# **2012 ANNUAL REPORT**

# WORKERS' COMPENSATION BOARD



Andrew M. Cuomo, Governor

Robert E. Beloten, Chair

## **Table of Contents**

## WORKERS' COMPENSATION BOARD'S 2012 ANNUAL REPORT

The Workers' Compensation Board is pleased to submit its 2012 Annual Report. Pursuant to Workers' Compensation Law § 153, this report sets forth basic data regarding the Board's operations, including assembly and adjudication of workers' compensation claims and issuance of stop work orders against employers that fail to maintain appropriate workers' compensation coverage.

## **Board Operations**

The Board maintains 10 district offices throughout the state (A–1). In 2012, the Board combined the Hempstead and Hauppauge district offices into a single Long Island district. The Board maintains a hearing point in Hempstead.

## **Stop Work Orders**

Nearly all employers in New York State are required to secure workers' compensation coverage. Since 2007, the Board is authorized to issue a stop work order (SWO) if an employer fails to maintain required workers' compensation coverage or to pay Board penalties (WCL § 141-a). The SWO has proven an effective vehicle in promoting compliance. Since 2007, the Board has issued 8,123 SWOs. In 2012, the Board issued 1,197 SWOs, the overwhelming majority issued downstate – 850 in New York City (A–2).

## Claims

#### Assembly

Claim assembly<sup>1</sup> occurs when the Board learns of a workplace injury and assigns the claim a Board claim number. The Board *assembles* a claim when an injured worker has lost more than one week of work, has a serious injury that may result in a permanent disability, is disputed by the carrier or employer, or receives a claim form from the injured worker (Form C-3) or a notice of claim action (Form C-669) from the carrier.

The number of assembled claims increased approximately 2% to 126,064 (A–3). The geographic distribution of assembled claims is reflected in the map at A–5.

<sup>&</sup>lt;sup>1</sup> Claim assembly was introduced in 2008 in connection with the *Rocket Docket* regulations for controverted claims, part of the 2007 reform. Prior to 2008, new claims were both assembled and "indexed" when the Board received notice of the workplace injury. The standard for assembling a claim is very similar to that of indexing for claims before 2008. The count of assembled claims excludes claims that are assigned a Board claim number but for which the Board does not receive sufficient information, despite requests, to take further action.

## Reopened Claims

There was a 1% decline in reopened claims from 2011: 224,412 versus 227,030 (A–3). A reopened claim is one that has been reactivated to resolve new issues following a finding that no further action was necessary. This is only the third decline in ten years and is the most dramatic annual decline.

## Controverted Claims

In a controverted claim, the insurance carrier or self-insured employer challenges the injured worker's eligibility for workers' compensation benefits and then a pre-hearing conference is held.<sup>2</sup> Following implementation of the expedited hearing process (also known as the Rocket Docket) in 2008, the number of controverted claims fell by approximately 50% (A–6). There was a slight increase (9%) in controverted claims in 2012 (A–6). The rate of controversy, measured at *90, 180,* and *360 days*, has not changed significantly from 2011; it ranges from 7.2-7.4% (A–8).

The expedited hearing process sets a goal of holding a pre-hearing conference within 30 days and resolving controverted claims within 90 days. Pre-hearing conferences are held within a median of 26 days of controversy. On average, the controversy is resolved within 73 days (A–10 and A–11). This is slightly better than 2011, when the average was 26 and 75 days respectively. Approximately 58% of claims controverted between January and September 2012 were resolved within the 90 day timeframe, while another 23% were resolved within 180 days (A–9).

## Accepted Claims

Regulations require the Board to issue a decision determining liability in all claims involving more than one week of lost time, even if the carrier has accepted the claim and is making payment. The Board also issues such determinations in claims that are assembled where there is no compensatory lost time. To find liability, the Board must determine that there was 1) an accident or occupational disease arising out of and in the course of employment, 2) timely notice given to the employer, and 3) a causal relationship between the work injury or illness and the consequential disability. This is known as ANCR<sup>3</sup> or ODNCR.<sup>4</sup>

In 2012, the Board established 106,854 claims. Of these, 106,210 were under the Workers' Compensation Law and 644 were under the Volunteer Firefighters' and Volunteer Ambulance Workers' Benefit Laws. This represents a 3.6% increase in accepted claims over 2011 (A–12). The time to establish accepted claims increased relative to 2011. Only 21.5% were resolved in 90 days or fewer, compared to 32.1% in 2011. With regard to longer timeframes, 62.4% were resolved in less than 180 days, compared with 70.8% in 2011 (A–14).

<sup>&</sup>lt;sup>2</sup> Carriers file a Notice of Controversy (Form C-7) to challenge a claim, but the Board's business rules do not treat a claim as controverted unless a qualifying medical form is filed by an authorized health care provider. In many claims, the carrier withdraws the C-7 or the claimant does not pursue the claim.

<sup>&</sup>lt;sup>3</sup> Accident, Notice, and Causal Relationship.

<sup>&</sup>lt;sup>4</sup> Occupational Disease, Notice, and Causal Relationship.

