2024 SAFETY, HEALTH AND WORKERS' COMPENSATION REPORT

NORTH CAROLINA Office of
State Human Resources

Activities and Accomplishments

Office of State Human Resources (OSHR): Safety, Health and Workers' Compensation Division (SHWC)

Pursuant to NCGS §143-583 | For Fiscal Year 2023-2024

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This online report was produced by the North Carolina Office of State Human Resources in December 2024.

Members of the North Carolina General Assembly,

I am providing this annual report pursuant to NCGS §143-583 highlighting the ongoing activities and special projects of the Office of State Human Resources (OSHR) Safety, Health and Workers' Compensation Division (SHWC) for fiscal year (FY) 2024.

OSHR's annual report details the SHWC Division's statewide services to the Executive Branch and Council of State Agencies, as well as the North Carolina General Assembly, Judicial Branch, UNC System, and Community Colleges through ongoing collaborations with workplace safety and human resources staff.

This report includes statistical data as of June 30, 2024, provided by the State's third-party administrator. New workers' compensation claims increased by approximately 5.5 percent between FY2023 and FY2024, rising from 2,802 to 2,955 new injuries. This may be attributable to a lower job vacancy rate in State Agencies and universities. As such, the total number of open claims increased from 2,982 to 3,276, or 9.9 percent, between June 30, 2023, and June 30, 2024. As of June 30, 2019, a total of 3,951 claims were open; thus, despite the FY 2024 increase, open claims have decreased overall by 17.1 percent in the past five fiscal years.

The State Workers' Compensation Program (SWCP) and the State Safety and Health Program (SSHP) administered by OSHR cover approximately 170,000 State employees in Agencies, the UNC System and State-funded Community Colleges. A steadfast commitment to eliminating or mitigating workplace hazards, continuous safety education and strong safety culture at all levels of an organization are essential to improving workplace safety. Handling claims consistently and in partnership with contracted vendors will help contain costs borne by taxpayers, as evidenced by FY2024 program financials, and ensure injured employees receive benefits in a timely manner.

OSHR's SHWC Division will continue collaborating with all covered entities to provide consultation, technical assistance and educational resources for employees, as well as safety professionals and workers' compensation administrators, to reduce workplace hazards and injuries, and control workers' compensation claim 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) to report annually to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government, on the safety, health and workers' compensation activities of State Agencies; compliance with Chapter 143, Article 63 of the North Carolina General Statutes; and fines levied against State Agencies pursuant to Chapter 95, Article 16 of the General Statutes.

Pursuant to NCGS §143-583, 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 regarding 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.
- Establishes guidelines for the creation and operation of State Agency safety and health committees.
- Maintains model safety and health programs to guide State Agencies in developing their individual programs to comply with NCGS §95-148 and Chapter 143, Article 63 of the General Statutes.

SUMMARY OF SHWC DIVISION FUNCTIONS

Oversight of Statewide Safety and Health Programs (SSHP)

- Provides rapid response consultative and technical assistance services through onsite and virtual visits to State Agencies regarding workplace safety, health and industrial hygiene to reduce or eliminate workplace safety hazards.
- Reviews and assists with the development of Agency-specific safety policies and programs.
- Researches and advises Agencies on workplace safety-related matters.
- Offers alternatives to identify, analyze and control new or existing physical, chemical and biological hazards, conditions and operations.
- Reviews Agency, university and vendor 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 to address shared workplace safety challenges and concerns.
- Mentors new State Agency safety leaders regarding OSHR written model safety programs, building safety culture among all employees, compliance with regulatory requirements, available safety training, and other resources for success.
- Administers OSHR's web tool, *Flag the Hazard*, which allows State employees to report workplace hazards to their respective Agency safety leaders for correction and response.
- Maintains OSHR SHWC SharePoint site Safety Zone to communicate and maintain a virtual library of safety resources.
- Administers *WalkSmartNC*, OSHR's pedestrian safety initiative. This is a multi-Agency collaboration whose mission is to establish and promote pedestrian safety best practices. *WalkSmartNC* also provides toolkits and other resources for use in public and private sector safety campaigns statewide.

Oversight of State Workers' Compensation Program (SWCP)

- Administers vendor contracts for workers' compensation claim services.
- During FY2024, OSHR implemented new contracts for workers' compensation vendors for all claims services starting July 1, 2023, with contracts for an initial three-year term, with the option to renew for two additional one-year terms.
- 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 North Carolina Workers' Compensation Act.
- Provides training to State employees on fundamentals of workers' compensation law and proper claims management.

- Assists State Agencies with ongoing claim status assessment and appropriate claims handling.
- Serves as a rapid response 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.

Training and Resource Development

Safety

- OSHR safety staff collaborated with safety professionals via the *Hazard Prevention Network* to generate
- new and revised model programs, guidelines, best practices, and other technical resources to help Agencies meet safety standards.
- OSHR worked with DPS and State Capitol Police to create and produce a new Active Assailant training video for State employees that may be customized by Agencies with additional content.
- OSHR Safety Staff authored an OSHR New Employee Safety and Health Orientation training addressing a wide variety of workplace safety topics that will be published in late 2024. Other Agencies may use this training as a template to create their own worksite-specific safety training for new and existing employees.
- Reorganized and revised content of OSHR Safety program webpages on OSHR website.
- Safety Staff conducted training as follows for State employees:
  - Conducted DHHS' Annual Environmental, Health and Safety Training Presentations, and OSHA 10 training for 74 State employees.
  - Conducted Fall Protection training for 30 NC State University employees.
  - Conducted Fire Extinguisher Training and virtual Ergonomics Awareness Training for 31 Office of State Human Resources (OSHR) employees.
  - Conducted Fire Prevention, Industrial Hygiene Equipment Use, OSHA 10 and Forklift Training for 50 Department of Natural and Cultural Resources (DNCR) employees.
  - Conducted OSHA 10 training for 30 Department of Adult Correction (DAC) State employees.
  - Conducted Understanding Respiratory Protection, Understanding Spirometry – Pulmonary Function Testing and virtual respiratory protection training for 9 Department of Administration (DOA) State employees.
  - Conducted OSHR Recordkeeping Refresher Class for 75 Office of State Human Resources (OSHR), Department of Public Safety (DPS), and Department of Health and Human Services (DHHS) employees.

Workers' Compensation

- Promoted and monitored State employee completion of Qualified Workers' Compensation Professional Certification, 15 detailed training modules created by OSHR in collaboration with the Attorney

General's Office and available on the improved North Carolina Learning Center, accessible through the Integrated HR-Payroll System (BEACON), since June 28, 2021.

