GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2013

S D

SENATE BILL 794 PROPOSED COMMITTEE SUBSTITUTE S794-PCS35562-SU-51

Short Title:	Disapprove Industrial Commission Rules.	(Public)
Sponsors:		
Referred to:		

May 20, 2014

A BILL TO BE ENTITLED

AN ACT TO DISAPPROVE CERTAIN RULES ADOPTED BY THE NORTH CAROLINA INDUSTRIAL COMMISSION, TO PROVIDE SPECIFIC DIRECTIONS TO THE INDUSTRIAL COMMISSION TO REPLACE THE RULES, AND TO AMEND CERTAIN PROVISIONS OF THE WORKERS' COMPENSATION LAW.

The General Assembly of North Carolina enacts:

 SECTION 1. Pursuant to G.S. 150B-21.3(b1), 04 NCAC 10A .0605 (Discovery), 04 NCAC 10A .0701 (Review by the Full Commission), 04 NCAC 10C .0109 (Vocational Rehabilitation Services and Return to Work), 04 NCAC 10E .0203 (Fees Set by the Commission), 04 NCAC 10L .0101 (Form 21 – Agreement for Compensation for Disability), 04 NCAC 10L .0102 (Form 26 – Supplemental Agreement as to Payment of Compensation), and 04 NCAC 10L .0103 (Form 26A – Employer's Admission of Employee's Rights to Permanent Partial Disability), as adopted by the Industrial Commission on March 11, 2014, and approved by the Rules Review Commission on March 20, 2014, are disapproved.

SECTION 2. Pursuant to G.S. 150B-21.3(b1), 04 NCAC 10A .0609A (Medical Motions and Emergency Medical Motions), as adopted by the Industrial Commission on March 11, 2014, and approved by the Rules Review Commission on April 17, 2014, is disapproved.

SECTION 3. 04 NCAC 10A .0202 (Hearing Costs or Fees), as adopted by the Industrial Commission on March 11, 2014, and approved by the Rules Review Commission on March 20, 2014, is disapproved.

SECTION 4. G.S. 97-25 reads as rewritten:

"§ 97-25. Medical treatment and supplies.

- (a) Medical compensation shall be provided by the employer.
- (b) Upon the written request of the employee to the employer, the employer may agree to authorize and pay for a second opinion examination with a duly qualified physician licensed to practice in North Carolina, or licensed in another state if agreed to by the parties or ordered by the Commission. If, within 14 calendar days of the receipt of the written request, the request is denied or the parties, in good faith, are unable to agree upon a health care provider to perform a second opinion examination, the employee may request that the Industrial Commission order a second opinion examination. The expense thereof shall be borne by the employer upon the same terms and conditions as provided in this section for medical compensation.
- (c) Provided, however, if the employee so desires, an injured employee may select a health care provider of the employee's own choosing to attend, prescribe, and assume the care and charge of the employee's case subject to the approval of the Industrial Commission. In addition, in case of a controversy arising between the employer and the employee, the



Industrial Commission may order necessary treatment. In order for the Commission to grant an employee's request to change treatment or health care provider, the employee must show by a preponderance of the evidence that the change is reasonably necessary to effect a cure, provide relief, or lessen the period of disability. When deciding whether to grant an employee's request to change treatment or health care provider, the Commission may disregard or give less weight to the opinion of a health care provider from whom the employee sought evaluation, diagnosis, or treatment before the employee first requested authorization in writing from the employer, insurer, or Commission.