## Claim Resolution

By statute, the Board resolves issues in workers' compensation claims through both formal and informal means. Formal resolution refers to the formal hearing process, in which a workers' compensation law judge receives evidence, hears testimony, decides disputed legal and factual questions, and awards benefits. Informal resolutions do not involve hearings. Decisions are made based on information collected in the electronic case file of the injured worker. Informal resolutions, which include administrative determinations and conciliation, memorialize certain events in a claim that require a Board decision or to propose a decision when there is no significant dispute between the parties. Informal resolutions are proposed by the Board and are not effective if either party objects within 30 days.

In 2012, the Board issued 330,391 resolutions, on par with 2011 (A–15). Slightly more than half required hearings, with 49.5% in regular hearings and 4.6% in Section 32 agreement hearings. This is down from nearly three-fifths in 2011 (A–15). Nearly 24% of resolutions were by conciliation, compared to 17.7% in 2011 (A–15). The percentage of administrative determinations is down slightly from 2011 (21.8% v. 22.3%), though the total number of administrative determinations is up 1%, 72,063 versus 71,334 (A–15).

## Hearings

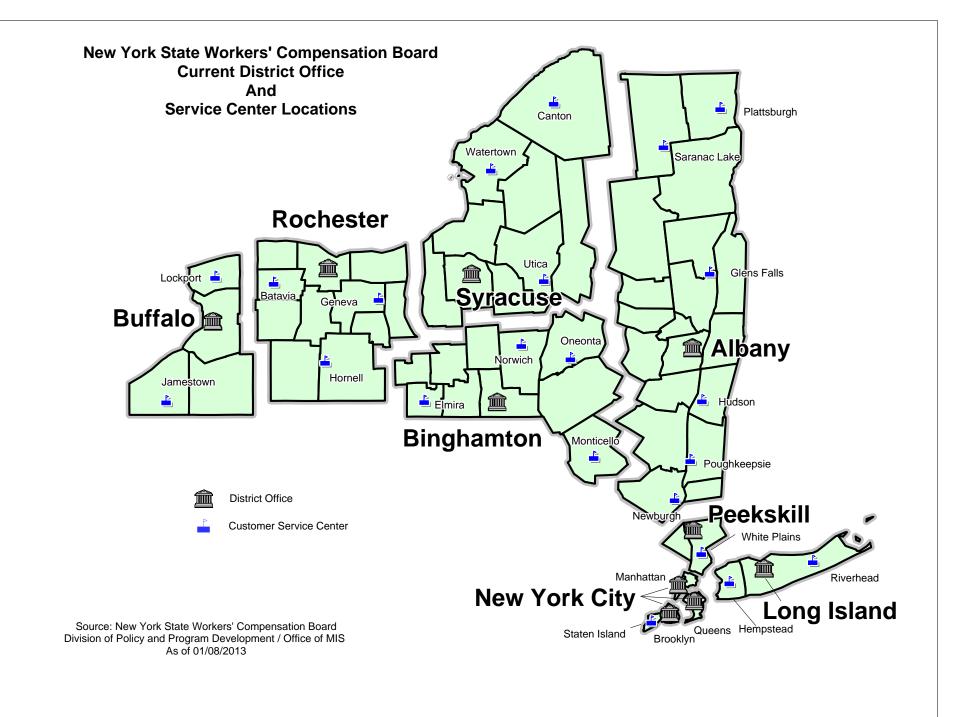
The Board is unique in the United States for its use of formal hearings to address issues in workers' compensation claims. In 2012, the Board held 256,208 hearings, down by nearly 10,000 from 2011. This decline reflects more effective use of the informal resolution process (A–16). On average, 1.5 hearings were required before the first indemnity benefit was awarded for those claims handled by the hearing process, the same as in 2011 (A-19).

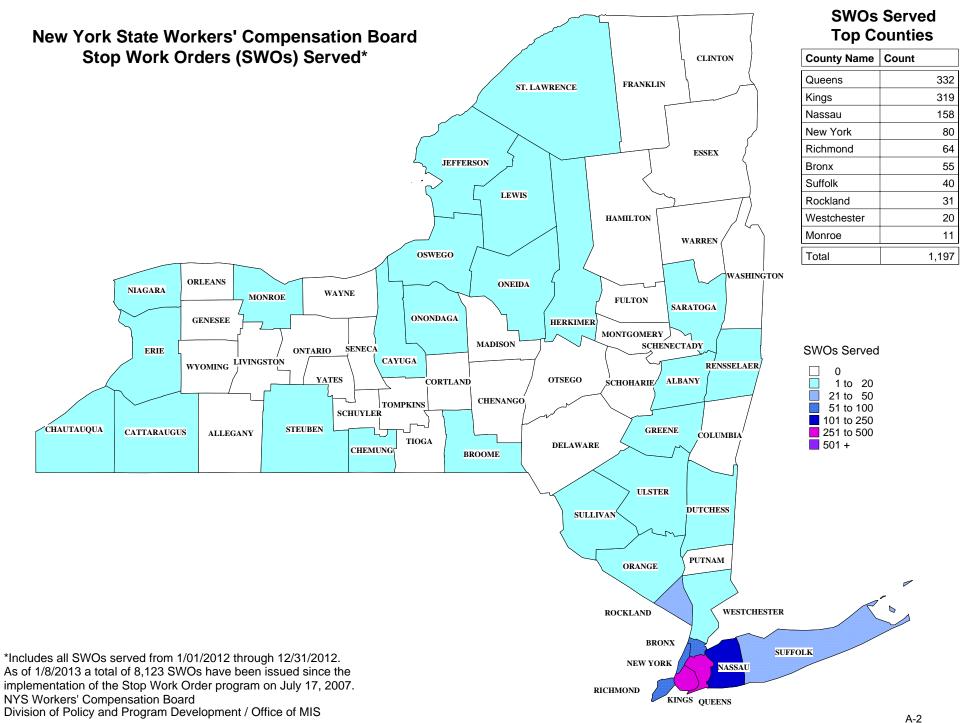
There was a slight increase in the number of pending claims, to 103,955, at the end of 2012.

