



The Business Council of New York State, Inc.

# COMP WATCH '06

## Real-cost perspectives on unlimited lifetime benefits

New York is unusual, if not unique, in offering unlimited lifetime benefits in permanent partial disability cases—and this distinction adds to the mounting costs of our state’s comp system.

Some partial disability injuries fall under a schedule of benefits, to allow for healing and re-training. But not all.

A medium-sized, family-owned and operated business in Western New York can provide a painful real-cost perspective on cases involving a non-scheduled injury. The problem isn’t just the claim costs a business pays. The owner writes:

*Relative to issues burdening employers in New York State, there is no other like Workmen’s Compensation. We have been a Western New York Company since 1936 and when I speak with my father, who is still alive and active at 93, he just shakes his head in amazement. The system has created—and allows—a legal process of fraud.*

*Don’t misunderstand me, there are legitimate on-the-job injuries and those are the people who deserve the benefit. These are also the employees who want to get back to work and become productive. I don’t know the statistic, but from personal experience most of our work comp cases are driven*

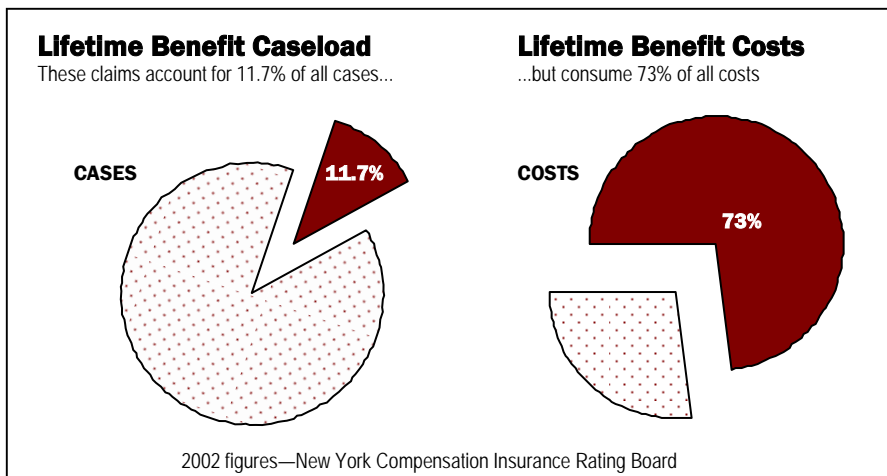
*by the people looking for the fast, big buck.*

*We had an 18-year-old employee who worked for us a total of four and a half days. It was documented he had some minor shoulder problems and the doctor told him he just needed to strengthen it by getting back to work. It became evident to his trainer within the first day that this was going to be a problem. By the fourth day our location manager realized this was just not going to work and released the individual. We had a signed document, that day, which said his shoulder was bothering him from a previous injury. As I write this, after three years, total benefits and a settlement totaling over \$157,000 have been paid. This is only one example of many we could describe.*

*Our whole process of hiring has had to change. Along with our standard post-offer, pre-employment physical we had to engage an IME (Independent Medical Examiner) as a second layer of protection. The additional cost per physical has increased by \$150 per hire. Just more money we spend to protect ourselves.*

*Our situation is not necessarily the frequency, but the size of the claims. This should be considered one of the most critical issues the NYS Legislature should be dealing with.*

Lost jobs in the private sector—and lost opportunities for new jobs—are the worst result of our high compensation costs. New York State simply can’t afford such losses.



## The system could provide ample benefits and sufficient time to retrain

Lifetime-benefit situations accounted for only 11.7 percent of our cases—but they consumed a whopping 73 percent of all costs in 2002, according to the New York Compensation Insurance Rating Board.

How can lawmakers reduce this sizeable cost burden on employers, while still providing workers with ample benefits and sufficient retraining time? By setting a generous limit on the time-frame those benefits can be collected. Workers should get up to 500 weeks—nearly 10 years—to retrain and get back on the job.

Let’s step back for a moment. It’s important to remember that a case determined by the Workers’ Compensation Board to be a

permanent partial disability is a formal finding that an employee has an ability to eventually return to work. Injured employees judged not able to return to work because of injury or illness fall into a different disability category: **permanently totally disabled.**

Forty-two other states have limited the duration of benefits in these cases.

It’s a fair change, and one New York needs now.

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