Department of Workers' Claims

Quarterly Report

April - June 2025

TEAM KENTUCKY®

EDUCATION AND LABOR CABINET

Table of Contents

DWC Quarterly Statistics 2

Workers' Claims Legal Division 4

Administrative Law Judges 5

Division of Claims Processing 6

Workers' Compensation Board and Appeals 7

Division of Specialists, Medical Services and Open Records 8

Division of Security and Compliance 11

Division of Workers' Compensation Funds (Special Fund) 14

DWC Quarterly Statistics

Distribution of First Reports of Injury (FROI) and Claims by Industry		
	First Reports*	**Claims**
Accommodation & Food Services	90	13
Administration, Support, Waste Management & Remediation Services	15	32
Agriculture, Forestry, Fishing & Hunting	88	4
Arts, Entertainment & Recreation	90	3
Construction	373	34
Educational Services	1,465	28
Finance and Insurance	204	9
Health Care and Social Assistance	1,009	53
Information	85	7
Management of Companies & Enterprises	15	0
Manufacturing	1,577	105
Mining	123	19
Other Services (Except Public Administration)	210	9
Professional, Scientific & Technical Services	229	10
Public Administration	788	35
Real Estate and Rental & Leasing	95	7
Retail Trade	888	74
Services	0	0
Transportation and Warehousing	1,503	63
Transportation/Public Utilities	0	0
Unclassified	3	324
Utilities	58	3
Wholesale Trade	324	23

*This only includes FROIs submitted via Electronic Data Interchange (EDI) to the DWC.

Top Ten Causes of Injury Claims

FROIs	
Strain or Injury by Lifting	791
Fall, Slip or Trip on Same Level	739
Struck or Injured by Fellow Worker, Patient or Other Person	680
Fall, Slip or Trip, Not Otherwise Classified (NOC)	587
Strain or Injury by, NOC	514
Other Injury (NOC)	476
Struck or Injured by Object Being Lifted or Handled	406
Strain or Injury by Pushing or Pulling	399
Struck or Injured by Falling or Flying Object	389
Cut, Puncture, Scrape, NOC	367
Litigated Claims	
Cumulative, NOC	141
Strain or Injury by Lifting	68
Fall, Slip or Trip on Same Level	55
Strain or Injury by, NOC	43
Fall, Slip or Trip, NOC	39
Absorption, Ingestion or Inhalation, NOC	36
Strain or Injury by Pushing or Pulling	31
Motor Vehicle, Collision or Sideswipe with Another Vehicle	27
Strain or Injury by Continual Noise	27
Fall, Slip or Trip from Different Level (Elevation)	23

Quarterly Activity*

Lost Time First Reports (FROI)	7,966
Claims Assigned	815
Re-openings (motion docket)	91

*The above statistics are derived from the agency database by various dates determined by status code. Specific details may be obtained by contacting the Education and Labor Cabinet's Office of Technology Services. Individual section breakdown/statistics represent internal section activity that may differ from DWC database.

Ten Most Common Bodily Injuries

FROIs	
Finger(s)	960
Low Back Area (Inc: Lumbar and Lumbo-Sacral)	909
Knee	799
Multiple Body Parts	780
Hand	704
Shoulder(s)	622
Ankle	474
Foot	452
Lower Arm	399
Wrist	385
Litigated Claims	
Multiple Body Parts	204
Shoulder(s)	90
Low Back Area (Inc: Lumbar and Lumbo-Sacral)	82
Knee	64
Ear(s)	52
Lungs	46
Ankle	27
Elbow	25
Foot	21
Upper Arm (Excludes: Clavicle and Scapula)	17

Workers' Claims Legal Division

The attorneys in the Education and Labor Cabinet, Office of Legal Services, Workers' Claims Legal Division provide legal representation to the Department of Workers' Claims (DWC).