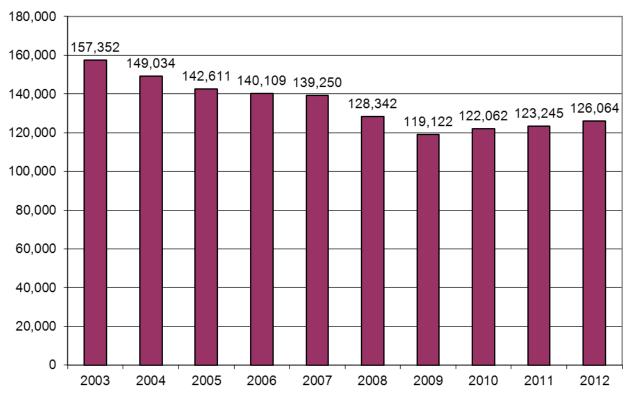
## Average Weekly Wage

Indemnity benefits are based on the injured worker's average weekly wage (AWW) in the year prior to the accident, subject to statutory maximum benefit rates. Since July 1, 2010, the maximum benefit rate has been 2/3 of the prior year's statewide average weekly wage (SAWW), as determined by the Department of Labor. In July 2012, the maximum benefit rate was \$792.07, based on a 2011 SAWW of \$1,188.10.

There is a wide distribution of AWW in accepted claims in 2012. Approximately one-third of claims had an AWW of less than \$600. One quarter had an AWW between \$600-899. Nearly 40% had an AWW of \$900 or more (A-21).







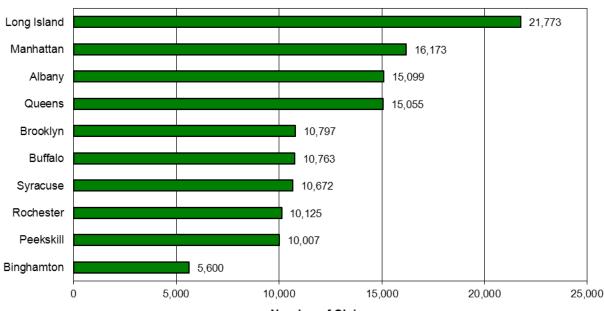
#### Claims Assembled from 2003 to 2012 Ten Year Trend

#### Claims Assembled and Claims Reopened Ten Year Trend

Calendar Year	Total Assembled Claims	Total Reopened Claims		
2003	157,352 *	166,721		
2004	149,034	172,812		
2005	142,611	177,480		
2006	140,109	182,028		
2007	139,250	181,943		
2008	128,342	191,805		
2009	119,122	201,134		
2010	122,062	196,160		
2011	123,245	227,030		
2012	126,064	224,412		
* The number of claims was reduced by 459 volunteer claims.				

The count of claims assembled post WCB reform (after September 28, 2008) excludes claims that were assigned a WCB claim number but for which the Board did not receive sufficient information, despite requests, to take further action. The WCB has changed its claim assembly process several times over the past few years. While this makes trend analysis difficult, the number of claims assembled continues to reflect the number of reported workplace injuries for which the agency may be called upon to resolve issues, monitor compliance and ensure the timely and appropriate payment of benefits.

A reopened claim is one which has been reactivated to resolve new issues following a finding that no further action was necessary.



