA - OFFICE OF CLAIMS ADMINISTRATION

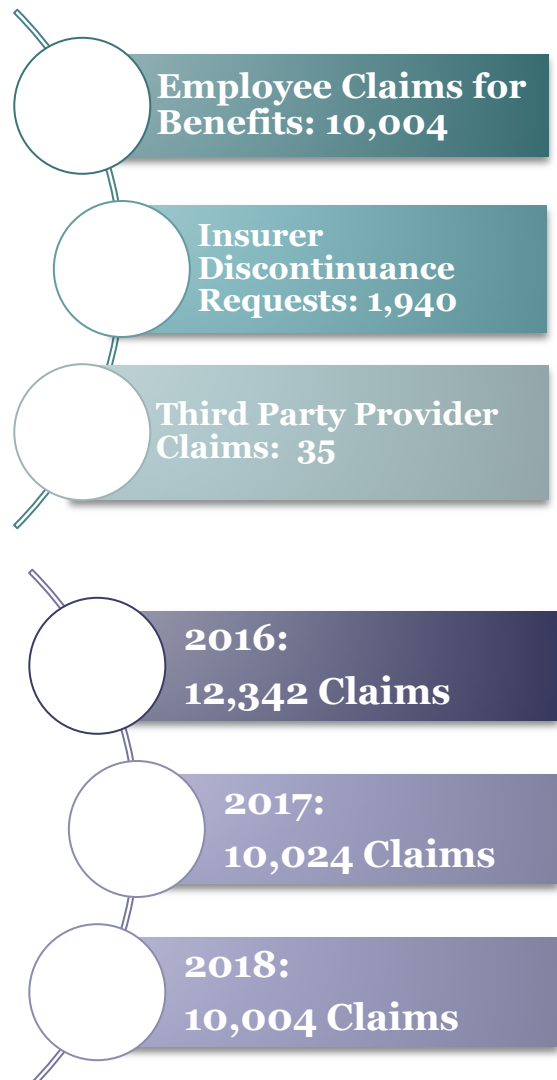
## CLAIMS

- When an employee is disabled or incapable of earning full wages for five or more calendar days, or dies, as the result of a work-related injury or disease, the employer must file a First Report of Injury (FRI). [Chart on Page 28]

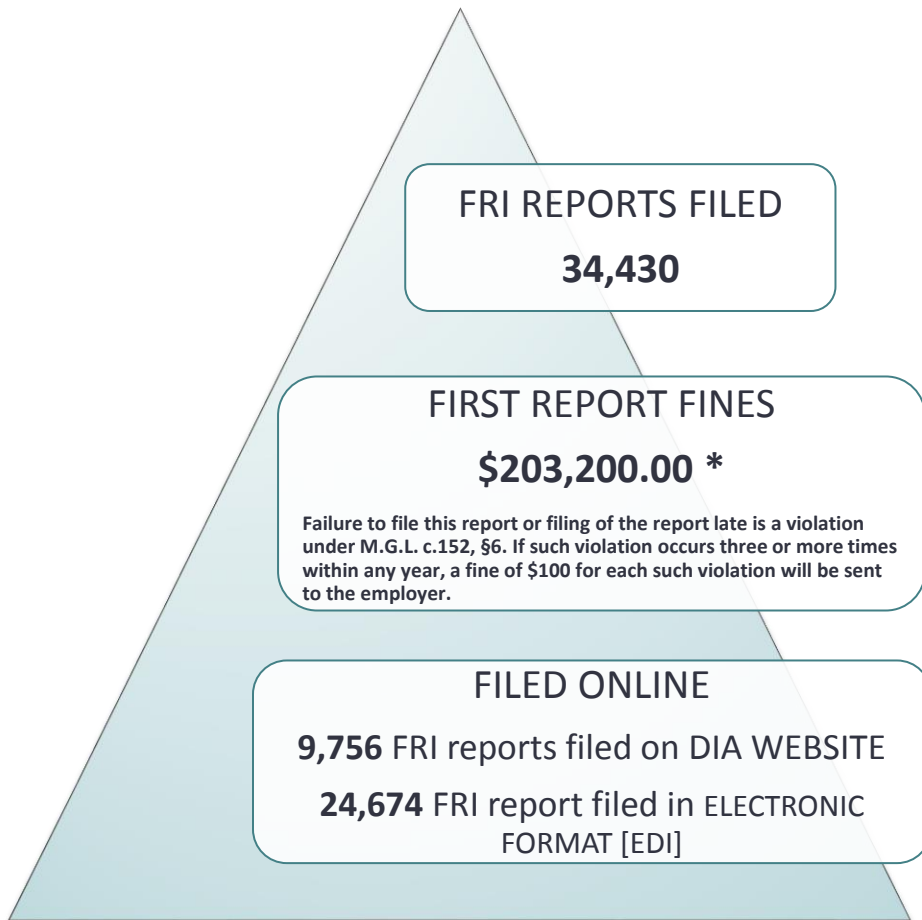
❖ Please note that a case is an employee claim, an insurers request for discontinuance or a third party claim/lien.