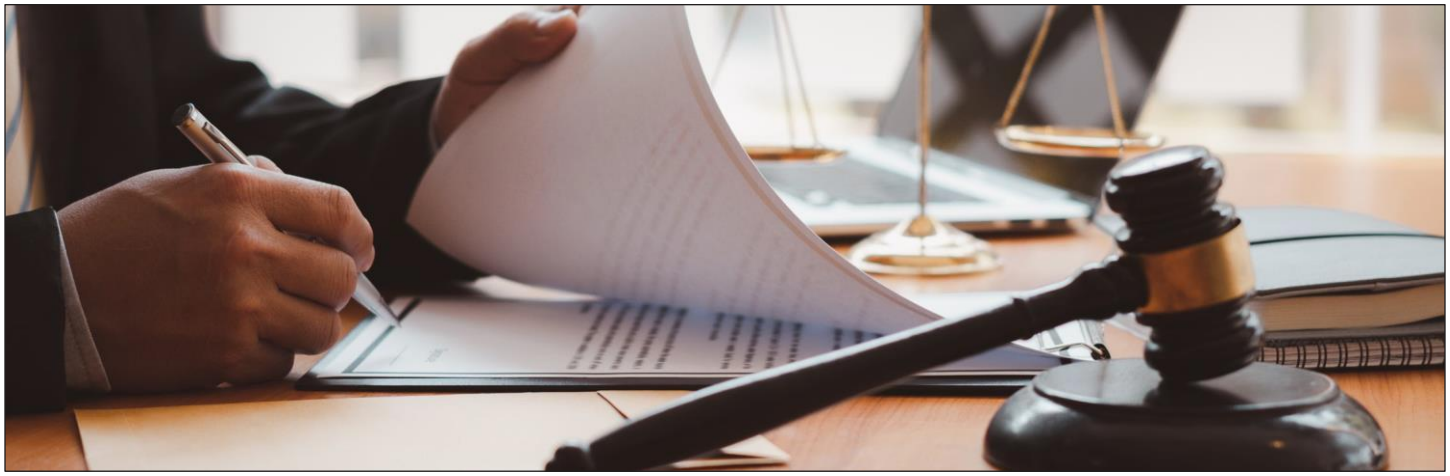
One of the major functions of the Workers' Claims Legal Division is pursuing enforcement actions. Kentucky law requires employers to have workers' compensation insurance or to deposit security with the commissioner after being authorized to self-insure. If an employer fails to do so, the commissioner issues a citation to the employer, which includes a penalty of $100 to $1,000 per employee for each day the employer fails to comply with the law.

The goal is to encourage the employer to obtain coverage for its employees. Once coverage is obtained, the division may negotiate a settlement of the penalty with the employer. If a compromise cannot be reached, the employer may have its case heard and decided by an administrative law judge (ALJ). The division represents the commissioner before the ALJ.

During this quarter, division staff and attorneys received 106 new enforcement citation cases and collected a total of $203,480.00 in fines and penalties.

In addition, the Workers' Claims Legal Division represents the Division of Workers' Compensation Funds, formerly known as the Special Fund, in matters where it is a party. The Workers' Claims Legal Division also represents the commissioner in self-insurance matters when the commissioner's determination of the amount and call of required security is challenged, and when the formerly self-insured employer files for bankruptcy. The division also investigates, resolves and prosecutes unfair claims settlement practice (UCP) allegations. The division received five UCP complaints alleging violations of the standards set forth in 803 KAR 25:240 during the quarter. No UCP/Show Cause fines and penalties were collected.

