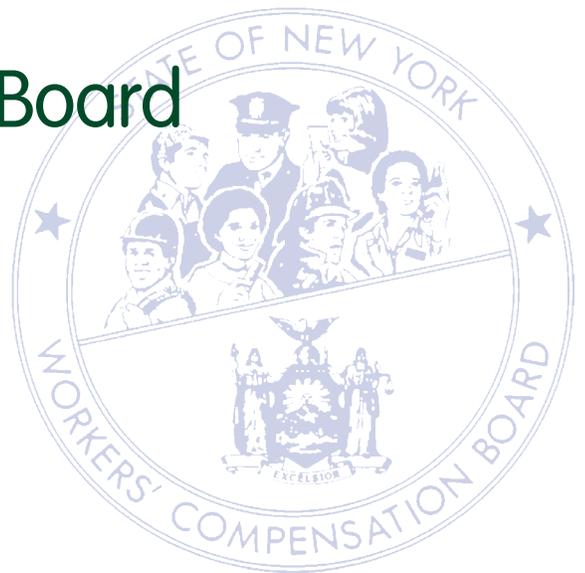




2004

New York State

Workers' Compensation Board



George E. Pataki, Governor
David P. Wehner, Chairman

June 2005

TO: THE HONORABLE GEORGE E. PATAKI
GOVERNOR, STATE OF NEW YORK

And

THE LEGISLATURE OF
THE STATE OF NEW YORK

The Annual Report of the New York State Workers' Compensation Board, recounting the activities and accomplishments of the Board in 2004, is transmitted herewith.

Respectfully submitted by,

David P. Wehner
Chairman
NYS Workers' Compensation Board

MESSAGE FROM GOVERNOR GEORGE E. PATAKI



Governor George E. Pataki

The New York State workers' compensation system has experienced remarkable changes in the past 10 years. In that time period, we have gone to great lengths to make our system more affordable and more efficient. In 1996 we undertook a complete overhaul of our system that led to historic rate reductions and administrative reforms that have made the Board a state-of-the-art service provider.

While almost every aspect of the Workers' Compensation Board is improved, in 2004 I proposed additional reforms that would have trimmed rates even further and increased services for injured workers. I believe that important changes are needed in the workers' compensation system and my administration will continue to push to make these issues a priority in the legislature.

The standards we have set in New York mean that we will have to work harder every day to deliver results. As we look to the future it is my pledge that we will meet and even surpass the expectations that have been placed upon us. The Workers' Compensation Board is the first line of defense for an injured worker and his or her family. Nothing is more important than our families, and nothing can be more important than providing efficient services for injured workers and those who employ them.

INTRODUCTION BY CHAIRMAN DAVID P. WEHNER

In more ways than one, 2004 was a transition year for the Workers' Compensation Board. For one thing, it was my first year as Chairman as I was nominated by Governor Pataki and approved by the State Senate in March. It has been a tremendous and productive learning experience.

In 2004, outreach with the workers' compensation community was a priority. I conducted a significant number of meetings, seminars and appearances with professionals throughout the industry as well as with claimant groups and others. This provided immeasurable assistance as we all work together to develop the policies that set New York's workers' compensation system head and shoulders above others.



Chairman David Wehner addressed the attendees at the November Educational Conference in Saratoga Springs.

Our interactive communication has produced results. In 2004, at the request of constituents, we improved our web site, creating a search engine that makes access to information easier. We expanded our eBusiness systems, allowing partners to delegate access to eCase to their partners, making transactions more efficient. We are committed to ensuring that when we issue a subject number it will be after careful study and input and as a result, it will represent a better product. This concept also comes as a direct result of listening to the needs of our partners.

In 2004, the Board was faced with significant challenges and came through on behalf of our customers. Major achievements include:

- Resolving 313,000 claims; the fourth consecutive year of resolving more than 300,000 cases;
- Continuing to resolve nearly half of claims informally, and outside of the potentially lengthy hearing process;
- Issuing more than 10,000 decisions on claims brought before Commissioners on appeal;
- Reducing our inventory of open claims by more than 11,800 cases.

The primary function of the Workers' Compensation Board is to provide services to injured workers and employers fairly and efficiently. My philosophy is that every person who works for the Board, regardless of the capacity in which he or she serves, is responsible to do his or her part to provide fair and efficient customer service. This report highlights the achievements of the past year and should serve notice that we are committed to working harder every day to provide the results everyone deserves.

MISSION STATEMENT

“The mission of the Workers’ Compensation Board is to equitably and fairly administer the provisions of the New York State Workers’ Compensation Law, including Workers’ Compensation Benefits, Disability Benefits, Volunteer Firefighters’ Benefits, Volunteer Ambulance Workers’ Benefits & Volunteer Civil Defense Workers’ Benefits Law on behalf of our customers, New York’s injured workers and their employers.”

CHAIRMAN OF THE NEW YORK STATE WORKERS' COMPENSATION BOARD



*Chairman
David P. Wehner*

David P. Wehner was nominated by Governor George E. Pataki to serve as Chairman of the Workers' Compensation Board. He was confirmed by the New York State Senate on March 9, 2004.

The overall mission of the Board is to equitably and fairly administer the provisions of the New York State Workers' Compensation Law on behalf of its customers, New York's injured workers and their employers. Because of its broad mission, the Board is responsible for implementing many of the reforms included in the Governor's New York Employment, Safety and Security Act that made historic reforms in the workers' compensation system. The Act improved board efficiency and helped reduce the average manual workers' compensation rates by nearly 30 percent.

Before being named Chairman, Mr. Wehner served as Executive Deputy Commissioner of the New York State Department of Labor for more than three years. Prior to being named Executive Deputy Commissioner, Chairman Wehner served more than three and a half years as Deputy Commissioner for Administration and Public Affairs. He also served as Chief Special Assistant to the Commissioner of Labor and Director of Communications.

Mr. Wehner is past President of the National Association of Government Labor Officials (NAGLO). He is a current member of the Board of Directors for the American Society of Workers Compensation Professionals, Inc. (AMCOMP) and the International Association of Industrial Accident Boards and Commissions (IAIABC). He previously served as State Media Director for United States Senator Alfonse M. D'Amato where he worked for 10 years in both his Washington, D.C. and Albany offices.

Chairman Wehner is a native of Rochester, NY, and holds a Bachelor's and Master's Degree in Communications from the State University of New York at Albany. Active in youth soccer, he and his wife Diane live in Guilderland with their two sons, Paul and Kevin, and daughter Allison.

COMMISSIONERS OF THE NEW YORK STATE WORKERS' COMPENSATION BOARD



*Vice Chairman
Jeffrey R. Sweet*

Jeffrey R. Sweet was appointed Vice Chairman of the Workers' Compensation Board by Governor George E. Pataki, and confirmed by the Senate on April 11, 1995.

Upon graduation from Utica College of Syracuse University in 1970, Mr. Sweet began government service as the Assistant Personnel Director at the Westchester County Medical Center, where he administered the Workers' Compensation and Labor Relations programs for the 3,500 employee teaching

hospital.

Mr. Sweet is an officer of the Boards of Directors of the Hudson Valley Hospital Center and the Julia L. Butterfield Memorial Hospital, as well as a Member of the Board of Visitors of Helen Hayes Hospital. He is Vice President of The Associated Charities of Peekskill. He formerly served as member and chairman of the Zoning Board of Appeals of the City of Peekskill, the Foundation of Hudson Valley Hospital Center and Field Home/Holy Comforter skilled nursing facility.

Mr. Sweet served as interim Chairman from September 2003 until March 2004.



*Commissioner
Mona A. Bargnesi*

Mona A. Bargnesi was appointed Commissioner of the Workers' Compensation Board in 2001.

Bargnesi, a graduate of Brown University and the University of Pittsburgh School of Law, was appointed to the Board by Governor George E. Pataki.

Ms. Bargnesi has previously worked with the firm of Gibson, McAskill & Crosby, LLP of Buffalo, where she practiced in the areas of medical malpractice and insurance issues.

Prior to that, she held the position of Assistant Attorney General in the New York State Attorney General's Office from 1996 to 1999.

Bargnesi is fluent in both Spanish and French. In addition, she has extensive volunteer experience including working for the Buffalo Public Schools in bilingual education and the Blind Association of Western New York.



*Commissioner
Michael T. Berns*

Michael T. Berns was appointed Commissioner of the Workers' Compensation Board by Governor Pataki in December 1996. Before being appointed to the Board, Commissioner Berns accumulated more than 25 years of management experience in the private sector. He served as Chief Operating Officer for a number of companies and as director of community based organizations. He also served as Vice President of Operations for BLR Electronics, Inc., an import distributor of electronics. Commissioner Berns is a graduate

of the Wharton School, University of Pennsylvania.



*Commissioner
Leslie J. Botta*

Dr. Leslie J. Botta was appointed to a seven-year term as Commissioner of the Workers' Compensation Board by Governor Pataki in 1999. As a medical provider, Botta brings a unique perspective to the 13 member Board.

Prior to her appointment, Botta, a licensed chiropractor, owned a small chiropractic business in Schenectady, NY. She is certified by the National Board of Chiropractic Examiners and is licensed by the State of New York.

Botta is a graduate of the University of Illinois as well as the National College of Chiropractic in Lombard, Illinois where she received her Doctorate of Chiropractic.



*Commissioner
Candace K. Finnegan*

Candace K. Finnegan was appointed to a seven-year term as Commissioner of the Workers' Compensation Board by Governor Pataki and confirmed by the Senate on June 15, 1998. Mrs. Finnegan brings a wealth of experience in human resources management to the Board.

She began state service in 1977 and has served as Personnel Administrator and Deputy Director of Labor Relations for the Labor Department, Higher Education

Services Corp., and the Office of Mental Health at the Rockland Children's Psychiatric Center where she conducted special investigations, mediated employee grievances and served as the State's advocate in employee disciplinary arbitrations.

Mrs. Finnegan is a graduate of Skidmore College and attended SUNY Albany's MBA program in Human Resources Administration.



*Commissioner
Scott C. Firestone*

Scott C. Firestone was appointed by Governor George E. Pataki in March of 2000.

Mr. Firestone resides in Suffolk County where prior to his appointment to the Board, he practiced law and served as Deputy Supervisor of the Town of Huntington.

He was admitted to the New York State Bar in 1989 and is also licensed to practice law in the states of Connecticut and

Florida.

Scott Firestone is a graduate of the Bridgeport School of Law in Connecticut. He resides in the Town of Northport. Mr. Firestone left this position at the end of 2004.



*Commissioner
Agatha Edel Groski*

Agatha Edel Groski was appointed as a Commissioner of the Workers' Compensation Board by Governor Pataki, and confirmed on June 18, 1998. Prior to her appointment, she worked for the New York State Department of Labor as an Administrative Law Judge for Unemployment Insurance and as a reviewer at the Appeals Board.

Mrs. Groski has also worked in private law practice gaining experience in personal injury and family law.

In addition to her legal experience, Mrs. Groski has a strong background in health. She worked as Nursing Home Administrator for Eden Park Nursing Home in Cobleskill. She also has an R.N. degree and served as the Director of Nurses.

Mrs. Groski is a graduate of Western New England School of Law, Russell Sage, and Marymount Colleges. She resides with her family in Cobleskill.



*Commissioner
Karl A. Henry*

Karl A. Henry was appointed Commissioner of the Workers' Compensation Board by Governor Pataki in April of 1995. Prior to his appointment, he was a national sales and account manager for contract physician staffing and placement for Durham Medical Search in Buffalo. During his 10 years with the company, he negotiated contracts with private and public hospitals, clinics and urgent care centers to provide physician coverage.

Commissioner Henry's vast experience in the health care industry includes service as a hospital specialist for Organon Pharmaceuticals in New Jersey, where he was responsible for promoting products used in emergency rooms, intensive care units and other critical care areas.

Mr. Henry's prior public service includes 10 years as a trustee and Mayor of the Village of Hamburg and three terms as an Erie County Legislator. A graduate of Monroe Community College, Mr. Henry served his country in Korea from 1960 to 1963 in the United States Army.



*Commissioner
Frances M. Libous*

Frances M. Libous, R.N., B.S., was appointed by Governor Pataki in 2001 to serve a seven-year term as a Commissioner of the Workers' Compensation Board.

She brings a valuable health care background to the Board. Libous has held a Registered Nurse's license since 1983. As a public health nurse at the Broome County Health Department, she helped seniors, children, people with AIDS, people with disabilities

and many others to avoid institutional placements by providing direct clinical care to them at home. And as a Manager at the Susquehanna Nursing Center, she helped more seniors by creating and directing home health care and outpatient medical day care programs.

She also brings a commitment to fair and efficient case handling for injured workers to the Board. As the Board's District Administrator in Binghamton for more than five years, she led efforts in a ten-county region to improve the quality and speed of customer service to injured workers through pilot programs involving

improved case management and experimental video conference conciliation.



*Commissioner
Ellen O. Paprocki*

Ellen O. Paprocki was appointed by Governor George E. Pataki in March of 2001.

Paprocki's past experiences include time spent as an Assistant Director of the New York State Fair in Syracuse where she was responsible for all aspects of management and planning of the annual State Fair and more than 200 events throughout the year.

She also boasts experience as a field office coordinator and labor management liaison for the U.S.

Department of Labor.

Paprocki also worked as a congressional liaison officer for the Agency for International Development where she assisted members of Congress with their concerns in order to develop recommendations on proposed programs and legislation.

