

State of Arkansas

OLAN W. REEVES, CHAIRMAN
KAREN H. McKINNEY, COMMISSIONER
PHILIP A. HOOD, COMMISSIONER

D. ALAN McCLAIN
CHIEF EXECUTIVE OFFICER

DAVID GREENBAUM
CHIEF ADMINISTRATIVE LAW JUDGE



FORT SMITH DIVISION
616 GARRISON - ROOM 207
FORT SMITH, AR 72901
TELEPHONE 479-783-7970
TOLL FREE 1-800-354-2711

SPRINGDALE DIVISION
244 SOUTH 40TH
SPRINGDALE, AR 72762-3845
TELEPHONE 479-751-2790
TOLL FREE 1-800-852-5376

MIKE BEEBE, GOVERNOR
WORKERS' COMPENSATION COMMISSION

324 Spring Street
P.O. Box 950
Little Rock, Arkansas 72203-0950
Telephone 501-682-3930 / 1-800-622-4472
Arkansas Relay System TDD 1-800-285-1131
www.awcc.state.ar.us

EXHIBIT E-2

January 30, 2009

Ms. Kim Baxter
Legislative Analyst
Arkansas General Assembly
State Capitol, Room 315
Little Rock, Arkansas 72201

Dear Ms. Baxter:

Enclosed please find the Quarterly Report for October, November, and December, 2008, as required by Act 1179 of 1999.

If I may provide any further information or assistance, please do not hesitate to contact me.

Very truly yours,


D. Alan McClain
Chief Executive Officer

DAM:wd

Enclosure

cc: A. Watson Bell, Chairman
(W/Enclosure)

State of Arkansas



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QUARTERLY REPORT
October, November, December, 2008

The following, as required by Act 1179 of 1999, is a report of activity by the Arkansas Workers' Compensation Commission's Health and Safety Division and the Medical Cost Containment Division.

HEALTH AND SAFETY DIVISION

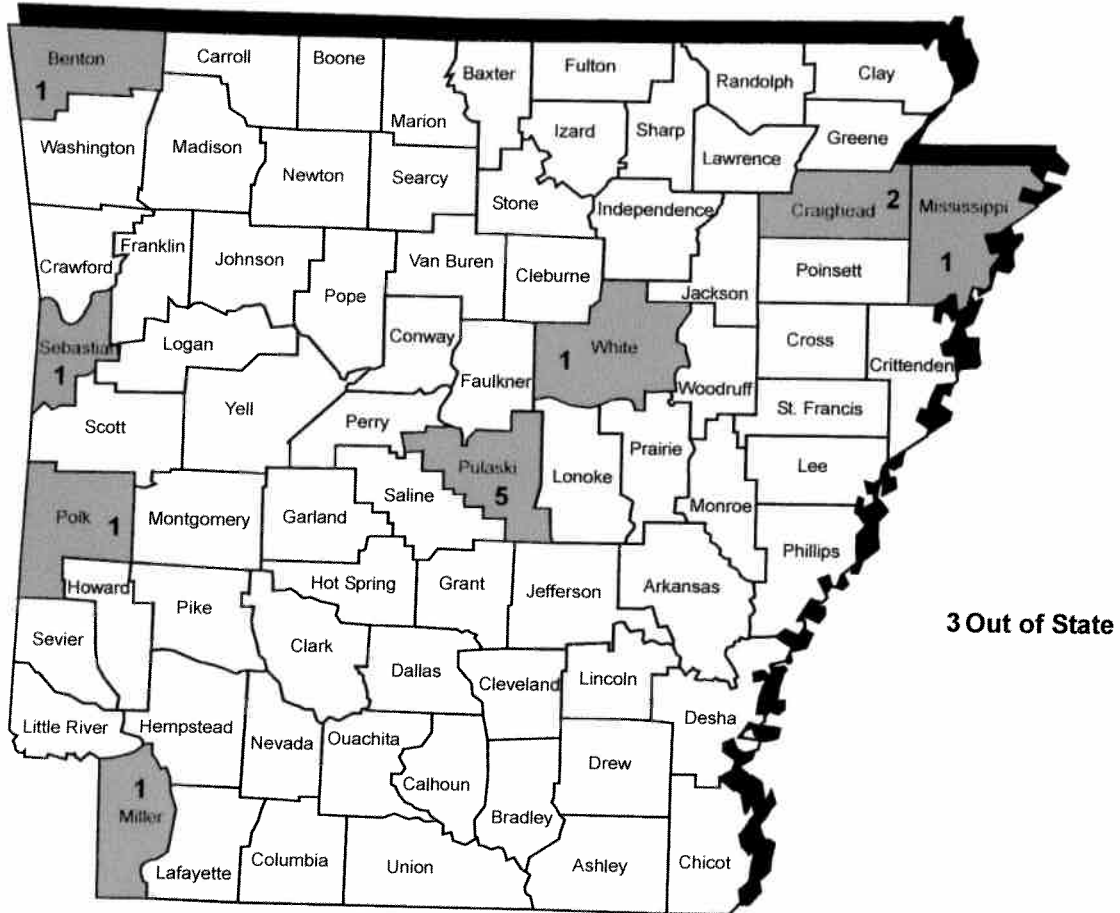
Ark. Code Ann. §11-9-409, as amended by Act 796 of 1993, established the Workers' Compensation Commission's Health and Safety Division to launch educational programs; collect injury data; identify hazardous employers; monitor their progress with follow-up inspections; and monitor accident prevention programs of insurance carriers.