- Created virtual training including an overview of workers' compensation law and claim handling for North Carolina local government staff.
- Created new or revised virtual trainings:
  - *2023 Workers' Compensation Update* addressing recent legal developments and important reminders in claims handling.
  - *Claim Closing and Settlement Strategies (revision)*
  - *Salary continuation (revision)*
- Updated claims handling resources as needed pursuant to workers' compensation vendor services contracts implemented July 1, 2023. This information was provided to vendors and Agencies and posted on the OSHR workers' compensation webpage and *CompWorld* SharePoint site.

SUMMARY OF STATE SAFETY AND HEALTH PROGRAM (SSHP) FY2024 ACTIVITIES

A. Safety Consultative and Technical Assistance

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

In FY2023, SSHP restructured the *Safety Consultative and Technical Assistance Visits* Program to simultaneously build partnerships and assist State Agencies with achieving adherence to model programs. During these in-person or virtual visits, SSHP continues engaging directly with State Agencies. SSHP staff completed 43 on-site safety consultative and technical assistance visits in FY2024.

These visits included a review of the Agency's policies and procedures, documentation of safety reports, training programs and records, safety goals, injury analysis, hazard assessments and safety committee meeting minutes.

As OSHR is not a regulatory Agency that issues citations or fines, these visits provide State Agencies with ongoing risk management assessments of potentially hazardous conditions that could result in future injury or assessment of regulatory fines. SSHP conducted 1,478 unscheduled phone, email or text rapid response consultations for State Agency safety professionals.

SSHP staff assisted multiple State Agencies in conducting interviews for various safety professional vacancies.

B. Hazard Recognition and Mitigation

SSHP proactively partners with State Agencies to improve hazard recognition and mitigation. OSHR engages in a 12-month cycle of events with an annual observance of *State Safety Month*, direct communications with State Agency employees, 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 web-based reporting tool, *Flag the Hazard*, is available at hazards.nc.gov. The tool permits State employees to report workplace hazards or safety concerns for any State Agency, with the option to make an anonymous report.

Agency Employees enter detailed hazard reports, including pictures, via the *Flag the Hazard* web portal without being required to include their name or email address. These hazard reports are automatically forwarded to OSHR and the Agency safety designees via email marked "High Importance." Agency safety designees have seven calendar days to respond to the hazard report. The Agency's hazard response includes corrective actions and other relevant information and is automatically relayed via email if provided. If the Agency fails to respond to a hazard

report in a timely manner, SSHP staff contacts them directly via email or phone to address the delay.

The system cumulatively tracks all reported hazards, enabling OSHR to analyze detailed data and Agency responses to identify trends and highlight successes. During FY 202, five Agency hazards were reported, and three of them were resolved.

C. Hazard Prevention Network (HPN)

SSHP works in partnership with the entire network of State Agency safety leaders and professionals via the *Hazard Prevention Network* (HPN).

The HPN strives to improve safety communications and focuses on establishing collaboration 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. FY2024 work groups include Ergonomics, Machine Guarding, Safe Work Environment and Injury Reduction, and Establishing an Environmental Health and Safety Program for State Agencies and Universities. These work groups were initiated and met several times to generate guidance documents that will be compiled into model programs during Fiscal Year 2025.

Quarterly HPN meetings feature a variety of safety professionals addressing many workplace safety issues. Safety professionals statewide received education during HPN quarterly hybrid in-person/virtual meetings on the following topics:

- Ergonomic Programs
- Active assailant training and active assailant site assessments.
- NC Department of Labor (NCDOL) quarterly OSHA Updates
- US Department of Labor Bureau of Labor Statistics (BLS) surveys
- Elevator Inspections
- Boiler and Pressure Vessel Inspections
- Spill Prevention Control and Countermeasures
- Heat Stress and Fatigue
- Emergency Response
- Safe Work Environment and Injury Reduction
- Job Hazard Analysis
- Agency safety leaders/workers' compensation administrator collaboration.
- Undergraduate, graduate and certificate programs for occupational safety and emergency management available at UNC System institutions.
- WalkSmartNC
- National Safety Month.

D. Safety and Hazard Education and Training

SSHP staff conducted 2,170 safety-related training hours for 299 State employees in various State Agencies and universities during FY2024, including: OSHA 10 – *General Industry Awareness* and *OSHR Bootcamp for New State Safety Professionals.*

Onsite and virtual preventive ergonomic assessments were conducted upon request for six State employees. SSHP staff also help Agencies establish their own ergonomic evaluation programs by providing training on proper ergonomic assessment methods and sample documentation.

SSHP regularly updates the OSHR SharePoint site *Safety Zone* for Agency safety leaders and workers' compensation administrators to communicate, share resources, identify and eliminate workplace hazards, and promote best practices.

E. WalkSmartNC

WalkSmartNC's ongoing work includes:

- The *WalkSmartNC* website features pedestrian safety-related statistics, a fully downloadable detailed social media toolkit, signage, and flyers highlighting safety tips for drivers and pedestrians.
- The *WalkSmartNC* pledge campaign to walk and drive smart has been widely publicized to encourage State employees to be mindful of pedestrian safety.
- *WalkSmartNC* training videos, currently posted on YouTube and the NC Learning Center, that include comprehensive content on driver and pedestrian safety, and proactive steps everyone can take to make walking safer in their communities.

OSHR continued its efforts during FY2024 to provide resources to pedestrians and drivers communicating safety best practices and behaviors that can be utilized in any high-traffic motorist and pedestrian location.

FY2024 *WalkSmartNC* activities have included:

- Pedestrian safety awareness in December 2023, in collaboration with State Capitol Police and Raleigh Police Department Traffic Control Unit, and with support from the State Parking Office of the North Carolina Department of Administration.
- Continued promoting virtual *Walk and Drive Smart Pledge* campaign encouraging safe practices while walking and driving.
- Participated in State Agency facility *Safety Days*.
- Updated rack cards and education materials for drivers and pedestrians are available for download at the *WalkSmartNC* website.

Following *WalkSmartNC*'s creation in 2019, the NCDOT Traffic Safety Unit contracted with VHB (Vanasse Hangen Brustlin Inc.) to perform the *Downtown Raleigh Pedestrian Safety Study* to assess the existing pedestrian environment, identify priority locations for short-term traffic and safety impacts, and develop pedestrian safety improvements.

