

S.172 (Ramos)/A.84 (Solages)

STAFF CONTACT : Frank Kerbein | Director, Center for Human Resources | 518.455.7180

BILL S.172 (Ramos)/A.84 (Solages)
SUBJECT Relates to increasing short- term disability benefits
DATE March 03, 2025
OPPOSE

S.172 (Ramos)/A.84 (Solages) proposes to amend the Workers' Compensation Law to increase benefits and protections related to the statutorily required short term disability program. The Business Council, on behalf of its more than 3,200 member companies – employers of all sizes - opposes this bill.

The main purpose of this bill is to dramatically increase the cash benefits payable under this exceptional benefit – exceptional in that only five states even require employers to replace any income lost to workers due to off-the-job illnesses or injuries. In fact, when fully implemented, the bill's proposed maximum benefit available to employees will be more than seven times the current benefit. While the maximum benefit under this law has been \$170 per week since 1989, and an adjustment of some kind may be appropriate, the shocking increase proposed in this bill and its corresponding increase in costs will jeopardize the very existence of many businesses in the state.

The Business Council Insurance Fund, a subsidiary of The Business Council provides various insurance products to its members – including short-term disability insurance. The Fund analyzed the impact of this proposed increase on several of its clients.

As an example, using actual numbers from a current Business Council Insurance Fund participant, the Fund estimated the impact of this bill on the client's disability costs. A not-for-profit human service agency in upstate New York with 1,151 employees (the largest employer in their county) currently pays an annual premium of \$110,496. This at a rate of \$8 per month per employee. Using conservative estimates of a six-fold increase in the benefit and the benefit rate of 50% of the employee's average weekly wage (both less than proposed in the bill), their annual premium would jump to \$662,976. An increase of \$552,480 per year. Even with an increase in proposed employee contributions from the current cap of \$0.60 per week, an increase of this size would most certainly jeopardize its future operations.

Other provisions of the bill would exacerbate cost and utilization in ways that are incalculable.

- Such a dramatic increase in benefit levels would surely lead to increased utilization both legitimate and fraudulent adding to per employee costs.
- The bill proposes a drop in benefits beyond week 12 and through week 26 – a change that would make predictions on utilization impossible and insurance products difficult to price and administer.
- Provisions that provide for health insurance continuation – including employer contributions to the cost of health care would add to the already exorbitant cost of this bill.
- Reinstatement and job protection provisions of the bill would create staffing and workforce shortages for companies already dealing with a declining supply of workers.

Remember, this is a statutory requirement on businesses of all sizes that would dramatically increase the cost of doing business for everyone in the state. Additionally, employees would feel an increase in disability insurance contributions from \$2.40 per month to over \$10 per month. Every business in the state would feel the impact of this bill on their bottom line. Many will not survive if this bill passes. And it certainly will contribute to New York's reputation as being unfriendly to business.

For these reasons, The Business Council strongly opposes this bill.