MEDICAL COST CONTAINMENT DIVISION

The Medical Cost Containment Division (MCCD) was established pursuant to Ark. Code Ann. §11-9-517 (1987) and is responsible for the implementation, revision, and compliance of Commission Rules 30, 33, and 34. Rule 30 consists of an inpatient and outpatient medical fee schedule. Rule 33 is our managed care rule, and Rule 34 refers to the Impairment Rating Guide.

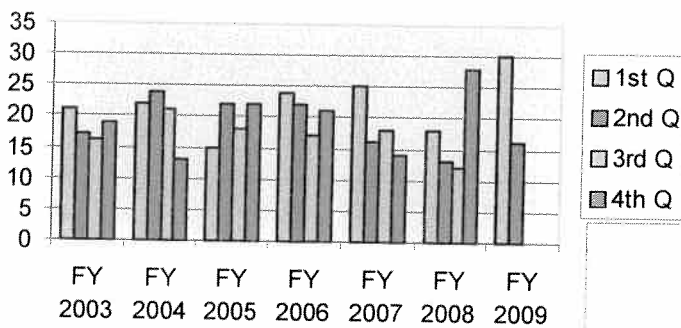
**Arkansas Workers' Compensation Commission
Health and Safety Division
2ndQuarter, FY 2009**

Workplace Fatalities Reported to AWCC

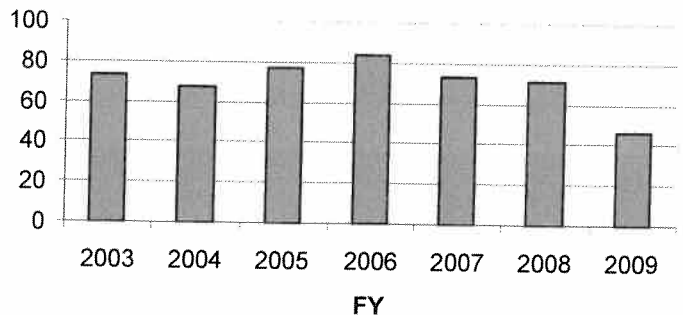


During the 2nd Quarter, FY 2009, 13 fatalities were reported to the Arkansas Workers' Compensation Commission.