Through news releases and related coverage, direct messages to State employees and social media outreach, *WalkSmartNC* encouraged State employees and others who live in, work in, or visit the downtown complex, to participate in this study via an online pedestrian safety survey

and field data collection. This information, along with traffic volume, pedestrian volume and speed data, yielded many suggestions for improvement.

Now, these suggestions have been fully adopted by the City of Raleigh. In the downtown complex, these collaborative efforts have resulted in reduced speed limits, elimination of right turns on red, leading pedestrian intervals at crosswalks, and reconfigured left turn lanes. Those safety improvements will avoid pedestrian-motorist collisions and save lives.

WalkSmartNC is glad to have served as an impetus for this effort and to have worked with GHSP and NCDOT as part of the coalition to convert these recommendations into realities.
OSHR will continue engagement with State employees via a variety of communication methods to promote pedestrian safety amongst State employees. OSHR looks forward to future collaboration with GHSP, NCDOT and other pedestrian safety stakeholders as opportunities arise.

State Safety Day

OSHR celebrated June *Safety Month* with *State Safety Day* on June 12, 2024, at Bicentennial Plaza. The event included 17 State Agency and vendor exhibitors covering a variety of safety-related information, including Governor Cooper's new *NC S.A.F.E.* initiative. Safety professionals and other employees in DOA, DAC, DACS, DHHS and DPS partnered with OSHR on setup, logistics and breakdown to make this event a huge success.

The following Agencies participated in the 2024 State Safety Day event:

- NC State Bureau of Investigation
- NC State Capitol State Police
- State Highway Patrol
- State Highway Patrol Recruiting
- Raleigh Fire Department
- NCDAC Correction Enterprises
- KASK America
- German Bionic
- Grainger Industrial
- NC Department of Adult Correction
- Fisher Scientific
- NC Department of Public Safety
- NC Wildlife Resources Commission
- NC S.A.F.E.
- OSHR Safety
- OSHR Talent Acquisition
- Philips Emergency Care
- Cintas

NC S.A.F.E.
Secure All Firearms Effectively

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POLICE

FY2024 North Carolina Department of Labor (NCDOL) Inspection Activity: Citations and Fines for State Agencies

Pursuant to the directive of NCGS §143-583(c), this report includes the following NCDOL Division of Occupational Safety and Health data. OSHR safety staff is available for consultation and technical assistance to all State Agencies regarding NCDOL-identified workplace safety issues.

Description Totals

- Total inspections listed: 14
- Total inspections conducted: 14
- Total inspections with citations: 2
- Total inspections without citations: 12
- Total citations issued currently pending: 2
- Total initial penalties assessed: $0.00
- Total current penalties assessed: $0.00

State Agency Citation and Fines Activities – FY2024

Open Date	Company Name	No Cit	Total Viol	Ser Viol	Wil Viol	Rep Viol	Oth Viol	Initial Penalty	Current Penalty	*Paid Penalty	Close Date
7/11/2023	North Carolina Department of Transportation	X	0	0	0	0	0	$0.00	$0.00	$0.00	0719/2023
7/25/2023	NC DAC - Bertie Correctional Institution	X	0	0	0	0	0	$0.00	$0.00	$0.00	10/17/23
8/14/2023	NC Department Of Adult Corrections	X	0	0	0	0	0	$0.00	$0.00	$0.00	09/29/23
9/28/2023	NCDOT - District II Office	X	0	0	0	0	0	$0.00	$0.00	$0.00	12/19/23
11/6/2023	NCDOT Safety & Risk Management Maintenance - Harnett		1	0	0	0	1	$0.00	$0.00	$0.00	OPEN
11/21/2023	North Carolina Department of Motor Vehicles	X	0	0	0	0	0	$0.00	$0.00	$0.00	02/06/24
1/11/2024	NCDOT Safety & Risk Management Maintenance - N Franklin	X	0	0	0	0	0	$0.00	$0.00	$0.00	02/23/24
1/25/2024	DHHS - DOSHF/WRIGHT SCHOOL		1	0	0	0	1	$0.00	$0.00	$0.00	07/18/24
1/25/2024	UNC at Chapel Hill	X	0	0	0	0	0	$0.00	$0.00	$0.00	02/26/24
2/17/2024	NC DOT Safety & Risk Management - Equipment Shop-Jones CTY	X	0	0	0	0	0	$0.00	$0.00	$0.00	06/06/24
3/14/2024	NCDOT - Highway Division 6	X	0	0	0	0	0	$0.00	$0.00	$0.00	03/22/24
3/21/2024	NC Department of Health and Human Services DBA Broughton H	X	0	0	0	0	0	$0.00	$0.00	$0.00	04/26/24
4/30/2024	North Carolina Department of Adult Corrections	X	0	0	0	0	0	$0.00	$0.00	$0.00	07/05/24
5/17/2024	NCDOT Safety & Risk Management - Maintenance Hoke County	X	0	0	0	0	0	$0.00	$0.00	$0.00	06/25/24
		TOTALS:	**2**	**0**	**0**	**0**	**2**	**$0.00**	**$0.00**	**$0.00**	

OSHR SAFETY/WORKERS' COMPENSATION STRATEGIC GOALS RESULTS

To determine whether Agency and university implementation of OSHR-recommended safety training reduced their most frequently occurring injuries, OSHR Safety staff sends a survey to Agency and university HR Directors near the end of the fiscal year with the following questions:

1. Whether OSHR safety staff recommended training was completed by employees during that fiscal year.
2. Whether all reported incidents/injuries were investigated during that fiscal year.
3. Whether corrective actions as identified during each incident/injury investigation were completed, as feasible, to reduce or eliminate workplace hazards during that fiscal year.
4. Whether safety staff provide new employees with safety training within 30 days of hiring.
5. Whether the Agency or university has a hazard reporting program for employees.
6. Whether the Agency or university has a centralized repository of maintenance work orders.

OSHR Safety training recommendation letters were emailed to 51 Agency and university HR Directors in May 2024.

In May 2024, OSHR Safety sent a survey to Agency/university HR Directors – 49 out of 51 surveyed Agencies responded.

Based on the survey findings, the majority of Cabinet Agencies, Council of State Agencies, universities and all other Agencies, have implemented safety training programs. However, there is variation in the level of compliance and implementation across different Agencies and universities.

It is notable that the Department of Adult Correction reported employee completion of OSHR suggested safety trainings available in the NC Learning Center as follows:
1. Slips Trip and Falls in Office Environments: 11,308 completions
2. Safe Lifting: 11,045 completions
3. Materials Handling Safety: 11,688 completions
4. Hand, Wrist, and Finger Safety: 11,077 completions

The high number of Agencies and universities that reported completing safety training indicates a positive commitment to workplace safety. This suggests that these Agencies and universities recognize the importance of educating employees on safety protocols and prevention measures.