Paprocki spent time volunteering with the Peace Corps in the early 1980's. She is a graduate of St. Bonaventure University with a Bachelor of Arts degree.



*Commissioner
Robert Zinck*

Robert M. Zinck was appointed by Governor George E. Pataki as Commissioner of the Workers' Compensation Board in April 2001.

Mr. Zinck brings over 20 years of experience to the Board. In the public realm, Mr. Zinck served as a Monroe County Legislator, representing Henrietta, New York. He was Chairman of the Recreation and Education Committee and Vice Chairman of both the Planning and Economic Development Committee and the Public Safety Committee.

Mr. Zinck's experiences in the private sector as a business leader and his strong commitment to public service brings a valuable perspective to the Board.

Mr. Zinck is a graduate of St. John Fisher College in Rochester, New York, where he received a Bachelor of Science degree. He also attended the State University of New York at Brockport where he completed courses in Alcohol and Substance Abuse Counseling.



*Richard A. Bell
Executive Director*

DEPUTY EXECUTIVE DIRECTORS



*Marsha Orndorff
Deputy Director
of Reg. Affairs*



*Nancy Mulholland
Deputy Director of
Information &
Management Services*



*Glenn Warren
Deputy Director
of Administration*

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OFFICE OF OPERATIONS



David Donohue
Director of
Operations

The Office of Operations, through the Board's 11 district offices, processes and manages injured workers' cases through the workers' compensation system. The district staff establish claimants' cases, perform case maintenance and assemble needed documentation of the facts. In addition, claims examiners resolve uncontroverted issues relating to a case, prepare and execute a calendar for holding conciliation meetings and workers' compensation hearings, and provide customer service to the injured workers and the Board's external constituents. The Board has district offices in Albany-Menands, Binghamton, Brooklyn, Buffalo, Hauppauge, Hempstead, Manhattan, Peekskill, Queens, Rochester and Syracuse. In addition, the Board maintains 30 full-time customer service centers throughout the state, where claimants may appear before the Board or review their case files. The Office of Operations oversees the district office operations and maintains the consistency and quality of service they provide.

Background

The Office of Operations continued its multi-year program to realize an increasing number of efficiencies possible through the Electronic Case Folder initiative. Being able to distribute work electronically around the state, and more effectively utilize and supervise staff in various geographic locations, continues to be a real success story enabling the Office of Operations to constantly enhance and improve service to injured workers and employers.

2004 Initiatives

■ In our innovative Virtual Call Center operation, the Office of Operations continued to answer thousands of claims-related questions each week from injured workers, employers, insurance representatives, attorneys, and other interested parties, while our overall response times continued to decrease. Claims Operations staff from each district in the state participate in this process. This year, we also began to

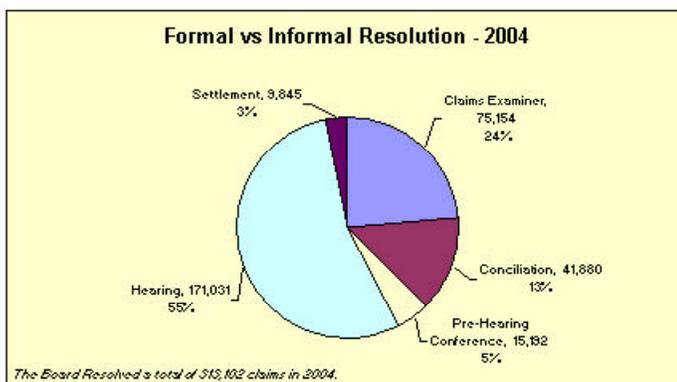
respond to other important Board initiatives, especially in conjunction with our Compliance Division's new employer focused outreach programs. We added Call Center programs for the Office of Appeals and Disability Benefits divisions.

Late in 2004, a multi-phased quality assurance monitoring program to ensure our customers and stakeholders are receiving excellent customer service throughout this process was initiated.

■ The Board's downstate Document Control Center, in Binghamton, had a successful first year in operation, handling more than sixty percent of our total claims related mail volume of more than 14 million documents. The DCC also played an integral role in assisting the Office of Appeals implement a pilot program for the faxing of appeals in time-sensitive situations.

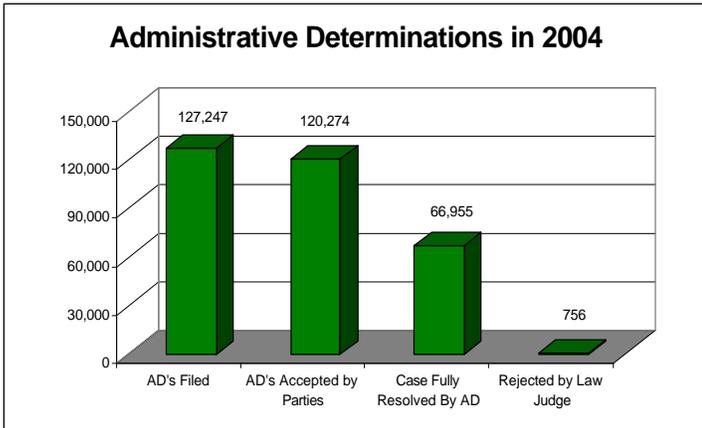
■ The Board's verbatim reporters, who record the minutes at more than 300,000 hearings each year, began a process to upgrade both their hardware and software, to further enhance their skills. Training on the new equipment is scheduled to begin in early 2005. Additionally, the increasing availability of video conference equipment at Board facilities enabled the Office of Operations to deploy needed Verbatim Reporters virtually anywhere in the state, when there were temporary manpower shortages in certain locations.

■ In 2004, with more than five years of processing changes in place, the Office of Operations embarked on a comprehensive internal study of the Post-Optics Re-engineering and Integrated Statewide Staffing Model, or PRISSM. The participants in the study, made up largely of District and Central office management personnel, worked toward finding areas in our processes where increased



In 2004 the Board resolved 45 percent of claims informally, outside of the potentially lengthy hearing process.

OFFICE OF OPERATIONS (continued)



In 2004, nearly 70,000 claims were fully resolved through administrative determinations.

efficiency could be found by leveraging our many management and electronic tools to maximum benefit. The resulting study, to be released in 2005, with an expected implementation plan to follow, will delineate a clear path for the people, technology, and culture of the claims processing operations of the Board to gain maximum productivity and flexibility in responding to staffing, communication, and workload challenges in the years ahead.

■ In 2004, the Office of Operations began to formulate a series of Quality Examining initiatives, which involve both studying and recommending changes to many existing performance targets and significant training initiatives to reinforce quality at every step of our claims resolution processes. Our focus will expand from merely processing information in support of the claims resolution process to

include how well we accomplish it and the degree of satisfaction of the parties in the process. Eventually, all levels of the organization will be assisting with the implementation of this initiative.

■ In 2004, the Office began statewide maintenance of official addresses for insurance carriers, third party administrators, and attorneys, to better control the flow of official notices and other Board documents to proper parties at their proper addresses. The Board's electronic business partners, who now number in the thousands, can further participate in this process by receiving such notices electronically, and can now even participate and assist in



*New York State Workers' Compensation Board District Administrators.
Seated left to right: Linda Spano, George Park, Janet Burman
Standing left to right: Anthony Capozzi, Wayne Allen, Edward Joyce, Frank Vernuccio, Alida Carey, Jeffrey Quinn
Not pictured: Alan Landman & Scott Firestone*

World Trade Center Claims

The Following is a breakdown of the 10,384 World Trade Center Related Claims indexed:

Death/Missing	2,153
Lost Time Claims	4,564
Medical Only Claims	3,168
Occupational Disease	499

All Information updated April 2005

OFFICE OF OPERATIONS (continued)

making sure their selected representatives receive hearing and award notices accurately and timely.

■ The Office of Operations worked closely with the Office of Adjudication in support of their roll-out of an electronic form for judges to record findings during hearings. These electronic forms are transmitted directly to examiners electronic work queues for preparation of formal award notices, and also appear immediately in the electronic case folder. This project entailed significant planning and training between the affected divisions, and was another innovative step forward in the timeliness of issue resolution for all parties to a claim.

WORKERS' COMPENSATION DISTRICT OFFICES AND CUSTOMER SERVICE CENTERS

PRINCIPAL OFFICES

20 Park Street • Albany, NY 12207

ALBANY DISTRICT

Linda Spano, District Administrator

Patricia Wright, District Manager

Counties Served: Albany, Clinton, Columbia, Dutchess, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Ulster, Warren, Washington

Albany District Office

100 Broadway - Menands • Albany, NY 12241

with **Customer Service Center locations in** ~

Hudson • Kingston • Plattsburgh

Poughkeepsie • Queensbury • Saranac Lake • Schenectady

BINGHAMTON DISTRICT

Anthony Capozzi, District Administrator

David Wiktorek, District Manager

Counties Served: Broome, Chemung, Chenango, Cortland, Delaware, Otsego, Schuyler, Sullivan, Tioga, Tompkins

Binghamton District Office

State Office Building • 44 Hawley Street • Binghamton, NY 13901

with **Customer Service Center locations in** ~

Elmira • Ithaca • Monticello • Norwich • Oneonta

BROOKLYN DISTRICT

Edward Joyce, District Administrator

Tom Agostino, District Manager

Counties Served: Kings, Richmond

Brooklyn District Office

111 Livingston Street • Brooklyn, NY 11201

with **Customer Service Center location in** **Staten Island**

BUFFALO DISTRICT

Jeffrey Quinn, District Administrator

Barbara Townsend, District Manager

Counties Served: Cattaraugus, Chautauqua, Erie, Niagara

Buffalo District Office

Statler Towers, Third Floor • 107 Delaware Avenue
Buffalo, NY 14202-2898

with **Customer Service Center locations in** ~

Jamestown • Lockport • Olean

HAUPPAUGE DISTRICT

Scott Firestone, District Administrator

Robert F. Williams, District Manager

Counties Served: Suffolk

Hauppauge District Office

220 Rabro Drive, Suite 100 • Hauppauge, NY 11788-4230

with **Customer Service Center locations in** ~

Patchogue • Riverhead

HEMPSTEAD DISTRICT

Alan Landman, District Administrator

Alan Gotlinsky, District Manager

Counties Served: Nassau

Hempstead District Office

175 Fulton Avenue • Hempstead, NY 11550

MANHATTAN DISTRICT

Frank Vernuccio, District Administrator

Joann Shelton, District Manager

Counties Served: Bronx, New York

Manhattan District Office

215 W. 125th Street • New York, NY 10027

PEEKSKILL DISTRICT

Alida Carey, District Administrator

Luis Torres, District Manager

Counties Served: Orange, Putnam, Rockland, Westchester

Peekskill District Office

41 North Division Street • Peekskill, NY 10566

with **Customer Service Center locations in** ~

Newburgh • New City • White Plains • Yonkers

QUEENS DISTRICT

Wayne D. Allen, District Administrator

Carl Gabbidon, District Manager

Counties Served: Queens

Queens District Office

168-46 91st Avenue • Jamaica, NY 11432

ROCHESTER DISTRICT

George A. Park, Jr., District Administrator

MaryBeth Goodsell, District Manager

Counties Served: Allegany, Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Steuben, Wayne, Wyoming, Yates

Rochester District Office

130 Main Street West • Rochester, NY 14614

with **Customer Service Center locations in** ~

Batavia • Geneva • Hornell

SYRACUSE DISTRICT

Janet Burman, District Administrator

Marc Johnson, District Manager

Counties Served: Cayuga, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence

Syracuse District Office

935 James Street • Syracuse, NY 13203

with **Customer Service Center locations in** ~

Auburn • Canton • Oswego • Utica • Watertown

OFFICE OF GENERAL COUNSEL



William L. Busler
General Counsel

The Office of General Counsel is the legal department of the Workers' Compensation Board. Its duties and functions range from the dispensing of legal advice to the Chair, the Board, and the various departments of the Board, to the adjudication of claims brought pursuant to the Workers' Compensation Law.

Background

William L. Busler was named General Counsel of the Board on September 2, 2003.

The Office of General Counsel is the legal department of the Workers' Compensation Board. Its duties and functions range from the dispensing of legal advice to the Chair, the Board, and the various departments of the Board, to the review of matters in which an application for full Board review or a Notice of Appeal to the Appellate Division has been filed from a Board Panel decision.

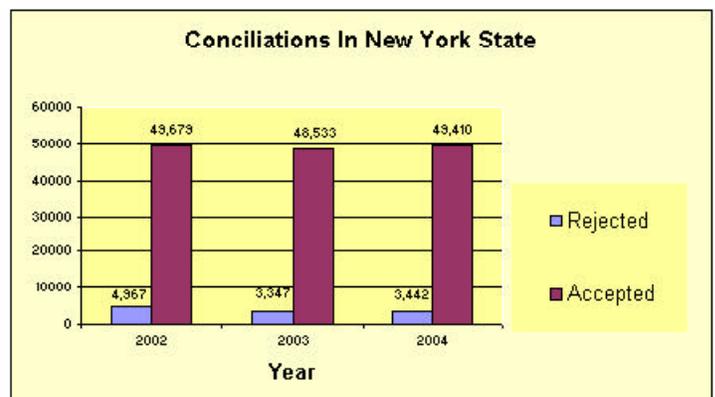
The daily responsibilities of the General Counsel's Office include providing policy and technical assistance on trial litigation in the Federal and State Courts; drafting and promulgating proposed rules and regulations with the appropriate program staff; corresponding with the Secretary of State, Governor's Office of Regulatory Reform and other agencies relative to the promulgation and publication of Board Rules and Regulations; serving as legal advisor to the Chair, the Board, Bureau Directors and District Administrators; providing legal counsel to individual Board members; and conducting training/informational lecture programs.