Workplace Fatalities by Quarter



ARC Workplace Fatalities, FY Totals



**Arkansas Workers' Compensation Commission
Health and Safety Division
2nd Quarter, FY 2009**

Workplace Fatalities Reported to AWCC

Rep. to AWCC	Employee	Employer	County of Employer	Length of Service (yrs.)	Type of Work	Type of Injury
11/25/08	Stephen Cary	IBM	Benton	5.8	IT	Unknown
12/17/08	Michael J Misak	Professional Audio of Ark., Inc.	Craighead	not given	not given	MVA
12/31/08	Ricardo Garcia	CWC Mechanical	Craighead	11.0	Millwright	MVA
10/30/08	Roy Scoggins	W.M. Fondren & Son Const.	Miller	0.4	Laborer	Fall
11/5/08	Kent Palmore	Ace Glass Repair, Inc.	Mississippi	1.3	Signman	Workplace violence
11/21/08	Michael Ray Smallwood	Polk Co. Dev. Center	Polk	0.4	Driver	Heart attack
10/23/08	Murrell Eugene Warren	Maverick Transportation, LLC	Pulaski	0.6	Driver	MVA
11/19/08	Sam Mosely	Labor Finders	Pulaski	not given	Labor	Not given
11/19/08	Pablo Macias Ramas	Good Earth Garden Center	Pulaski	0.6	Laborer	Fall
11/19/08	Darrell Monty Carmikle	AR. Game & Fish Com.	Pulaski	22.4	Wildlife officer	Airplane crash
11/21/08	Dan Pye	Crowne Plaza	Pulaski	0.3	Maintenance	Not given
11/17/08	Thelma C. Hurston	First Evangelical Lutheran Church	Sebastian	6.0	Janitor	Struck by
10/24/08	Tom Strickland	Williams Painting Co.	White	0.7	Painter	Fall
11/3/08	Stephen B. Brown	Southern Star Concrete	Out of State	0.7	General labor	Not given
11/21/08	Jerry Smith	Garmin International	Out of State	13.9	Aviation	Airplane crash
12/31/08	Bryan A. McGillvray	Select Energy Services, LLC	Out of State	0.4	Driver	MVA

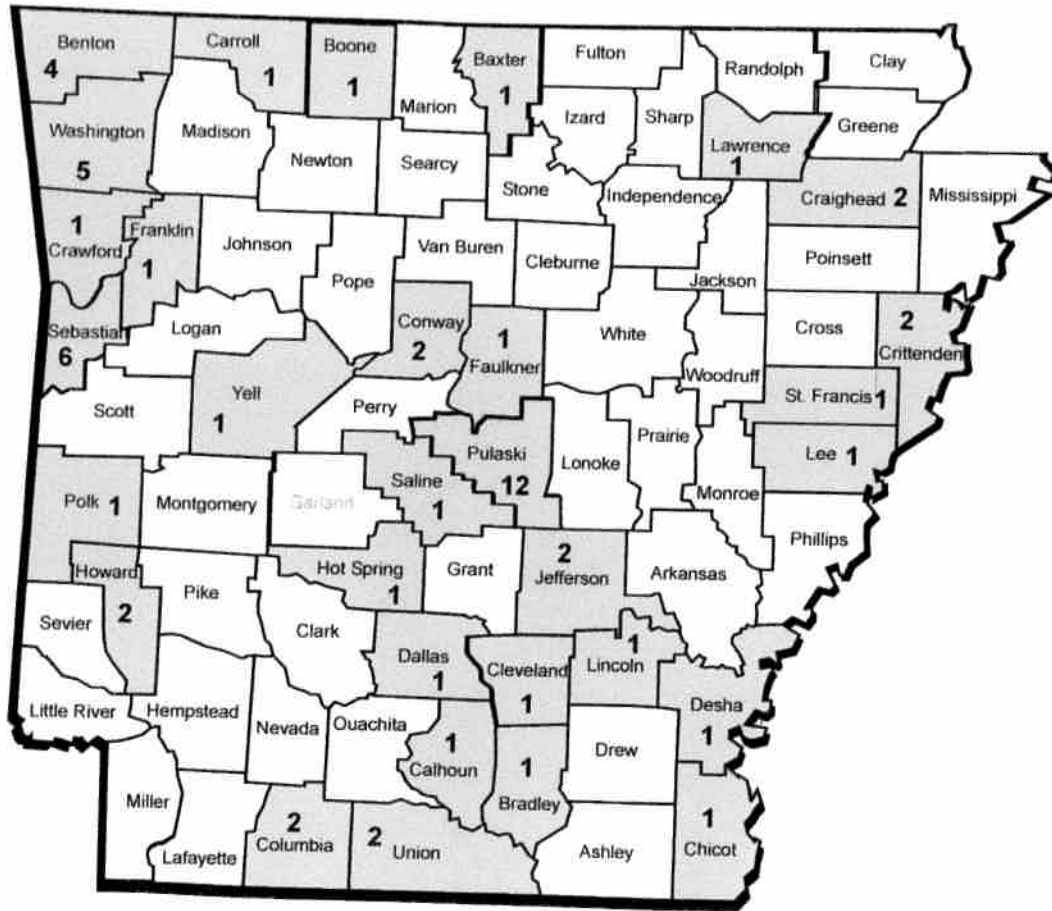
**Arkansas Workers' Compensation Commission
Health and Safety Division
2nd Quarter, FY 2009**