- (d) The refusal of the employee to accept any medical compensation when ordered by the Industrial Commission shall bar the employee from further compensation until such refusal ceases, and no compensation shall at any time be paid for the period of suspension unless in the opinion of the Industrial Commission the circumstances justified the refusal. Any order issued by the Commission suspending compensation pursuant to G.S. 97-18.1 shall specify what action the employee should take to end the suspension and reinstate the compensation.
- (e) If in an emergency on account of the employer's failure to provide medical compensation, a physician other than provided by the employer is called to treat the injured employee, the reasonable cost of such service shall be paid by the employer if so ordered by the Industrial Commission.
- (f) In claims subject to G.S. 97-18(b) and (d), a party may file an expedited, emergency, or other medical motion with the Office of the Chief Deputy Commissioner. The nonmoving party shall have the right to contest the motion. Motions and responses shall be submitted via electronic mail to the Commission, the opposing party and the opposing party's attorney, simultaneously. The Commission shall conduct an informal telephonic pretrial conference to determine if the motion warrants an expedited or emergency hearing. If the Commission determines that the motion does not warrant an expedited or emergency hearing, the motion shall be decided administratively within 60 days of the date the motion was filed pursuant to rules governing motions practices in contested cases. If the Commission determines that any party has acted unreasonably by initiating or objecting to a medical motion, the Commission may assess costs associated with any proceeding, including reasonable attorneys' fees and deposition costs, against the offending party.
- (g) If the Commission determines that a medical motion should be expedited, each party shall be afforded an opportunity to state its position and to submit documentary evidence at an informal telephonic hearing. The medical motion shall contain documentation and support of the request, including the most relevant medical records and a representation that informal means of resolving the issue have been attempted in good faith, and the opposing parties' position, if known. The Commission shall determine whether deposition testimony of medical and other experts is necessary and if so shall order that the testimony be taken within 35 days of the date the motion is filed. For good cause shown, the Commission may reduce or enlarge the time to complete depositions of medical and other experts. Transcripts of depositions shall be expedited and paid for by the administrator, carrier, or employer. Transcripts shall be submitted electronically to the Commission within 40 days of the date the motion is filed unless the Commission has reduced or enlarged the time to complete the depositions. The Commission shall render a decision on the motion within five days of the date transcripts are due to the Commission.
- (h) If the Commission determines that a medical motion is an emergency, the Commission shall make a determination on the motion within five days of receipt by the Commission of the medical motion. Motions requesting emergency medical relief shall contain the following: a motion as set forth in this subsection regarding a request for medical compensation or a dispute involving medical issues. The nonmoving party shall have the right to contest the motion. Motions and responses shall be submitted contemporaneously via electronic mail to the Commission and to the opposing party or the opposing party's attorney.

42

43

44

45

46 47

48

49

50

51

A party may file a motion with the Executive Secretary for an administrative ruling regarding a request for medical compensation or a dispute involving medical issues. The motion shall be decided administratively pursuant to rules governing motions practices in contested cases. The Commission shall decide the motion within 30 days of the filing of the motion unless an extension of time to respond to the motion has been granted for good cause shown. Either party may file a motion for reconsideration of the administrative order with the Executive Secretary. Either party may request an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection to appeal the decision of the Executive Secretary approving or denying the original motion or the motion for reconsideration. Within five days of the filing of a request for an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection to appeal the decision of the Executive Secretary, the Commission shall assign a Deputy Commissioner to conduct the formal hearing. The decision shall not be stayed during the pendency of an appeal pursuant to G.S. 97-84 and subdivision (2) of this subsection except under those circumstances set out in subdivision (4) of this subsection. A motion to stay shall be filed with the Deputy Commissioner scheduled to conduct the formal hearing pursuant to G.S. 97-84. Either party may appeal the decision of the Deputy Commissioner pursuant to G.S. 97-84 to the Full Commission pursuant to G.S. 97-85. The decision of the Deputy Commissioner shall not be stayed during the pendency of an appeal except under those circumstances set out in subdivision (4) of this subsection. A motion to stay the decision of the Deputy Commissioner pursuant to G.S. 97-84 shall be directed to the Chair of the Commission. The Full Commission shall render a decision on the appeal of the Deputy Commissioner's decision on the motion within 60 days of the filing of the notice of appeal.