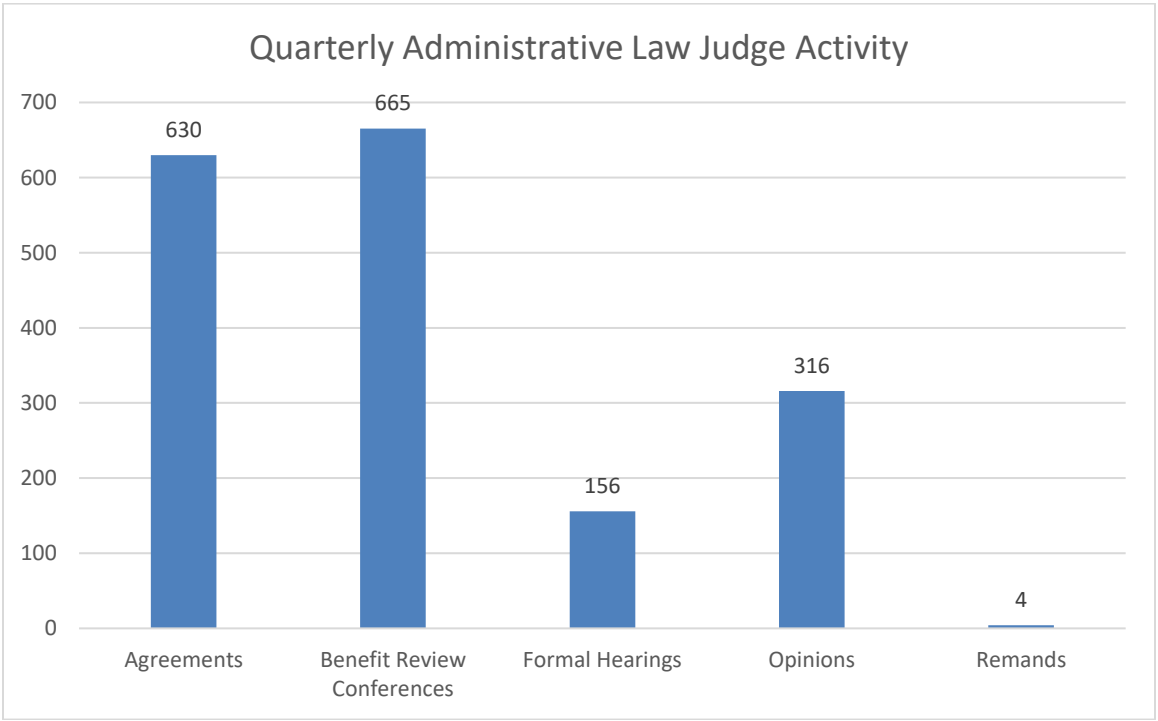
Finally, the Workers' Claims Legal Division litigates any claims brought by or against the department, reviews and drafts potential legislation or regulations and answers questions on workers' compensation issues for claimants, insurance companies, legislators and the public.



Administrative Law Judges

The DWC has 19 ALJ positions allocated, 17 of which are currently filled. Each ALJ is appointed by the governor for a four-year term and is subject to confirmation by the Kentucky Senate. One of the ALJs is designated Chief Administrative Law Judge (CALJ) pursuant to KRS 342.230(7). ALJs adjudicate workers' compensation claims by conducting benefit review conferences, presiding over formal hearings and issuing opinions awarding or denying benefit claims.

The CALJ presides over the Frankfort motion docket. In addition, the CALJ rules on settlement agreements in unassigned cases, conducts hearings and renders opinions in various enforcement actions and reports on workers' compensation litigation to other DWC sections. The CALJ supervises ALJ activities, prepares a rotation schedule for the ALJs, plans two adjudicator training sessions annually and covers dockets for other ALJs on an emergency basis.



Mediation Program

The DWC operates a formal mediation program as an alternate means of resolving workers' compensation claims. Under the terms of the program, one or more ALJs are assigned on a rotating basis to serve as mediators when the parties to a claim request a referral for mediation. The DWC promulgated an administrative regulation, 803 KAR 25:300, to govern the mediation program. This quarter, 159 mediations were conducted and 136 were settled.