Workplace Fatalities Reported to AWCC

Rep. to AWCC	Employer	County of Employer	Length of Service (yrs.)	Type of Work	Type of Injury
11/25/08	IBM	Benton	5.8	IT	Unknown
12/17/08	Professional Audio of Ark., Inc.	Craighead	not given	not given	MVA
12/31/08	CWC Mechanical	Craighead	11.0	Millwright	MVA
10/30/08	W.M. Fondren & Son Const.	Miller	0.4	Laborer	Fall
11/5/08	Ace Glass Repair, Inc.	Mississippi	1.3	Signman	Workplace violence
11/21/08	Polk Co. Dev. Center	Polk	0.4	Driver	Heart attack
10/23/08	Maverick Transportation, LLC	Pulaski	0.6	Driver	MVA
11/19/08	Labor Finders	Pulaski	not given	Labor	Not given
11/19/08	Good Earth Garden Center	Pulaski	0.6	Laborer	Fall
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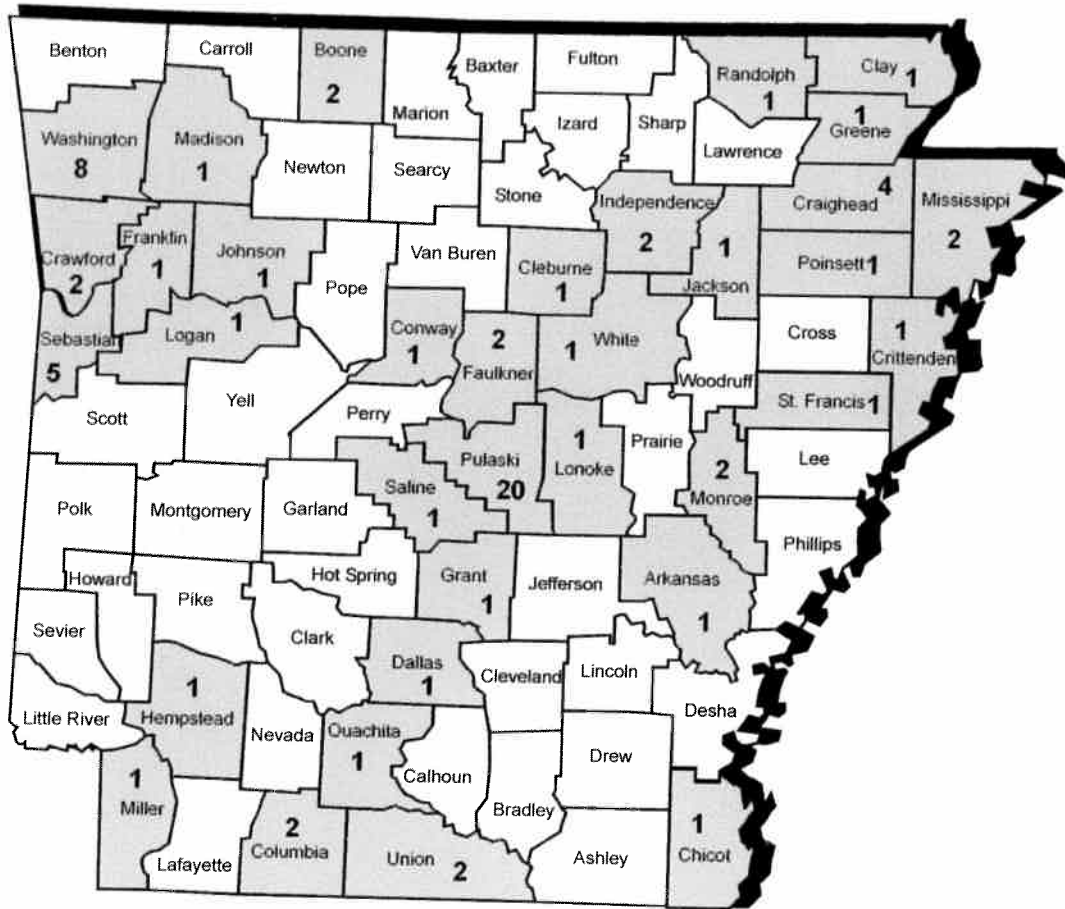
**Arkansas Workers' Compensation Commission
Health and Safety Division
2nd Quarter, FY 2009**