In lieu of filing a motion with the Executive Secretary for an administrative ruling pursuant to subdivision (1) of this subsection or when appealing a ruling made pursuant to subdivision (1) of this subsection, a party may request a full evidentiary hearing pursuant to G.S. 97-84 on an expedited basis, limited to a request for medical compensation or a dispute involving medical issues, by filing a motion with the Office of the Chief Deputy Commissioner. The case will not be ordered into mediation based upon a party's request for hearing on the motion or appeal under this subdivision, except upon the consent of the parties. The Commission shall set the date of the expedited hearing, which shall be held within 30 days of the filing of the motion or appeal and shall notify the parties of the time and place of the hearing on the motion or appeal. Upon request, the Commission may order expedited discovery. The record shall be closed within 60 days of the filing of the motion, or in the case of an appeal pursuant to subdivision (1) of this subsection, within 60 days of the filing of the appeal, unless the parties agree otherwise or the Commission so orders. Transcripts of depositions shall be expedited if necessary and paid pursuant to rules promulgated by the Commission related to depositions and shall be submitted electronically to the Commission. The Commission shall decide the issue in dispute and make findings of fact based upon the preponderance of the evidence in view of the entire record. The award, together with a statement of the findings of fact, rulings of law, and other matters pertinent to the questions at issue shall be filed with the record of the proceedings within 15 days of the close of the

hearing record, and a copy of the award shall immediately be sent to the parties. Either party may appeal the decision of the Deputy Commissioner pursuant to G.S. 97-84 to the Full Commission pursuant to G.S. 97-85. The decision of the Deputy Commissioner pursuant to G.S. 97-84 shall not be stayed during the pendency of an appeal except under those circumstances set out in subdivision (4) of this subsection. A motion to stay the decision of the Deputy Commissioner pursuant to G.S. 97-84 shall be directed to the Chair of the Commission. The Full Commission shall render a decision on the appeal of the Deputy Commissioner's decision on the motion within 60 days of the filing of the notice of appeal.

- An emergency medical motion filed by either party shall be filed with the Office of the Chief Deputy Commissioner. The Chief Deputy or Chief Deputy's designee shall rule on the motion within five days of receipt unless the Chief Deputy or Chief Deputy's designee determines that the motion is not an emergency, in which case the motion shall be referred to the Executive Secretary for an administrative ruling pursuant to subdivision (1) of this subsection. Motions requesting emergency medical relief shall contain all of the following:
 - (1)a. An explanation of the medical diagnosis and treatment recommendation of the health care provider that requires emergency attention.
 - (2)b. A specific statement detailing the time-sensitive nature of the request to include relevant dates and the potential for adverse consequences to the employee-movant if the recommended treatment-relief is not provided emergently.
 - (3)c. An explanation of opinions known and in the possession of the employee movant of additional medical or other relevant experts, independent medical examiners, and second opinion examiners.
 - (4)d. Documentation known and in the possession of the <u>employee movant</u> in support of the request, including relevant medical records.
 - (5)e. A representation that informal means of resolving the issue have been attempted.

Either party may appeal the decision of the Chief Deputy or the Chief Deputy's designee on the emergency motion by filing an appeal with the Docket Section at the Commission. The decision of the Chief Deputy or the Chief Deputy's designee shall not be stayed during the pendency of an appeal except under those circumstances set out in subdivision (4) of this subsection. Any motion to stay shall be filed with the Chair of the Commission. The Chair of the Commission or the Chair's designee shall render an administrative decision on the appeal of the emergency motion within five days. Either party may request an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection to appeal the administrative decision of the Chair or the Chair's designee on the emergency motion. Within five days of the filing of a request for an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection, the Commission shall assign a Deputy Commissioner to conduct the formal hearing. The decision of the Chair or the Chair's designee shall not be stayed during the pendency of an appeal of the administrative decision except under those circumstances set out in subdivision (4) of this subsection. Any motion to stay shall be filed with the Deputy Commissioner scheduled to conduct the expedited formal hearing pursuant to G.S. 97-84

