

State of Arkansas

EXHIBIT F

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
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SPRINGDALE DIVISION
244 SOUTH 40TH
SPRINGDALE, AR 72762-3845
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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

October 31, 2008

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 July, August, and September, 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,

A handwritten signature in black ink that reads "Alan McClain".

D. Alan McClain
Chief Executive Officer

DAM:wd

Enclosure

cc: Olan W. Reeves, Chairman
(W/Enclosure)

State of Arkansas

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QUARTERLY REPORT July, August, September, 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

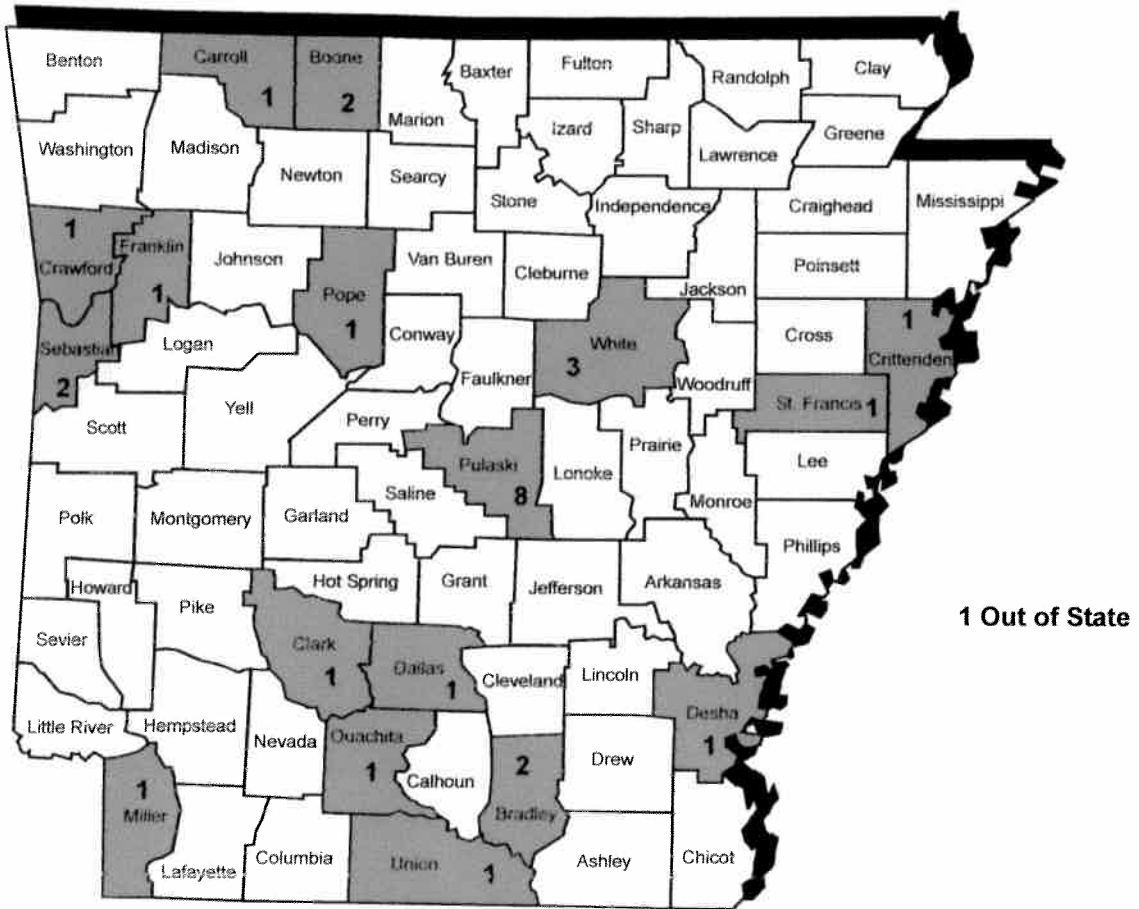
Ark. Code Ann. §11-9-409, as amended by Act 796 of 1993, established the Workers' Compensation Commission's Health and Safety Division to launch educational programs; collect injury data; identify hazardous employers; monitor their progress with follow-up inspections; and monitor accident prevention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