Agreements Section

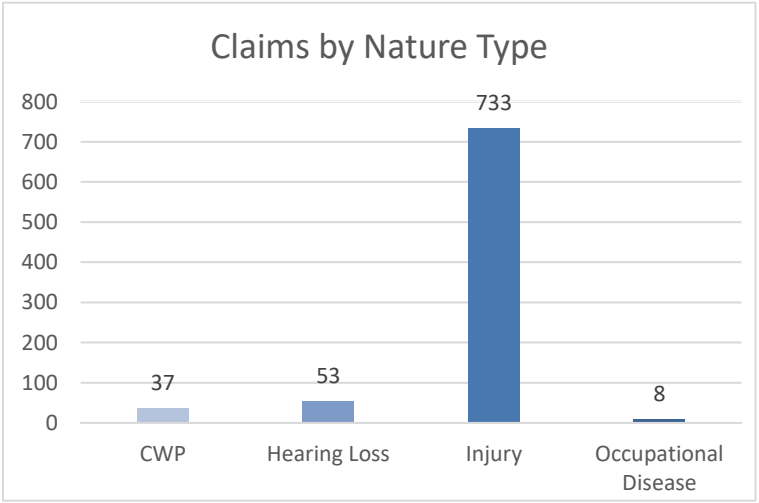
Agreements (Form 110s) are submitted through the Litigation Management System to be processed and put into record, whether signed by the CALJ or one of the other 16 ALJs within the department. Pre-litigation agreements are reviewed by staff for accuracy before being approved by the CALJ if they meet the statutory and regulatory requirements. This quarter, 605 agreements were received for approval by the CALJ. Of those, 578 were approved. Section staff also received seven motions requesting to substitute a party. During this period, three motions to substitute were approved and two were overruled.

Division of Claims Processing

The Division of Claims Processing conducts two phases of processing: Claims Review and Claims Assignment. Each phase has a distinct role in processing workers' compensation litigated claims filed with the DWC.

Claims Review

The claims processing staff reviews all the Applications for Resolution of Claim filed with the department, verifying that filing requirements as outlined in 803 KAR 25:010 are followed. A total of 831 new claims were filed this quarter including 733 injury claims, eight occupational disease claims, 53 hearing loss claims and 37 coal workers' pneumoconiosis (CWP) claims. The staff identifies and verifies insurance coverage for all named defendant employers.



If no workers' compensation insurance is found, steps are taken to join the Uninsured Employers Fund as a party to the claim. Once the claims have been verified through the claims review process, they are assigned to an ALJ.

Claims Assignment

This quarter, a total of 815 new and reopened claims were assigned to the ALJs and scheduled for a benefit review conference. Claims staff processed 91 reopened claims, which were routed to motion docket. In addition, the division contacted and scheduled court reporter services to attend and transcribe 263 hearings. Each transcript is examined and verified for payment within this division.

Once a claim is final, it is electronically transmitted to the division to confirm all documents are in the electronic file and that there are no pending matters requiring further action by the ALJ before it is closed. A total of 1,618 claims were audited and closed during this quarter.

Workers' Compensation Board and Appeals

Appeals Section

The Appeals Section serves as support for the chair and two board members of the Workers' Compensation Board (WCB). Staff enters the appeals information into the DWC database and verifies the timeliness of filings, completeness of records and compliance with 803 KAR 25:010 Section 22 in preparation for the WCB review and judgment. Staff prepares a weekly roster of requests for additional actions filed on appealed claims; assigns appealed claims to the WCB; tracks motions daily; and prepares a weekly docket. If the decision is appealed, section staff shall, upon request, ready and certify files for review by the Kentucky Court of Appeals and, in some cases, the Kentucky Supreme Court. A total of nine appeals were filed before the WCB. When the appeal is final, it is reviewed by this section and routed to an ALJ for outstanding litigation or audited for finality, which confirms all documents are contained in the electronic file.

Opinions Rendered by Board Members	
Stivers:	4
Alvey:	3
Miller:	4

The Appeals Section processed the following appeals from the Workers' Compensation Board:

Appeals to Court of Appeals	3
Court of Appeals Opinions	8
Appeals to Supreme Court	5
Supreme Court Opinions	1

Division of Specialists, Medical Services, & Open Records

Services provided by the Division of Specialists, Medical Services and Open Records personnel are a vital component to the delivery of quality, timely medical services and assistance to workers injured in the workplace and their families.