Claims Assembled in 2012 By District Office

Number of Claims

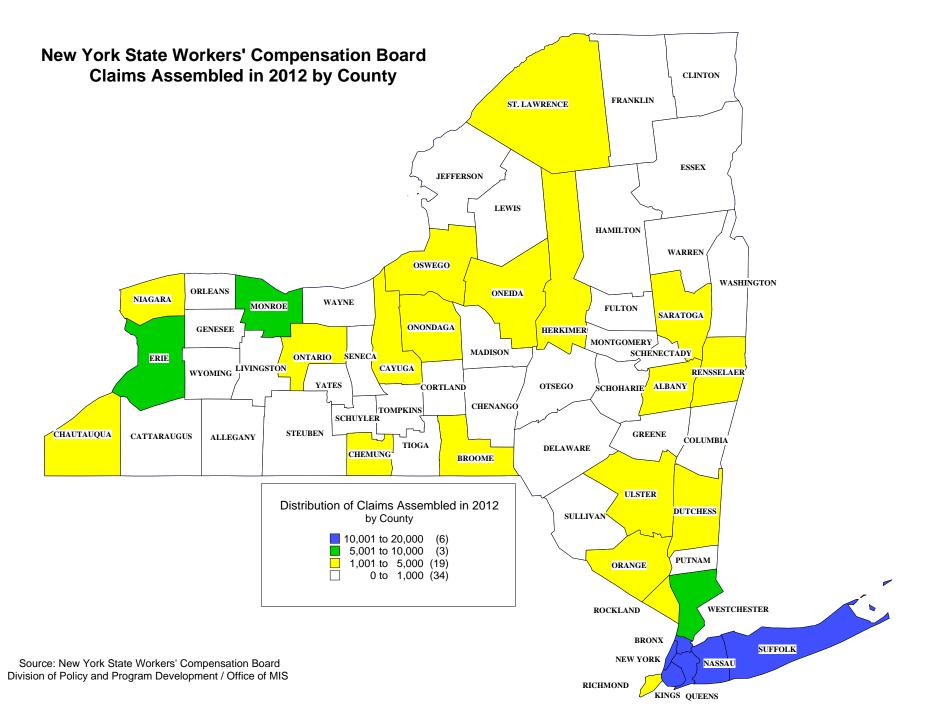
#### Assembled and Reopened Claims in 2012 By District Office

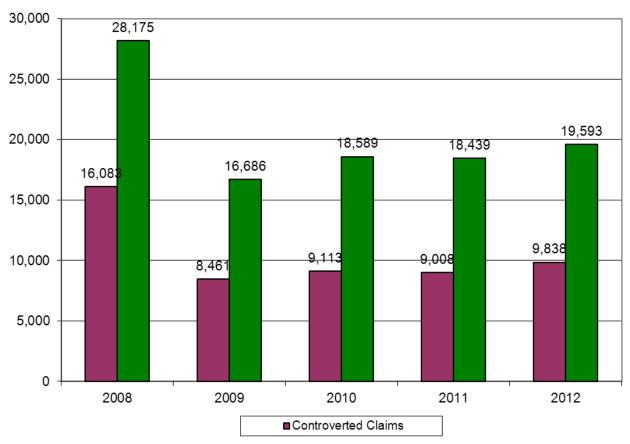
District Office	Claims Assembled	Claims Reopened		
Long Island	21,773	36,507		
Manhattan	16,173	23,229		
Albany	15,099	23,690		
Queens	15,055	24,518		
Brooklyn	10,797	17,881		
Buffalo	10,763	27,650		
Syracuse	10,672	22,204		
Rochester	10,125	17,725		
Peekskill	10,007	20,646		
Binghamton	5,600	10,362		
Total	126,064	224,412		

The count of claims assembled post WCB reform (after September 28, 2008) excludes claims that were assigned a WCB claim number but for which the Board did not receive sufficient information, despite requests, to take further action.

A reopened claim is one which has been reactivated to resolve new issues following a finding that no further action was necessary.

Hempstead and Hauppauge district offices merged into the newly created Long Island district as of February 24, 2012 so all claims assembled in Hempstead or Hauppauge are listed under the Long Island District.





#### **Controverted Claims and C-7 Forms Filed** From 2008 to 2012

**Controverted Claims and C-7 Forms Filed** From 2008 to 2012

Year	Controverted Claims*	Percent Change	C-7 Forms Filed	Percent Change
2008	16,083	N/A	28,175	N/A
2009	8,461	-47%	16,686	-41%
2010	9,113**	8%	18,589	11%
2011	9,008***	-1%	18,439	-1%
2012	9,838****	9%	19,593	6%

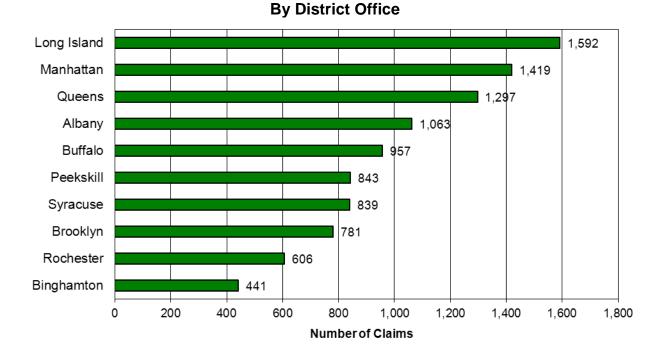
\* Approximately five percent of the Controverted Claims reported may have data issues that cannot be resolved without manual intervention.

\*\* 101 claims removed from this population due to data anomalies.

\*\*\*\* 121 claims removed from this population due to data anomalies. \*\*\*\* 85 claims removed from this population due to data anomalies.

A controverted claim is one for which the Board has received: 1) "Notice That Right To Compensation Is Controverted" (C-7) indicating that the Carrier disputes the claim, and 2) qualifying medical documentation.

"C-7 Forms Filed" is a count of the "Notice That Right To Compensation Is Controverted" forms filed with the Board.