Legal advice as "in-house" counsel is provided to all Board bureaus and district offices. In addition, guidance is provided concerning legal process served on the Board or Board employees as a party in litigation; investigations of conduct of licensed representatives, self-insureds and third-party administrators are undertaken and recommendations for discipline made; written examinations for licensed representatives are drafted and graded; Orders of the Chair and Board resolutions are prepared; and counsel is provided concerning matters relating to licensed representatives.

Further, legal advice and representation are provided the Board in arbitration proceedings concerning employee disciplinary actions, collective bargaining, ethics, and other

personnel issues. Complaints filed against the Board with the Human Rights Commission are reviewed and, when necessary, legal representation of the Board in administrative hearings and proceedings before the Commission is provided. This office also liaises with the Affirmative Action Officer on human rights complaints filed against the Board by Board employees. In addition, this office evaluates and processes complaints lodged by parties to workers' compensation proceedings against attorneys and carriers.

In addition to the above, the Office of General Counsel has primary responsibility for reviewing matters in which an application for full Board review (the last internal administrative review a matter receives) or a Notice of Appeal to the Appellate Division, Third Department has been filed from a Board Panel decision, for making appropriate recommendations to the Board. It also acts as a liaison with the Labor Bureau of the Office of the Attorney General with regard to cases on appeal from the Board to the Appellate Division. The goal of the Office is to assure the overall consistency and quality of decisions issued by the Board.



Since January 2002, 147,622 proposed conciliation agreements were accepted by parties of interest.

OFFICE OF GENERAL COUNSEL (continued)

2004 Initiatives

Legal Advice

■ Legal advice as “in-house” counsel is provided to all Board bureaus and district offices, including the preparation of written responses to inquiries of other governmental agencies and miscellaneous correspondence from the public. In 2004 the Office of General Counsel completed more than 260 written responses as either correspondence or legal memoranda.

Full Board Review

■ The Office of General Counsel, in conjunction with the Office of Appeals, assists the full Board with the full Board review process. The process involves the Office of General Counsel receiving all requests, reviewing them and forwarding some requests to the Office of Appeals. A supervising attorney and six senior attorneys from the Office of General Counsel provide this assistance. At the start of 2004 the Office had 202 cases pending for its review. A total of 1320 full Board review requests were received during the year. In 2004, the Office of General Counsel processed 419 requests and forwarded 899 to the Office of Appeals.

Litigation

■ During 2004, the Board referred and/or provided supportive information and documentation to the Attorney General on 33 matters.

Board Rules and Regulations

■ On January 13, 2004, the Board adopted and filed an emergency rule, effective upon filing, to amend 12 NYCRR 300.2(d)(11) regarding the filing of independent medical examination reports with the Board. Specifically, the emergency rule changed the time period within which reports must be filed from ten calendar days to ten business days. This amendment was necessary due to Board Panel decisions regarding the regulation as originally written. As emergency rules are only effective for 90 days, additional emergency rules were adopted on April 12, 2004, July 12, 2004, and October 12, 2004. The Board is working to adopt a permanent amendment to this regulation.

■ On April 22, 2004, the Appellate Division, Third Department issued a decision in *Matter of Hart v. Pageprint/Dekalb*, 6 A.D.3d 947 (3d Dept. 2004), finding that the administrative review of waiver agreements pursuant to Workers' Compensation Law §32 was invalid insofar as it conflicted

with the terms of 12 NYCRR 300.36. Administrative review of waiver agreements is necessary as the Board receives approximately 10,000 such agreements a year, and it is not possible for timely meetings to be held before a Board commissioner for this large number. On April 29, 2004, the Board adopted and filed an emergency rule, effective upon filing, to amend 12 NYCRR 300.36 to permit the Board to review and approve or disapprove routine waiver agreements administratively, without the need for a meeting with the parties. As emergency rules are only effective for 90 days, additional emergency rules were adopted on July 28, 2004, and October 25, 2004. The Board is working to permanently adopt these changes.

■ In 2004, the Office of General Counsel continued its project to review all Board rules and regulations, which will involve all bureaus and offices of the Board. This multi-year project will pair attorneys in the Office with appropriate program staff to review the rules and regulations to determine if they are necessary, understandable and accurate.

Employee Discipline

■ The Office of General Counsel assists Human Resource Management in the investigation, interrogation, and drafting of Notices of Discipline (NOD), as well as the settlement of these matters. An attorney from the Office represents the Board, along with a representative from Human Resource Management, at all employee discipline arbitrations and Civil Service Law §72 hearings. Additionally, the Office of General Counsel serves as the Board's liaison with Attorney General's Office in discrimination cases brought against the Board, and represents the Board before other administrative tribunals including the Equal Employment Opportunity Commission (EEOC), the State Division of Human Rights, as well as the Unemployment Insurance Appeals Board.

Licensed Representative Exam

■ The licensed representative exam is administered once a year in April. The Supervising Attorney from the Office prepared the exam for the Licensing Unit. A Senior Attorney from the Office of General Counsel graded the exams. One candidate passed the exam.

Freedom of Information/Privacy Compliance Matters

■ The two Records Access Officers assigned to General Counsel's Office review, opine and respond to FOIL and Personal Privacy Law inquiries and/or issues. Throughout 2004, there were 92 FOIL requests for records filed with and considered by the Board's Records Access Officers.

OFFICE OF GENERAL COUNSEL *(continued)*

Additionally, there were approximately 30 non-FOIL requests for documents from the Board.

■ The Records Access Officers handled 30 subpoenas served on the Board and assisted with numerous others.

■ The Office of General Counsel provided legal support as the Board continues to increase the number and types of electronic transactions available to constituents, including issues related to eCase.

Section 32 Agreements

■ The Workers' Compensation Law authorizes claimants to waive rights by entering into agreements with employers or insurers. These agreements must be approved by a Commissioner. In 2004, the Board received 400 requests for advice regarding section 32 agreements.

Judgements

■ In 2004, the General Counsel processed 22 requests for judgements against employers who have failed to pay an award, two of which were granted and the rest resolved.

Ethics

■ Provided information and reminders regarding annual financial disclosure statements required of certain employees and issued opinions to employees regarding ethical responsibilities.

OFFICE OF APPEALS



Carl Copps
Director
Office of Appeals

The primary function of the Office of Appeals (OOA) is to assist the Board Commissioners in producing readable, understandable, consistent and legally-sustainable decisions. The office was created in 1998 to restructure the Board's antiquated Review Bureau. The underlying goal was to increase the professionalism of the research and writing staff assigned to the 12 Workers' Compensation Board Commissioners who are responsible for reviewing and issuing decisions on Applications for Review to the Board. In essence, the OOA provides the Board Commissioners with an administrative agency's version of an appellate clerk pool.

2004 Initiatives

The Office of Appeals (OOA) undertook several initiatives in 2004, both internal and external, while continuing to improve business practices in order to better manage its workload.

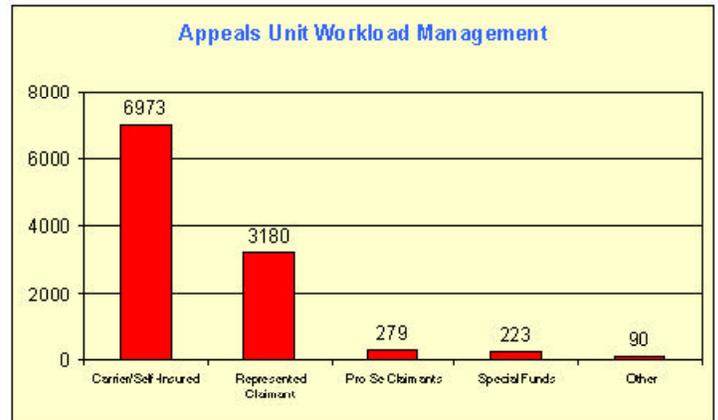
Work Load Management

■ OOA was able to reduce the overall inventory of cases awaiting decision by three-member Board Panels by 66 cases in 2004. OOA's triage system has been very effective in ensuring that the cases of greatest human need are handled promptly. This long-term success allowed OOA to also target its oldest pending cases in 2004, resulting in a 58.7% reduction in such cases.

■ Parties filed 13,565 Applications for Review in 2004, an increase of 3.6% from the 13,092 Applications for Review filed in 2003.

■ OOA's triage procedures have continued to become more efficient. At the end of 2004, all cases in OOA had been vetted through the triage system. The non-vetted level had been 1.2% at the end of 2003 and 14.3% as recently as the end of 2001. This means that virtually every case is reviewed and vetted in OOA within 1-2 days of receipt of the file. Approximately 15% of cases received by OOA are returned to the District Offices for proper handling, as no OOA jurisdiction exists. Therefore, OOA's immediate initial review of incoming cases assures that all cases are placed on the proper adjudication track within 24-48 hours of receipt by OOA. The result is a far more efficient processing of claims and swifter service for the injured workers of New York State.

■ The three-Member Board Panels issued 10,745 decisions in 2004. The origin of those appeals are detailed in the chart in the right hand column.



The 10,745 decisions issued by the Appeals Unit in 2004 were initially filed by the various constituencies charted above.

■ The office initiated a pilot program whereby parties could file Applications for Review and Rebuttals via FAX to a dedicated FAX line. This "user friendly" initiative allows parties to file their papers on a "24/7" basis and should be of great assistance in allowing practitioners to timely file all appeals-related papers. This 6-month pilot program will be reviewed and analyzed in early 2005 and a decision will be made regarding whether to make this a permanent part of the Board's practice.

■ Issued Subject Number 046-127 in 2004. This new procedure requires claimant's counsel to include appropriate documentation relative to a request for a fee increase in cases in which a successful appeal generates increased awards for the claimant. Past practice required an additional hearing before a Workers' Compensation Law Judge to simply confirm the modified awards set forth in the Board Panel decision and to rule on a request for increased attorney fees. The new procedure results in the awards and fees being adjusted within the Board Panel decision and accelerates payments.

OFFICE OF APPEALS *(continued)*

■ In 2004, OOA took advantage of the Board's enhanced Call Center technology creating a stand alone Call Center which enables us to provide better customer service.

■ OOA has taken the lead in preparing and presenting high quality in-house Continuing Legal Education programs for OOA attorneys and other attorneys employed by the Board. Board attorneys are thus able to fulfill their CLE requirements with in-house, on-point, zero cost programs.

World Trade Center

■ Board Panels issued 223 World Trade Center related decisions in 2004, bringing the total to 516 cases through December 31, 2004. In addition, the Appellate Division issued 11 decisions related to the WTC disaster in 2004. The Board Panels were affirmed in all 11 cases.

Full Board Review

■ OOA continues to work jointly with the Office of General Counsel to process cases through the Full Board Review process as quickly as possible. The great strides made since mid-2002 continue and the turnaround time for Full Board Review cases remains far better than it was prior to mid-2002.

Upon Further Review

■ The Appellate Division, Third Department, issued 93 decisions in WCB cases in 2004; down from 161 decisions in 2003. The Board was affirmed in 74 cases and reversed in 18 cases. (In one case, the Court affirmed in part and reversed in part.) Thus, the Board was affirmed in 80% of the decisions; a figure in line with historic averages.

SECRETARY TO THE BOARD

The Secretary's Office performs all duties in preparation for the monthly meeting of the 13 member Workers' Compensation Board of Commissioners, and other duties assigned by the Board. By law, the Chair may delegate certain administrative powers and duties to the Secretary. Upon this statutory framework, the Secretary's Office has accrued a set of wide and diverse functions, which, in addition to the Board meetings, relate to a number of the Board's responsibilities, including the following:

2004 Initiatives

Licensing/Orientation

■ Pursuant to sections 24-a, 50(3-b) and 50(3-d) of the Workers' Compensation Law, during the year 2004 the Secretary's Office granted licenses to 47 claimant representatives and 93 third-party administrators.

Executive Correspondence

■ Throughout the year, the Chairman of the Board receives a large volume of correspondence from elected officials, claimants, doctors, attorneys and businesses. The subject matter varies greatly and may include status inquiries, requests for advocate services, compliance and licensing questions. All such correspondence is processed and assigned through the Secretary's Office. In 2004, 750 such inquiries were processed by the Secretary's Office.

Board Resolutions

■ Following each monthly full board meeting, it is the responsibility of the Secretary's Office to notify all parties-of-interest of the Board's



In August the Board played host to the Annual Convention of the International Association of Industrial Accident Boards and Commissions in New York City. Chairman Wehner kicked off the event with a welcoming address.

resolution to rescind prior Memorandums of Decision. In, the Secretary's Office issued 91 Board Resolutions.

Agent for Service Process

Non-Resident, Non-Insured Employers

■ Under the provisions of Section 150-a of the Workers' Compensation Law, the Secretary's Office functions as the agent for acceptance of process of all non-insured, non-resident employer claims.

Subpoenas Duces Tecum (Subpoenas for Board Records)

■ Article 6 of the Public Officers Law (commonly referred to as the Freedom of Information Law or FOIL) provides public access to State and local government agency records. The Secretary's Office is responsible for the Board's compliance with all such subpoenas served upon the Board. In 2004, 1,844 subpoenas duces tecum were served upon the Board.