Medical Services Branch

The Medical Services Branch has seven main tasks that relate to the mission of the DWC. Those tasks are:

1. Certification of Managed Care Organization (MCO) plans, which encompass physician certification (AMA licensed); proper legal documentation for the managed care provider (provider contracts, etc.); and compliance with Kentucky Revised Statutes regarding grievance rights and procedures for claimants and their employees.
2. Utilization Review (UR) Certification to determine necessary and appropriate medical care for claimants.
3. Medical Bill Audit (MBA) to assure compliance with adopted fee schedules.
4. Hospital Fee Schedule cost-to-charge ratio pursuant to 803 KAR 25:091 and the latest cost report (HCFA-2552), which is supplied by the Kentucky Cabinet for Health and Family Services.
5. Pharmacy Fee Schedule pursuant to 803 KAR 25:092, which mandates using the average wholesale price.
6. Physician Fee Schedule pursuant to 803 KAR 25:089 and related medical data supplied by Fair Health Inc., an independent non-profit organization that supplies medical billing data.
7. University Evaluations wherein staff schedule statutorily required evaluation appointments for pneumoconiosis (black lung), hearing loss and occupational disease claimants.

Medical Services Report

Currently, there are 22 MCO and 59 UR/MBA plans certified by DWC.

The hospital fee schedule cost-to-charge (c-t-c) ratio governs the reimbursement for hospital charges in workers' compensation claims and these ratios are modified on April 1st each year.

In accordance with 803 KAR 25:091, the DWC promulgates c-t-c ratios for in-state hospitals, out-of-state hospitals and ambulatory surgery centers. In April 2025, c-t-c ratios were assigned for 115 in-state hospitals. By regulation, out-of-state hospitals are reimbursed in the same manner as Kentucky hospitals, with c-t-c ratios assigned on an ongoing basis throughout the year. To date, c-t-c ratios were assigned for 20 out-of-state hospitals this year.

Evaluations: Hearing Loss

- University of Kentucky Hearing Loss Claims Received: 32
- University of Louisville Hearing Loss Claims Received: 12

Evaluations: Coal Workers Pneumoconiosis (CWP) (Black Lung)

- Dr. Srinivas Ammisetty
  Claims Referred for Evaluations: 30

Evaluations: Occupational Disease

- University of Louisville Occupational Disease Claims Received: 5

Staff make and coordinate evaluation appointments for claimants alleging to have developed CWP, occupational disease and hearing loss. Additionally, they receive, review and transmit the evaluation reports to the employee, employer, insurance adjuster and the ALJ assigned to the claim.