**Claims Controverted in 2012** 

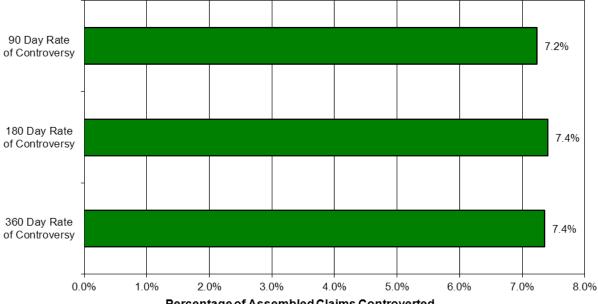
District Office	Number of Claims Controverted*	
Long Island	1,592	
Manhattan	1,419	
Queens	1,297	
Albany	1,063	
Buffalo	957	
Peekskill	843	
Syracuse	839	
Brooklyn	781	
Rochester	606	
Binghamton	441	
Total	9,838**	

 \* Approximately five percent of the Controverted Claims reported may have data issues that cannot be resolved without manual intervention.
\*\* 85 claims removed from this population due to data anomalies.

A controverted claim is one for which the Board has received: 1) "Notice That Right To Compensation Is Controverted" (C-7) indicating that the Carrier disputes the claim, and 2) qualifying medical documentation.

Hempstead and Hauppauge district offices merged into the newly created Long Island district as of February 24, 2012 so all claims assembled in Hempstead or Hauppauge are listed under the Long Island District.

Percentage of Assembled Claims Controverted 2012 Report



Percentage of Assembled Claims Controverted

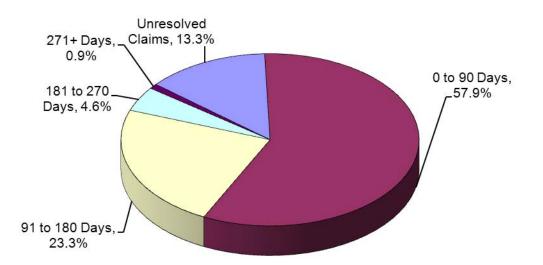
Rate of Controversy	Totals
90 Day Rate of Controversy	7.2%
Claims Assembled (Oct. 2011 to Sept. 2012)	127,459
Claims Controverted	9,218

180 Day Rate of Controversy	7.4%
Claims Assembled (July 2011 to June 2012)	126,869
Claims Controverted	9,394

360 Day Rate of Controversy	7.4%
Claims Assembled (Jan. 2011 to Dec. 2011)	120,540
Claims Controverted	8,868

This report is run with a '90 day', '180 day' and '360 day' lag. It presents the rates of controversy for claims assembled during the 12 month periods ending 90 days ago, 180 days ago and 360 days ago as of January 1, 2013. Claims that were handled using an Alternative Dispute Resolution (ADR) program were not included in the above count of claims. ADR claims are handled outside of the traditional Workers' Compensation System in New York State.

#### Claims Controverted in the First Nine Months of 2012 By Number of Days to Resolve the Issues



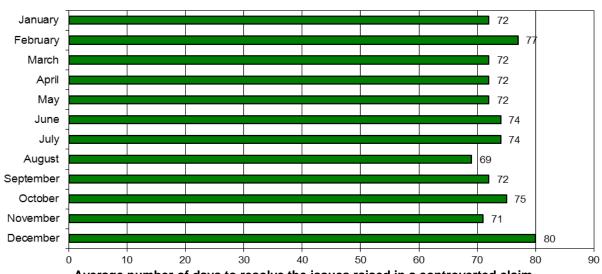
Days	Controverted Claims*	Percentage of Claims
Unresolved Claims	998	13.3%
0 to 90 Days	4,341	57.9%
91 to 180 Days	1,744	23.3%
181 to 270 Days	347	4.6%
271+ Days	69	0.9%
Total	7,499**	100.0%

\* Approximately five percent of the Controverted Claims reported may have data issues that cannot be resolved without manual intervention.

\*\* 72 claims removed from this population due to data anomalies.

A controverted claim is one for which the Board has received: 1) "Notice That Right To Compensation Is Controverted" (C-7) indicating that the Carrier disputes the claim, and 2) qualifying medical documentation.

Controversy is resolved when the Board accepts the claim, closes it administratively, decides that no further action is necessary, or files a typist form letter "Notice to Carrier Regarding Action Taken on Form C-7" indicating the controversy is resolved.



Average Number of Days to Resolve the Issues Raised in a Controverted Claim in 2012 By Month

Average number of days to resolve the issues raised in a controverted claim

Month	Average Number of Days
January	72
February	77
March	72
April	72
May	72
June	74
July	74
August	69
September	72
October	75
November	71
December	80
Average	73

A claim is considered eligible for hearing as a controverted claim only if a C-7 form and a qualifying medical form have been filed.

Controversy is resolved when the Board accepts the claim, closes it administratively, decides that no further action is necessary, or files a typist form letter "Notice to Carrier Regarding Action Taken on Form C-7" indicating the controversy is resolved.

#### Pre-Hearing Conferences (PHC) Held in 2012 Median Days from Controversy to PHC **By Month**

Month	Total PHC	Eligible PHC*	Median Days from Controversy to PHC	Unknown Controversy Date
January	678	648	26	30
February	689	659	25	30
March	704	661	26	43
April	813	773	26	40
Мау	778	749	26	29
June	763	725	26	38
July	831	797	25	34
August	711	678	25	33
September	685	670	26	15
October	851	797	26	54
November	675	632	27	43
December	688	642	26	46
Year	8,866 **	8,431	26	435***

Approximately five percent of the Controverted Claims reported may have data issues that cannot be resolved

without manual intervention.