Notices of Appeal to the NYS Supreme Court Appellate Division, Third Department

■ Under the Workers' Compensation Law Section 150-a, the original Notice of Appeal is to be served upon the Office of the Secretary to the Board. In 2004, 550 notices were served and processed.

Official Custodian of Board Legal Documents

Original Board Decisions

■ The Secretary's Office is the official custodian of the Workers' Compensation Board decisions. These include Board panel and mandatory full Board decisions. In 2004, approximately 12,495 decisions were filed.

Orders of the Chair

■ All Orders of the Chair are designated to reside in the Office of the Secretary.

OFFICE OF COMPLIANCE & REGULATORY AFFAIRS



Marsha Orndorff
Dep. Executive
Dir. Reg. Affairs

The Division of Regulatory Affairs provides oversight of the workers' compensation system to ensure that all parties are in compliance with the workers' compensation and disability benefits laws.

The Division monitors compliance on an ongoing basis, penalizing those parties who are not in compliance and referring cases for fraud investigation when deemed necessary. The Division authorizes workers' compensation medical providers, registers independent medical examination entities and licenses medical facilities. It oversees the disputed medical bill and arbitration processes and the workers' compensation preferred provider organization program.

Office of Compliance

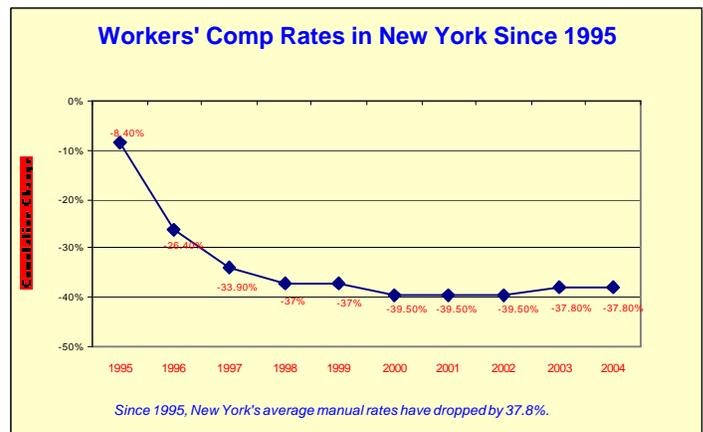
The first of three primary functions within the Office of Compliance is to ensure that all workers employed in the state are properly covered for workers' compensation. The Employer Coverage Unit monitors over 650,000 employers to ensure that they obtain and maintain statutory insurance benefits for their employees and penalizes employers who are out of compliance. This employer coverage compliance process is accomplished through the use of a complex computerized data system that receives information regarding legitimate businesses from the New York State Department of Labor and from insurance carriers who are licensed in New York State to sell workers' compensation and disability benefits insurance.

The Office includes a centralized Penalty Collection Unit for penalties, which arise out of employer noncompliance and uninsured claims. In conjunction with the Office of Finance, it assists with the processing of administrative and disputed medical bill penalties. The unit is the primary liaison to contracted collection agencies.

In addition, the Office operates a centralized Judgment Unit, which prepares all legal document for proper filing of judgment liens against entities that have not paid their legitimate penalties.

The Enforcement Unit within the Office of Compliance consists of a staff of investigators, located in each of the Board's 11 district offices. They investigate employers who may be out of compliance, collect evidence for criminal prosecution, serve subpoenas on business owners for appearances before the Board, and investigate all aspects of claims filed by employees whose employers did not have proper insurance.

Finally, the Office of Compliance is responsible for overseeing injured worker's claims arising out of the Uninsured Employers Fund (UEF). The UEF is the funding mechanism for compensation and medical payments to injured employees whose employer was not properly insured at the time of the



accident. These claims are processed by staff in the No-Insurance Unit who collect all evidence, prepare the claim for hearings, and administer the payment of all compensation and medical benefits. The Office also has a team of lawyers who maintain the integrity of the UEF by representing the Fund at Board hearings to ensure that only valid claims are compensated.

Taking a page from OPTICS, the Office of Compliance began its own re-engineering effort in 1999. Each unit identified critical processes. Ideas were generated to improve these processes and action was taken. Today the Office continues to improve upon the 1999 foundation.

2004 Initiatives

- Increased revenues to the UEF by \$2.1 million from 2003 to 2004.
- Decreased expenditures from the UEF by \$300,000 from 2003 to 2004.
- In 2004, the Enforcement Unit submitted a record 79 cases for prosecution for failure to have required workers' compensation insurance.

OFFICE OF COMPLIANCE & REGULATORY AFFAIRS *(continued)*

Office of Disability Benefits

New York State is one of only seven states that mandates all employers to provide basic disability benefits insurance for their employees. This insurance provides lost wage protection for illnesses or injuries that are not job-related. In New York, employers must provide a minimum of 26 weeks of lost wage benefits at the rate of 50% of average weekly wages up to a maximum of \$170.00 per week. Medical payments are the responsibility of the claimant.

The Office of Disability Benefits has two major functions:

Claims Processing

The Review Examining Unit processes claims only when there is a dispute between the claimant and the insurance carrier, self-insured employer or the Special Fund for Disability Benefits. Most of these disputes are resolved administratively, with less than 19% requiring a formal hearing before a WC Law Judge. In 2004, the Review Examining Unit processed and closed 8,512 claims; 6,935 of them were closed administratively.

The Special Fund for Disability Benefits processes and pays claims for individuals who become disabled while collecting Unemployment Insurance benefits and for employees of non-compliant employers. During 2004, the Special Fund closed 7,027 cases and redirected another 4,541 to insurance carriers or self-insured employers for payment. The Special Fund for Disability Benefits paid over 2.7 million dollars to eligible disabled claimants in 2004.

Insurance Compliance

The Insurance Examining Unit monitors employers' compliance with the Disability Benefits Law and penalizes those employers who are not compliant, utilizing the Insurance Compliance System. During 2004, this Unit received over 300,000 coverage transactions and approximately 150,000 responses to system-generated notices.

The Determinations Unit handles all correspondence and telephone inquiries related to penalties issued for non-compliance with the Disability Benefits Law. During the past year, this Unit received over almost 47,000 pieces of correspondence and 44,000 telephone calls.

The Disability Benefits Law allows employers to provide coverage and benefits that exceed the statutory requirements. The Plans Acceptance Unit reviews, approves and monitors all enriched Plans. There are 133 Association, Union and

Trustee Plans on-hand and there are over 10,700 employers with Plan coverage. Additionally, this Unit approves and maintains Voluntary Coverage applications submitted by employers who are not required to provide Disability Benefits coverage for all or part of their workforce. At the end of 2004 there were 8,467 employers with voluntary coverage.

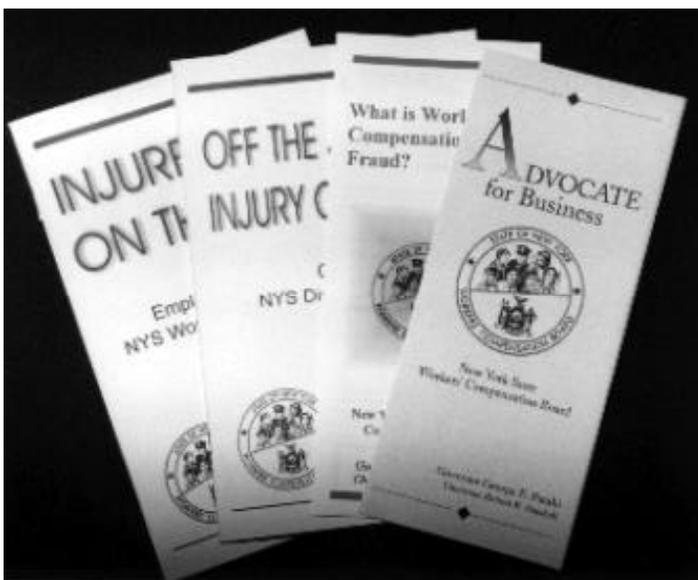
2004 Initiatives

- Issued penalties to employers who were or are non-compliant with the Disability Benefits Law;
- Completed the Common Employer Data Base (CED/AKA) phase of the ongoing IC2 project and initiated the enhancement of ICops. ICops will develop and integrate into IC2 many of the critical system enhancements identified by program staff;
- Increased the number of insurance carriers that file their coverage transactions electronically. Many of the high-volume carriers now transact business with the Board through electronic file transfer or via the web-based proof of coverage application;
- Developed and planned for the integration of the workers' compensation and disability benefits compliance functions into a single, cohesive Bureau, which commenced during 2004. The goal of physically, functionally and philosophically merging the Division of Regulatory Affairs' compliance units was initiated by creating functionally-related teams. These teams were assigned the tasks to identify areas of commonality, devise a best methods approach to implementing the integration and report their findings to the Steering Committee;
- Conducted a study of the Disability Benefits claims units and functions to determine the feasibility and appropriateness of automating the different claims-related processes. The study's authors recommended that the Disability Benefits claims processes be automated and made part of the Claims Information System. The recommendation is pending executive review and approval.

Bureau of Health Management

The Bureau of Health Management's mission is to integrate an emphasis on research evaluation, education and customer interaction for the improvement of traditional as well as new alternatives to the delivery of health care programs in the state's workers' compensation system. The Bureau also authorizes licensed physicians, chiropractors, podiatrists and psychologists to provide treatment to workers' compensation claimants. In addition, licenses are granted

OFFICE OF COMPLIANCE & REGULATORY AFFAIRS *(continued)*



These and other informative brochures are available by contacting the Workers' Compensation Board.

to medical bureaus, medical centers, x-ray bureaus and laboratories treating injured workers. Recourse to unpaid medical bills is provided to authorized providers as well.

2004 Initiatives

■ In 2004, in order to reflect current American Medical Association procedural terminology codes for reporting medical services and procedures, it was determined that the update of the Workers' Compensation Medical Fee Schedule would be released in April.

■ In an effort to provide continued outreach and support to the health provider, business and carrier community in 2004 presentations and/or meetings were conducted or attended at various Medical Society of the State of New York (MSSNY) offices numerous times throughout the year.

Office of Directed Care

Since January 1994, the Department of Health, in conjunction with the Workers' Compensation Board, has been directly responsible for the development, implementation and administration of a process for the certification and monitoring of Workers' Compensation Preferred Provider Organizations (PPOs).

An alternative to traditional health care delivery is represented by the institution of Voluntary Programs. The program was codified by means of an amendment to the rules regarding selection of a provider by an injured

worker. These rules, called "Recommendation of Care", describe the process of endorsing or promoting the utilization of a particular network or provider for the treatment of injured employees. In any instance where an employer or carrier recommends a particular network or provider for the treatment of injured employees, any employee handouts, postings, or other written materials communicating the recommendation must clearly indicate that utilization of the network or provider is purely voluntary. Injured workers agree to participate in writing at the time of each injury with the understanding that employees may select or change their provider at any time without jeopardizing their medical or indemnity benefits.

2004 Initiatives

■ Concluded the biannual survey cycle for certified PPO's. The surveys were conducted to ensure compliance with the program's rules and regulations with a focus on the Recommendation of Care Program. During 2004 it was determined that there was an increase in the number of PPO's offering discounts from the medical fee schedule outside the purview of the PPO program. The Bureau worked to insure that the contract providers entered into for the PPO program were not being utilized for the Recommendation of Care Program. The surveys continue to differentiate between the certified PPO program and the Recommendation of Care Program. All certified PPO's are currently in compliance with the program's rules and regulations and are operated in an appropriate environment to ensure the provision of quality care to injured workers.

■ Approximately 750,000-900,000 employees are covered through the PPO program; this number represents about 8,000 – 10,000 employers.

■ In conjunction with the Department of Health, to date, 165 business agreements and management services agreements have been reviewed, approved and executed. There are 17 certified PPO's operating in New York State offering coverage in 34 of the State's 62 counties.

■ The PPO database reconciliation efforts continue and outreach efforts to employers and PPO's have contributed significantly to a more accurate, up-to-date database.

Treatment Utilization Pilot Program (TUPP)

In an effort to study treatment utilization in 2004, the Workers' Compensation Board continued activities associated with the Treatment Utilization Pilot Program. The Treatment Utilization Pilot Program authorized for

OFFICE OF COMPLIANCE & REGULATORY SERVICES (continued)

accidents occurring on or after December 1, 2000, that participating providers were reimbursed in accordance with the Zone 4 (New York City area) rates for a period of three years, or as long as the participants continue to participate in the pilot program and meet the data reporting requirements as defined by the Workers' Compensation Board.

The Workers' Compensation Board is conducting this study to determine whether higher reimbursement rates have an effect on reducing utilization. The Board is establishing a methodology to design, review and evaluate the treatment patterns of the treating physician during the pilot project. A report will be published at the conclusion of the study.

2004 Initiatives

- The TUPP program was extended as of December 1, 2003 for a period of three years.

- The program received 112,530 electronically submitted EC-4's. This number represents 26,564 accidents. There are currently 67 provider participants in the program.

- Initial review and testing of project data has begun. The initial methodology phase will focus on five frequently injured body parts (shoulder, leg, hand, back and arm). To date, extensive case review of 492 CIS cases were completed. A database containing 65 viable case folders was created to capture the relevant medical and indemnity information. The database also included detailed medical information from 1,567 C4s, EC4s, HCFA1500s, OT/PT-4s and other medical treatment statements. This database has been reviewed by an independent consultant. The draft report of the analytical design methodology is nearing completion. This data will also determine the necessity to expand the project to include other treating specialties.

