

BEFORE ALLAN L. MCVEY, INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

In the Matter of:

CITY OF HUNTINGTON

Administrative Proceeding No. 24-IC-172726

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ADOPTING
REPORT OF SELF-INSURED MARKET CONDUCT COMPLIANCE EXAMINATION
AND DIRECTING CORRECTIVE ACTION AND ASSESSING PENALTY

NOW COMES Allan L. McVey, Insurance Commissioner of the State of West Virginia (hereinafter, "Commissioner"), who after consideration of *the Report of Self-Insured Market Conduct Compliance Examination* (hereinafter, the "*Examination Report*") of City of Huntington for the audit period ending March 31, 2024, make the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. A Self-Insured Compliance Audit concerning the operational affairs of City of Huntington for the period ending March 31, 2024, was conducted in accordance with W.Va. Code §33-2-9, W.Va. Code §23-2-9, W.Va. Code §23-2C-22, W.Va. Code §33-2-21 and W.Va. Code R. §85-18-1, *et seq.* by auditors duly appointed by the Commissioner. The Self-Insured Compliance Audit began on July 22, 2024 and concluded on September 17, 2024.

2. On or about October 24, 2024, the examiner filed with the Commissioner, pursuant to W. Va. Code § 33-2-9(j)(2), the *Examination Report*.

3. A true copy of the *Examination Report* was provided to City of Huntington and City of Huntington was notified pursuant to W. Va. Code § 33-2-9(j)(2) that it had ten (10) days after receipt of the *Examination Report* to file a submission or rebuttal with the Commissioner.

4. As set forth in the *Examination Report*, the examination focused on the methods used by City of Huntington to manage its operations for each of the business areas examined, including whether and how City of Huntington, a self-insured employer, complies with West Virginia's statutory and

regulatory law.

5. The exam discovered two (2) areas where City of Huntington failed to achieve 100% compliance with West Virginia law.

6. The Commissioner reviewed the *Examination Report* and considered City of Huntington's response to the *Examination Report* prior to issuing these findings of fact, conclusions of law and order.

CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over the subject matter of, and the parties to this proceeding.

2. This proceeding is pursuant to and in accordance with W.Va. Code §33-2-9, W.Va. Code §23-2-9, W.Va. Code §23-2C-22, W.Va. Code §33-2-21 and W.Va. Code R. §85-18-1, *et seq*.

3. As detailed in the *Examination Report*, City of Huntington failed to comply with one provision of West Virginia law as follows:

Claims Standard C1 (*Twenty (20) violations*) The Self-Insured Employer did not properly notify the claimant of a TTD award as required by W.Va. Code §23-5-1. (beginning July 1, 2022, W.Va. Code §23-5-1a)

4. The Commissioner is charged with the responsibility of verifying City of Huntington's continued compliance with West Virginia Law.

5. The Commissioner has determined that City of Huntington should be assessed a penalty for violating the aforementioned standards.

ORDER

Pursuant to W. Va. Code § 33-2-9(j)(3)(A), as a result of his review of the *Examination Report*, the examination work papers, and City of Huntington's response thereto, it is **ORDERED** as follows:

1. The referenced and attached *Examination Report* is hereby **ADOPTED** and **APPROVED** and, by this reference, incorporated herein and made a part hereof;

2. City of Huntington shall endeavor to comply with the recommendations contained in the *Examination Report*;

3. City of Huntington shall continue to monitor its compliance with applicable West Virginia law;

4. City of Huntington shall specifically cure the violations and deficiencies identified in the *Examination Report* so as to bring itself into compliance and conformity with West Virginia law, as set forth hereinabove, to the extent such has not already been completed and/or accomplished;

5. City of Huntington **shall file a Corrective Action Plan (CAP)**, subject to the approval of the Commissioner, which said CAP shall detail City of Huntington's changes to its procedures and/or internal policies to ensure compliance with West Virginia law, and shall further incorporate all recommendations of the Commissioner's examiners and address all violations specifically cited in the *Examination Report*;


6. The CAP shall be submitted to the Commissioner for his approval within 30 days of the date this order is entered;

7. City of Huntington shall make reasonable changes to the CAP if and as directed by the Commissioner within 30 days of its receipt of the Commissioner's changes to, or disapproval of the CAP;

8. City of Huntington shall within 90 days of its receipt of notice from the Commissioner of his final approval thereof, implement the CAP; and

9. City of Huntington **shall pay an administrative penalty in the amount of One Thousand Dollars (\$1,000.00)** for its non-compliance with West Virginia law as set forth hereinabove, the assessment of which penalty is in lieu of any other regulatory penalty and shall be remitted within 30 calendar days of the date this order is entered.

