

Testimony before the  
House Committee on Commerce and Economic Development  
Anne Haught, Workers Compensation Director  
Kansas Department of Labor  
January 12, 2012

Chairperson Brown and Members of the Committee:

Thank you for the opportunity to appear today to discuss the Division of Workers Compensation.

In 2011, sections of the Division of Workers Compensation were reorganized reducing managerial staff and consolidating positions. Staffing levels were reduced through retirements and position consolidations from 95 full-time employees in December of 2010, to 80 full-time employees as of January 1, 2012, or a reduction of 15 positions or 16%, with an estimated cost savings of about \$800,000.

The Topeka workers compensation operations were moved out of leased space at 800 S.W. Jackson into agency-owned space at 401 S. Topeka and the Eastman Building between November and December of 2011. We will show an annual cost savings of approximately \$325,000 with this move.

At the IAIABC (International Association of Industrial Accident Boards and Commissions) National Convention in August, we announced our intention to mandate the IAIABC Release 3 claims electronic data interchange (EDI) standard. Currently, employers can file their injury reports either by paper or electronically. We have a voluntary Release 1 claims system for employers to file their injury reports electronically and we receive about 50% of monthly injury reports electronically now. With the Release 3, all injury reports will be required to be filed electronically. The initial set-up costs will be about \$165,000 for the EDI 3, but over a 2 year period we will be able to shift 5 employees (salaries and benefits of \$206,000) who are manually entering the paper injury report data now. Small employers (fewer than 100 employees) will be able to access a portal maintained by workers compensation to file their injury reports, at no cost to them. Six states are using EDI 3 and another 17 are implementing it within the next 12-18 months.

We completed a year-long analysis of our current judicial processes and information management system, and have viable recommendations to implement a digital adjudication system (electronic case file) that we will begin to put into place in 2012.

Our Fraud and Abuse Section received 573 fraud referrals, investigated and closed over 559 cases, 29 administrative cases were prosecuted and 1 criminal case was prosecuted. The Section collected over \$200,000 in fines and restitutions.

Our Medical Service Section settled over 200 disputes between providers and payers and held one informal hearing.

Beginning 2012, our annual report, schedule of medical fees, and all of our forms and publications (KWC40, benefit cards, KWC 27- informational sheets) are available in digital copies and downloadable forms, no longer on paper, saving the Division approximately \$110,000 per year.

On May 15, HB 2134, the new workers compensation law went into effect. Before September, we trained our Administrative Law Judges, our Board members, our legal assistant staff, our Ombudsmen, Compliance and Fraud and Abuse on the changes in the new workers compensation law. We updated regulations, forms and publications. Prior to the new law, an employee had to tell their employer of an injury within 10 days and put it in writing within 200 days; the Division mailed this 200 day written form to the injured worker. The new law no longer gives the employee 200 days to put his claim of injury in writing; the cost savings per year will be about \$24,000. Our Public Resource Section spoke at 13 presentations to employers, insurance, and medical groups---reaching a total of 1,118 people. They also assisted 23,000 injured workers, insurance agents, attorneys, employers and health care providers with questions.

We saw a record number of attendees at our 2011 seminar in Overland Park where we focused the seminar on the new law.

To date, our Administrative Law Judges and Board have only heard preliminary issues concerning the new law.

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<http://www.dol.ks.gov/WC/frmpub.html> annual report