- Insurance Carriers, Self-Insurers and Payers continue to submit control group data on a semiannual basis. Efforts also continue to identify and request the required data from non-compliant parties.

Health Provider Administration - HPA

The Health Provider Administration Information System (HPAIS) fully automates and integrates all processes and provides more efficient service to our customers. The system also provides management reporting and performance measures and comprehensive historical statistics and information.

In 2004, staff continued the development of the Provider Compliance System module and it is expected to be implemented in early 2005. The Provider Compliance System will provide an important tool to ensure that all complaints, infractions, fraud and/or illegal activity are documented, tracked, investigated and, if required, appropriate steps are taken to temporarily suspend or revoke the provider's authorization to treat workers' compensation claimants. The system will automate and store for historical purposes all information related to providers' complaints, suspensions and revocations. Correspondence will be generated to ensure timely follow-ups and the information captured and stored will enable the generation of timely and accurate management reports.

The Board temporarily suspended three authorized providers and one provider had authorization revoked. The temporary suspensions and the revocation were based on misconduct charges and consent agreements entered into between the providers and the New York State Board for Professional Medical Conduct as well as further investigation and administrative determination by the Board.

Independent Medical Examiner (IME) Regulations

As per the IME regulations and law effective March 20, 2001, physicians, podiatrists, chiropractors and psychologists who conduct independent medical examinations of workers' compensation claimants must meet certain professional criteria, and must be authorized to perform these examinations by the Chair of the Workers' Compensation Board.

2004 Initiatives

- Authorized 458 IME providers;

- Registered 13 IME entities;

- In an effort to monitor Workers' Compensation Board authorized IME providers, the Office of Health Provider Administration developed a procedure and associated database to track complaints made against IME providers. Complaints are received, accounted for and responded to in a timely manner. In 2004, 61 complaints were received, investigated, resolved or referred for further action. It is anticipated that this database will be migrated to the Provider Compliance system upon completion.

- Rescinded registration of two IME entities. After investigation and administrative review, it was found that these

OFFICE OF COMPLIANCE & REGULATORY SERVICES *(continued)*

entities were improperly withholding payment for medical examinations performed at the request of the entity;

- Worked with the Bureau of Information and Management Services Research Office to develop performance measures for the unit's processes and functions. In 2004 efforts on the development of work definitions, critical success factors and associated potential performance measures were completed;

- Updated and released the Inpatient Hospital Fee Schedule. The formula on which these rates are based was promulgated in accordance with Article 28 of the Public Health Law and reflects provisions of the Health Care Reform Act of 1996 (HCRA) as set forth in Chapter 669 of the Laws of 1996. The update is effective 7/01/04 – 12/31/04.

- Updated and released the Outpatient Hospital Fee Schedule. The schedule was adopted pursuant to Section 13, subdivision (a) of the Workers' Compensation Law, and covers ambulatory surgery charges rendered on or after January 1, 2003.

World Trade Center Volunteers

The Board administers a benefits program for first responders who voluntarily assisted at the World Trade Center Ground Zero and/or the Staten Island Landfill in the weeks and months following the September 11, 2001, terror attacks. The UEF serves as the Board's representative regarding these claims. Funding for benefits is derived from a federal grant provided to the State of New York for volunteer benefits. To date:

- More than 600 claims have been filed by volunteers (the majority of claims have not been pursued indicating that many individuals filed claims for the purpose of preserving their rights to benefits should they experience illnesses in the future).

- Payments have been issued for 119 claims, with 37 claimants receiving continuing biweekly benefits.

- More than \$2 million has been paid in wage replacement and medical benefits.

OFFICE OF LICENSING AND SELF INSURANCE



Mary Beth Woods
Director of Licensing

The Licensing Office is responsible for overseeing the State's Workers' Compensation and Disability Benefits Self-Insurance Programs. In addition, it manages the licensing functions for the Third Party Administrators (TPAs) and Claimant Representatives.

Background

The Workers' Compensation Law requires employers to provide workers' compensation and disability benefits coverage for their workers in one of three ways: obtaining a policy from an insurance carrier; obtaining a policy from the State Insurance Fund; or qualifying to become self-insured.

Employers who wish to self-insure for either workers' compensation or disability benefits must apply and be approved by the Licensing Office. An important aspect of the application and approval process is ensuring the financial strength of the employer/group. Each approved self-insurer must post with the Board a security deposit (cash, securities, letters of credit and/or surety bonds) which will be liquidated in the event a self-insurer defaults on their obligation to provide benefits to their employees. There are currently 417 individual self-insured employers, 74 group self insurers, 2,300 political subdivisions approved to self-insure for workers' compensation and more than 980 employers approved for Disability Benefits.

The self-insurance program in New York State has experienced significant growth in the past decade, with estimates indicating self-insurance represents 20 percent of the total workers' compensation insurance market. The majority of the growth has occurred in the Group Self-Insurance (GSI) Program, which enables smaller employers to take advantage of the financial benefits of self-insurance.

The law further states that no one other than attorneys, employees of an insurance carrier, or a self-insured employer may represent an employer or carrier before the Board unless they have been licensed by the Board to do so. Therefore, the Licensing Unit is also responsible for regulating the Third Party Administrators (TPAs) and Licensed Claimant Representatives to ensure compliance with the various laws and rules and regulations.

2004 Initiatives

Individual Self-Insurance Program

Under the WCL, if a self-insurer defaults, claimants remain eligible for benefits. Therefore, the Board holds a security deposit for each self-insured employer in sufficient amount

to ensure that outstanding claims are paid if a self-insured employer defaults. The Board calculates the security deposit needed for each self-insured on an annual basis. During 2004, the Self-Insurance Unit:

- Re-evaluated and updated the security deposit program to reflect current industry trends and continued the 2003 initiative to add significant surcharges for companies in questionable financial condition. As a result, security deposits held by the Board have increased significantly. Total deposits exceed \$2 billion.

Group Self-Insurance Program

New Group Rules and Regulations (R&R) enacted on January 31, 2001 place strong fiscal requirements on Group Self Insured Trusts (GSITs) and greatly expand reporting requirements. GSITs are now required to send independent actuarial reports to support their audited annual financial statements submitted to the Board. These enhanced reports provide more detailed information enabling more accurate determinations regarding the viability and overall financial integrity of these GSITs. During 2004, the Unit:

- Continued the prior year initiative of targeting audits ranging from a rate analysis review to full financial and actuarial reviews. These final audit reports establish the "official" regulatory funding position of the Trust, used to create "remediation" programs to ensure full compliance with the rules and regulations. At the conclusion of 2004, the Board had conducted 38 audits;

- Established a comprehensive annual review process enabling consistent and timely reviews of each GSIT's financial information. These audits will help identify GSITs in need of immediate intervention and/or independent audits.

Third Party Administrators/Claimant Representatives

The Licensing Office ensures that authorized Claimant Representatives and TPAs are adhering to all aspects of the WCL and determines if current licensees ought to be renewed. In addition, the Board has adopted a policy in which claims attributable to defaulted self-insurers are administered by a TPA on the Board's behalf. Finally, the office investigates allegations against license holders. In 2004 the Licensing Office:

OFFICE OF LICENSING AND SELF INSURANCE *(continued)*

- Facilitated benefit payments to more than 1,000 claimants, on behalf of defaulted self-insurers;
- Administered the annual Licensed Representative/TPA exam for 33 candidates;
- Renewed 47 Claimant Representatives licenses and 88 TPA licenses and granted 5 original licenses;
- At present there are 21 on-going investigations.

Group Self-Insurance Advisory Committees

During the Group Self Insurance Association of New York's (GSIANY) annual meeting on November 9, 2004, the Self Insurance Office presented findings based on a comprehensive analysis of the Group Self Insurance program. As a result of this analysis, the Self Insurance Office decided to take a broad look at all policies and procedures governing the Group Program and requested the assistance of the Group Self Insurance community.

- In December 2004, advisory committees consisting of members of the Group Self Insurance Community were formed. Advisory committees will provide the self insurance community a forum to voice their concerns as the Board develops policies. The four subcommittees reporting to the Board's Executive Committee will focus on amending policies and procedures; homogeneity requirements; standards for newly formed groups; and prescribed reporting.

Security Deposit & Business Process Improvements

- The Board is currently holding \$2.2B in security deposits from approved self-insurers who must post with the Board a security deposit (cash, securities, letter of credit and/or surety bond).

OFFICE OF ADVOCATE FOR BUSINESS



David Austin
Advocate for Business

The Office of Advocate for Business was created in 1993 as the primary interface between New York’s business community and the Workers’ Compensation Board. The office was created in response to employers’ need for a centralized location to obtain answers to workers’ compensation questions and assistance with navigating the workers’ compensation system.

The major functions of the Office of Advocate for Business include:

- Assisting individual businesses and their representatives with questions about insurance coverage, understanding their experience modification, classifications, and premium charges;
- Answering questions about the employers’ obligations under the workers’ compensation law, and explaining their rights;
- Educating business owners and representatives about the policies associated with the workers’ compensation system, and the role that each party in the system plays; and
- Meeting with business associations and groups to identify their concerns and suggestions, and report findings and potential solutions to the Chairman.

2004 Initiatives

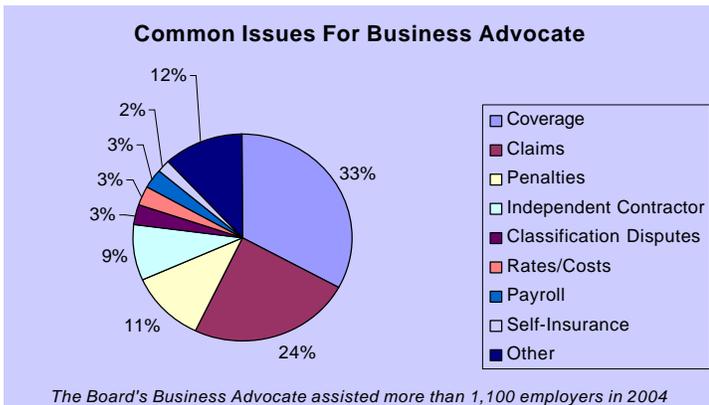
■ In 2004, the Office of Advocate for Business assisted more than 1,100 businesses. The office handled 483 cases, primarily dealing with insurance and issues involving employees. This is an increase of 32% over the number of cases handled during the previous year. The office also



Chairman Wehner, with Business Advocate David Austin, addressed business people from Western New York at Small Business Day in Albany.

received 676 inquiries from business owners requesting guidance with a variety of complex issues;

- Assisted employers in saving more than one million dollars in workers’ compensation costs;
- Met with multiple chambers of commerce and business organizations around New York State, and participated in a trade show and an educational conference;
- Worked with the Office of Regulatory Affairs to improve policies and Board regulations that will help businesses adhere to the Workers’ Compensation Law at the lowest possible cost;
- Assisted in revisions to the Employer Handbook;
- Participated as a member of the Interagency Small Business Task Force;
- Developed a variety of slide presentations used when meeting with business organizations. **Contact the Advocate for Business at (800) 628-3331.**



The Board’s Business Advocate assisted more than 1,100 employers in 2004

Inquiries received by the Advocate for Business in 2004 ranged from simple questions to complex issues.

OFFICE OF ADVOCATE FOR INJURED WORKERS

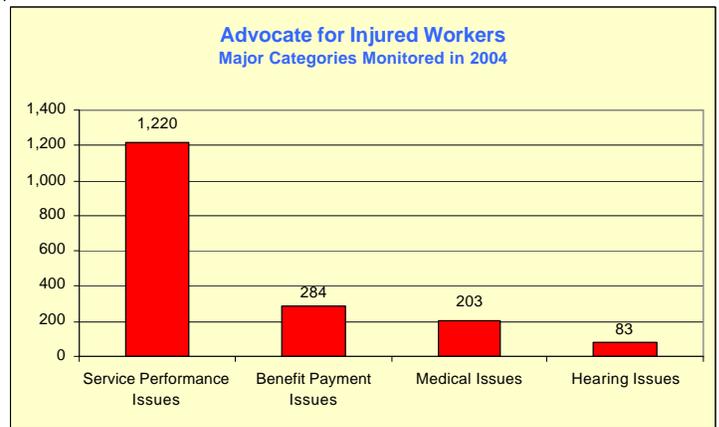


Edwin Ruff
Advocate for
Injured Workers

The Office of Advocate for Injured Workers provides guidance for claimants regarding their workers' compensation claims and assists them in navigating the unique legal system. Working closely with the Social Service and Rehabilitation Bureau, the Advocate for Injured Workers advises injured workers who need help acquiring medical treatment, returning to the work force, or when they face financial difficulties because of lost earnings as a result of an occupational injury or disease. The office also conducts outreach to promote occupational illness and injury prevention.

2004 Initiatives

- Responded to 3,347 claimant inquiries for assistance in resolving their claims;
- Coordinated with the Office of Compliance to investigate insurance coverage on some major construction projects throughout New York State;
- Planned and developed a training program to be presented statewide in 2005 regarding the rights and benefits under the workers' compensation system for Volunteer Firefighters and Volunteer Ambulance Workers;
- Performed 4,074 service hours of outreach to organizations throughout the State of New York;
- Provided 4,100 student contact hours of education



Major Issue categories monitored in 2004 are depicted in the table above.



