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Workers' Comp rates fall for first time in four years

by Jennifer Lorson

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Gov. Andrew Cuomo announced last week a 1.2 percent reduction in workers' compensation premium rates for New York state employer policyholders. This marks the first rate decrease in four years.

Cuomo also announced the 2007 Workers' Compensation Reform Law's final reforms have been expedited and implemented. These reforms increase injured workers' benefits and reduce costs for businesses, and are part of Cuomo's initiative to modernize and improve the workers' compensation system, he said.

"To create jobs and get our state's economy back on track it is essential that New York's businesses remain in a competitive position to succeed in the global marketplace," the governor said. "For years, the workers' compensation system has been too costly for businesses and ineffective for injured workers. With the new measures implemented by the state, and our continued work together with the business and labor communities, we will remain on track to create a system that works better for both employers and employees."

The New York Compensation Insurance Rating Board – a non-governmental rate service organization – had recommended an 11.5 percent loss-cost filing rate increase. Workers' compensation rates are determined annually by the Department of Financial Services, and are influenced by many factors, including implementation of cost cutting measures, policies or procedures, and workplace experience. After a review, the administration decided an increase was actually unnecessary, which will cause the rate decrease for the upcoming policy year.

This year, the DFS decision was influenced in part by the implementation of the 2007 Workers' Compensation Reform Law provisions, which included benefit caps for specific benefits and improving loss-of-wage earning capacity calculations.

"Under the governor's leadership, New York has taken dramatic steps that ultimately will benefit workers' compensation insurers, claimants, and businesses – both large and small – throughout the state. At a time when many states are gutting their workers' compensation systems, New York is working to continually improve our workers' compensation system for employers and employees. This is the right decision on rates at the right time," said Benjamin M. Lawsky, Superintendent of Financial Services.



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The Long Island Association had written a letter to Superintendent Lawsby on June 19, urging him to reject the rate increases. LIA president and CEO Kevin Law said last Tuesday, "The Long Island Association applauds the decision to reject what would have been a double digit increase on workers' compensation costs for employers. An actual reduction in rates is great news for the Long Island business community and will encourage our companies to invest, create jobs and grow the economy."

Robert Beloten, chair of the Workers' Compensation Board, said, "Prior to the reform, lost wage benefits were insufficient for injured workers yet the system has had uncontrollable medical and indemnity costs. It was an unsustainable system that did not work for the employer or the injured worker. Working with business and labor we have put this system on a more sustainable path. We will continue to work with our key stakeholders to improve benefit delivery and weed out waste, fraud, and abuse in the system."

Brian Sampson, Executive Director of Unshackle Upstate, a bipartisan governmental reform coalition, said, "We are very grateful to the governor for taking a leadership role in the issue of reducing the rate increase that was proposed for this year. Anything that we can do to make New York more competitive is always welcome. From our perspective, however, the Worker's Compensation Board continues to be negligent in enforcing the 2007 reforms. So as a result, we've seen an increase in cost, without implementation of medical guidelines and treatment protocols and other aspects of the 2007 reforms."

Sampson said that if New York is to get serious about fixing its worker's compensation system, someone needs to make sure the Worker's Compensation Board is held accountable for enforcing the laws and regulations that were passed in the 2007 agreement. He added that this problem was not created by the current administration, but must get fixed before worker's compensation in New York state can function as it should.

New York State Business Council president and CEO Heather Briccetti said, "The 2007 legislation was a good faith effort to balance benefit increases, reduced employer cost, and improved claims administration. Five years after the 2007 reforms, we need to evaluate its actual impacts on both benefits and costs. The cost of workers' compensation coverage remains a significant competitiveness issue for New York State business, and we look forward to working with the administration and other stakeholders on next steps in improving the system."

New York Farm Bureau President Dean Norton said, "Lowering workers compensation rates will allow farmers to contain rising production costs and reinvest more into their farms which produce the highest quality food for the people of this state and the world."

Since the remaining 2007 reforms have been put in place, the Workers' Compensation Board will now focus on creating comprehensive guidelines for chronic pain treatment, as well as system-wide modernization projects to improve services and reduce abuse, fraud, and waste.