\* An 'Eligible PHC' is the first pre-hearing conference for a controverted claim. \*\* The total number of PHCs held in calendar year 2012 is 9,540; out of these claims, 674 had a PHC in the previous year.

\*\*\* The 'Unknown Controversy Date' number reflects re-opened controverted claims, data anomalies, and claims with unknown controversy dates.

A controverted claim is one for which the Board has received: 1) "Notice That Right To Compensation Is Controverted" (C-7) indicating that the Carrier disputes the claim, and 2) qualifying medical documentation.

#### Claims Accepted in 2012 By Claim Type and Month

Month Accepted	Total Claims Accepted	WCL Claims (a)	VFBL Claims (b)	VAWBL Claims (c)
January	8,628	8,564	61	3
February	9,229	9,161	61	7
March	10,726	10,662	56	8
April	8,806	8,752	47	7
Мау	9,350	9,310	39	1
June	8,606	8,559	44	3
July	7,758	7,705	48	5
August	8,814	8,764	45	5
September	6,973	6,931	39	3
October	9,237	9,187	42	8
November	8,075	8,026	42	7
December	10,652	10,589	57	6
Total	106,854	106,210	581	63

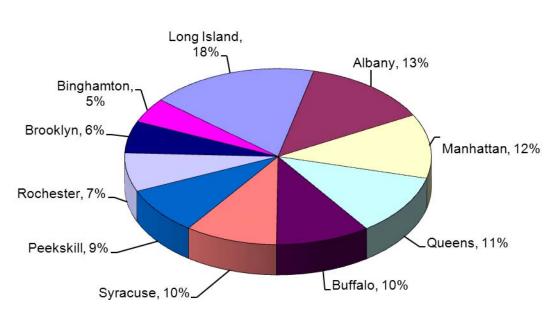
(a) Claims under the Workers' Compensation Law

(b) Claims under the Volunteer Firefighters' Benefit Law

(c) Claims under the Volunteer Ambulance Workers' Benefit Law

Claims Accepted: Claims for which there was a finding made by the Board that (1) the claimant sustained an injury or illness arising out of and in the course of employment; (2) timely notice thereof was given to the employer; and (3) there is a causal relationship between the work injury or illness and a consequent disability.

(The claims accepted data for 2012 includes some previously established claims for which a Board finding during calendar year 2012 amended or reaffirmed the claim's status; it is estimated that these affirmations account for less than 5% of the total.)



## Percentage of All Claims Accepted in 2012 By District Office

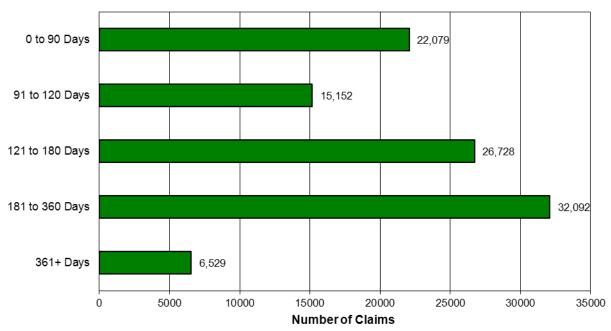
#### Claims Accepted in 2012 By District Office

District Office	Claims Accepted
Long Island	19,277
Albany	14,319
Manhattan	12,545
Queens	11,957
Buffalo	10,572
Syracuse	10,344
Peekskill	9,159
Rochester	7,560
Brooklyn	6,239
Binghamton	4,882
Total	106,854

Claims Accepted: Claims for which there was a finding made by the Board that (1) the claimant sustained an injury or illness arising out of and in the course of employment; (2) timely notice thereof was given to the employer; and (3) there is a causal relationship between the work injury or illness and a consequent disability.

(The claims accepted data for 2012 includes some previously established claims for which a Board finding during calendar year 2012 amended or reaffirmed the claim's status; it is estimated that these affirmations account for less than 5% of the total.)

Hempstead and Hauppauge district offices merged into the newly created Long Island district as of February 24, 2012 so all claims assembled in Hempstead or Hauppauge are listed under the Long Island District.



Accepted Claims in 2012 By Number of Days from Assembly to Acceptance

Accepted Claims in 2012 By Number of Days from Assembly to Acceptance

Days	Accepted Claims	Percent
0 to 90 Days	22,079	21.5%
91 to 120 Days	15,152	14.8%
121 to 180 Days	26,728	26.1%
181 to 360 Days	32,092	31.3%
361+ Days	6,529	6.4%
Total Claims	102,580	100.0%

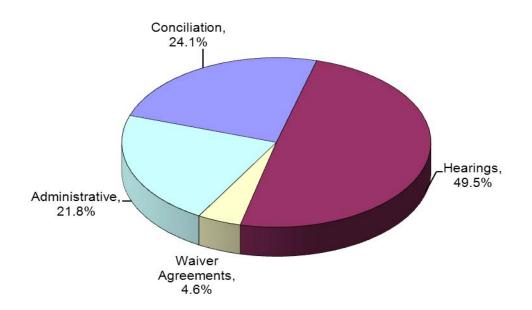
Note: 4,274 claims were excluded from this analysis due to data anomalies.