NYS AFL-CIO President Denis Hughes makes his annual address to the Board at the April meeting.

training for the labor community as part of the workers' compensation navigator program which helps train union leaders on matters enabling them to assist and educate injured workers with regard to workers' compensation;

- Continued to monitor claims related to the World Trade Center attacks of 2001.
- **To contact the Advocate for Injured Workers, call (800) 580-6665.**

OFFICE OF INFORMATION AND MANAGEMENT SERVICES



*Nancy Mulholland
Dty. Executive Dir.
Info & Management
Services*

The mission of the Information & Management Services division is to provide highly available, resilient technology and business process improvement solutions to enable performance enhancements in the WCB business programs.

Background

Over the past several years, IMS has provided the foundation for streamlining core business functions and ushering in a new sense of customer focus through the WCB OPTICS program - Organization, Process & Technology Innovations to improve Customer Service. The technical innovations and business innovations, with changes to culture and processes, resulted in dramatic changes which caused the agency to be hailed as a "model agency of public service".

The WCB has defined a number of enterprise-wide goals to deliver maximum value to the citizens of New York, and to provide excellent service to WCB's stakeholders:

- Maintain and enhance the WCB's leadership position in customer service by addressing "front line" constituent service with an enterprise perspective.
- Maintain the WCB's leadership position in the use of technology to drive efficiencies in the Board and in the WC system.
- Continuously improve the WCB's performance in all operational areas through process improvement and performance measurement turning the operational excellence spotlight on WCB supporting business functions.
- Measure, influence, and enable improvement in stakeholder performance.
- IMS is committed to providing the information and management services necessary for the WCB to accomplish these goals, as evidenced by the division's accomplishments in 2004.

2004 Initiatives

Many changes have taken place at the Board during 2004 in each of the areas served by IMS. These improvements include:

Information Technology Services

- Enhanced the Board's Insurance Compliance System (IC) to support electronic filing of Proof of Coverage data from insurance carriers. The Board has also completed a major overhaul of the IC database and a clean up of historical data. The end result is a system that more accurately determines which employers are out of compliance;



(l to r) Dave Donohue, Rick Bell and Nancy Mulholland display the 2004 Best of New York Award from the Center for Digital Government. The Board received the award for best application serving the public with the new virtual call center.

- Initiated a major upgrade to the Financial Management Information System;
- Automated the hearing process so that the Board's Administrative Law Judges now input hearing outcomes directly into the Claims Information System;

OFFICE OF INFORMATION AND MANAGEMENT SERVICES *(continued)*

- Enhanced the Health Provider Administration system that supports the registration of health care professionals and the process to resolve disputed medical bills;

- Added more functionality to the Board's e-business program, and providing more forms on the Board's web site as well as more opportunities for constituents to submit data electronically;

- Initiated projects to ensure implementation of a comprehensive business continuity solution for the Board and compliance with the OCSCIC security policies;

- Continued expansion of e-Case, a web-based version of the Board's Claims Information System and Electronic Case Folder (there are over 7000 registered users);

- Developed the portable access software system necessary to support a telecommuting pilot making teleworking available for the first time to 24 WCB employees from two bureaus;

- Implemented numerous upgrades to the technical infrastructure including migration to a new version of database software, application development software, server operating system software, imaging software and internet security software;

- Initiated a total redesign and upgrade to the Board's data network.

Management Services

- Completed an enterprise wide re-engineering study examining the channels of communication and "Constituent Relationship Management". The CRM re-engineering study provides the blueprint for short term enhancement of the frontline customer service provided by WCB employees as well as the long term vision for customer service delivery;

- Completed a claims operations re-engineering study examining changes required in a "post-OPTICS" WCB. This re-engineering study, called the PRISSM Project, has developed a blueprint for enhancing claims operations as the work of the Board becomes increasingly virtual. It has also developed a formal management model and a staffing plan for the Office of Claims Operations in a "virtual" WCB;

- Expanded the award winning Virtual Call Center to enable the WCB to address constituent calls regarding employer compliance questions;

- Completed a business process improvement project for how the WCB handles the waiver agreements submitted under Section 32 of the workers' compensation law. These process improvements will streamline and standardize the handling of waiver agreements and implement performance measurement of the process.

Information Products

- Implemented a management information data architecture supporting a data warehouse and expanded fraud detection activities;

- Completed a conceptual design of performance measures for the Division of Compliance & Regulatory Affairs. This study involved 14 business units within the division and its completion will enable the implementation of performance measures throughout all of the re-engineered business units with the division;



Among New York State's leaders in the use of technology, the Board displayed the Electronic Case File and eCase for conference attendees in Saratoga Springs in November.

- Completed a migration to coding occupational injury and illness using the current ANSI national standard Occupational Injury & Illness Classification System (OIICS). This project required significant software development, training program development and includes the implementation of a dynamic workflow system and a fully automated quality control process

OFFICE OF INFORMATION AND MANAGEMENT SERVICES (continued)

that enables the targeting of QC activities based on employee skill level, experience and case type.

the definition of roles and formalize the necessary organizational responsibilities.

Recognitions

■ In June of 2004, the Board's Virtual Call Center was awarded a 'Best of New York Award' as the Best Application Serving the Public. Ten of New York's most innovative, tech-savvy state and local government leaders and agencies are selected by the Center for Digital Government to receive its prestigious Best of New York award, an annual award that recognizes excellence and outstanding contributions in the area of information technology.

Improving Internal IMS Processes

■ The IMS, recognizing the value derived from the improvement efforts undertaken during OPTICS in the WCB's major business processes, has initiated a series of improvement efforts within the division, focused on key IMS processes.

■ In order to maximize the resources available for new initiatives, IMS must ensure that it is performing infrastructure support functions in the most efficient manner possible. Since our infrastructure is relatively new (within the last ten years), our organization and its processes and procedures are also relatively new. IMS will formally document and mature its internal processes to ensure efficient use of the resources and higher performance for the components of the infrastructure.

■ Two significant business process improvement projects – Service Excellence and Operations Excellence were initiated in 2004 to begin this effort. Both projects will work towards standardizing work processes and roles and responsibilities, while gathering improved data for performance measures.

■ Service Excellence is focused on the work processes associated with maintenance and support service demands.

■ Operations Excellence is focused on work processes associated with infrastructure support.

■ Also initiated in 2004 was an effort to mature our Project Management processes and practices through introduction of the NYS Project Management Methodology and a project management mentoring and training program within the division.

■ Over the next few years, IMS will continue these foundational process improvement projects which will refine

OFFICE OF ADMINISTRATION



Glenn Warren
Dty Executive Dir.
Administration

The Division of Administration is composed of three major components: The Bureau of Human Resources Management, Bureau of Finance, and Bureau of Administrative Services. The mission of the Division of Administration is to provide for the staffing needs of the Board and provide administrative support for Board initiatives.

Bureau of Human Resources Management (HRM)

The primary functions of the Bureau of Human Resources Management are to:

1. Meet the staffing needs of the Board's programs through staffing plan development and resulting classification actions, examination planning, recruitment and selection.
2. Promote effective labor/management relations that support management and staff working together cooperatively toward accomplishing the Board's mission, including promoting the use of coaching, counseling and progressive discipline in effectively and fairly dealing with employees.
3. Administer the programs applicable to Board employees to ensure that employees receive the benefits to which they are entitled, while ensuring that the NYS Civil Service Laws, Rules and Regulations, State negotiated agreements, and federal and State labor and disability laws are followed as they relate to Board employees.

Functional Organization

HRM is organized into functional units in two geographic locations. The labor/management and employee relations efforts are directed by an Agency Labor Relations Representative in the Queens Office assisted by an Albany staff person. They conduct negotiations, administer the contracts, administer the discipline and grievance procedures and conduct an organized program of dialogue with employee representatives, including participation in labor/management committees.

Personnel groups located in both HRM Offices and led by a Director of Personnel in Albany handle the personnel activities. They are responsible for statewide benefits programs including employee orientation, probation and performance evaluation systems, retirement processing, time

records management, workers' compensation for Board employees, health benefits, and other insurance management. Others are responsible for providing personnel assistance to program managers through recruiting and hiring, processing of payroll transactions, position classification, examination planning and management, and organizational and staffing analysis.

2004 Initiatives

- Completed implementation of the electronic time sheet (LATS) system, begun in 2003, for the remainder of the Board. This is now functional for all staff covered by the Attendance Rules. Additional enhancements continue to be rolled out as they are available;
- Completed the conversion to HRISnet from our legacy Human Resources Information System (HRIS) after a multi-year, interagency effort working with the provider and a group of representatives from other agencies also moving to this new platform. Testing and system and data verification work will continue through the first half of 2005;
- Completed the agency-wide second round of training for managers and supervisors in labor relations matters. The areas of training included the following: an overview of the standard for labor/management cooperation in New York State, counseling, time and attendance, performance evaluation, employee behavior, discipline, and grievances;
- Increased the number of labor-management meetings statewide, especially on safety and health issues at the district office level;
- Negotiated a joint labor-management agreement with two unions for a pilot program on telecommuting. There are currently 24 Albany-based employees participating in the pilot which runs into 2005;
- Established the first list resulting from the decentralized

OFFICE OF ADMINISTRATION (continued)

administration of the verbatim reporter examination and conducted the examination a second time. Candidates for permanent appointment are more readily available due to this process;

- Completed all of the recruitment activities necessary to fill almost 200 positions;
- Completed implementation of staffing recommendations for the Local Office Support Units (LOSUs) resulting from the 2003 study of this function;
- Completed classification actions necessary to fully implement the planned organization in the Office of Security;
- Completed studies of certain positions in the No-Insurance and Disability Benefits Units to verify proper classification of these positions;
- Processed an average of 66 transactions per period with all the associated paper work and authorizations to ensure that employees are in the correct status and receiving the correct salary and benefits. This included managing leaves of absence for an average of 32 employees per pay period;
- In keeping with our on-going theme of improved communication, HRM completed, working cooperatively with a number of staff throughout the agency, over 40 revisions/additions to Baseline and WIRE. Some highlights are:

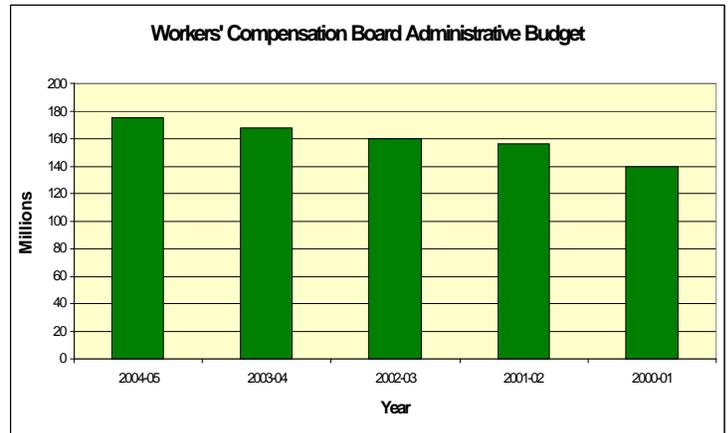
Updated the Attendance and Leave sections to reflect the changes negotiated in the 2003-2007 contracts with some unions and to reflect the conversion to the LATS electronic time sheet, issued procedures for the distribution of Civil Service Examination announcement information and easy access to announcements through WIRE, added more performance programs for supervisors to use, updated the benefits in retirement materials, created a standardized individualized work schedule request procedure, and completed a process for HRM to verify required new employee credentials.

Finance Office

The Finance Office's primary functional areas include: budget analysis; assessment and collection of the Board's Administrative and Special Funds; claims processing for the Special Funds; maintenance of security deposits for self-insured employers and supervised accounts, including interest payments; fund accounting; processing of payroll and vouchers; processing of compliance penalties; and processing of procedural penalties and miscellaneous revenues.

2004 Initiatives

- Issued Administrative and Special Fund Assessments of just under \$869 million in Workers' Compensation Program and \$7 million in Disability Benefits Program. In 2004, due to the fund balance for the Special Fund for Disability Benefits, no assessment was required;



- Processed over 387,000 payments from Fund for Reopened Cases totaling over \$96 million; this includes over 5,700 checks on a biweekly basis primarily to claimants. An additional \$32 million is also disbursed from that Fund to Carriers and Self-Insured employers as reimbursement of Supplemental Benefits payments;
- Processed over 74,000 payments from Special Disabilities Fund, totaling just under \$495 million, that were paid as a reimbursement to the carriers and self-insured employers;
- From the Special Fund for Disability Benefits, over \$2.6 million in benefits was paid to claimants who became disabled while receiving unemployment benefits or who became disabled while employed by an uninsured employer;
- From the Uninsured Employer Fund, over \$16 million was disbursed from the fund for benefits and medical payments to claimants who are injured on the job while employed by an uninsured employer. An additional \$1.3 million was disbursed for benefits and medical payments to volunteers from the World Trade Center tragedy under the Federal grant for that program;
- Processed vouchers for personal services and other than personal services, including travel for the agency of just under \$148 million; this includes the payroll for

OFFICE OF ADMINISTRATION (continued)

over 1,500 employees (this includes part time and per diem employees);

- From the Workers' Compensation Program over \$8.2 million was received for non-assessment receipts, for the Uninsured Employer Fund. The majority of the non-assessment receipts are from employers who were out of compliance with maintaining coverage for employees in accordance with the Workers' Compensation Law;

- From the Disability Benefits Program, over \$7.8 million is received and processed, the majority from employers who were out of compliance with maintaining coverage for employees in accordance with the Disability Benefits Law;

- Processed receipts from procedural penalties and other miscellaneous revenue exceeding \$1 million. The other miscellaneous revenue receipts include the revenue from photocopy fees received by the Board;

- Continued working with consultants to implement a computer system which will automate many of the manual processes and replace older computer systems within the Finance and Administration areas. The module that facilitates the processing of the Board's administrative expenses, claims disbursements, and most of the receipts, has been implemented. Upgrade of the implemented systems and development continues on the other modules that will mostly impact the remaining account receivable areas.

