

# **COMPLIANCE AUDIT REPORT**

**STATE OF MAINE  
WORKERS' COMPENSATION BOARD**



**Maine Motor Transport Association Workers' Compensation Trust**  
**Engagement Date: October 16, 2017**  
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**Office of Monitoring, Audit & Enforcement**

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## SUMMARY

Maine Motor Transport Association Workers' Compensation Trust (MMTA) is the administrator of workers' compensation coverage for a group of self-insured employers.

The Audit Division of the Maine Workers' Compensation Board (Board) examined forty-eight (48) claim files where indemnity benefits were paid for the period under examination (7/1/15-6/30/17) as well as sixty (60) medical payments for the period under examination (7/1/15-6/30/17) to determine compliance with statutory and regulatory requirements in the following areas:

- Timeliness of benefit payments
- Accuracy of benefit payments

The claim sample was drawn from a listing of all of MMTA's 7/1/15-6/30/17 Maine workers' compensation claims. The medical payment sample was drawn from a listing of all of MMTA's medical payments for those claims in the sample.

MMTA handles its Maine workers' compensation claims solely in Augusta, Maine.

The audit work was conducted as a desk audit.

The compliance tables found on pages 8 through 10 of this report are representative of Board findings as of October 16, 2017. Since that time, the Audit Division has received additional information, missing form filings, form corrections, indemnity payments and adjustments.

Following is a discussion of the aforementioned compliance tables and of the steps taken since October 16, 2017 to rectify identified noncompliance issues. This discussion also includes other significant issues identified by the audit.

◆ **Timeliness of benefit payments**

- Title 39-A M.R.S.A. Section 205(2) provides the time requirements for indemnity payments.
- When there is not an ongoing dispute, failure to pay weekly compensation benefits or accrued weekly benefits within 30 days after becoming due and payable is a violation of Title 39-A M.R.S.A. Section 205(2) and subject to penalty under Section 205(3).
- Initial Indemnity Payments:
  - Sixty-one (61) initial indemnity payments were made timely.
    - MMTA’s compliance rate for initial indemnity payments is 95%, which is above the Board’s performance benchmark of 87%.
  - Three (3) initial indemnity payments were made late.
- Subsequent Indemnity Payments:
  - Four hundred eighty-three (483) subsequent indemnity payments were made timely.
  - Twenty-four (24) subsequent indemnity payments were made late.
- Board Rules and Regulations Chapter 5 states in part, “The employer/insurer shall pay the health care provider’s charge or the maximum allowable payment under this fee schedule, whichever is less, within 30 days of receipt of a bill unless the bill or previous bills from the same provider or the underlying injury has been controverted or denied. If an employer/insurer controverts whether a health care provider’s bill is reasonable and proper under § 206 of the Act, the employer/insurer shall send a copy of the notice of controversy to the health care provider.”
  - Fifty-eight (58) medical payments were made timely.
  - Two (2) medical payments were made late.
- Title 39-A M.R.S.A. Section 324(1) provides the requirements for compensation payments per an approved agreement, order or decision. Board Rules and Regulations Chapter 8, Section 18.2 provides the requirements for compensation payments per a Consent Between Employer and Employee (WCB-4A).
  - Three (3) mediation agreements were paid timely.