Entered this 17th day of December, 2024.



Allan L. McVey
CPCU, ARM, AAI, AAM, AIS
Insurance Commissioner

Report of Self-Insured Market Conduct Compliance Examination

As of March 31, 2024



City of Huntington
P.O. Box 1659
Huntington, WV 25717-1659

TPA
Risk Management Services Company
2211 River Road
Louisville, KY 40206

Examination Number 24-IC-172726

Date Prepared:
10/24/2024

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10/24/2024

The Honorable Allan L. McVey, CPCU, ARM, AAI, AAM, AIS
West Virginia Insurance Commissioner
900 Pennsylvania Avenue
Charleston, West Virginia 25305

Dear Commissioner McVey:

Pursuant to your instructions and in accordance with West Virginia Code §§ 33-2-9, 33-2-10(b), 33-2-21(a), 23-1-1, 23-2-9(b)(1) & (2), 23-2C-22 and West Virginia Code of State Rules Title 85, a Market Conduct examination has been made for the period of January 1, 2021, through March 31, 2024 on the Workers' Compensation self-insured claims handling of

City Of Huntington
PO Box 1659
Huntington, WV 25717-1659

hereinafter referred to as the "Self-Insured Employer." The following report of the findings of this examination is herewith respectfully submitted.

COMPLIANCE WITH PREVIOUS EXAMINATION RECOMMENDATIONS

All of the previous recommendations have been addressed by the Self-Insured Employer and we found no subsequent failure of those elements of review.

EXECUTIVE SUMMARY

This Self-Insured Market Conduct Compliance Examination ("examination") was initiated to determine the compliance of City of Huntington with the West Virginia statutes, rules and regulations governing the self-administration of workers' compensation claims.

The examination work related to City of Huntington commenced July 22, 2024, and concluded September 17, 2024. City of Huntington maintains an electronic environment; the majority of the examination work was conducted by electronic virtual private network through the Third-Party Administrator's ("TPA's") computer systems.

The following are areas of concern:

- **Element of review B.1.**

One (1) claim did not provide an initial compensability ruling within fifteen (15) working days as required by W. Va. Code §§ 23-4-1c (a) and (b) & W. Va. Code R. § 85-1-10.1

- **Element of review C.1.**

Twenty (20) claims did not properly notify the claimant of their TTD award as required by W. Va. Code § 23-5-1.

HISTORY AND PROFILE

The City was named for Collis P. Huntington who founded Huntington in 1870 when it became the western terminus of the Chesapeake & Ohio (C&O) railroad. It was created as a railroad town for the C&O. The City housed numerous railroad shops which expanded east to Newport News and west to eventually reach Cincinnati and Chicago in the year after its founding. Huntington was incorporated in 1871. The City of Huntington currently employs 397 employees.

METHODOLOGY

The examiner conducted file reviews and was familiar with the Self-Insured Employer/TPA claim process in as much as prior examinations had been performed. This examination report is a report by test, rather than a report by exception, and all elements tested are described and the results indicated.

Typically, areas below 93% would generally require systemic corrective action. Any element scoring below 100% will detail the observations of the specific issue and include a recommendation.

Except as otherwise noted, all tests were conducted via a random sample taken from a given population of two hundred fifty-eight (258) claims. A maximum initial sample of fifty (50) claims files was selected randomly using the following parameters. Denied Claims: A maximum initial sample of fifty (50) denied claims files will be selected; if the population of denied claims is less than twenty-five (25) then the entire population will be reviewed. Paid Claims: A maximum initial sample of twenty-five (25) paid claims files will be selected; A weighted sampling methodology of "80% Indemnity" (20 Claims) and 20% "Medical Only" (5 Claims) will be utilized. If the population of indemnity claims is less than the indicated indemnity sample size, then the remaining sample size will be medical only. Supplemental (Secondary) Samples: Supplemental or secondary samples will be obtained if the pass rate for any given element of review is greater than 80% but less than 100%. If the pass rate is less than 80% on the initial sample, no additional sample will be obtained.

Each area of the examination has specific elements that were tested, and the areas and elements are listed below. The examiners may not have discovered every unacceptable or non-compliant activity in which the Self-Insured Employer/TPA is engaged. The failure to identify, comment on, or criticize specific practices does not constitute an acceptance of the practices by the West Virginia Offices of the Insurance Commissioner or its' designee. A compliance table follows containing results of each area of review with the compliance percentage for the Self-Insured Employer/TPA.