Employers Completing the Rule 32 Program



During the 2nd Quarter, FY 2009, 60 employers successfully completed the Rule 32 Program.

**Arkansas Workers' Compensation Commission
 Health and Safety Division
 2nd Quarter, FY 2009
 Employers Placed in the Rule 32 Program**



During the 2nd Quarter, FY 2009, 76 places of employment were placed in the Rule 32 Program. Employers are identified for the Rule 32 Program if they have a higher-than expected number of compensable claims for their industry group. Employers placed in this program are encouraged to work with their workers' compensation insurance carrier, in-house staff, or other professional safety sources to develop management tools which will help them run safer workplaces and minimize workers' compensation costs through the use of such tools as return-to-work programs, drug-free workplace programs, claims management, etc.

**Arkansas Workers' Compensation Commission
Health and Safety Division
2nd Quarter, FY 2009**

**Rule 31: Accident Prevention Services Program
Arkansas Workers' Compensation Insurance Companies**

The Accident Prevention Services (APS) group conducts audits of all insurance companies writing workers' compensation insurance policies in Arkansas. During the 2nd Quarter, FY 2009, the APS group inspected the following companies:

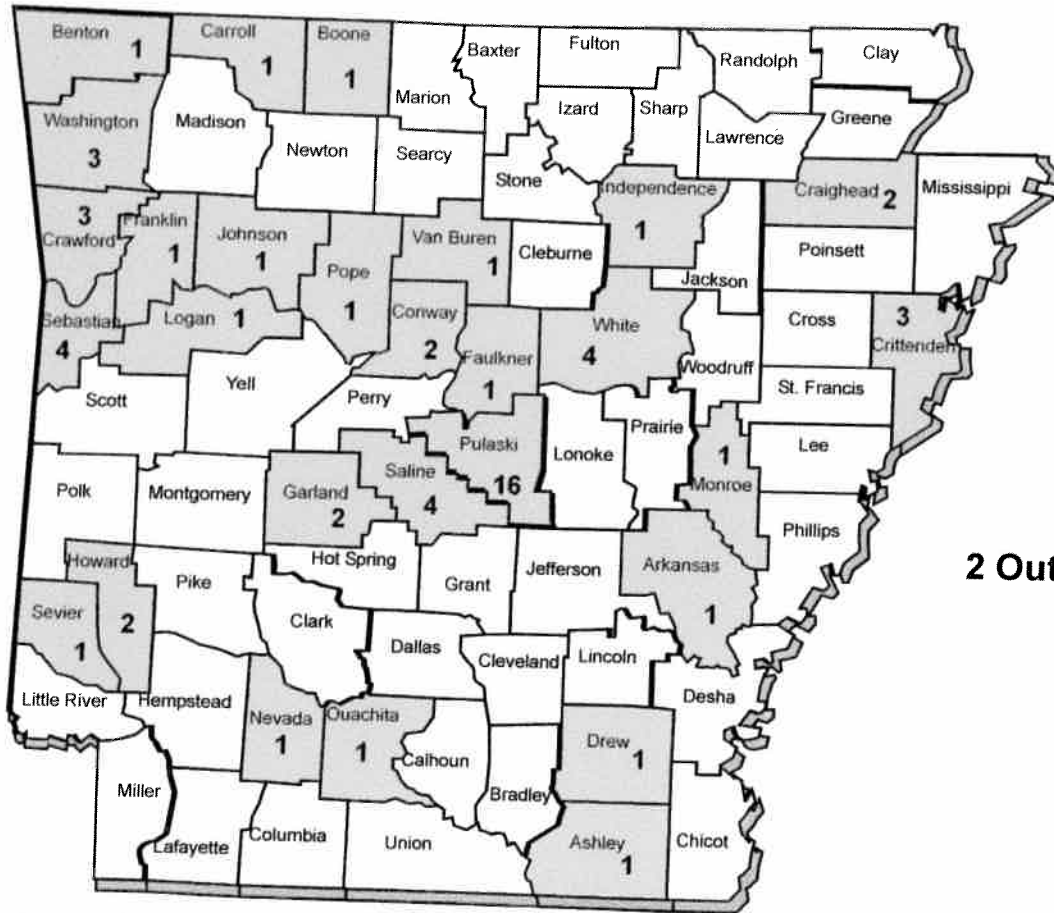
Company	Account Premiums	No. of Policyholders
Electric Insurance Company	\$118,566.00	1
The PMA Insurance Group - Pennsylvania Manufacturers' Association Insurance Company, Pennsylvania Manufacturers' Indemnity Company, Manufacturers Alliance Insurance Company	\$1,495,365.00	93