◆ **Accuracy of indemnity payments**

- Title 39-A M.R.S.A. Section 102(4) and Board Rules and Regulations Chapter 1, Section 5 provide the requirements for calculating average weekly wages (AWWs). Title 39-A M.R.S.A. Section 102(1) and Board Rules and Regulations Chapter 8, Section 9 provides the requirements for determining weekly compensation rates (WCRs). Title 39-A M.R.S.A. Sections 212, 213, and 215 provide the requirements for compensation for total incapacity, partial incapacity, and death benefits.
- The accuracy of indemnity payments was reviewed for forty-eight (48) claims.
- Average Weekly Wage:
  - Forty-four (44) AWWs were correct.
  - Four (4) AWWs were incorrect.
- Weekly Compensation Rate:
  - Forty-four (44) WCRs were correct.
  - Four (4) WCRs were incorrect.
- Partial Benefits Calculation Method:
  - The method used to calculate partial benefits was correct for nineteen (19) claims.
  - The method used to calculate partial benefits was incorrect for twelve (12) claims.
- Amount Paid:
  - Twenty (20) claims were compensated correctly.
  - Fifteen (15) claims were underpaid (\$3,000.61 aggregately).
    - Since October 16, 2017, MMTA paid the amounts due.
  - Thirteen (13) claims were overpaid (\$2,299.62 aggregately).
  - Collectively, the aforementioned errors resulted in a net underpayment of \$700.99 to injured workers.

◆ **Accuracy of medical payments**

- Title 39-A M.R.S.A. Section 209-A and Board Rules and Regulations Chapter 5, provide the fee setting requirements for medical and ancillary services and products rendered by individual health care practitioners and health care facilities.
- The accuracy of medical payments was reviewed for twenty-five (25) claims.
- Amount Paid:
  - Medical payments sampled for twenty-five (25) claims were correct.

◆ **Other significant issues**

- Every insurance company insuring employers under this Act shall fill out any blanks and answer all questions submitted that may relate to policies, premiums, amount of compensation paid and such other information as the Board or the Superintendent of Insurance may determine important, either for the proper administration of this Act or for statistical purposes. See Title 39-A M.R.S.A. Section 357.
- The auditor noted that the WCB-2B, Fringe Benefits Worksheet was missing required information for sixteen (16) claims.
- Box 22 (First Day Of Compensability After Waiting Period Is Met) of the WCB-3, Memorandum of Payment (MOP) must accurately reflect the date of the first compensable day that follows the completion of the 7-day waiting period. See the Board's Forms and Petitions Manual.
  - Incorrect dates were reported in Box 22 of the MOPs that were filed for ten (10) claims.
- Boxes 23a (Date of Incapacity) and 23b (Date Employer Notified) of the WCB-3, Memorandum of Payment (MOP) must accurately reflect the date of incapacity and date that the employer was notified of the incapacity. Note: the Date of Incapacity reported in Box 23a and the Date Employer Notified in Box 23b must equal the Date of Incapacity (DN56) and Date Employer Notified (DN281) reported in box 43 of the WCB-1, Employer's First Report of Occupational Injury or Disease (First Report). See the Board's Forms and Petitions Manual.
  - Incorrect dates were reported in Boxes 23a and/or 23b of the MOPs that were filed for six (6) claims.

## ◆ PENALTIES

### ◆ Penalties payable to providers and/or injured employees

#### Title 39-A M.R.S.A. Section 205(3)

“When there is not an ongoing dispute, if weekly compensation benefits or accrued weekly benefits are not paid within thirty (30) days after becoming due and payable, \$50 per day must be added and paid to the worker for each day over thirty (30) days in which the benefits are not paid. Not more than \$1,500 in total may be added pursuant to this subsection. For purposes of ratemaking, daily charges paid under this subsection do not constitute elements of loss.”

Delays of “other” indemnity payments, subject to penalty under Section 205(3), were found on the following claims:

CLAIM	PENALTY JUSTIFICATION	PENALTY EXPOSURE
Walter Bickford vs. Fabian Oil, Inc. Date of Injury: 4/7/16 Date ER Notified of Incapacity: 4/20/16 Claim # W201601091 Board # 16007329	The claimant’s benefits were improperly discontinued effective 8/22/16. Payment of accrued benefits was made 11/16/17 and 3/2/18, which was 437 and 543 days after compensation became due and payable (9/5/16).	\$1,500.00
Gary Runnells vs. Carrier Trucking Date of Injury: 5/4/16 Date ER Notified of Incapacity: 5/5/16 Claim # W201601116 Board # 16008816	Payment for the 7-day waiting period was made 3/5/18, which was 646 days after compensation became due and payable (5/28/16).	\$1,500.00
Diana Varnum vs. Pine State Trading Co. Date of Injury: 5/5/16 Date ER Notified of Incapacity: 5/5/16 Claim # W201601121 Board # 16008916	Payment for the 7-day waiting period was made 3/5/18, which was 632 days after compensation became due and payable (6/11/16).	\$1,500.00
<b>Total Penalties to Injured Employees for Delays of “Other” Indemnity Payments</b>		<b>\$4,500.00</b>