Question	Cabinet		Council of State		Universities		Other State Agencies		All	
	Yes/No /NA	%	Yes/No/ NA	%	Yes/No/ NA	%	Yes/No/ NA	%	Yes/No/ NA	%
1. Did your employees complete safety training concerning one or more of the OSHR recommended safety topics?	Yes: 11 No: 4 N/A: 0	73% 27% 0%	Yes: 3 No: 3 N/A: 0	50% 50% 0%	Yes: 17 No: 1 N/A: 1	89% 5% 5%	Yes: 7 No: 3 N/A: 0	70% 30% 0%	Yes: 38 No: 11 N/A: 1	76% 22% 2%
2. Were incident/injury investigations including root cause analysis conducted for each employee incident report?	Yes: 13 No: 2 N/A: 0	87% 13% 0%	Yes: 4 No: 1 N/A: 1	66% 16% 16%	Yes: 16 No: 3 N/A: 0	84% 16% 0%	Yes: 8 No: 2 N/A: 0	80% 20% 0%	Yes: 41 No: 8 N/A: 1	82% 16% 2%
3. Did your Agency identify and/or implement corrective actions to reduce or eliminate workplace hazards identified in employee incident reports or incident investigations?	Yes: 14 No: 1 N/A: 0	93% 7% 0%	Yes: 5 No: 1 N/A: 0	83% 17% 0%	Yes: 18 No: 1 N/A: 0	94% 6% 0%	Yes: 8 No: 2 N/A: 0	80% 20% 0%	Yes: 45 No: 4 N/A: 1	90% 8% 2%
4. Does your safety staff provide new employees with safety training within 30 days of hiring?	Yes: 12 No: 3 N/A: 0	80% 20% 0%	Yes: 5 No:1 N/A: 0	83% 17% 0%	Yes: 18 No: 1 N/A: 0	94% 6% 0%	Yes: 7 No: 3 N/A: 0	70% 30% 0%	Yes: 42 No: 8 N/A:0	84% 16% 0%
5. Does your Agency have a hazard reporting program for employees?	Yes: 14 No: 1 N/A: 0	93% 7% 0%	Yes: 6 No: 0 N/A: 0	100% 0% 0%	Yes: 18 No:1 N/A: 0	94% 6% 0%	Yes: 9 No: 1 N/A: 0	90% 10% 0%	Yes: 47 No: 3 N/A: 0	94% 6% 0%
6. Does your Agency have a centralized repository of maintenance work orders?	Yes: 11 No: 4 N/A: 0	73% 27% 0%	Yes: 5 No: 1 N/A: 0	83% 17% 0%	Yes: 19 No: 0 N/A: 0	100% 0% 0%	Yes: 9 No: 1 N/A: 0	90% 10% 0%	Yes: 44 No: 6 N/A: 0	88% 12% 0%

SUMMARY OF FY2024 WORKERS' COMPENSATION ACTIVITIES

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 North Carolina Department of Justice 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 Safety Health and Workers' Compensation (SHWC) Division seeks to help injured employees and support State Agencies throughout the claims process, the duration of which 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, as well as medical and other related costs.

The SHWC 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.

During FY2024, OSHR completed the implementation process for new workers' compensation vendors for claims services starting July 1, 2023. The following vendors were awarded contracts for an initial three-year term, with the option to renew for two additional one-year terms:

- Third-party administrator (claims administration, medical, pharmacy benefits management, medical bill review): CorVel
- Nurse/vocational case management: Carolina Case Management, Southern Rehabilitation Network
- Physical therapy: MedRisk
- Diagnostic radiology: One Call
- Home Health/durable medical Equipment: One Call
- Transportation/translation: HomeLink

B. "Extended Compensation" Claims Litigation

Pursuant to 2011 amendments to the Workers' Compensation Act, an employee is entitled to indemnity compensation for only 500 weeks from the date of first disability, unless the employee qualifies for extended compensation per NCGS § 97-29(c). To qualify for extended compensation benefits, an employee may file an action with the North Carolina Industrial Commission after 425 weeks have passed (since their first weekly payment) and establish a

"total loss of wage-earning capacity." The definition of this standard has been litigated in numerous cases by the Industrial Commission and is now pending before the appellate courts.

The OSHR SHWC Division Director and State Workers' Compensation Manager have monitored all Industrial Commission decisions on extended compensation requests to determine what types of evidence have been considered persuasive by the Industrial Commission and have monitored third-party administrator adherence to the comprehensive procedure developed by OSHR SHWC to put these claims in the best posture for a successful outcome. OSHR's SHWC Division coordinated its efforts with the Attorney General's Workers' Compensation section and has kept State Agencies and vendors of related services apprised of rulings and trends.

On April 18, 2023, the NC Court of Appeals issued its first "extended compensation" ruling in COA 22-421 *Martin Sturdivant v. DPS (now DAC)*. On May 23, 2023, the State filed a petition for discretionary review to the NC Supreme Court challenging the Court's ruling concerning the legal standard for award of disability compensation after 500 weeks. The NC State Supreme Court granted this petition on December 15, 2023, and oral arguments have been set to be heard on September 24, 2024.

In response to the Court of Appeals ruling in the *Sturdivant* case, the NC legislature passed a clarifying amendment that specifically defines the legislative intent as to the definition of the term "total loss of wage-earning capacity" as used in NCGS § 97-29(c).

C. Partnership with State Agencies

The 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:

- Serve as an information resource for Agency workers' compensation administrators and legal staff regarding workers' compensation-related claim handling matters.
- 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.
- Develop extensive virtual training resources for employees, supervisors, and Agency workers' compensation administrators regarding a variety of compensation-related topics.
- Communicate with contracted vendors, State Agencies and the North Carolina Department of Justice Workers' Compensation Section, regarding the handling of various claims management issues.
- Work in partnership with contracted vendors to address claim issues or concerns raised by injured employees, State Agency workers' compensation administrators, North Carolina Department of Justice's Workers' Compensation Section, or independent review of OSHR.
- Work directly with vendors to ensure workers' compensation service contract compliance and continuous performance improvement.
- Maintain the SharePoint website CompWorld and generate informational job aids, checklists, process charts, flowcharts, and other resources to aid in workers' compensation claims management.