Arch Insurance Company	\$4,333,373.00	25
Continental Indemnity	\$25,518.00	4
Church Mutual Insurance Company	\$591,887.00	362
American Interstate Insurance Company - Silver Oak Casualty, Inc.	\$8,754,939.00	417
Companion Property & Casualty Group - Companion Property & Casualty Ins. Company, Companion Commercial Insurance Company	\$4,182,852.00	1242
Midwest Employers Casualty Company	\$2,371,130.00	16
Florist Mutual Insurance	\$33,222.00	11
Everest National Insurance Company	\$94,685.00	29
Lumbermen's Underwriting Alliance	\$283,583.00	13
Midwest Insurance Company	\$1,565,479.00	269
Mitsui Sumitomo Insurance Company of America - Mitsui Sumitomo Ins. USA, Inc.	\$574,967.00	12
Penn Millers Insurance	\$228,437.00	4
Harleysville Insurance Group - Harleysville Mutual Insurance Company, Harleysville Insurance Company, Harleysville Preferred Insurance Company, Mid-America Insurance Company	\$1,081,679.00	189
Safety National Casualty Insurance - Safety First Insurance	\$532,300.00	19
United Fire Group	\$127,585.00	24
Seabright Insurance Company	\$169,592.00	6

**Arkansas Workers' Compensation Commission
Health and Safety Division
2nd Quarter, FY 2009
Presentations and Speaking Engagements**



The AWCC Health and Safety staff receive frequent requests to speak on a variety of topics related to loss control, drug-free workplace programs, and related topics. If your constituents would like to host a program by the Health and Safety staff on these or other subjects, please contact Patricia Burge at 501-682-2063 or pburge@awcc.state.ar.us.

