

WORKERS' COMPENSATION BOARD

MISSION

To protect the well-being of New York's labor force, most private and public sector employers in New York are required to carry workers' compensation and disability benefits insurance for their employees or demonstrate their ability to self-insure. The Workers' Compensation Board reviews claims for workers' compensation payments and assists in resolving disputed claims. In performing these responsibilities, the Board administers provisions of the following laws: the Workers' Compensation Law; the Disability Benefits Law; the Civil Defense Volunteers' Law; the Volunteer Firefighters' Benefit Law; and the Volunteer Ambulance Workers' Benefit Law.

ORGANIZATION AND STAFFING

The Board is headed by a Chairperson selected by the Governor and includes 12 additional full-time members nominated by the Governor and confirmed by the Senate for seven year terms. District offices are located in Albany, Binghamton, Brooklyn, Buffalo, Hauppauge, Hempstead, Manhattan, Peekskill, Queens, Rochester and Syracuse, with administrative offices in Albany. To make the hearing process as convenient as possible, the Board has 30 additional customer service centers located throughout the State

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$202 million All Funds** for the Workers Compensation Board, all of which is funded from assessments on businesses. This is a decrease of **\$11 million** from the 2007-08 budget. This net change primarily reflects a change in the anticipated response by the Board to defaults in group self-insured trusts. While previously, the State expected to assess self-insured employers for amounts sufficient to cover unpaid claims by defaulted groups, the 2008-09 Executive Budget relies on new legislation to be proposed by the Governor which is expected to offer the Board a variety of approaches to respond to the defaults in a manner which minimizes disruptive impacts on businesses. The budget, therefore, does not include appropriation authority to assess and pay costs associated with maintaining self insured benefits for injured workers of entities that have ceased operation. The Board will continue to have a **workforce of 1,539 positions** in 2008-09, which is unchanged from 2007-08.

PROGRAM HIGHLIGHTS

The Governor's comprehensive Workers' Compensation Reform legislation has led to a more than 20 percent decrease in workers compensation costs to New Yorkers, saving businesses across the state over \$1 billion.

In response to the mandated changes within the legislation, agency staff in every program have been deeply involved in ensuring that the benefits for all parties of the workers' compensation system are fully met. To that end, the Board is increasing benefit payments for injured workers; ensuring a more coordinated approach to the oversight of the insurance compliance requirements of State law, through increased investigatory efforts and the ability to issue stop work orders and other new penalties against non-compliant employers; and establishing pharmacy and durable medical equipment fee schedules. In addition, the Board is in the process of implementing an expedited hearing process for

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controverted cases; streamlining business rules for assembling a case; revising the core claimant, employer and medical forms; cooperating with other affected State agencies and interested parties relative to the closure of the Special Disability Fund; piloting a process for claimants to complete a report of injury over the phone; establishing a dental fee schedule; and adopting medical guidelines.

The Governor's Workers' Compensation Reform legislation mandated that the Board conduct a study to provide alternate methodologies for securing claims under the individual self insurance program. As a result, the Board's report to the Governor and the Legislature in December, 2007, recommended that the State migrate from the current process of individual deposits to a pooled approach. This new approach would allow employers to pay fees into a pool to collectively secure claims in the event of a default. This will avoid self insurers having to utilize more than \$2 billion in borrowing capacity for the remote chance that one of them may default. This new pool will continue to ensure claim payments on behalf of defaulted self insurers while allowing for a more flexible, responsive and comprehensive system of oversight and regulation by the Board. In addition, the Board is expanding the solutions identified as part of the individual self insurance study to encompass the issues faced in the group self insurance program. These programmatic changes will allow for a stronger more efficient self insurance program while mitigating the financial impact that self insured employers would otherwise have experienced.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2007-08	Appropriations Recommended 2008-09	Change	Reappropriations Recommended 2008-09
State Operations	212,803,000	201,793,000	(11,010,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	212,803,000	201,793,000	(11,010,000)	0

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2007-08 Estimated FTEs 03/31/08	2008-09 Estimated FTEs 03/31/09	FTE Change
Disability Benefits			
Special Revenue Funds - Other	51	51	0
Systems Modernization			
Special Revenue Funds - Other	81	81	0
Workers Compensation			
Special Revenue Funds - Other	1,407	1,407	0
Total	1,539	1,539	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2007-08	Recommended 2008-09	Change
Special Revenue Funds - Other	212,803,000	201,793,000	(11,010,000)
Total	212,803,000	201,793,000	(11,010,000)

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STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2007-08</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Disability Benefits			
Special Revenue Funds - Other	7,670,000	7,761,000	91,000
Systems Modernization			
Special Revenue Funds - Other	39,417,000	40,374,000	957,000
Workers Compensation			
Special Revenue Funds - Other	165,716,000	153,658,000	(12,058,000)
Total	<u>212,803,000</u>	<u>201,793,000</u>	<u>(11,010,000)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Disability Benefits	7,761,000	91,000	3,786,000	(33,000)
Systems Modernization	40,374,000	957,000	5,015,000	45,000
Workers Compensation	153,658,000	(12,058,000)	75,397,000	(156,000)
Total	<u>201,793,000</u>	<u>(11,010,000)</u>	<u>84,198,000</u>	<u>(144,000)</u>

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Disability Benefits	3,975,000	124,000	0	0
Systems Modernization	35,359,000	912,000	0	0
Workers Compensation	77,487,000	(11,935,000)	774,000	33,000
Total	<u>116,821,000</u>	<u>(10,899,000)</u>	<u>774,000</u>	<u>33,000</u>