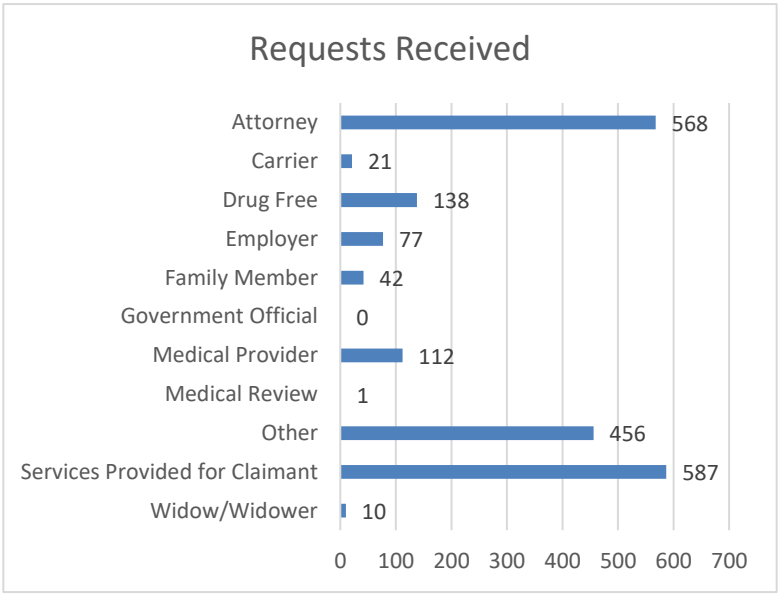
Workers' Compensation Specialist Branch

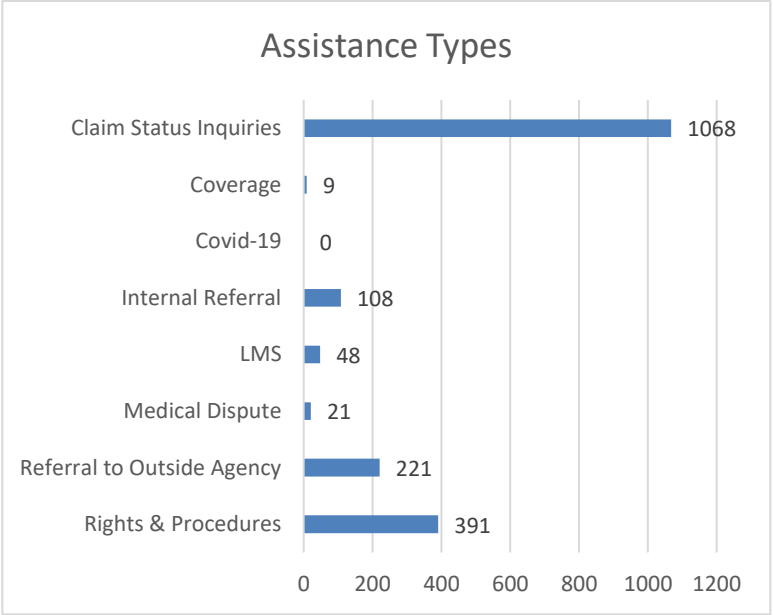
The Workers' Compensation (WC) Specialist Branch is tasked with aiding claimants, attorneys, medical providers, employers, family members of claimants and ALJs. Individuals seeking assistance may call, toll free, 1-800-554-8601. Additional information may be found on the DWC website at elc.ky.gov/Workers-Compensation.

Specialists provide intervention services (i.e., assist with resolving issues between claimants, insurance adjusters and medical providers) on issues that may otherwise need to be resolved by an ALJ. The specialists are supervised by an ombudsman.

The other entities within the WC Specialists Branch are Drug Free Workplace Certification Program (803 KAR 25:280); Vocational Rehabilitation Program (KRS 342.710); Retraining Incentive Benefits Program (803 KAR 25:120); and Workplace Fatality Reporting.

Beginning in October 2016, with the advent of the Litigation Management System (LMS), the Workers' Compensation Specialists acquired additional tasks of assigning user access numbers and assisting pro se claimants with filing claims. Specialists also assist law firms, insurance companies and other authorized entities with non-technical navigation of LMS.





Drug-Free Workplace

The Drug-Free Workplace program allows employers, private or governmental, to promote a workplace free from drugs. Employers must submit an application and drug-free workplace plan to the DWC. Upon satisfactory completion of the application and confirmation of workers' compensation insurance coverage, the plan will be certified by the commissioner. The employer may be eligible for a 5% reduction of its workers' compensation insurance premium pursuant to KRS 304.13-167(6).

New Applications:	7
New Applications Pending	6
Renewals Requested:	79
Renewals Pending:	9

Workplace Fatality Report

Tracks workplace fatalities with assistance from the Occupational Safety and Health Administration (OSHA).

Fatalities:	28

Vocational Rehabilitation

KRS 342.710 permits retraining for those who are unable to perform work for which they have previous training or experience due to a work-related injury. Evaluations are scheduled to determine aptitude, educational level and employment interest. The test results are provided to all parties and assistance is offered to the injured worker.

New Claims:	1
Closed Claims:	9
Active Claims:	2
Enrolled in school/programs:	1

Retraining Incentive Benefits

This program is dedicated to individuals who contract coal workers' pneumoconiosis (black lung) and is designed to facilitate training to transition to an alternative work environment. The program provides for the attainment of a GED and other bona fide training and education programs for those who do not desire to or cannot re-enter the coal mining profession. No requests for this program were filed during the quarter.

Open Records

This section responds to requests for claim and first report information pursuant to KRS 61.872(2). Requests are received from a variety of outside parties including attorneys, insurance carriers, employers, the Social Security Administration and the public. Requests may be submitted by mail, email, fax or hand delivery. Currently, copies are 15 cents per photocopied page and 75 cents per microfilmed page. Upon receipt of the request, staff compiles a cost estimate for the requesting party. After payment is received, materials are mailed by U.S. Postal Services or United Parcel Services. Open Records staff is not permitted to fax workers' compensation documentation.

A service of pre-employment screening is available to prospective employers. Work injury history may be obtained by submitting a written request along with pre-payment of $2.00 per social security number submitted. This quarter, 344 pre-employment requests were processed.