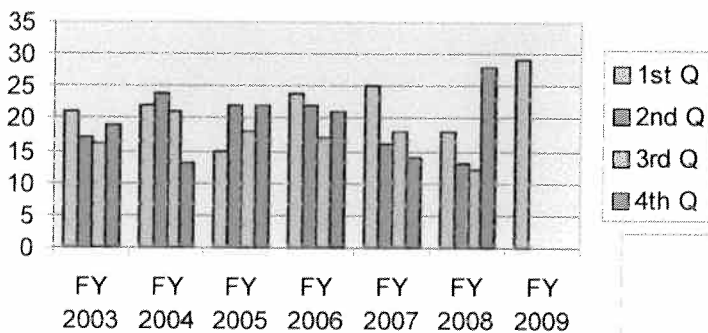
**Arkansas Workers' Compensation Commission
Health and Safety Division
1st Quarter, FY 2009**

Workplace Fatalities Reported to AWCC

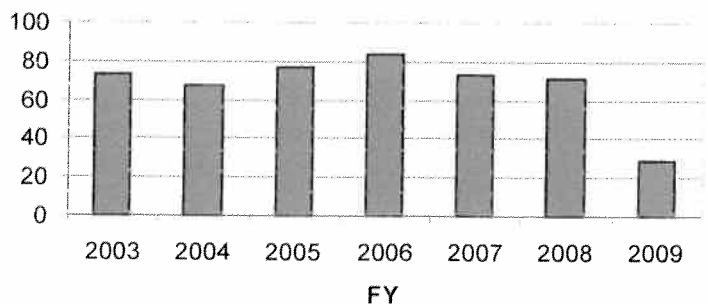


During the 1st Quarter, FY 2009, 30 fatalities were reported to the Arkansas Workers' Compensation Commission.

