

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.

Because of its broad mission, the Board is responsible for implementing many of the reforms included in the Governor's New York Employment, Safety and Security Act that made historic reforms in the workers' compensation system. The Act improved workplace safety and reduced average workers' compensation rates by nearly 40 percent since enactment of the reforms.

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, Brooklyn, Binghamton, 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. The Board will have a workforce of 1,675 positions for 2002-03.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Board is funded with assessments on the Workers' Compensation and Disability Benefits insurance industry and with revenues produced by various services provided by the Board. The assessments paid by insurers are allocated to three major programs: Disability Benefits, Systems Modernization and Workers' Compensation.

The 2002-03 Executive Budget recommends approximately \$167.6 million for the Board. The recommended funding will enable the Board to continue to fulfill the Governor's commitment to improve service to businesses and injured workers. Major recommendations are as follows:

- New funding is provided to perform financial audits and/or actuarial reviews of self-insured employers that have some degree of financial risk and/or compliance issues. Early detection of financial deterioration of a self-insured employer is necessary to mitigate the financial exposure of the Board and ultimately, the self-insurance community; and
- New funding is provided to develop critical disaster recovery policies and plans, and develop information technology security plans in conformance with Office for Technology requirements. This would ensure the integrity of the Board's electronic data systems and enhance the Board's ability to continue providing needed services when there is an incident that disrupts or destroys those electronic data systems.

PROGRAM HIGHLIGHTS

The Board continues to improve services by resolving claims in the most efficient and equitable manner possible. For instance, the agency refined its formal and informal adjudication tools, resolving more outstanding claims issues for new and reactivated cases than in any other year on record. The overall inventory of cases on appeal continued to

WORKERS' COMPENSATION

decline, a “triage” approach to prioritize cases according to the specific needs of individual claimants was instituted and an increasing number of Section 32 settlement agreements were processed. In 2001, the Board successfully relocated the New York City office in Brooklyn to three smaller offices in Brooklyn, Manhattan and Queens, which has made the Board’s services more accessible to all its customers.

At the Governor’s direction, the Board also created a new Workers’ Compensation Inspector General with staff located across the State. In 2000, the Inspector General’s office received 3,884 alleged fraud case referrals, an increase of 158 percent over 1999. The Office investigated and closed 2,481 cases and submitted 1,328 cases to various authorities for criminal prosecution or other appropriate action.

DISABILITY BENEFITS PROGRAM

Disability benefits provide cash payments in lieu of lost wages to temporarily disabled employees. Coverage is required for employers of one or more employees with such selected exceptions as agricultural enterprises and public employers. Weekly statutory cash benefits equal one-half of a disabled worker’s weekly wage, with a maximum of \$170 per week for a 26-week period.

SYSTEMS MODERNIZATION PROGRAM

The Office for Systems Modernization manages a multi-year effort to overhaul the Board’s capacity to manage and use information. This program also maintains computerized systems vital to various Board operations and collects and analyzes data that measure performance and identify potential problems. Now that the Board has automated and improved the claims processing operation, its focus continues to be directed to other functional areas in need of automation and re-engineering, including Administration, Research and Compliance and Regulatory Services. When the modernization program is complete, the Board will have a new Workers’ Compensation Board Information System that will automate and streamline all business activities. This has already increased productivity by enhancing the Board’s capacity to process the millions of pieces of information it receives each year.

WORKERS' COMPENSATION PROGRAM

The Workers’ Compensation Board reviews workers’ claims for benefits, reports of injury filed by employers and medical reports from physicians and other health care providers. The Board adjudicates all issues and law judges make awards and findings to ensure that an entitled claimant promptly receives benefits and medical treatment. The decisions by the law judges may subsequently be appealed to Board panels and eventually to the courts. The Board, through its Bureau of Compliance, also monitors employers to ensure that they properly provide coverage for their employees and imposes penalties on those employers who fail to do so. In addition, the Board’s Regulatory Services Bureau authorizes physicians to treat compensation cases, awards licenses to medical providers and arbitrates disputed medical bills.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	158,556,100	167,640,000	9,083,900	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	158,556,100	167,640,000	9,083,900	0

WORKERS' COMPENSATION

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Disability Benefits			
Special Revenue Funds - Other	58	58	0
Systems Modernization			
Special Revenue Funds - Other	87	87	0
Workers' Compensation			
Special Revenue Funds - Other	1,530	1,530	0
Total	<u>1,675</u>	<u>1,675</u>	<u>0</u>

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
Special Revenue Funds - Other	158,556,100	167,640,000	9,083,900
Total	<u>158,556,100</u>	<u>167,640,000</u>	<u>9,083,900</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Disability Benefits			
Special Revenue Funds - Other	7,641,900	6,933,000	(708,900)
Systems Modernization			
Special Revenue Funds - Other	36,001,300	35,458,000	(543,300)
Workers' Compensation			
Special Revenue Funds - Other	114,912,900	125,249,000	10,336,100
Total	<u>158,556,100</u>	<u>167,640,000</u>	<u>9,083,900</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Disability Benefits	6,933,000	(708,900)	3,756,000	(615,100)
Systems Modernization	35,458,000	(543,300)	4,544,000	(45,400)
Workers' Compensation	125,249,000	10,336,100	69,551,000	3,950,300
Total	<u>167,640,000</u>	<u>9,083,900</u>	<u>77,851,000</u>	<u>3,289,800</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Disability Benefits	3,177,000	(93,800)	0	0
Systems Modernization	30,914,000	(497,900)	0	0
Workers' Compensation	55,082,000	6,348,200	616,000	37,600
Total	<u>89,173,000</u>	<u>5,756,500</u>	<u>616,000</u>	<u>37,600</u>