Claims are assembled when the Board has received sufficient documentation that a work related accident or disease may have occurred.

Claims Accepted: Claims for which there was a finding made by the Board that (1) the claimant sustained an injury or illness arising out of and in the course of employment; (2) timely notice thereof was given to the employer; and (3) there is a causal relationship between the work injury or illness and a consequent disability.

(The claims accepted data for 2012 includes some previously established claims for which a Board finding during calendar year 2012 amended or reaffirmed the claim's status; it is estimated that these affirmations account for less than 5% of the total.)

#### Resolutions by Board Processes in 2012



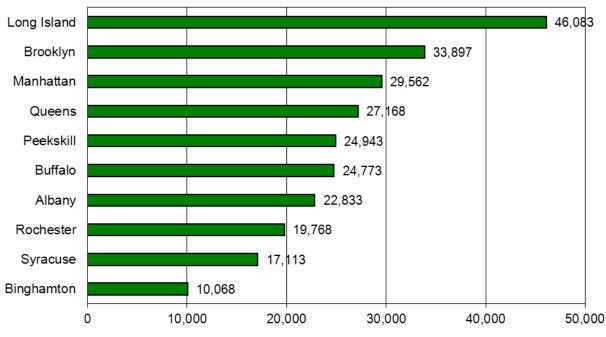
Claim Resolution	Number of Resolutions	Percentage of Resolutions
Informal	151,562	45.9%
Administrative	72,063	21.8%
Conciliation	79,499	24.1%
Formal	178,829	54.1%
Hearings	163,686	49.5%
Waiver Agreements	15,143	4.6%
Total	330,391	100.0%

"Administrative" includes Administrate Determinations, Administrative Closures and Cancellations (A claim is cancelled if it is determined to be a duplicate).

"Conciliation" provides an informal and prompt resolution of the claim based upon the cooperation of both parties: the injured worker and the insurance carrier/self-insured employer.

A claim resolved by the "Hearing" process is one for which a judge had determined that no further action by the Board was necessary at the conclusion of the hearing, this includes Pre-Hearing Conferences. A Pre-Hearing Conference provides a mechanism for the identification of issues and relevant evidence and to permit parties [in interest] an opportunity to assess their case and to resolve outstanding issues prior to [trial] scheduling a hearing regarding those issues.

"Waiver Agreements" settle any or all issues in a claim for workers' compensation benefits, subject to the Board's approval.



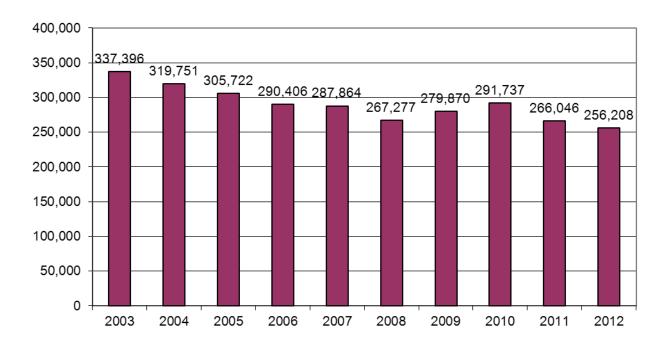
Hearings Held in 2012 By District Office

Number of Hearings

District Office	Number of Hearings
Long Island	46,083
Brooklyn	33,897
Manhattan	29,562
Queens	27,168
Peekskill	24,943
Buffalo	24,773
Albany	22,833
Rochester	19,768
Syracuse	17,113
Binghamton	10,068
Total	256,208

The number of hearings excludes commissioner hearings, board panel reviews and waiver agreements.

Hempstead and Hauppauge district offices merged into the newly created Long Island district as of February 24, 2012 so all claims assembled in Hempstead or Hauppauge are listed under the Long Island District.

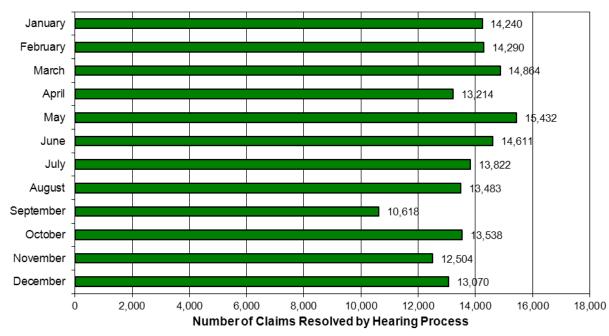


## Number of Hearings Held from 2003 to 2012 Ten Year Trend

#### Number of Hearings Held Ten Year Trend

Year	Total Hearings Held	Claims Pending at Years End	Ratio of Hearings Held to Claims Pending
2003	337,396	149,588	2.3
2004	319,751	137,735	2.3
2005	305,722	126,054	2.4
2006	290,406	122,860	2.4
2007	287,864	116,392	2.5
2008	267,277	96,058	2.8
2009	279,870	90,315	3.1
2010	291,737	85,286	3.4
2011	266,046	99,995	2.7
2012	256,208	103,955	2.5