Workplace Fatalities by Quarter



ARC Workplace Fatalities, FY Totals



**Arkansas Workers' Compensation Commission
Health and Safety Division
1st Quarter, FY 2009**

Workplace Fatalities Reported to AWCC

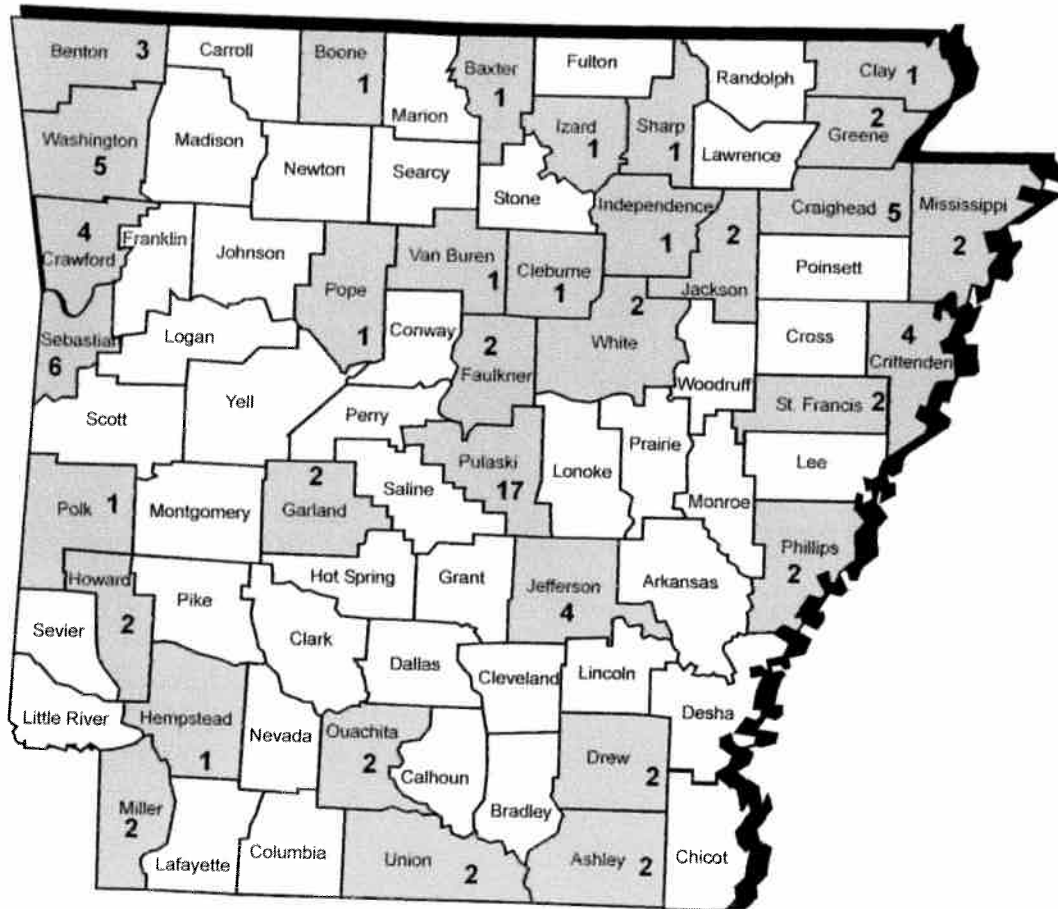
Rep. to AWCC	Employee	Employer	County of Employer	Type of Work	Type of Injury	Length of Service (yrs.)
7/2/08	Tim Souther	Tankinetics, Inc.	Boone	QC Mgr.	Electocution	1.9
8/12/08	Richard Jorman	Hotel Seville	Boone	Hospitality	Not given	0.02
7/2/08	Curtis L. Burrow	Odbon Gonzalez Logging	Bradley	Driver	Struck by	not given
9/8/08	Terry Mack Kitchens	Potlatch Forest Products	Bradley	Maintenance	Electocution	22.4
7/28/08	Charles Wayne Hames	Eric Hulsey Painting, LLC	Carroll	Painter	Not given	not given
9/3/08	Thomas McGough	City of Armit Volunteer Fire	Clark	Not given	MVA	0.9
7/18/08	Kerry R. Boatman	USA Truck, Inc.	Crawford	Student driver	MVA	0.1
7/14/08	Donald Parker	Hino Motors Mfg.	Crittenden	Not given	Heart attack	not given
7/24/08	Billy McLelland	Vescom Corp.	Dallas	Security guard	Not given	0.1
9/19/08	Henry Nukes	Jerry's Tire Service, LLP	Desha	Technician	Struck by	0.1
9/9/08	Daniel Stover	C & N Electric Power Cont.	Franklin	Lineman	Electocution	2.1
8/15/08	Johnny R. Rippy	Southern Refrigerated Trans.	Miller	Driver	MVA	2.3
9/22/08	Maurice Mitchell	Aerojet	Ouachita	Assembler	Explosion	2.6
7/10/08	Richard N. Hargraves	Kirby Specialties Corp.	Pope	Skilled labor	Caught in	0.03
7/1/08	Bruce Fick	AHTD	Pulaski	Maint. aid	Struck by	11.0
7/7/08	Billy W. Stallings	Arkansas Livestock	Pulaski	Not given	Not given	not given
7/22/08	John E. Jenkins	Affiliated Foods Southwest	Pulaski	Driver	MVA	2.2
8/21/08	John Gillespie	Service Professionals	Pulaski	Laborer	Struck by	0.2
8/27/08	Bryce Hensley	Alltel Corp.	Pulaski	Management	Not given	3.9
9/19/08	Amy Hancock	Otter Creek Homeowners Assoc.	Pulaski	Financial Assistant	Workplace violence	not given
9/25/08	Craig Dupriest	Craig's Handyman Services	Pulaski	Owner	Crushed	0.5
9/5/08	Roger Reagan	Maverick Transportation, LLC	Pulaski	Driver	MVA	6.0
7/9/08	Kenneth Lalsey	B & M Oil Co.	Sebastian	Not given	Struck by	not given
9/4/08	Raymond Crippen	Quick Lay Pipe, LLC	Sebastian	Driver	MVA	0.9
7/7/08	Cecil Don Carter	Container Transport, LLC	St. Francis	Driver	MVA	not given
7/9/08	Shirley Frisby	Milbank Mfg.	Union	Not given	Heart attack	not given
7/3/08	Sandra Collins	Triple "J" Bushhogging	White	Not given	Struck by	Died first day on job
7/11/08	Christopher Thompson	Eston Enterprises	White	Laborer	Struck by	0.2
9/11/08	Laura Underwood	Conley Transport II	White	Driver	MVA	0.2
9/25/08	Xavier Sanders	Mid-Western Commercial Roofers	Out of state	Laborer	Fall	0.5