Pursuant to KRS 150.175(27), this section verifies workers' compensation awards for the Department of Fish and Wildlife for individuals applying for free hunting and fishing licenses. This quarter, two Fish and Wildlife requests were processed.

During this quarter, Open Records processed 1,296 written requests, 499 requests from US Department of Labor and received $23,284.04, per KRS 61.874.

Division of Security & Compliance

Security Branch

The Security Branch regulates companies that have been approved by the commissioner of DWC to self-insure their workers' compensation liabilities as opposed to purchasing primary coverage. A self-insured company is required to deposit security. This security must be a bond, letter of credit or deposit contract. The security is used to pay injured employees in the event a company is insolvent or defaults on its workers' compensation liabilities.

The DWC currently has approximately $1.3 billion in security on file from 78 current and 388 former self-insured employers.

The Security Branch reviews audited financial statements annually in order to determine if the self-insured employer is financially viable enough to maintain self-insured status. Twenty-one financial statements were reviewed this quarter.

Self-insured employers are required to submit loss reports on an annual basis. One of the main duties of the branch is providing data and information to the commissioner to determine the required amount of security. The branch conducts reviews using loss data when assessing the amount of required security. There were six reviews completed this quarter.

Formerly self-insured employers must wait five years before seeking a reduction in the amount of security held by the DWC. Subsequent reduction requests may be made no more frequently than every two-and-a-half years. The branch requests updated loss reports and audited financial statements to review the security reduction request and submits the result to the commissioner for a decision. There were no reviews of a former self-insured employer conducted this quarter.

A reserve is the estimated amount necessary to pay a claim to its conclusion. There are basically two types of reserves:

1) Indemnity (reimbursement for lost wages)
2) Medical

Adequate reserves must be reported to assure the proper amount of security is deposited. The branch reviews the loss data to ensure self-insured employers are reporting adequate reserves. No external medical reviews were conducted this quarter.

Compliance Branch

The Compliance Branch consists of the Enforcement and Administrative Processing Sections.

Enforcement Section

The Enforcement Section's primary function is to ensure compliance of employers subject to the Workers' Compensation Act. This is achieved primarily through the efforts of its 11 investigators. The investigators cover each of Kentucky's 120 counties from field offices located throughout the state. They make onsite inspections to ensure employers have workers' compensation insurance. They also investigate leads generated by section staff, referrals submitted to the DWC and matters involving the Uninsured Employer Fund (UEF).

Non-compliant employers are subject to citations and civil penalties issued by the commissioner.

However, many investigations reveal employers are aware of their requirements and have voluntarily purchased workers' compensation insurance. The branch also encourages timely compliance through educational initiatives.

During this quarter, the branch conducted 2,690 on-site investigations of Kentucky employers. As a result, the commissioner issued 164 citations to employers for failure to comply with the requirements imposed by KRS Chapter 342.

Administrative Processing Section

The Administrative Processing Section is responsible for multiple tasks involving coverage and citations that include the following:

1) Prepare citation docket and process citation payments. Prepare citation files for remittance to the Workers' Claims Legal Division.
   a. The branch processed $221,448.00 in collected penalties, including penalties paid in full to the branch and collections received by the Workers' Claims Legal Division from contested citations.
   b. Collected penalties are deposited into a fund created by KRS 342.920. These funds are used to pay benefits to employees injured before March 1, 1997, when their employer's security is exhausted.
2) Maintain Employee's Notice of Rejection of Workers' Compensation Act (Form 4s). The proper filing of this form permits an employee to waive the right to protection under the Kentucky Workers' Compensation Act.
   a. 281 Form 4s received
   b. 197 Form 4s approved
   c. 665 Form 4s mailed upon request
3) Issue certifications of coverage to ALJs, private attorneys and open records requests. The section issued 57 certifications of coverage this quarter.
4) Process Professional Employer Organizations (PEOs), Wrap Up and Split Coverage Applications.
   a. Currently, there are 201 registered PEOs who provide employee leasing services to Kentucky businesses.
   b. Currently, there are 31 approved Wrap Up/Special Projects and 20 split coverage applications.