- Total number of cases processed and scheduled for Conciliation during Fiscal Year 2018 was 11,979. [Chart 1 - Top]
- Claims have decreased over the past two fiscal years. [Chart 2- Bottom]

## FY 2018



# FIRST REPORT OF INJURY [FRI]



# DIA - WORKERS' COMPENSATION TRUST FUND

## SPECIAL FUND

MGL Law Chapter 152, Section 65 established a special revenue fund in the state treasury, known as the Workers' Compensation Special Fund [Special Fund]. The Chart on Page 30 reflects the number of Section 65 claims.

❖ **\$2.4 million dollar recovery by the Civil Litigation Unit in Fiscal Year 2018**

Section 65 also provides for the Workers' Compensation Trust Fund [WCTF] that was established in the state treasury to make payments to injured workers whose employers unlawfully failed to obtain workers' compensation insurance.

❖ WCTF is funded entirely by the employers who purchase workers' compensation policies and is administered by the DIA.

The WCTF also reimburses insurers for certain compensation paid pursuant to sections 34B, 35C, 37 and 37A.

## SECOND INJURY FUND

MGL Chapter 152, Section 37, the Second Injury Fund was created by the Legislature in an effort to encourage employers to hire previously injured workers.

This fund is meant to offset any financial disincentives associated with the employment of the injured workers. Section 37 allows WCTF to reimburse the insurers when compensation has been paid.

For more information on [MGL Chapter 152 Click Here](#)

For more information on [MGL Chapter 152 Section 65 Click Here](#)

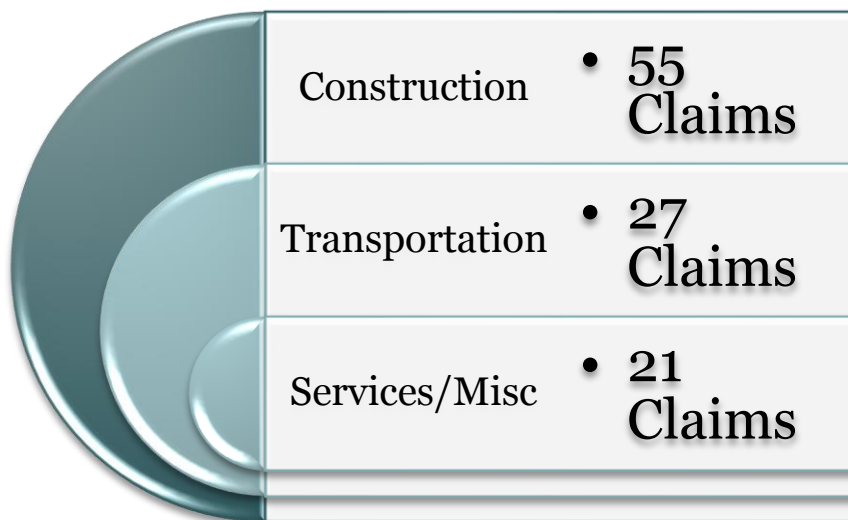
For more information on [MGL Chapter 152 Section 37 Click Here](#)

# WORKERS' COMPENSATION TRUST FUND CLAIMS & INDUSTRY BREAKDOWN

The number of Section 65 Uninsured Claims  
against the Trust Fund for

**Fiscal Year 2018 = 127**

There were three areas that generated the most claims:  
Construction, Transportation and Services/Miscellaneous.



The remaining claims fall under  
Retail/Manufacturing [7], Home  
Services [5], Restaurant/Food [6]  
and Landscaping/Tree Services  
[6].

For additional information on the WCTF  
proceeds [Click Here](#)

# ADVISORY COUNCIL MEMBERS

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### **TODD R. JOHNSON, CHAIR \***

USI Insurance Services, LLC  
Represents Self-Insurance Industry

### **JOHN REGAN \***

Associated Industries of MA (AIM)  
Represents AIM

### **TERI MCHUGH \***

Boyle | Shaughnessy Law  
Represents Small Business Industry

### **FRANK RUEL \***

Raytheon Company  
Represents Manufacturing Industry

### **JAMES STEENBRUGGEN \***

First Electric Motor Service, Inc.  
Represents Small Business Industry

## LABOR

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Pulgini & Norton, LLP  
Represents Laborers Union, Local 223

### **STEPHEN JOYCE \***

N.E. Carpenter Labor Management Prog  
Represents NERCC

### **STEPHEN FALVEY \***

N.E. Regional Council of Carpenters  
Represents Disabled Workers

### **MICKEY LONG \***

AFL-CIO  
Represents AFL-CIO

### **VACANT \***

\*VOTING MEMBER

## NON-VOTING MEMBERS

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Represents Claimant's Bar

### VOCATIONAL REHABILITATION

**VACANT**

### INSURANCE

#### **MICHAEL KELLEY**

HUB International of N.E.  
Represents Insurance Industry

### MEDICAL PROVIDER

**VACANT**

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**SECRETARY ROSALIN ACOSTA**, Executive Office of Labor & Workforce Development

**SECRETARY JAY ASH**, Executive Office of Housing & Economic Development

## STAFF

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# APPENDICES

Workers' Compensation Advisory Council

Workers' Compensation Advisory Council Annual Reports

Department of Industrial Accidents

Executive Office of Labor & Workforce Development  
(EOLWD)

Occupational Health Surveillance Program