**Arkansas Workers' Compensation Commission
Health and Safety Division
1st Quarter, FY 2009**

Workplace Fatalities Reported to AWCC

Rep. to AWCC	Employer	County of Employer	Type of Work	Type of Injury	Length of Service (yrs.)
7/2/08	Tankinetics, Inc.	Boone	QC Mgr.	Electocution	1.9
8/12/08	Hotel Seville	Boone	Hospitality	Not given	0.02
7/2/08	Odbon Gonzalez Logging	Bradley	Driver	Struck by	not given
9/8/08	Potlatch Forest Products	Bradley	Maintenance	Electocution	22.4
7/28/08	Eric Hulsey Painting, LLC	Carroll	Painter	Not given	not given
9/3/08	City of Amity Volunteer Fire	Clark	Not given	MVA	0.9
7/18/08	USA Truck, Inc.	Crawford	Student driver	MVA	0.1
7/14/08	Hino Motors Mfg.	Crittenden	Not given	Heart attack	not given
7/24/08	Vescom Corp.	Dallas	Security guard	Not given	0.1
9/19/08	Jerry's Tire Service, LLP	Desha	Technician	Struck by	0.1
9/9/08	C & N Electric Power Cont.	Franklin	Lineman	Electocution	2.1
8/15/08	Southern Refrigerated Trans.	Miller	Driver	MVA	2.3
9/22/08	Aerojet	Ouachita	Assembler	Explosion	2.6
7/10/08	Kirby Specialties Corp.	Pope	Skilled labor	Caught in	0.03
7/1/08	AHTD	Pulaski	Maint. aid	Struck by	11.0
7/7/08	Arkansas Livestock	Pulaski	Not given	Not given	not given
7/22/08	Affiliated Foods Southwest	Pulaski	Driver	MVA	2.2
8/21/08	Service Professionals	Pulaski	Laborer	Struck by	0.2
8/27/08	Alltel Corp.	Pulaski	Management	Not given	3.9
9/19/08	Otter Creek Homeowners Assoc.	Pulaski	Financial Assistant	Workplace violence	not given
9/25/08	Craig's Handyman Services	Pulaski	Owner	Crushed	0.5
9/5/08	Maverick Transportation, LLC	Pulaski	Driver	MVA	6.0
7/9/08	B & M Oil Co.	Sebastian	Not given	Struck by	not given
9/4/08	Quick Lay Pipe, LLC	Sebastian	Driver	MVA	0.9
7/7/08	Container Transport, LLC	St. Francis	Driver	MVA	not given
7/9/08	Milbank Mfg.	Union	Not given	Heart attack	not given
7/3/08	Triple "J" Bushhogging	White	Not given	Struck by	Died first day on job
7/11/08	Elston Enterprises	White	Laborer	Struck by	0.2
9/11/08	Conley Transport II	White	Driver	MVA	0.2
9/25/08	Mid-Western Commercial Roofers	Out of state	Laborer	Fall	0.5

**Arkansas Workers' Compensation Commission
Health and Safety Division
1st Quarter, FY 2009
Employers Placed in the Rule 32 Program**



During the 1st Quarter, FY 2009, 87 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.