ELEMENTS OF THE REVIEW

A. COMPLAINTS: THE TIME FRAME WITHIN WHICH THE EMPLOYER RESPONDS TO COMPLAINTS IS IN ACCORDANCE WITH APPLICABLE STATUTES, RULES, AND REGULATIONS.

1. Did the Self-Insured Employer respond to complaints received from the WVOIC within fifteen (15) working days? [W. Va. Code R. § 85-1-16]

B. INITIAL COMPENSABILITY DECISIONS AND INVESTIGATIONS ARE CONDUCTED IN A TIMELY MANNER.

1. Did the Self-Insured Employer properly investigate then provide a written ruling on a claim within fifteen (15) working days, or if "tolled" while evidence for the claim is gathered, rule in the appropriate time? [W. Va. Code §§ 23-4-1c (a) and (b) & W. Va. Code R. § 85-1-10.1]
2. Did the Self-Insured Employer include on the written notice of the decision the protest clause? [W. Va. Code § 23-5-1(b)(1) & W. Va. Code R. § 85-1-7.2]

C. TEMPORARY TOTAL DISABILITY (TTD)

1. Did the Self-Insured Employer/TPA properly notify the claimant of the TTD award? [W. Va. Code § 23-5-1]
2. Did the Self-Insured Employer/TPA immediately pay amounts due the claimant for benefits upon determination of eligibility? [W. Va. §§ 23-4-1c(b) and (g)]
3. Did the Self-Insured Employer/TPA calculate and pay indemnity payments correctly? [W. Va. Code § 23-4-14(b)(2) and Informational Letter 162A]
4. Did the Self-Insured Employer/TPA issue temporary total disability closure letters properly? [W. Va. Code §§ 23-5-1, 23-4-7a and 23-4-22]

D. PERMANENT PARTIAL DISABILITY (PPD)

1. Did the Self-Insured Employer/TPA act on PPD evaluations timely? [W. Va. Code R. § 85-1-10.5 a. The responsible party shall act on a permanent disability evaluation report received from a physician to whom the responsible party referred a claimant in a claim for injuries and occupational diseases other than occupational pneumoconiosis within thirty (30) working days of receipt by the responsible party of the report.]

2. Did the Self-Insured Employer/TPA make timely IME referrals? [W.Va. Code R. § 85-1-10.5 b. The responsible party shall make a referral of a claimant to a physician for examination and evaluation in response to a request by or on behalf of the claimant for consideration of a permanent disability award in a claim for injuries and occupational diseases other than occupational pneumoconiosis within thirty (30) working days from the date the request was received by the responsible party.]
3. Did the Self-Insured Employer/TPA commence PPD award payments timely? [W.Va. Code R. § 85-1-10.5 c. Permanent partial disability awards may be paid, at the discretion of the responsible party, either by lump sum or in installments consistent with applicable law. Payment of permanent partial awards shall commence within fifteen (15) working days of the decision granting the award.]
4. Did the Self-Insured Employer/TPA calculate and pay the payment correctly? [W. Va. Code § 23-4-14(b)(2) and Informational Letter 162A]

E. MEDICAL AUTHORIZATIONS

1. Did the Self-Insured Employer/TPA comply with W. Va. Code R. § 85-1-10.3? “Medical treatment, medications, appliances, devices, and supplies. – The responsible party shall act upon an injured worker’s request for authorization of medical treatment, medications, appliances, devices and supplies within fifteen (15) working days from the date the request was received by the responsible party.”

F. NON-AWARDED PARTIAL BENEFITS (NAP)

1. Were non-awarded partial disability benefits paid at the same rate as the permanent partial disability rate per W. Va. Code R. § 85-1-9.7?

G. DEATH CLAIMS (FATAL)

1. Were the death benefits in the proper amounts and to the proper person(s) per W. Va. Code §§ 23-4-1 and 23-4-10.

H. CLOSURE

1. Were the claims properly closed and a notice issued? [W. Va. Code § 23-4-16 and Supreme Court of Appeals of West Virginia decision May 23, 2008, LOVAS v. CONSOLIDATION COAL COMPANY]

I. OCCUPATIONAL PNEUMOCONIOSIS

1. Did the Self-Insured Employer enter non-medical decisions in occupational pneumoconiosis claims within ninety (90) days from the date the responsible party receives properly executed, prescribed forms? (can be "tolled" for no more than thirty (30) additional days during the evidence gathering process) [W. Va. Code § 23-4-15b and W.Va. Code R. § 85-1-10.2] (If necessary, this should reflect in the report as N/A with explanation as none were in the samples.)

