

October 21, 2005

To All NC Department of Public Instruction School Districts

Dear WCA:

Since January 1, 2001, Key Risk has been administering the DPI workers compensation program. Key Risk is pleased to have the opportunity to provide this service to the school districts in our state.

As a part of this contract, as well as being the local provider for nearly 100 local school districts, Key Risk manages thousands of claims for North Carolina school districts. It has come to our attention that a review of the statute is necessary to clarify the funding responsibility for workers compensation claims.

As you know, legislation (NCGS 115C-337-attached) was passed in 1996, allocating the proportionate amount of a workers compensation claim to the source of the employees' salary funding. Employee salaries are generated from three basic sources, and therefore claims funding also has three possible funding categories:

1. **100% state funded.** This employee is paid entirely out of state funds, with no local (and/or federal) supplement.
2. **100% local.** This employee is paid from local (and/or federal) funds with no portion of the salary provided by the state.
3. **Split funded.** Unique to our state, this employee is paid a portion of his/her salary from a combination of both state and local (and/or federal) funds.

Key Risk has extensive programming in place to accurately track the funding assigned to an injured worker by the school district from the moment the claim is reported and set up in our system throughout the life of that claim. We ask that you and your staff responsible for submitting claims to Key Risk review the process to ensure accurate payroll funding is indicated on each claim. Correct coding of payroll funding is essential to ensure the proper parties are held responsible for any given claim payments.

If you have any questions regarding claims coding, please contact your dedicated Key Risk claims professional. If you would like to review a list of all claims reported by your school district, with funding sources indicated on the first report of injury, please contact Susan Stewart at 800.366.1511, ext. 7349.

Sincerely,

Carolyn Rhodes
Manager, Alternative Risk Services