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

D. Training Resources Development

The SHWC Division developed comprehensive workers' compensation claims management training for workers' compensation administrators, human resources staff, safety professionals, supervisors and other Agency and university staff. The training became available through the improved *North Carolina Learning Center*, accessible through the Integrated HR-Payroll System (BEACON) on June 28, 2021.

The 15 modules cover topics addressing the details of handling workers' compensation claims. Each module includes information concerning the respective roles and responsibilities of the employee, employer, third-party administrator, other vendors, and the Attorney General's Office as applicable, concerning each feature of claim handling. The on-demand training modules allow new personnel immediate access to training and other vital information whenever needed.

OSHR constantly promoted the modules, monitored usage and recognized employees who completed all training modules throughout FY2024.

The following 15 modules are available and categorized as workers' compensation administrator training, though other State employees are encouraged to take any portions of the trainings that could be beneficial in their work duties:

Module	Title
1	A Primer in Workers' Compensation Terms and Definitions
2	Forms Used in Workers' Compensation Claims
3	Roles and Responsibilities in Workers' Compensation Claims
4	Initial Injury Reporting & Incident Investigation
5	Claim Compensability
6	Communications In State Workers' Compensation Claims
7	MMI, Return to Work & Medical Treatment
8	FCEs, Work Conditioning & Vocational Rehabilitation
9	Functional Job Descriptions
10	Return to Work
11	Claim Closing and Settlement Strategies
12	Salary Continuation
13	Life Cycle of a Litigated Claim

14	Medicare Set-Asides
15	Rules 605 Discovery and 607 Requests

The modules were developed by SHWC Division staff and reviewed by the North Carolina Department of Justice Workers' Compensation Section head.

OSHR has additional workers' compensation training modules available in the learning system including *2022 Workers' Compensation Update*, *Medicare Reporting and Conditional Payments* and *Workers' Compensation Basics for Supervisors*. During FY2024, the workers' compensation staff developed a new training *2023 Workers' Compensation Update* and revised *Salary Continuation* and *Claim Closing and Settlement Strategies*.

E. OSHR Qualified Workers' Compensation Professionals program

To incentivize the completion of all training modules, employees in any Agency or university may obtain recognition as a *Qualified Workers' Compensation Professional* (QWCP) by completing all currently available WCA training modules on NC Learning Center. This includes a passing score on each quiz at the end of the modules. QWCPs receive an electronic certificate and letter from OSHR including instructions for annual certificate renewal. This designation may be renewed annually by completion of a training module that will include any updates on law and claim handling procedures for the prior calendar year

As of the end of FY2024:

- 2,906 training modules completed.
- 518 employees participated, representing 41 Agencies, universities and community colleges trained.
- 128 employees completed all 15 modules and were presented with *Qualified Workers' Compensation* Professional certificates.

Agency Workers' Compensation Administrators continue to benefit from training in a wide range of workers' compensation topics available at all times. Here are a few comments from State employees.

> "I'm so proud to have received this certificate and the recognition. Thank you for the opportunity to advance my skills as a Workers' Compensation Administrator." -N.C. Department of Insurance

> "Thank you so much. The training was very detailed and helpful." -N.C. Administrative Office of the Courts

> "I found the training to be very beneficial." -N.C. Department of Adult Correction

OSHR workers' compensation staff also make workers' compensation training available to local government employees through live workers' compensation basics training webinars, which are offered twice a year.. In addition, OSHR workers' compensation staff participate in some

Agency-specific trainings and serve as presenters at workers' compensation-focused trainings and conferences, including serving on a panel at the North Carolina Industrial Commission's 2023 North Carolina Workers' Compensation Educational Conference.

TOTAL NEWLY REPORTED WORKERS' COMPENSATION CLAIMS

The Number of Total New Reported Claims Increased in FY2024

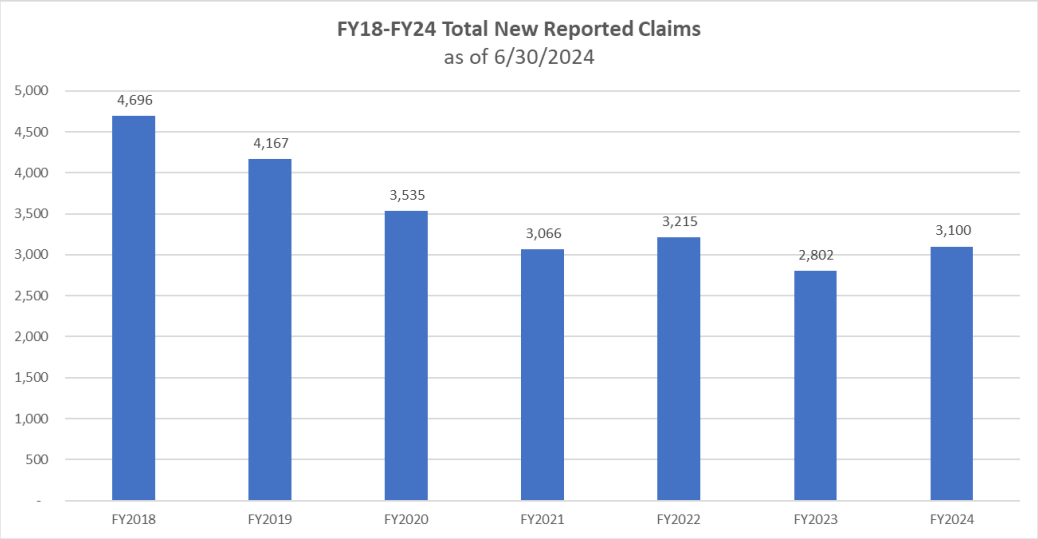
The total number of newly reported claims increased from 2,802 in 2023 to 3,100 in 2024 but still remains significantly below the number of newly reported claims in FY2018-FY2020. The increase in filing in FY2024 can be attributed, in part, to some FY2023 injuries not being entered into the claims system until FY2024 to avoid billing of claim transfer fees due to a change in the third-party administrator vendor, effective July 1, 2023. Even with the increase, the 3,100 new claims in FY2024 is a decrease of 1,596 claims from the number filed in FY2018.

This approximate decrease of 33.99 percent in newly reported claims over the past six fiscal years, from FY2018 to FY2024, may be attributed in part to increased awareness of workplace hazards and the importance of eliminating or mitigating identified risks (before an injury occurs) by State Agency employees and employers and an increase in the number of employees working remote or hybrid schedules.

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.