J. DENIED AND CLOSED WITHOUT PAYMENT

1. Did the Self-Insured Employer properly investigate then give a written ruling on a claim within fifteen (15) working days, or if "tolled" while evidence for the claim is gathered, rule in the appropriate time? [W. Va. Code § 23-4-1c (a) and W. Va. Code R. § 85-1-10.1]
2. Were claims handling practices meeting West Virginia statutes, rules and regulations of "denied" and "closed without payment" claims including proper notifications, reasonable basis for denial, and whether or not claimants are provided adequate instructions for rebuttals? [W. Va. Code §§ 23-5-1(a) 23-5-1(b)(1)]
3. Were claims denied inappropriately due to a technicality? [W. Va. Code § 23-5-13]
4. Were appropriate protest/grievance language on the decision order? [W. Va. Code §§ 23-5-1(b)(1) and 23-4-3(f) and W. Va. Code R. §§ 85-1-7.2 and 85-21-10.2b]
5. Were denied claim investigations by the Self-Insured Employer/TPA complete and thorough?

K. OFFICE OF JUDGES (OOJ) AND BOARD OF REVIEW (BOR) ORDERS

1. Did the Self-Insured Employer comply with all orders of the Office of Judges ("OOJ") and the Board of Review ("BOR") and all mandates of the West Virginia Supreme Court of Appeals within thirty (30) days from the date of receipt, unless the responsible party is required to act sooner under the terms of the order or mandate, or the order or mandate is subject to a lawfully ordered stay? [W. Va. Code § 23-5-9(f) and W. Va. Code R. § 85-1-10.7]

L. DOCUMENTATION

1. Did the Self-Insured Employer follow state statutes, rules and regulations which require that claim files contain adequate documentation and to be maintained in a manner so that pertinent events and dates of such events can be reconstructed if necessary? [W. Va. Code R. §§ 85-18-13.3 and 13.4]

M. EDI - DOES THE SELF-INSURED EMPLOYER PROMPTLY AND ACCURATELY PROVIDE THE WVOIC WITH ALL NECESSARY CLAIM INFORMATION TO MAINTAIN THE WORKERS' COMPENSATION CLAIM INDEX? [W. VA. CODE §23-2C-5(C)(8) AND W. VA. CODE R. §85-2-1 ET SEQ. AND WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER'S ELECTRONIC DATA INTERCHANGE ("EDI") IMPLEMENTATION GUIDE]

1. FROI – Did the Self-Insured Employer/TPA submit the First Report of Injury report timely within ten (10) business days?
2. SROI - Did the Self-Insured Employer/TPA submit the Subsequent Reports of Injury report(s) updates on each claim either monthly or quarterly?
3. Closing - Did the Self-Insured Employer/TPA properly report closure of the claim when no additional transactions are expected on the claim? (For example: A notification that an accident has occurred is not a request for a compensability decision and therefore should not be denied (FROI 04) or administratively closed (SROI FN) and should be canceled as a FROI 01.)

N. THE SELF-INSURED EMPLOYER COOPERATES ON A TIMELY BASIS WITH EXAMINERS PERFORMING THE EXAMINATION.

1. Did the Self-Insured Employer respond to RFI's in a timely manner?
2. Did the Self-Insured Employer provide records in a timely basis and cooperate with the examination? [W. Va. Code R. § 85-18-13.6]

O. OTHER ISSUES

COMPLIANCE TABLE

<u>Review Section</u>	<u># Pass</u>	<u># Fail</u>	<u>N/A</u>	<u>Compliance %</u>	<u>Individual Corrective Action</u>	<u>Systemic Corrective Action</u>
A1	2	0	0	100%		
B1	24	1	0	96%	*	
B2	25	0	0	100%		
C1	0	20	0	0%		*
C2	20	0	0	100%		
C3	20	0	0	100%		
C4	20	0	0	100%		
D1	5	0	0	100%		
D2	5	0	0	100%		
D3	5	0	0	100%		
D4	5	0	0	100%		
E1	5	0	0	100%		
F1	N/A	N/A	N/A	N/A		
G1	N/A	N/A	N/A	N/A		
H1	33	0	0	100%		
I1	N/A	N/A	N/A	N/A		
J1	8	0	0	100%		
J2	8	0	0	100%		
J3	8	0	0	100%		
J4	8	0	0	100%		
J5	8	0	0	100%		
K1	N/A	N/A	N/A	N/A		
L1	33	0	0	100%		
M1	33	0	0	100%		
M2	33	0	0	100%		
M3	33	0	0	100%		
N1	3	0	0	100%		
N2	33	0	0	100%		
O	N/A	N/A	N/A	N/A		