◆ **Penalties payable to the State General Fund**

**Title 39-A M.R.S.A. Section 359(2)**

“In addition to any other penalty assessment permitted under this Act, the Board may assess civil penalties not to exceed \$25,000 upon finding, after hearing, that an employer, insurer or 3<sup>rd</sup>-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The Board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the Board is exempt from the provisions of the Maine Administrative Procedure Act. The amount of any penalty assessed pursuant to this subsection must be directly related to the severity of the pattern of questionable claims-handling techniques or repeated unreasonably contested claims. All penalties collected pursuant to this subsection shall inure to the benefit of the General Fund. An insurance carrier’s payment of any penalty assessed under this section may not be considered an element of loss for the purpose of establishing rates for workers' compensation insurance.”

- No action will be taken at this time.

To avoid future penalty referral(s) under Section 359(2) and/or 360(2), MMTA must take corrective measures to address the following inadequacies:

- Failure to pay benefits accurately

**Title 39-A M.R.S.A. Section 360(2)**

“The Board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The Board may also require that person to repay any compensation received through a violation of this Act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.”

- No action will be taken at this time.

To avoid future penalty referral(s) under Section 360(2) and/or 359(2), MMTA must take corrective measures to address the following inadequacies:

- Failure to pay benefits accurately

# COMPLIANCE TABLES

## ◆ Timeliness of Benefit Payments

### A. Initial Payment of Indemnity Benefits

			7/1/15 - 6/30/17	
			Number	Percent
Check Issued Within:				
0-14	Days	<b>Compliant</b>	61	95%
15-44	Days		3	5%
Total			64	100%

### B. Subsequent Payment of Indemnity Benefits

			7/1/15 - 6/30/17	
			Number	Percent
Check Issued Within:				
0-7	Days	<b>Compliant</b>	483	95%
8-37	Days		24	5%
Total			507	100%

### C. Medical Payments

			7/1/15 - 6/30/17	
			Number	Percent
Check Issued Within:				
0-30	Days	<b>Compliant</b>	58	97%
31+	Days		2	3%
Total			60	100%

### D. Payment of Approved Agreements, Orders, Decisions

			7/1/15 - 6/30/17	
			Number	Percent
Check Issued Within:				
0-10	Days	<b>Compliant</b>	3	100%
Total			3	100%

◆ Accuracy of Indemnity Payments

E. Average Weekly Wage

		7/1/15 - 6/30/17	
		Number	Percent
Calculated:			
Correct	<b>Compliant</b>	44	92%
Incorrect		4	8%
Total		48	100%

F. Weekly Compensation Rate

		7/1/15 - 6/30/17	
		Number	Percent
Calculated:			
Correct	<b>Compliant</b>	44	92%
Incorrect		4	8%
Total		48	100%

G. Partial Benefits

		7/1/15 - 6/30/17	
		Number	Percent
Calculated:			
Correct	<b>Compliant</b>	19	61%
Incorrect		12	39%
Total		31	100%

H. Amount Paid

		7/1/15 - 6/30/17	
		Number	Percent
Calculated:			
Correct	<b>Compliant</b>	20	42%
Underpaid		15	31%
Overpaid		13	27%
Total		48	100%

◆ **Accuracy of Medical Payments**

**I. Amount Paid**

		<b>7/1/15 - 6/30/17</b>	
		Number	Percent
Calculated:			
Correct	<b>Compliant</b>	25	100%
Total		<u>25</u>	<u>100%</u>