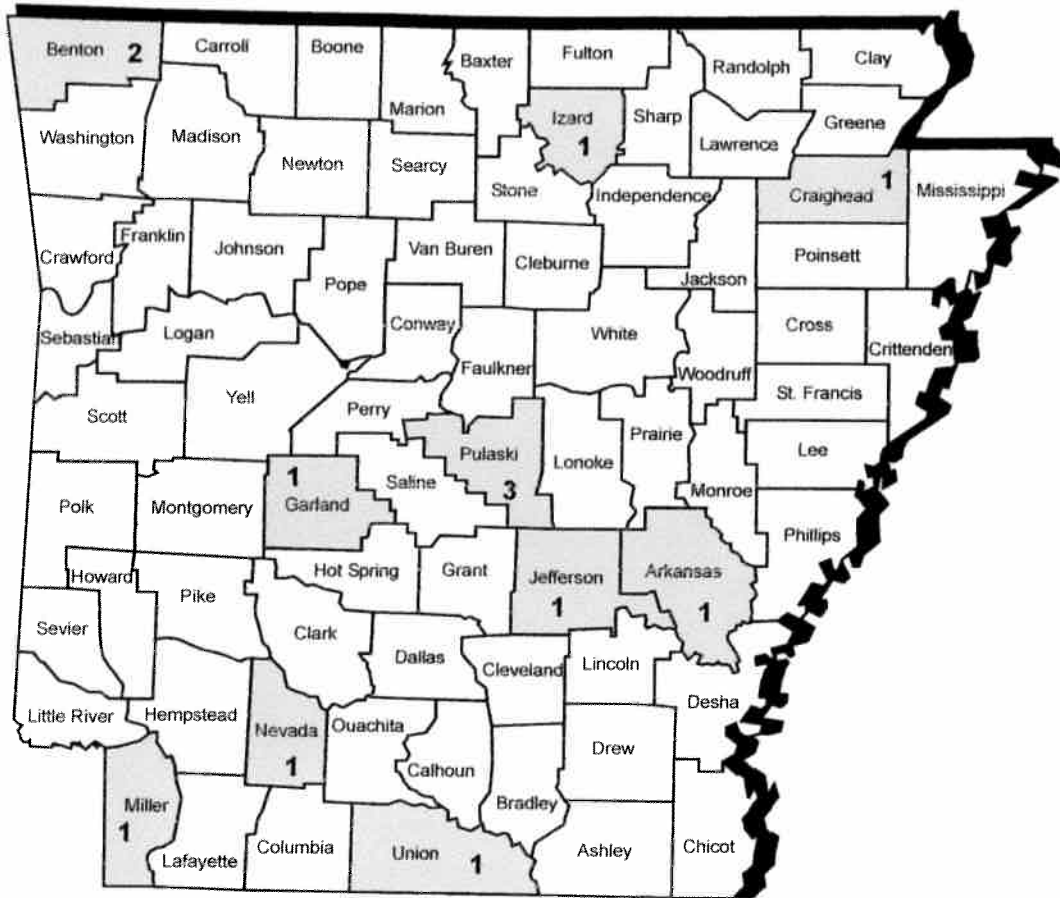
**Arkansas Workers' Compensation Commission
Health and Safety Division
1st Quarter, FY 2009**

**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 1st Quarter, FY 2009, the APS group inspected the following companies:

Company	Account Premiums	No. of Policyholders
Wausau Insurance Companies - Employers Insurance Co. of Wausau, Wausau Underwriters Insurance Co., Wausau Business Insurance Co.	\$10,987,010.00	310
Federated Mutual Group - Federated Service Insurance Co., Federated Mutual Insurance Co.	\$581,769.00	441
Guarantee Insurance Company	\$6,016,916.00	461
Providence Property & Casualty Insurance Companies - Imperial Casualty & Indemnity Co.	\$482,751.00	8
Westfield Insurance	\$15,019.00	12
Argonaut Great Central	\$493,055.00	120
Zurich American Insurance Companies American Guarantee & Liability Insurance Co., American Zurich Insurance Co., Assurance Company of America, Colonial American Casualty & Surety, Fidelity & Deposit Insurance Co., Maines Bonding & Casualty Insurance Co., Maryland Casualty Insurance Co., National Standard Insurance Co., Northern Insurance Co., Universal Underwriters Insurance Co., Universal Underwriters of Texas Insurance Co., Valiant Insurance Co., Zurich American Insurance Co., Zurich American Insurance Co. of Illinois.	\$47,841,325.00	1328
Triangle Insurance	\$100,214.00	8
Safeco Insurance - General Insurance Co. of America, Safeco Insurance Co. of America, First National Insurance Co. of America, American States Insurance Co., American Economy Insurance Co.	\$1,335,100.00	433
Sompo Japan	\$409,370.00	11
Transguard Insurance	\$45,343.00	17
Hanover Insurance Group - Hanover Insurance Co., Massachusetts Bay Insurance., Hanover American	\$495,244.00	134
Meadowbrook Insurance Group- Star Insurance Co., Williamsburg National Insurance Co.	\$253,315.00	142
Vanliner Insurance	\$179,082.00	5
WorkFirst	\$141,386.00	6

**Arkansas Workers' Compensation Commission
Health and Safety Division
1st 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.