OBSERVATIONS

- A.1. – All complaints received a timely response.
- B.1. – One (1) claim was cited for failure to provide a timely initial compensability ruling.
- B.2. – All written decisions in the claim correspondence contained the required protest clause.
- C.1. – The entire sample of twenty (20) claims failed to issue written notification of TTD awards to affected claimants. **Note:** During the review, it was discovered that the TPA did not have an established practice of issuing TTD award letters to claimants. The TPA corrected all claims mentioned above, created a TTD award letter, and will now issue TTD award letters on future claims going forward.
- C.2. – All benefit amounts were paid immediately that were due the claimant for benefits upon determination of eligibility.
- C.3. – Indemnity payments were properly calculated.
- C.4. – Temporary total disability closure letters were properly issued.
- D.1. – All PPD evaluations were acted upon timely.
- D.2. – IME referrals were handled timely.
- D.3. – PPD award payments were deemed punctual.
- D.4. – PPD payment calculations were properly made.
- E.1. – All claims were properly acted upon an injured worker's request for authorization of medical treatment.
- F.1. – This element of review was N/A as no benefits were determined for Non-Awarded Partial (NAP) awards.
- G.1. – This element of review was N/A as no benefits were determined for awarded for Death Claims (FATAL) awards.
- H1. – All claims were properly closed.

I.1. – This element of review was N/A as there were no Occupational Pneumoconiosis claims during the review period.

J.1. – All claims were properly investigated and given a written ruling within fifteen (15) working days.

J.2. – All claims received proper notification of denial.

J.3. – All claims received proper denials.

J.4. – All claims contained the required protest/grievance language on the decision orders.

J.5. – All claims were found to have complete investigations.

K.1. – This element of review was N/A as there were no Office of Judges orders to comply with during the examination period.

L.1. – All claims provided adequate documentation.

M.1. – The First Report Of Injury (FROI) was properly submitted on all claims.

M.2. – The Subsequent Reports of Injury (SROI) entries were properly updated.

M.3. – When no further payments were expected, all “closed” claim statuses were properly uploaded.

N.1. – All RFIs sent by the examiner were addressed with a timely response.

N.2. – TheTPA fully cooperated with examiners during the examination process.

O. – This element of review was N/A as there were no additional issues identified.

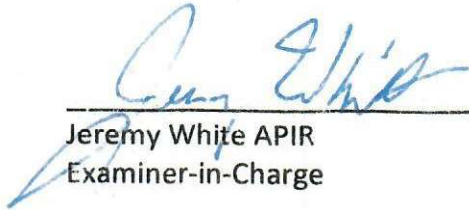
RECOMMENDATIONS

B.1. – The Self-Insured Employer/TPA should periodically review its current procedures to ensure that compensability rulings on all claims are issued within fifteen (15) working days as required by W. Va. Code §§ 23-4-1c (a) and (b) & W. Va. Code R. § 85-1-10.1.

C.1. – The Self-Insured Employer/TPA should establish written and documented procedures, in addition to periodically reviewing those procedures, to ensure that the claimant is properly notified of a TTD award as required by W. Va. Code § 23-5-1.

EXAMINER'S SIGNATURE AND ACKNOWLEDGEMENT

The examiner would like to acknowledge the cooperation and assistance extended by the Self-Insured Employer/TPA throughout the examination process.



Jeremy White APIR
Examiner-in-Charge

EXAMINER'S AFFIDAVIT

State of West Virginia
County of Kanawha

EXAMINER'S AFFIDAVIT AS TO AREA OF REVIEWS AND PROCEDURES USED IN AN EXAMINATION

I, Jeremy White, being duly sworn, states as follows:

1. I have the authority to represent West Virginia in the examination of City of Huntington.
2. I have reviewed the examination work papers and examination report, and the examination of City of Huntington was performed in a manner consistent with the area of reviews and procedures required by West Virginia.

The affiant says nothing further.



Jeremy White APIR

Subscribed and sworn before me by Jeremy White on this 24th Day of October, 2024.



Notary Public

My commission expires: 10-11-2029