Bureau of Administrative Services

The primary function of the Bureau of Administrative Services is to provide administrative support services to every unit within the Board. These services include mail and messenger services, a centralized office supply stock room serving all Board locations, printing services, telephones, archives, purchasing, contractual services, vehicles, facility management, space design, leasing, surplus property disposition, records management and staff and building relocations.

2004 Initiatives

Managing Facilities

- Brooklyn
Planned for and renovated space at 111 Livingston Street to house our downstate computer training room and a downstate call center.

- Menands
Planned for and completed renovations for approximately 100 EDP staff members. The remaining portion of the 66,000 square feet of space scheduled to be completed in the spring of 2005.

- Queens
Finalized plans to install a generator for a backup disaster recovery plan in the event of an extended emergency situation at our main computer center at 100 Broadway, Menands location. Anticipated completion date is summer, 2005.

- Staten Island
Finalized plans to renovate and increase size of our customer service center from 1,800 square feet to 3,000 square feet. Anticipated completion date is summer, 2005.

- Hudson
Finalized plans to relocate our customer service center from cramped quarters at 98 Green Street to a newly remodeled 3,000 square foot facility just off Route 9G Hudson.

Office of Security

The Office of Security provides security for 44 offices throughout the state where 1,700 state employees perform the agency's business. It is the responsibility of the Office of Security to maintain order and safety for the thousands of employees and the public who access these facilities on a daily basis.

2004 Initiatives

- Routinely visited all District Offices to ensure security equipment and personnel are functioning properly;

- Responded to 366 recorded incidents;

- Continued the development of the WCB Crisis Management Team in conjunction with the State Emergency Management Office;

- Arranged special security coverage for 637 Special Security Cases during 2004, which included contributions from the NYS Police and local law enforcement;

OFFICE OF ADMINISTRATION *(continued)*

- Responded to various problems in the districts such as robberies in OGS Parking Lots, office thefts and small thefts of equipment;



Board staff collected 475 books for the Dr. Martin Luther King Jr. Literacy initiative in Albany. The books, all in excellent condition, were delivered to the Albany City School District.

- Completed training for statewide security personnel, which included mandatory state training. Customer Service for the Security Professional, an 8-hour elective course was included in 2004 for all WCB Security personnel;
- Enacted Chairman's Order No. 966, that the Director of Security and the Director of Human Resources report any evidence of corruption, fraud, criminal activity or conflict in performing state service to the Office of the Inspector General.

APPENDICES

Appendix I	District Office and Service Center Locations
Appendix II	Injuries by County For Cases Indexed in 2004
Appendix III	Cases Indexed In 2004 by District Office
Appendix IV	Cases Controverted in 2004 by District Office
Appendix V	Number of Hearings Held by District Office
Appendix VI	Percentage of Claims Accepted in 2004 by District Office
Appendix VII	Claims Accepted in 2004 by Month
Appendix VIII	Most Frequently Occurring Injuries
Appendix IX	Parts of Body Most Frequently Injured
Appendix X	Most Frequent Types of Accidents
Appendix XI	Types of Occupational Disease
Appendix XII	Nature of Most Frequent Injuries
Appendix XIII	Source of Most Frequent Injuries
Appendix XIV	Gender of Injured Workers and Average Weekly Wage
Appendix XV	Claim Liability for Cases Accepted in 2004
Appendix XVI	Industry Sector for Accepted Claims
Appendix XVII	Administrative Assessment - Section 151
Appendix XVIII	Administrative Assessment - Section 151 IDP
Appendix XIX	Administrative Assessment - Section 50-5
Appendix XX	Administrative Assessment - Section 60 VF
Appendix XXI	Administrative Assessment - Section 228
Appendix XXII	Administrative Assessment - Section 60 VAW
Appendix XXIII	Special Fund Assessment - Section 25-A
Appendix XIV	Special Fund Assessment - Section 15-8
Appendix XXV	Special Fund Assessment - Section 214

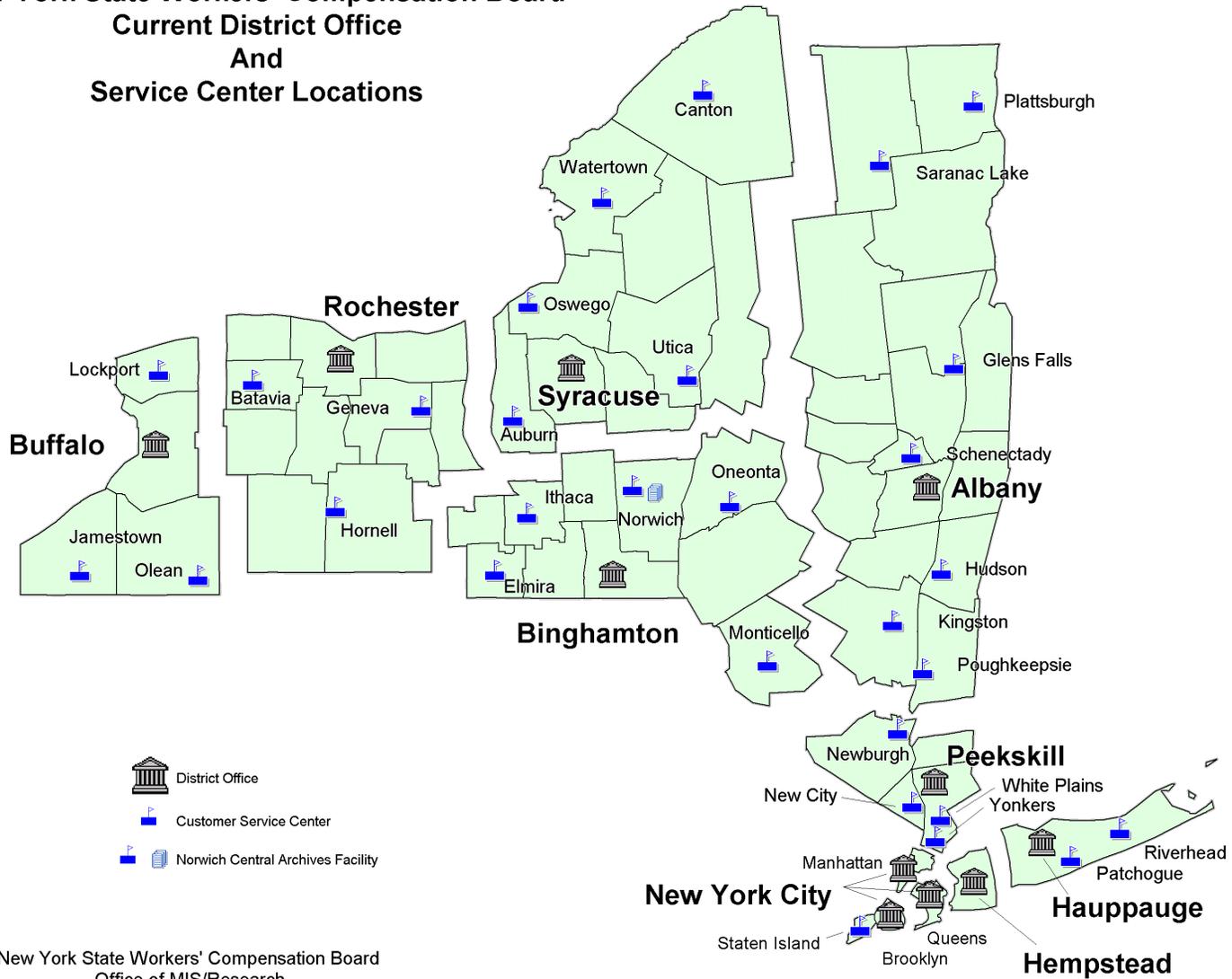
Injury/Exposure Coding in 2004

The data reported about injuries that result in workers' compensation claims in New York is produced by the manual process of reading narrative descriptions of injuries or exposures as well as the surrounding events that occurred at the workplace. WCB staff, called digesters, are assigned the task of reading case folders and converting narrative information into coded data using a standard classification system.

Two events occurred in 2003 which impacted the collection of this data; a significant number of digester retirements and a conversion to the ANSI standard "Occupation Injury & Illness Classification System (OIICS)". The population of claims digested in 2003 was limited to newly accepted claims having indemnity benefits paid within 60 days of claims acceptance. In 2004, due to the implementation of a sophisticated software system, management program and training initiative, the WCB was able to digest a larger population of claims without having expanded the roster of digesters. In 2004, the WCB coded newly accepted claims having indemnity benefits paid within 60 days of acceptance *plus* every accepted claim having the first indemnity benefits paid to the injured worker during the calendar year. This will ensure that these claim characteristics are acquired for all workers' compensation claims having indemnity benefits paid to the injured worker. Although year to year comparisons should not be drawn between 2003 and 2004, subsequent annual reports will provide injury or exposure data for the same population of claims as presented here for 2004.

Appendix I

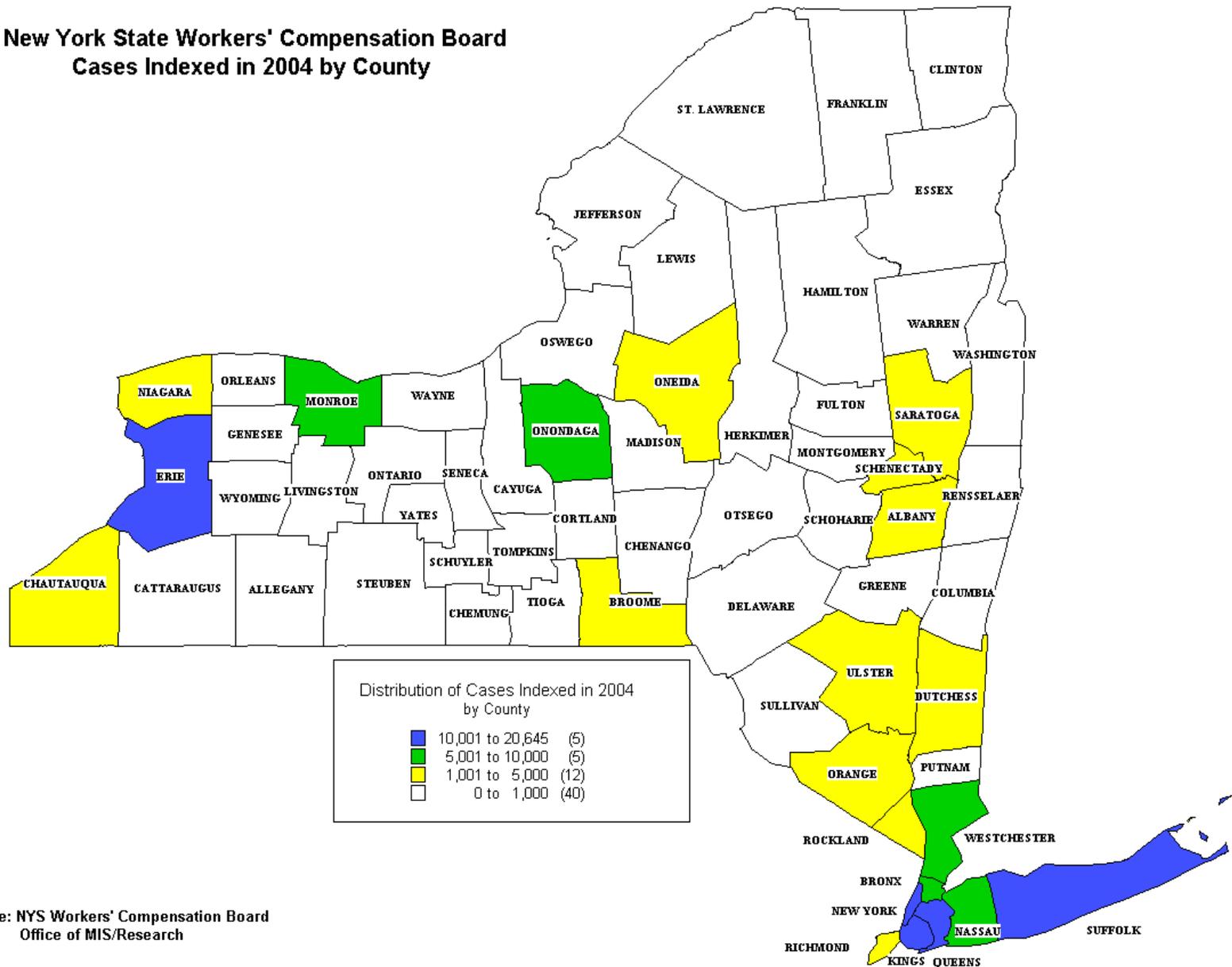
**New York State Workers' Compensation Board
Current District Office
And
Service Center Locations**



Source: New York State Workers' Compensation Board
Office of MIS/Research
March 2005