FY2018-24 Total New Reported Claims as of June 30, 2024



TOTAL WORKERS' COMPENSATION CLAIMS COST

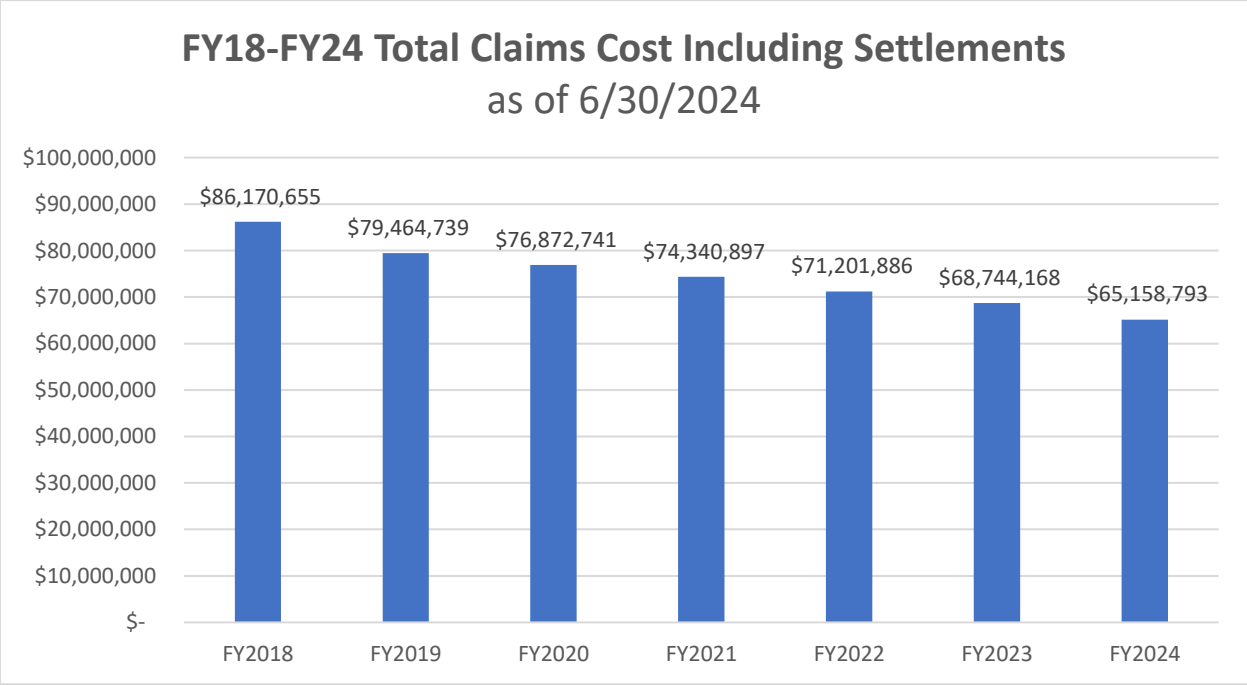
Total Claims Cost Continues to Decline in FY2024

Total workers' compensation claims cost, which includes settlements, decreased from $ $68,744,168 in FY2023 to $ $65,158,793, representing an overall decrease of $3,585,375, or approximately 5.22 percent.

This decline in total claims cost despite increased wages and a recent increase in new claims can be attributed in part to the cost savings being realized from full and final settlements of claims in the past and the cessation of indemnity payments in some claims that have reached their 500-weeks indemnity cap. Cost reduction can also be attributed to the ongoing commitment by State Agencies to reduce lost time from work via comprehensive return-to-work programs and OSHR's direct contractual relationships with claim services vendors, which allows OSHR to engage in greater oversight and directly hold vendors accountable for adhering to contractual requirements associated with the delivery of services.

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.

FY2018-24 Total Claims Cost Including Settlements as of June 30, 2024



TOTAL CLAIM SETTLEMENT COSTS

Claim settlements continue to provide cost savings

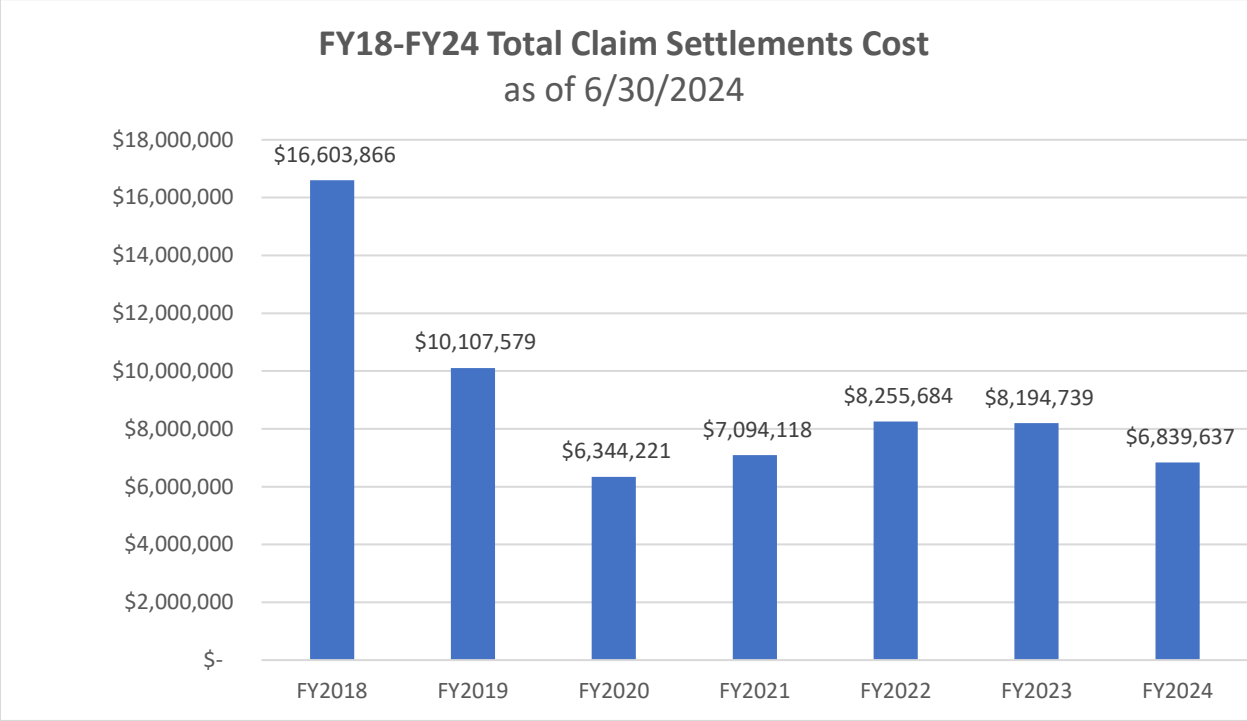
Claim settlements in FY24 totaled $$6,839,637, resulting in an estimated $24,648,204 in projected future cost avoidance. Total settlement dollars decreased by 16.54 percent. However, projected future cost avoidance saw a substantial increase from $21,145,872 in FY23 to $24,648,204, or 16.6%, in FY2024.