Page 5

and subdivision (2) of this subsection. Either party may appeal the decision 1 2 of the Deputy Commissioner pursuant to G.S. 97-84 to the Full Commission pursuant to G.S. 97-85. If so, the decision of the Deputy Commissioner shall 3 4 not be stayed during the pendency of an appeal except under those 5 circumstances set out in subdivision (4) of this subsection. Any motion to 6 stay the decision of the Deputy Commissioner pursuant to G.S. 97-84 shall be directed to the Chair of the Commission. The Full Commission shall 7 8 render a decision on the appeal of the Deputy Commissioner's decision on 9 the motion within 60 days of the filing of the notice of appeal. The Commission shall consider, among other factors, all of the following 10 <u>(4)</u> 11 when determining whether to grant a motion to stay filed pursuant to this 12 subsection: 13 Whether there would be immediate and irreparable injury, harm, loss, a. 14 or damage to either party. The nature and cost of the medical relief sought. 15 <u>b.</u> The risk for further injury or disability to the employee inherent in 16 <u>c.</u> 17 the treatment or its delay. 18 <u>d.</u> Whether it has been recommended by an authorized physician. 19 Whether alternative therapeutic modalities are available and <u>e.</u> 20 reasonable. 21 If the Commission determines that any party has acted unreasonably by **(5)** 22 initiating or objecting to a motion filed pursuant to this section, the 23 Commission may assess costs associated with any proceeding, including any 24 reasonable attorneys' fees and deposition costs, against the offending party." 25 **SECTION 5.** G.S. 97-78(g)(2) reads as rewritten: 26 "(2)The total number of requests for, and disputes involving, medical compensation under G.S. 97-25 in which final disposition was not made 27 within 45-75 days of the filing of the motion with the Commission, and, for 28 29 each such request or dispute, the date the motion or other initial pleading 30 was filed, the date on which final disposition was made and, where 31 reasonably ascertainable, the date on which any ordered medical treatment 32 was actually provided." 33 **SECTION 6.** The Industrial Commission shall adopt rules to replace the rules 34 disapproved by Sections 1, 2, and 3 of this act, in accordance with the following directions: 35 With regard to 04 NCAC 10A .0605 (Discovery), the Commission shall 36 amend subsection (6) of the rule by deleting the following sentence: "Until a 37 matter is calendared for hearing, parties may serve requests for production of 38 documents without leave of the Commission" and by inserting the following 39 sentence: "The parties may serve requests for production of documents 40 without leave of the Commission until 35 days prior to the date of hearing"; and by changing the word "shall" to "may" in subsection (7) of the rule. 41 42 With regard to 04 NCAC 10A .0609A (Medical Motions and Emergency (2) 43 Medical Motions), the Commission shall amend subsection (a) of the rule by 44 adding the word "either" between the word "before" and "the"; adding the 45 phrase "or the Executive Secretary" after the word "Commissioner"; changing the word "simultaneously" to "contemporaneously"; and changing 46 47 the word "and" that appears between the words "party" and "opposing" to 48 "or". Subsection (b) of the rule shall be amended by deleting the phrase 49 "Once notification has been received by the parties that a medical motion has

been assigned to a Deputy Commissioner, subsequent"; adding the word

"Subsequent" before the word "filings"; adding the word "electronically"

