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## Governor Cuomo Details Improvements to New York's Workers' Compensation System That Cut Costs to Employers by 26% for 2014

Governor Andrew M. Cuomo today detailed a series of measures that reduce the cost to employers under the State workers compensation system by 26 percent in 2014, saving businesses and local governments \$300 million in annual expenses. The Business Relief Act cuts the assessment to employers from 18.8 percent to 13.8 percent, the largest reduction since 1998, and provides a one-time workers compensation assessment savings to all self-insured employers of approximately \$500 million.

The improvements in the workers compensation system will deliver major savings for businesses across the state, giving them the opportunity to use that extra money to make investments and create jobs in their communities, Governor Cuomo said. With the cost reductions in the workers compensation system, we are saving New York employers \$800 million in 2013 and \$300 million for each year moving forward a tremendous savings that will be felt immediately by businesses, municipalities and school districts statewide. As we continue to make state government more efficient and take actions to make doing business in New York easier, we are also spearheading a comprehensive review of the current workers compensation system so that we can continue to find ways to deliver for our employers.

Signed by the Governor as part of the 2013-14 budget, the Business Relief Act achieves \$800 million in savings by reducing the cost to operate the workers compensation system, otherwise known as assessments, in two ways. Closing the Re-Opened Case Fund initially saves all New York State employers a \$300 million annual assessment. In recent years, the cost of the Re-Opened Case Fund has grown exponentially while failing to serve its originally intended purpose. Closing the fund also reduces unnecessary litigation in the workers compensation system, another cost savings for employers.

Additionally, the Business Relief Act simplifies the antiquated, disjointed and overly complicated system used to calculate employer assessments. Unlike the old system, the new system charges all employers using the same methodology. As a result, self-insured employers in New York State, including most municipalities and school districts, will realize a one time savings in claim reserves of \$500 million.

Along with these cost-saving measures, the State has launched two other initiatives this year that will have a long-lasting positive impact on the system. In late June, New York began implementing the first phases of electronic reporting of injuries, known as eClaims. By March 2014, insurers and third party administrators will submit injury information electronically, instead of on paper. More claim information will be available, with benefits paid faster and reduced friction costs for employers.

Finally, the Workers Compensation Board is now beginning a comprehensive project known as business process re-engineering to evaluate and re-imagine the States workers compensation system. This sweeping effort will examine the workers' compensation system in New York as it exists today, assess how well it meets its goals, and re-create a system that more effectively serves the needs of injured workers and employers.

Special Counsel Steven Scotti of the New York Self-Insurers Association said, We applaud the Governor and the State Workers Compensation Board for substantially lowering the statutory assessment burden borne by the employers in the State of New York and doing so in a fair and equitable manner.

President & CEO Heather C. Briccetti, Esq., of The Business Council of New York State, said, The Business Council welcomes this significant reduction in Workers Comp Board assessments and the new simplified assessment methodology. This fulfillment of part of the Governors 2013 reform package is an important first step in the continuing effort to make New Yorks comp system more efficient, less expensive and less of an impediment to economic growth in the State. We look forward to working with the Board in continuing to implement reforms meant to deliver care to injured workers and bend the cost curve for New Yorks employers.

Executive Director Brian Sampson of Unshackle Upstate said, It is imperative that New York continue to find ways to lower the cost of Workers Compensation insurance. Governor Cuomo and his team, along with members of the Workers Compensation Board, have been actively working with the business community to find significant cost saving measures that do not impact the care provided to injured workers. The reforms enacted today are just another step in process. We look forward to continuing to work with all parties to lower the cost of this required insurance.

Mike Durant, New York State Director for the National Federation of Independent Business, said, "The escalating workers compensation costs have been a major concern for New York's small businesses. Governor Cuomo has worked with business and labor leaders to enact sensible and comprehensive reform. Today's announced cost reductions are the fruit of that hard work and we applaud the Governor's commitment to enact these necessary cost reduction measures."

Kathryn Wylde, President and CEO of the Partnership for New York City, said, This reform and reduction in costs associated with New Yorks workers compensation system sends a great message to employers about the states commitment to job creation.

Kevin Law, President & CEO of the Long Island Association, said, Reducing the cost burden of workers compensation is an important step to creating a better business climate in New York and thus we commend Governor Cuomo for the reforms made last year, which were supported by the LIA and may lead to a reduction of assessment costs for employers by more than 25% and savings to employers of more than \$300 million per year.

In December, the State will hold webinars for municipalities and other self-insured employers to educate them on the new process and ease the transition. Please contact the Workers Compensation Board at [BusinessReliefAct@wcb.ny.gov](mailto:BusinessReliefAct@wcb.ny.gov) with any questions on the new process.