**Voluntary Drug Free Workplace Program
New Approvals and Renewals**



2 Out of State

During the 1st Quarter, FY 2009, the following Arkansas companies received approval of their Voluntary Drug Free Workplace Programs:

**Health and Safety Division
1st Quarter, FY 2009**

**Voluntary Drug Free Workplace Program
New Approvals and Renewals**

COMPANY	CITY	COUNTY
Specialized Services	Stuttgart	ARKANSAS
Doyle Coody Printing, Inc.	Crossett	ASHLEY
John McBride Const. Co., Inc.	Gravette	BENTON
Harness Roofing, Inc.	Harrison	BOONE
First National Bank of Berryville	Berryville	CARROLL
Mobley Construction, Inc.	Morrilton	CONWAY
Fayetteville Shale	Morrilton	CONWAY
Nettleton Concrete Works, Inc.	Jonesboro	CRAIGHEAD
Atlas Asphalt, Inc.	Jonesboro	CRAIGHEAD
Dillmeier Enterprises, Inc.	Van Buren	CRAWFORD
Tankersley Food Service	Van Buren	CRAWFORD
JR's Trucking Inc.	Van Buren	CRAWFORD
Arkansas Distributing Co. LLC	West Memphis	CRITTENDEN
Steel Building Specialties	West Memphis	CRITTENDEN
Roeder Construction Company, Inc.	Marion	CRITTENDEN
Martin Sawmill, Inc.	Monticello	DREW
Steve's Auto Center of Conway, Inc.	Conway	FAULKNER
Wiederkehr Wine Cellars, Inc.	Wiederkehr Village	FRANKLIN
Gigerich Electrical, Inc.	Hot Springs	GARLAND
Sav-A-Lot #33	Hot Springs	GARLAND
Millwood Trucking, Inc.	Nashville	HOWARD
Rock City Mechanical	Nashville	HOWARD
White River Materials, Inc.	Batesville	INDEPENDENCE
Cove Creek Construction	Clarksville	JOHNSON
Master Made Tanks, Inc.	Paris	LOGAN
Sav-A-Lot #30	Brinkley	MONROE
J.D. & Billy Hines Trucking, Inc.	Prescott	NEVADA
Tim Jordan Co., Inc.	Camden	OUACHITA
Evans Industrial	Russellville	POPE
ional Custom Hollow Metal Doors & Frames	Little Rock	PULASKI
McClelland Consulting Engineers	Little Rock	PULASKI
as Local Police and Fire Retirement System	Little Rock	PULASKI
ChiefSeaHawk	North Little Rock	PULASKI
Coulson Oil Co.	North Little Rock	PULASKI
Energy Master Homes, Inc.	North Little Rock	PULASKI
Baldwin & Shell Construction	Little Rock	PULASKI
United Fence & Construction Co., Inc.	North Little Rock	PULASKI
Arrow Plumbing, Inc.	North Little Roc	PULASKI
CBM Construction	North Little Rock	PULASKI
Horton's Electric, Inc.	North Little Rock	PULASKI
Thompson Electric Inc.	Mabelvale	PULASKI
Ketcher & Co., Inc.	North Little Rock	PULASKI
Lomanco, Inc.	Jacksonville	PULASKI
Powers of Arkansas, Inc.	North Little Rock	PULASKI
Lantrip Construction Co., Inc.	North Little Rock	PULASKI
BR McGinty	Bryant	SALINE
BR McGinty	Bryant	SALINE
Middleton Heat and Air	Bryant	SALINE
Almatis	Bauxite	SALINE

Health and Safety Division
2nd Quarter, FY 2009

Voluntary Drug Free Workplace Program
New Approvals and Renewals

COMPANY	CITY	COUNTY
Dale Crompton Company	Fort Smith	SEBASTIAN
Automation Engineering	Fort Smith	SEBASTIAN
Carco International, Inc.	Fort Smith	SEBASTIAN
Phelps Construction Co., Inc.	Midland	SEBASTIAN
Tri-Lakes Services, Inc.	Gillham	SEVIER
Airmotive, Inc.	Clinton	VAN BUREN
Maynard, Inc.	Fayetteville	WASHINGTON
Circle of Life	Springdale	WASHINGTON
Circle of Life	Springdale	WASHINGTON
Plumbing & Maintenance	Bald Knob	WHITE
B&G Pipeline Co.	Searcy	WHITE
Sav-A-Lot #32	Searcy	WHITE
Conley Transport II, Inc.	Searcy	WHITE
Brice Building Company, Inc.	Birmingham	OUT OF STATE
Seamless Systems, Inc.	Memphis	OUT OF STATE