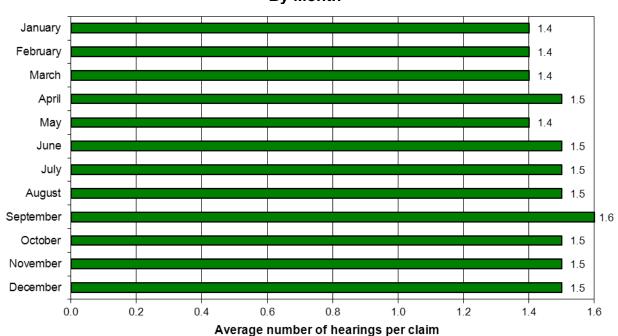
The number of hearings excludes commissioner hearings, board panel reviews and waiver agreements.



Number of Claims Resolved by Hearing Process in 2012 By Month

Resolved by Hearing Process
14,240
14,290
14,864
13,214
15,432
14,611
13,822
13,483
10,618
13,538
12,504
13,070
163,686

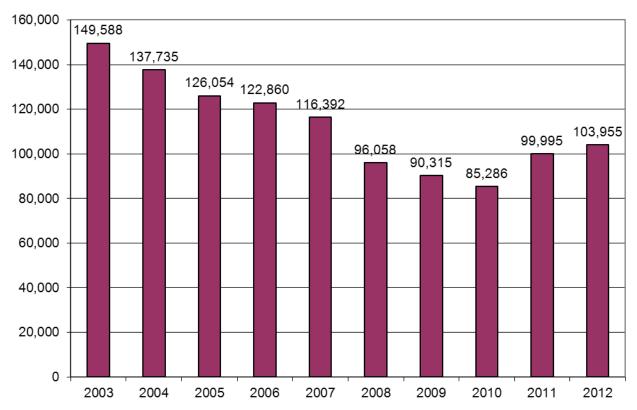
A claim resolved by the Hearing process is one for which a judge had determined that no further action by the Board was necessary at the conclusion of the hearing, this includes Pre-Hearing Conferences. A Pre-Hearing Conference provides a mechanism for the identification of issues and relevant evidence and to permit parties [in interest] an opportunity to assess their case and to resolve outstanding issues prior to [trial] scheduling a hearing regarding those issues.



Average Number of Hearings to First Indemnity Award for Claims that Required Hearings in 2012 By Month

Month	Average Hearings per Claim
January	1.4
February	1.4
March	1.4
April	1.5
May	1.4
June	1.5
July	1.5
August	1.5
September	1.6
October	1.5
November	1.5
December	1.5
Average	1.5

Accepted Claims with indemnity award: Claims for which there was a finding made by the Board that (1) the claimant sustained an injury or illness arising out of and in the course of employment; (2) timely notice thereof was given to the employer; (3) there is a causal relationship between the work injury or illness and a consequent disability; and (4) the claimant received a monetary award.

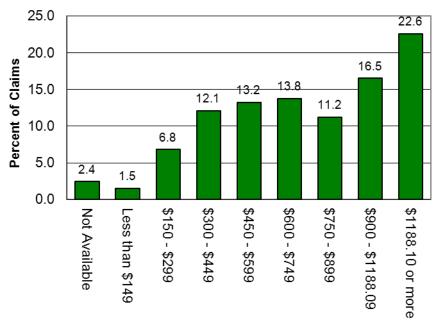


## Number of Claims Pending from 2003 to 2012 Ten Year Trend

#### Number of Claims Pending Ten Year Trend

Calendar Year	Claims Pending at End of Year	Annual Percent Change in Claims Pending
2003	149,588	-7%
2004	137,735	-8%
2005	126,054	-8%
2006	122,860	-3%
2007	116,392	-5%
2008	96,058	-17%
2009	90,315	-6%
2010	85,286	-6%
2011	99,995	17%
2012	103,955	4%

A pending claim is one with unresolved issues.



Average Weekly Wage For Accepted Claims with First Indemnity Award in 2012

Average Weekly Wage	Number of Claimants	Percentage of Claimants
Not Available	1,746	2.4%
Less than \$150	1,059	1.5%
\$150 - \$299	4,901	6.8%
\$300 - \$449	8,731	12.1%
\$450 - \$599	9,518	13.2%
\$600 - \$749	9,921	13.8%
\$750 - \$899	8,059	11.2%
\$900 - \$1188.09	11,900	16.5%
\$1188.10 or more	16,278	22.6%
Totals	72,113	100.0%

The maximum benefit rate effective 7/1/2012 is based upon the Statewide Average Weekly Wage of \$1188.10.

Claims Accepted: Claims for which there was a finding made by the Board that (1) the claimant sustained an injury or illness arising out of and in the course of employment; (2) timely notice thereof was given to the employer; and (3) there is a causal relationship between the work injury or illness and a consequent disability.

(The claims accepted data for 2012 includes some previously established claims for which a Board finding during calendar year 2012 amended or reaffirmed the claim's status; it is estimated that these affirmations account for less than 5% of the total.)