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 $4.38 million that became available in FY17, to assist in closing existing workers' compensation claims. Session Law 2017-57, Section 2.1 also appropriated $2 million for the same purpose. These appropriations increased the number of claims settled during those years, resulting in increased cost avoidance.

Settlement of claims with the assistance of General Assembly appropriated funds in FY2016-18 yielded projected future claim cost savings exceeding $136 million. Continued weekly disability and medical payments for claims not timely settled, typically cost State Agencies more before a claim closes than the lump sum payment required to timely settle it.

FY2018-24 Total Claims Settlement Cost as of June 30, 2024



Note: These settlement costs are included in the total claim costs listed in the table above. Increased use of settlements can, in appropriate cases, reduce total claim costs by reducing future costs that likely will be spent throughout the remainder of the lifetime of a claim.

SALARY CONTINUATION PAYMENTS PER NCGS §143-166.13

Salary continuation payments increased slightly in FY2024

Salary continuation payments are available when a qualified employee incurs an injury resulting from, or arising out of, an episode of violence, resistance, or other special hazards that occur while the eligible employee is performing official duties.

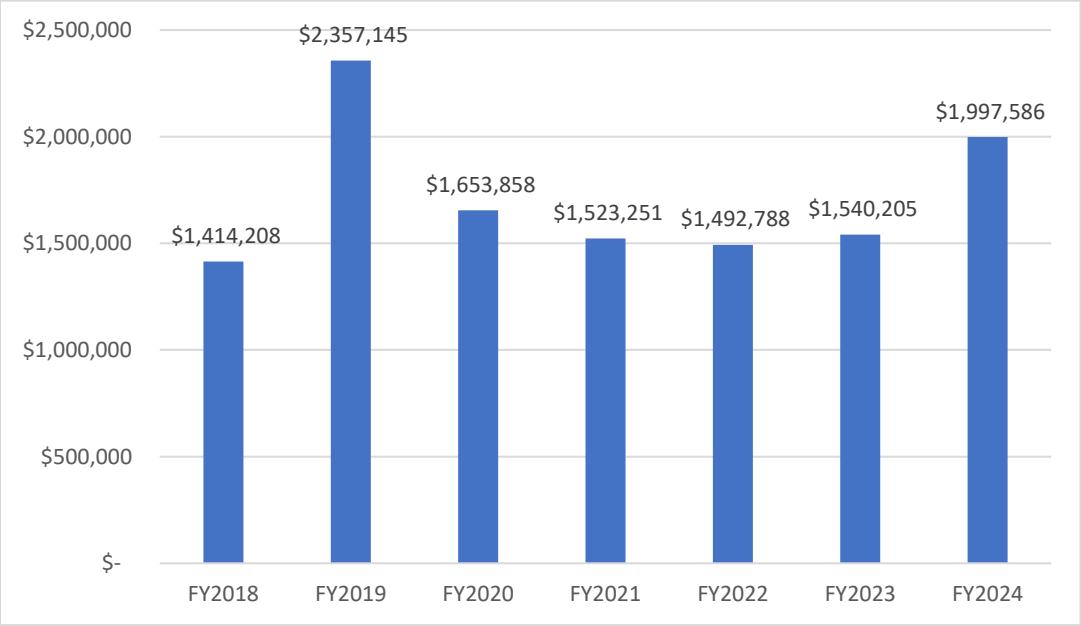
Salary continuation payments are also available pursuant to NCGS §115C-338 when an employee of a State-supported educational institution is injured in an episode of violence.

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.

Salary continuation payments increased by -$457,381 from FY2023 to FY2024, or approximately 29.70 percent. This increase may be attributed to recent pay increases of persons whose claims are eligible for salary continuation benefits, as well as a small increase in the number of correctional officer and highway patrol injuries.

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

FY2018-24 Total Salary Continuation Payments as of June 30, 2024



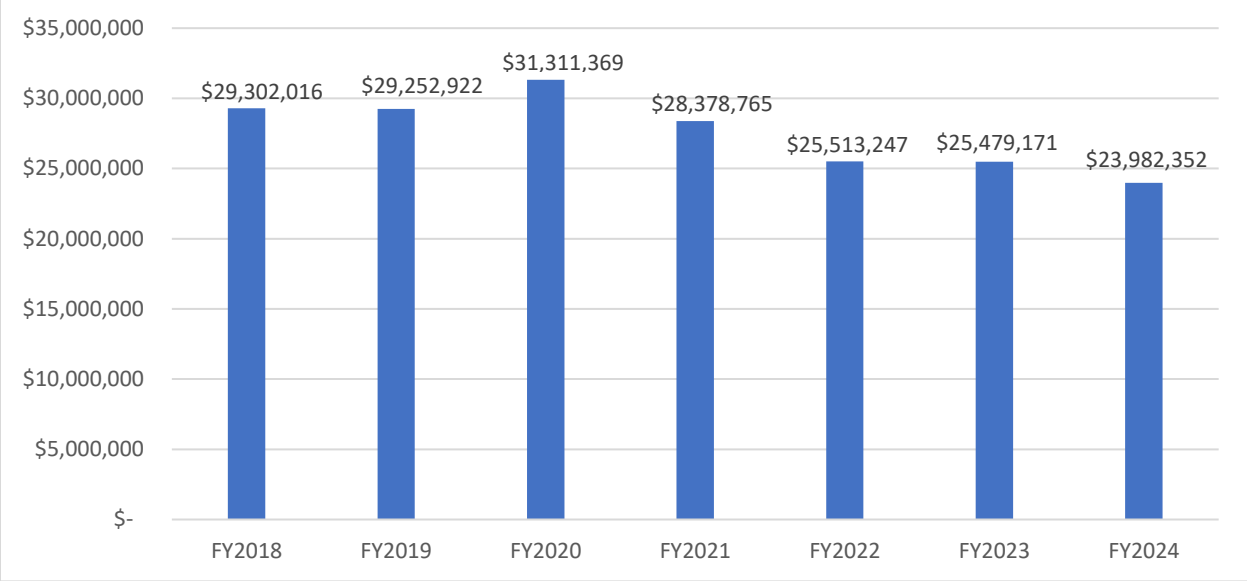
TOTAL MEDICAL COSTS

Total medical costs dropped in FY2024

Total medical costs include hospital and outpatient treatment, physician visits, prescription drugs, diagnostic radiology, physical therapy, home health, durable medical equipment, transportation, translation and some other ancillary services. Medical costs during FY2024 were 5.87 percent less overall than in FY2023 and 18.14 lower than in FY2017, continuing the downward trend in annual medical expenses.