Data Management Branch

This branch provides technical assistance and guidance to resolve individual user and departmental issues. It also provides a structured environment that ensures the reliability, accuracy and integrity of data submitted to the DWC through accurate data entry and an Electronic Data Interchange (EDI) system, which includes First and Subsequent Reports of Injury, as well as Workers' Compensation Proof of Coverage (POC) reporting.

EDI Claims

The EDI Claims personnel monitor the electronic reports submitted to the DWC by insurance carriers when an injury is reported. First reports of injury (FROIs) and subsequent reports of injury (SROIs) are received daily from third-party administrators and insurance carriers through electronic data transmission vendors. Each record goes through program edits prior to acceptance and is scrutinized by staff for accuracy. Staff are responsible for communicating with vendors, carriers and third-party administrators to explain procedures and provide directives to file first and subsequent reports and make changes to existing records. This quarter, the section received and processed 22,874 FROI records and 30,781 SROI records.

EDI also serves as a mechanism for the issuance of letters, including notice of statute of limitations and benefits. Maintenance Type Codes (MTC) serve as a basis for the notices. During this quarter, 53,655 such notices were issued.

EDI Proof of Coverage (POC)

Every insurance carrier is required by statute to report coverage and cancellation of coverage of workers' compensation insurance issued to the employers in Kentucky. The EDI POC Section is charged with receiving and maintaining workers' compensation coverage filings for employers doing business in the Commonwealth of Kentucky. During this quarter, 184,063 POC transactions were received and processed, 93% of which were accepted.

NCCI
Transactions Processed: 137,646
Acceptance Rate: 92%

CLAIMPORT
Transactions Processed: 48,208
Acceptance Rate: 96%

KACO
Transactions Processed: 4
Acceptance Rate: 50%

KAGC
Transactions Processed: 1,205
Acceptance Rate: 68%

The EDI POC section also is responsible for registering PEOs, manually processing mining and mine-related coverage and processing split coverage/wrap up POC for Owner and Contractor Controlled Insurance Programs (OCIP and CCIP). During this quarter, the section manually processed 770 coal transactions, with 748 of those being accepted. This quarter the section received 7,930 PEO transactions, of which 7,823 were accepted. Wrap ups received 1,051 transactions with 1,033 accepted for this quarter. Split coverage received 30 transactions with 29 accepted for the quarter.

Document Management Branch

This branch is responsible for scanning and exporting all hard-copy claims and first report documentation into the agency's SharePoint Imaging System, one of the DWC's storage mediums. The documents are verified for accuracy via SharePoint prior to being approved for processing and exporting by DWC staff. During this quarter, 41,076 pages were scanned.

The branch is in the process of digitizing the agency's microfiche records for inclusion in BOX, a searchable cloud-based digital database. This quarter 2,144 sheets of microfiche were processed and migrated to BOX.

Division of Workers' Compensation Funds

Historically, the Division of Workers' Compensation Funds has been responsible for the administration of multiple funds, including the Coal Workers' Pneumoconiosis Fund and the Special Fund. In 2017, the assets and liabilities of the Coal Workers' Pneumoconiosis Fund were transferred to Kentucky Employers Mutual Insurance. Since then, the Division of Workers' Compensation Funds has continued to administer the Special Fund.

The Special Fund is liable for part of the income benefits awarded for certain occupational injuries and diseases resulting from incidents or last exposures occurring prior to December 12, 1996. Despite the age of the claims, due to the way the liability was shared with employers, many claimants are scheduled to begin receiving benefits from the Special Fund in the future.

In 2026, 33 claimants are scheduled to begin receiving benefits from the Special Fund. Currently, the last scheduled start date for a claimant to begin receiving Special Fund benefits is in July 2041.

This quarter, the Special Fund paid approximately $7.5 million in benefits directly to claimants and paid approximately $150,000.00 in reimbursements to insurance carriers, for a total of approximately $7.65 million paid to approximately 3,000 disabled workers or surviving dependents.

Benefits are funded by assessments on workers' compensation insurance premiums collected by the Kentucky Workers' Compensation Funding Commission (KWCFC). For more information on the KWCFC, visit the website at kwcfc.ky.gov.