MEDICAL COST CONTAINMENT DIVISION

In the last quarter the following activities occurred regarding these rules:

Rule 30

Rule 30 was revised effective May 15, 2000. The AWCC adopted the Medicare RBRVS Medical Fee Schedule with Arkansas specific reimbursement multipliers. The new Medical Fee Schedule is available electronically from the AWCC Home Page. Since the Medical Fee Schedule is available electronically, we are no longer printing a medical fee schedule.

Administrative Review

Rule 30 contains an **Administrative Review Process**. This process allows providers or carriers to request assistance from the Medical Cost Containment Division regarding disputes. Each administrative review requested consists of an investigation, desk audit by department staff, and the issuance of an order, which determines the disputed issue. During this quarter there were 26 review requests processed, seven (7) review requests granted, and 15 orders issued. The ongoing issues in dispute consist of nonpayment, untimely payment, penalty request, and reimbursement disputes.

Balance Billing

Rule 30 also contains a prohibition against **balance billing** by providers. The balance billing process involves: receipt of an allegation of balance billing by a claimant, carrier, employer, self-insured, etc.; notice being sent to all involved parties; an investigation; an audit; and a determination order being issued. During this quarter, the MCCD received four (4) balance billing allegations.

Investigations

Investigations: There were 121 investigations conducted this quarter.

Rule 33

We have 11 certified Managed Care Organizations.

Medical Reports

Medical Reports: As a result of a meeting held between the Chief Legal Advisor, the Medical Cost Containment Administrator, and the Chief Administrative Law Judge, the MCCD is obtaining medical records from the provider for carriers or employers that have been unable to do so. In the past the legal advisors would write to the provider requesting medical records. If the provider did not respond, then the Chief Administrative Law Judge would issue a subpoena in order to obtain the records. We thought perhaps there was another approach, especially since the MCCD staff has numerous medical contacts. We have thus far been able to call the provider and obtain the records without any problems.

This quarter we received five (5) cases involving disputes about obtaining the medical records.

Change of Physicians

Change of Physician: To expedite Change of Physician (COP) requests and to comply with recent legislative changes, new procedures and policies have been implemented. COP requests are sent to the Clerk of the Commission, who then forwards them to the MCCD for processing. If an AWCC file has been established, the MCCD calls the carrier/self-insured employer to determine if a Managed Care contract exists. This call is followed with a letter which is faxed and mailed to all parties. When a response is received and a contract exists, the contract is reviewed to determine if it complies with Rule 33 and if appropriate internal policies were followed. MCCD will review the claimant's medical records and determine an appropriate provider. An appropriate provider will be chosen on a case-by-case basis. If the request is to the claimant's treating physician, MCCD must determine if the provider meets the statutory requirements for the regular treating physician. Once an appropriate provider is chosen, MCCD will determine that the provider is a member of either the carrier/employer's MCO, if a contract exists, or a certified MCO if no contract exists. MCCD will contact the provider and set up an appointment for the claimant. MCCD will issue an order stating this is the claimant's one-time-only change of physician. This order will contain the provider's name and appointment date. All parties will be copied. If either party objects to the MCCD order, it can appeal to an Administrative Law Judge (ALJ).

This quarter the MCCD received 107 COP requests. MCCD issued 121 orders and 43 requests were either returned to open general files, withdrawn, controverted, resolved, or returned to the Clerk of the Commission's office for other action.

Audits

Requests are received from the ALJ Division as well as outside entities (i.e., caseworkers, attorneys, etc.) for medical bill audits.

This quarter the MCCD received and processed six (6) audits.

Rule 34

Rule 34: There have been no changes at this time in Rule 34. Legislation was written to extend the legislative mandate regarding an impairment rating guide.

Speaking Engagements

Speaking Engagements: During this quarter the following engagement/activity was attended:

✓ Systemedics Christmas Reception