The decrease in medical costs over the past six fiscal years may be attributed to reductions in the North Carolina 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 contract measures are taken to obtain more reduced and more transparent pricing for many medical services.

FY2018-24 Total Medical Costs as of June 30, 2024



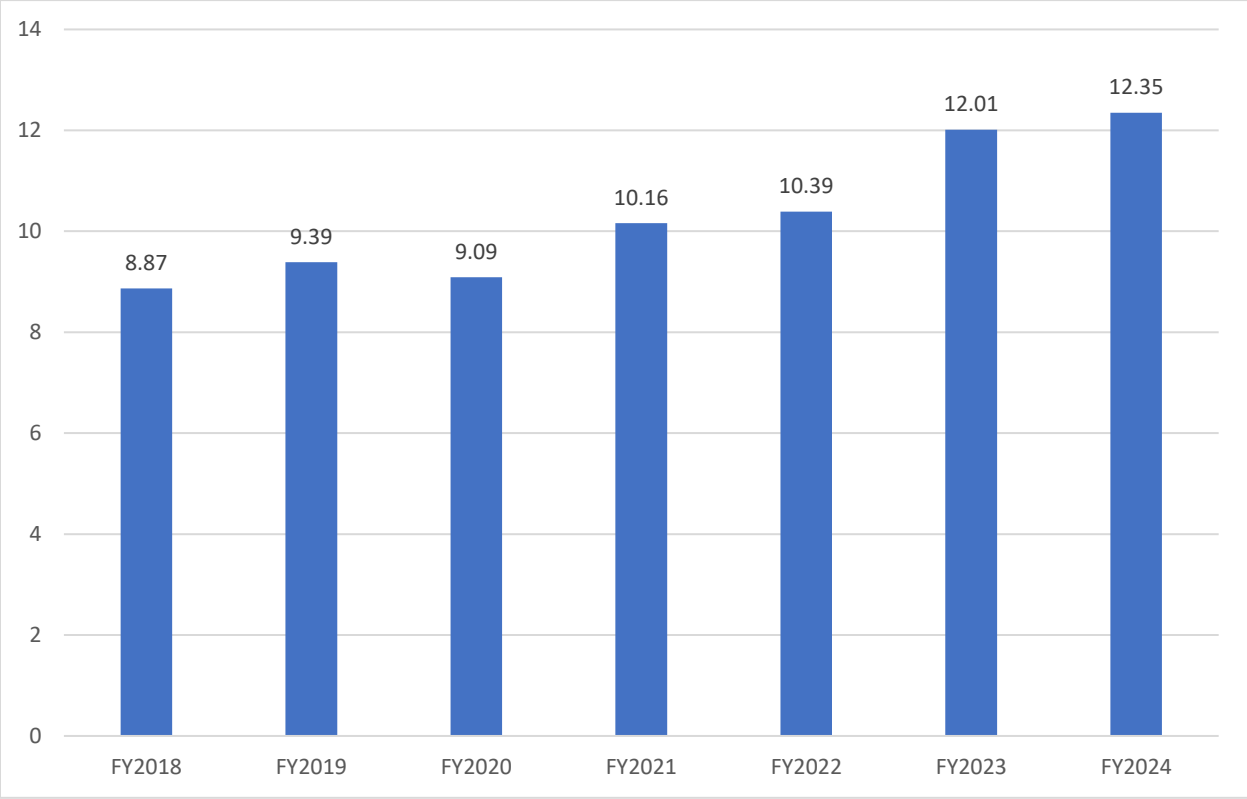
INJURY REPORTING LAG TIME

The FY2024 increase in injury reporting lag time is attributable in part to some Agencies delaying entry of claims in June 2024 until after the change to the new third-party administrator effective July 1, 2024, to avoid claims transfer fees. While Agencies delayed entry of some claims into the third-party administrator claims system, initial claims investigation and necessary initial medical treatment of injured

employees was not delayed. While Agencies had a valid financial incentive to delay reporting of some claims in FY2024, early claim entry into the third-party administrator system is generally encouraged. 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. Developing a positive employee-adjuster working relationship is instrumental in generating the best possible claim outcome and increasing employee satisfaction with claim handling.

FY2018-24 Average Days From Date of Injury Until Injury Report is Complete for New Injuries That Occurred During the Fiscal Year as of June 30, 2024



CONCLUSION

The SHWC Division will continue to make necessary modifications in ongoing programs, initiatives and outreach to ensure State Agencies continue moving forward with improvements in workplace safety and workers' compensation claims management.

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 is maintained between OSHR and State Agencies, vendors and the North Carolina Department of Justice Workers' Compensation section to rapidly respond to any concerns and to identify opportunities to promote the best possible claim outcomes.

OSHR SHWC staff provide rapid responses to consultation requests from State Agencies daily, regarding a multitude of topics. OSHR seeks to continue building a bridge between Agency safety professionals and human resources staff handling workers' compensation claims to enhance safety culture statewide. In doing so, OSHR looks forward to continued declines in workplace injuries and total workers' compensation costs.

DATA DICTIONARY

Claims Cost – Total amount paid pursuant to State law for "disability compensation" as defined in NCGS §97-2(11), "medical compensation" as defined in NCGS §97-2(19) and other claim cost.

Fiscal Year – July 1st of each year through June 30th of next year.

NCDOL – NC Department of Labor.

NCIC – North Carolina Industrial Commission.

NC Learning Center – Online training platform available through the State of North Carolina Integrated HR-Payroll System, Fiori.

Salary Continuation – Benefit paid to eligible injured employee when completely unable to work due to injury, in lieu of weekly disability compensation per NCGS Chapter 143, Article 12B.

Settlement – Full and final settlement of a workers' compensation claim, also referred to as "clincher" or "compromise settlement agreement."

2024 SAFETY, HEALTH AND WORKERS' COMPENSATION REPORT

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State Human Resources

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