**Arkansas Workers' Compensation Commission
Health and Safety Division
1st Quarter, FY 2009**

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

COMPANY	CITY	COUNTY
Guy King & Sons, Inc.	Mountain Home	BAXTER
Roll Off Service, Inc.	Lowell	BENTON
Crafton Tull Sparks	Rogers	BENTON
Built-Well Construction	Bentonville	BENTON
Bella Vista Village POA	Bella Vista	BENTON
Mary's Painting	Rogers	BENTON
Hamilton Aggregates, Inc.	Morrilton	CONWAY
Dixie Contractors Inc.	Jonesboro	CRAIGHEAD
Anderson Engineering Consultants, Inc.	Jonesboro	CRAIGHEAD
Malones Mechanical, Inc.	Van Buren	CRAWFORD
Armstrong Tool LLC	Van Buren	CRAWFORD
Seamless Systems, Inc.	Memphis	CRITTENDEN
Heartland Equipment Inc.	Wynne	CROSS
Selected Funeral and Life Insurance Company	Hot Springs	GARLAND
Abilities Unlimited of Hot Springs	Hot Springs	GARLAND
Ronnie Dowdy, Inc.	Batesville	INDEPENDENCE
Costner Excavating, Inc.	Locust Grove	INDEPENDENCE
Building Utility Contr., Inc.	Redfield	JEFFERSON
Scott Equipment Company, L.L.C.	Texarkana	MILLER
Southern Pipeline Const. Co.	Bigelow	PERRY
Thomas Petroleum, Inc.	West Helena	PHILLIPS
Blackmon Oil Company	Glenwood	PIKE
Greenway Equipment, Inc.	Weiner	POINSETT
Zebcom	Russellville	POPE
BEACON TIRE INC	Russellville	POPE
Industrial Power	Russellville	POPE
Norman Chronister Lawn & Land Servive, Inc.	Russellville	POPE
Wrights Cabinets Inc.	Jacksonville	PULASKI
Fraley Roofing Inc.	North Little Rock	PULASKI
S & J Construction Co., Inc.	Jacksonville	PULASKI
A.E.D.D (Ark Enterprises for the Developmental Disabled)	Little Rock	PULASKI
Fraley Roofing, Inc.	North Little Rock	PULASKI
Matson, Inc.	Little Rock	PULASKI
East-Harding, Inc.	Little Rock	PULASKI
Ketcher & Company, Inc.	North Little Rock	PULASKI
The Wilkins Corp	Little Rock	PULASKI
National Bank of Arkansas	North Little Rock	PULASKI
Little Rock Christian Academy	Little Rock	PULASKI
Arkansas Concrete Cutting	Jacksonville	PULASKI
Flemins Electric, Inc.	Bryant	SALINE
C&F Steel Erectors, Inc.	Benton	SALINE
RB Transport, Inc.	Waldron	SCOTT

**Arkansas Workers' Compensation Commission
Health and Safety Division
1st Quarter, FY 2009**

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

COMPANY	CITY	COUNTY
Weldon, William and Lick	Fort Smith	SEBASTIAN
Port City Mechanical, Inc.	Fort Smith	SEBASTIAN
Fort Smith Airport Commission	Fort Smith	SEBASTIAN
Lovvorn Wholesale Lumber Corp.	Fort Smith	SEBASTIAN
Lovvorn Trucking Corp	Fort Smith	SEBASTIAN
Steve Beam Construction	Barling	SEBASTIAN
Forsgren, Inc.	Fort Smith	SEBASTIAN
C & J Forms & Label	Fort Smith	SEBASTIAN
LeakNot, Inc.	Fort Smith	SEBASTIAN
Anthony Forest Products	El Dorado	UNION
Fayetteville Mechanical Contractors	Fayetteville	WASHINGTON
Superion Linen Service	Springdale	WASHINGTON
Howard Barnes Trucking	Fayetteville	WASHINGTON
The Bryce Company, LLC	Searcy	WHITE
Delk Construction Company	Bald Knob	WHITE
The McBurney Corporation	Norcross	Out of State
Robertson Contractors Inc.	Poplar Bluff	Out of State
Robertson Contractors, Inc	Poplar Bluff	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 18 review requests processed, five (5) review requests granted, and 18 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 "zero" balance billing allegations.

Investigations

Investigations: There were 158 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 158 COP requests. MCCD issued 220 orders and 38 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 27 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:

√ AWCC Educational Conference (Fall Forum)