50

51

between the words "submitted" and "directly"; and adding the phrase "either the Executive Secretary or" between the words "to" and "the". The Commission shall amend subsection (c) of the rule by deleting the sentence "Upon receipt of a medical motion, carriers, third party administrators, and employers send notification of the name, email address, telephone number and fax number of the attorney appearing on their behalf to medicalmotions@ic.nc.gov." and deleting the word "also" from the subsection. The Commission shall amend subsection (d)(2) of the rule by substituting the word "employee" for the word "claimant" throughout. The Commission shall amend subsection (d)(6) of the rule by substituting the following phrase "if an attorney has been retained for the employer or carrier, the attorney's" for the phrase "the counsel for employer and carrier's." The Commission shall amend subsection (d)(8) of the rule by adding the word "the" between the words "of" and "claimant"; by substituting the word "employee" for "claimant"; by deleting the phrase "and the treatment recommendation"; by adding the word "the" between the words "and" and "name"; and by substituting the word "any" for the word "the" that appears between the words "of" and "health". The Commission shall add the phrase ", if any" after the word "request" in subsection (d)(10) of the rule. The Commission shall amend subsection (d)(11) of the rule by substituting the word "movant" for the word "employee"; and by substituting the phrase "of additional medical or other" with the phrase "by any". In subsection (d)(12) of the rule, the Commission shall substitute the word "employee" for "plaintiff". The Commission shall substitute the word "employee" for the word "claimant" throughout subsection (e)(2) of the rule. The Commission shall amend subsection (e)(3) of the rule by adding the phrase ", if known" after the word "code". The Commission shall amend subsection (e)(8) of the rule by substituting the word "relief" for the word "treatment". The Commission shall amend subsection (e)(9) of the rule by substituting the word "movant" for the word "employee"; and substituting the phrase "of additional medical or other" with the phrase "by any". The Commission shall amend subsection (e)(11) of the rule by substituting the word "documents" for the word "documentation"; and substituting the phrase "employee in support of" with the phrase "movant relevant to". The Commission shall amend the rule by deleting subsections (f), (g), and (i) of the rule; former subsection (j) of the rule shall become new subsection (f) of the rule; former subsection (k) of the rule shall become new subsection (i) of the rule. The Commission shall amend subsection (h) of the rule by deleting the phrase "deemed necessary by the Deputy Commissioner"; by adding the phrase "pursuant to G.S. 97-25" between the words "order" and "within"; and by deleting the phrase "within 35 days of the date the motion is filed. Transcripts of depositions shall be submitted electronically to the Commission within 40 days of the date of the filing of the motion"; and by adding the phrase "or upon agreement of the parties" after the phrase "for good cause shown". The Commission shall amend the rule by adding a new subsection (g) that shall read as follows: "(g) A party may appeal an order of the Executive Secretary on a motion brought pursuant to G.S. 97-25(f)(1) or receipt of a ruling on a motion to reconsider filed pursuant to Rule .0703(b) of the Subchapter by giving notice of appeal to the Docket Section within 15 calendar days. A letter expressing an intent to appeal a decision of the Executive Secretary shall be considered a request for an expedited hearing

42 43 44

45

46

40

41

pursuant to G.S. 97-25 and G.S. 97-84. The letter shall specifically identify the order from which appeal is taken. After receipt of a notice of appeal, the appeal shall be assigned to a Deputy Commissioner by the Docket Section, and an order under the name of the Deputy Commissioner to which the appeal is assigned shall be issued within three days of receipt of the notice of appeal." The Commission shall amend the rule by adding a new subsection (j) that shall read as follows: "(j) A party may appeal the administrative decision of the Chair or the Chair's designee filed pursuant to G.S. 97-25(f)(3) by giving notice of appeal to the Docket Section within 15 calendar days of receipt of the Order. A letter expressing an intent to appeal the Chair or the Chair's designee's Order filed pursuant to G.S. 97-25(f)(3) shall be considered a notice of appeal, provided that the letter specifically identifies the Order from which appeal is taken. After receipt of notice of appeal, the appeal shall be acknowledged by the Docket Section within three days by sending an Order under the name of the Deputy Commissioner to which the appeal is assigned. The appeal of the administrative decision of the Chair or the Chair's designee shall be subject to G.S. 97-25(f)(2) and G.S 97-84." The Commission shall amend new subsection (i) of the rule by substituting the phrase "the decision of a Deputy Commissioner, Chief Deputy, or Chief Deputy's designee filed" for the phrase "a Deputy Commissioner's Order on a motion brought"; by adding the phrase "(f)(2)" between the words "G.S. 97-25" and "by"; by deleting the phrase "or receipt of the ruling on a Motion to Reconsider the Order filed pursuant to Rule .0703(b) of this Subchapter"; by substituting the word "filed" for the phrase "on a motion brought"; by substituting the phrase "briefs and set the schedule for filing." for the phrase "briefs and the schedule for filing them. At the time the motion is set for informal hearing, the Chair of the Panel shall also indicate to the parties if oral arguments are to be by telephone, in person, or waived."; and by adding "A Full Commission hearing on an appeal of a medical motion filed pursuant to G.S. 97-25(f)(1) and G.S. 97-25(f)(2) shall be held telephonically and shall not be recorded unless unusual circumstances arise and the Commission so orders."

- (3) With regard to 04 NCAC 10A .701 (Review by the Full Commission), the Commission shall amend subsection (b) of the rule by inserting the sentences "Parties represented by counsel shall sign a joint certification acknowledging receipt of the Form 44 Application for Review and the official transcript and exhibits and submit the certification within ten days of receipt of the Form 44 Application for Review and the official transcript and exhibits. The certification shall stipulate the date the Form 44 Application for Review and the official transcript and exhibits were received by the parties and shall note the date the appellant's brief is due." after the sentence that reads "The e-mail shall also provide instructions for the submission of the parties' acknowledgement of receipt of the Form 44 Application for Review and the official transcript and exhibits to the Commission."
- (4) With regard to 04 NCAC 10C .0109 (Vocational Rehabilitation Services and Return to Work), the Commission shall amend subsection (b) of the rule by deleting the phrase "only toward prospective employers offering the opportunity for suitable employment". The Commission shall change the word "shall" to "should" in subsection (c) of the rule. The Commission shall change subsection (d)(3) of the rule by substituting the phrase "the likely duration until completion of the requested retraining or education, the

number of credits needed to complete the retraining or education, the course names and schedules for the retraining or education, and which courses are available on-line versus in person" for the phrase "the likely duration until completion of the requested retraining or education and the likely class schedules, class attendance requirements, and out-of-class time required for homework and study". The Commission shall substitute the phrase "initiate or continue placement activities" for the phrase "place the worker in suitable employment" within subsection (j) of the rule.

- (5) With regard to 04 NCAC 10E .0202 (Hearing Costs), the Commission shall amend subsection (a) of the rule to insert the following phrase "other than workers' compensation cases" after the word "Commission" effective July 1, 2015. The Commission shall amend the rule by deleting the following sentence from subsection (a) of the rule effective July 1, 2015: "In workers' compensation cases, these fees shall be paid by the employer unless the Commission orders otherwise, except as specified in subsection (2) above."
- (6) With regard to 04 NCAC 10E .0203 (Fees Set by the Commission), the Commission shall delete subsection (a)(2) of the rule effective July 1, 2015.
- (7) With regard to 04 NCAC 10L .0101 (Form 21 Agreement for Compensation for Disability), 04 NCAC 10L .0102 (Form 26 Supplemental Agreement as to Payment of Compensation), and 04 NCAC 10L .0103 (Form 26A Employer's Admission of Employee's Rights to Permanent Partial Disability), the Commission shall delete any references to fees for processing agreements and the party responsible for payment of fees effective July 1, 2015.

SECTION 7. Notwithstanding G.S. 150B-21.2, the Industrial Commission shall adopt permanent rules in accordance with the provisions of this act using the procedure and time lines for temporary rules set forth in G.S. 150B-21.1(a3). Rules adopted by the Industrial Commission in accordance with this section shall be subject to review by the Rules Review Commission as provided by G.S. 150B-21.1(b); provided, however, that if the rules are approved by the Rules Review Commission, they shall become effective as provided by G.S. 150B-21.3(b). Rules adopted pursuant to this section shall not be subject to G.S. 150B-19.1(h) or G.S. 150B-21.4. The Industrial Commission shall consult with the Office of Administrative Hearings to ensure that rules adopted in accordance with this section are submitted to the Rules Review Commission in time to be eligible for legislative disapproval in the 2015 Regular Session of the 2015 General Assembly. The rules of the Industrial Commission that were in effect on the effective date of S.L. 2011-287 shall remain in effect with regard to rules disapproved by Sections 1, 2, and 3 of this act until rules adopted to replace the disapproved rules become effective pursuant to this section.

SECTION 8. This act is effective when it becomes law.

Page 8 Senate Bill 794 S794-PCS35562-SU-51