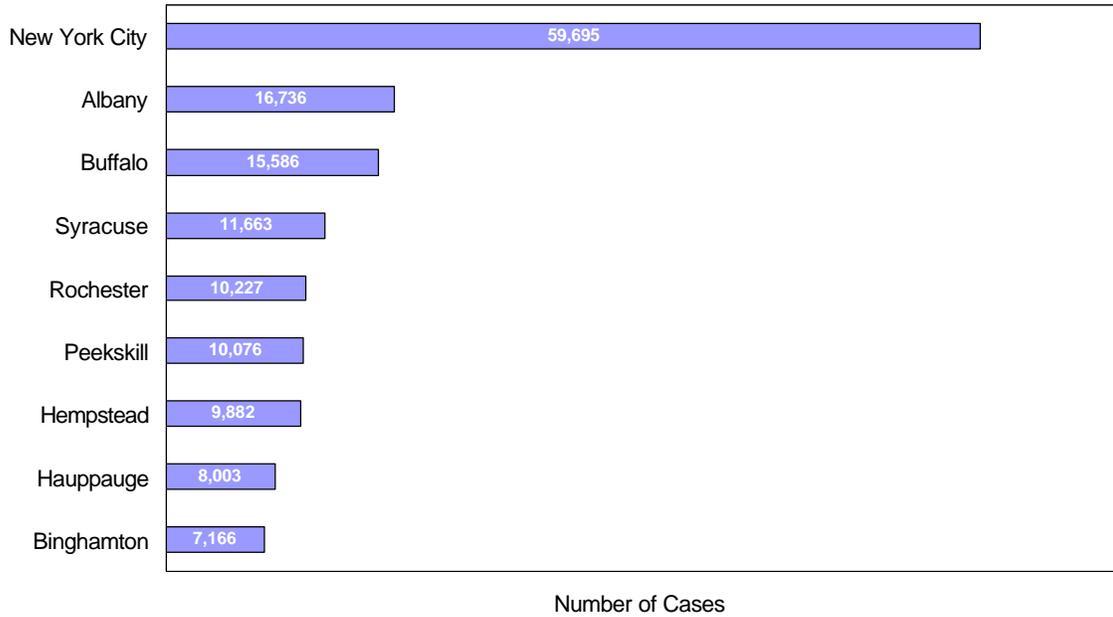
Appendix II

**New York State Workers' Compensation Board
Cases Indexed in 2004 by County**



Source: NYS Workers' Compensation Board
Office of MIS/Research

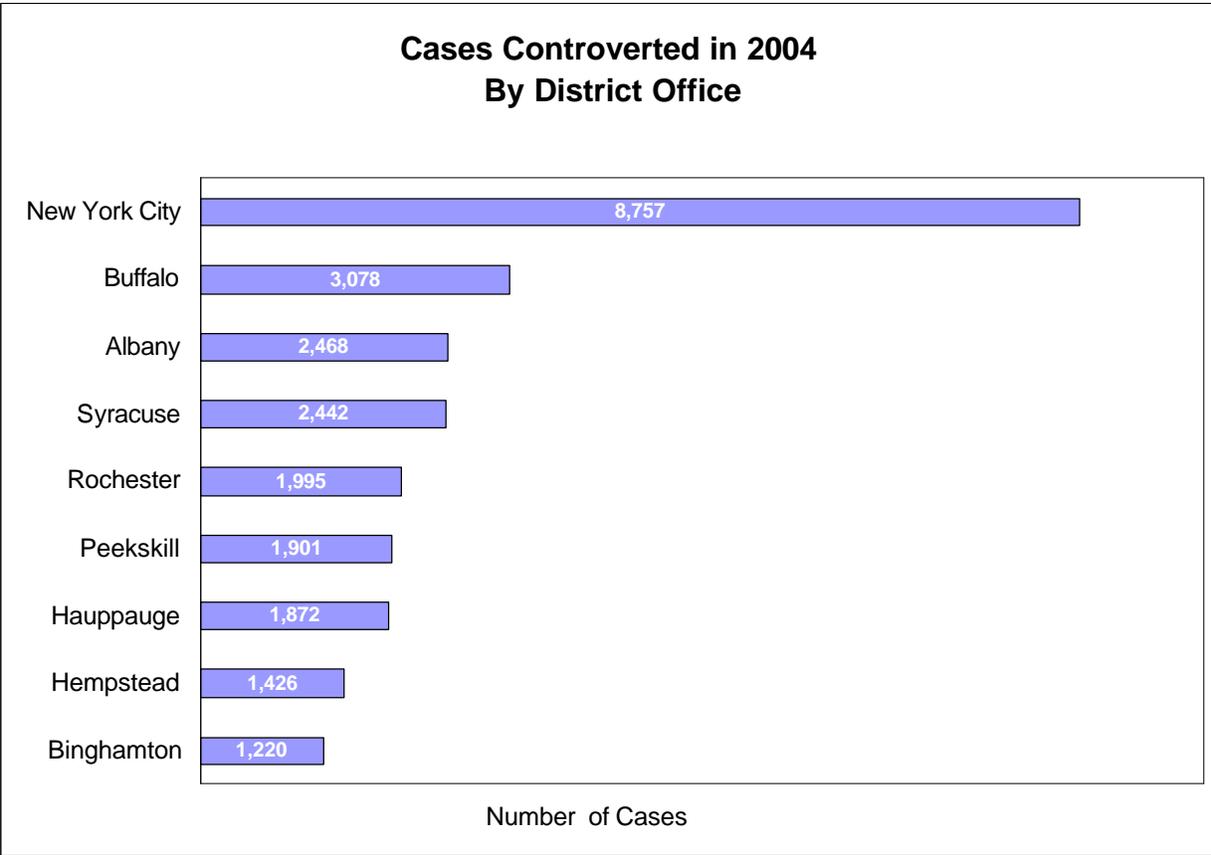
Cases Indexed in 2004 By District Office



Cases Indexed and Cases Reopened in 2004 By District Office

District Office	Cases Indexed	Cases Reopened
New York City	59,695	49,569
Albany	16,736	17,419
Buffalo	15,586	16,656
Syracuse	11,663	20,458
Rochester	10,227	13,660
Peekskill	10,076	17,204
Hempstead	9,882	13,290
Hauppauge	8,003	16,871
Binghamton	7,166	8,685
Total	149,034	173,812

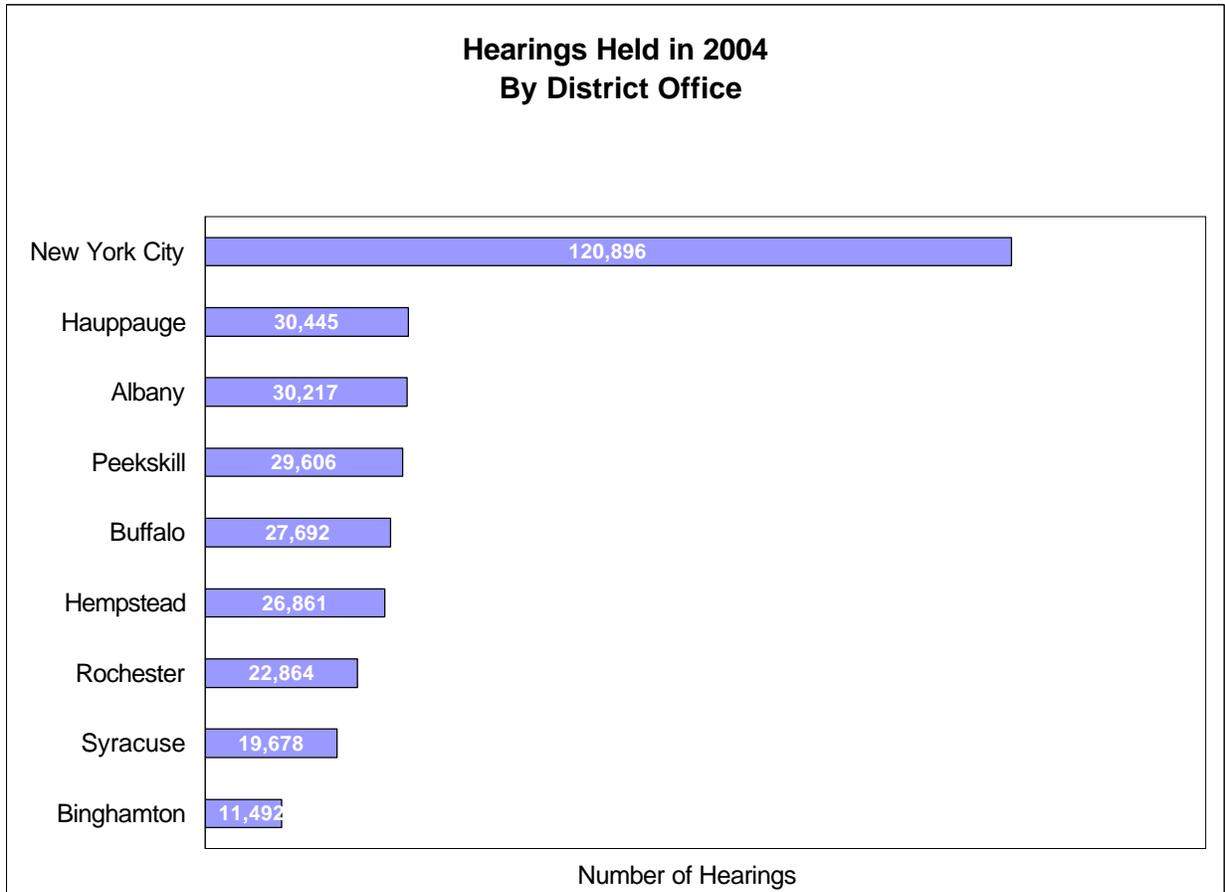
Appendix IV



District Office	Number of Cases Controverted
New York City	8,757
Buffalo	3,078
Albany	2,468
Syracuse	2,442
Rochester	1,995
Peekskill	1,901
Hauppauge	1,872
Hempstead	1,426
Binghamton	1,220
Total	25,159

Source: NYS Workers' Compensation Board
Office of MIS/Research

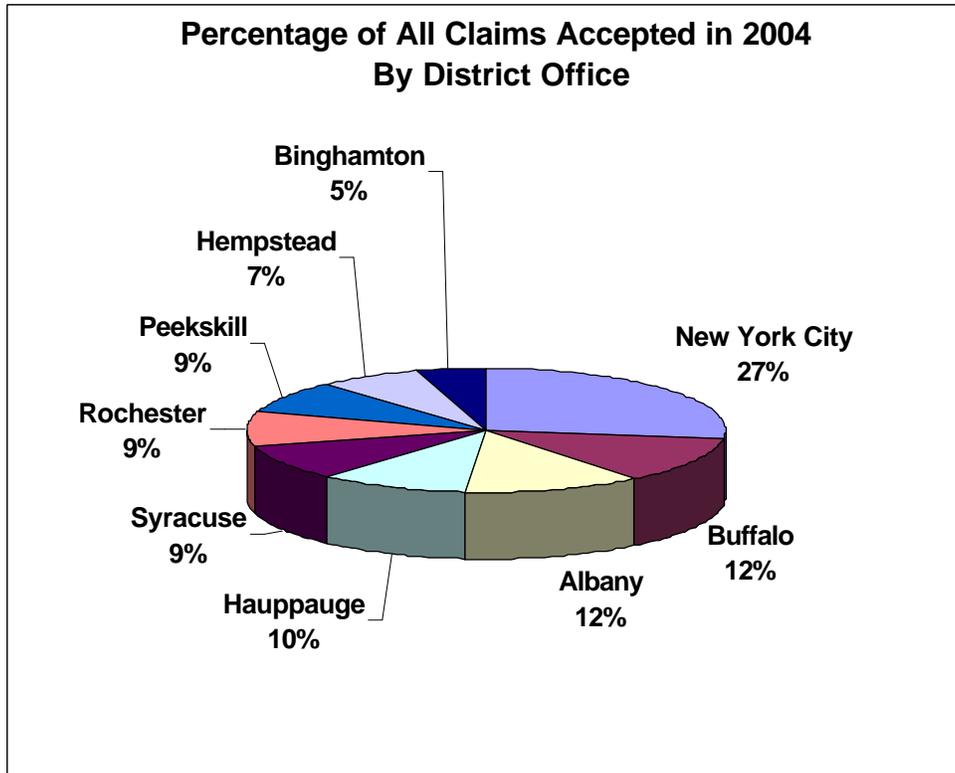
Appendix V



District Office	Number of Hearings
New York City	120,896
Hauppauge	30,445
Albany	30,217
Peekskill	29,606
Buffalo	27,692
Hempstead	26,861
Rochester	22,864
Syracuse	19,678
Binghamton	11,492
Total	319,751

Source: NYS Workers' Compensation Board
Office of MIS/Research

Appendix VI



**Claims Accepted in 2004
By District Office**

District Office	Claims Accepted
New York City	31,896
Buffalo	14,847
Albany	14,276
Hauppauge	12,167
Syracuse	11,092
Rochester	10,494
Peekskill	10,367
Hempstead	8,244
Binghamton	5,516
Total	118,899

Source: NYS Workers' Compensation Board
Office of MIS/Research

Claims Accepted in 2004- by Month

Month Accepted	Total Claims Accepted	WCL Claims (a)	VFBL Claims (b)	VAWBL Claims (c)
January 2004	9,299	9,236	56	7
February	9,651	9,566	80	5
March	11,247	11,148	90	9
April	11,009	10,926	79	4
May	9,813	9,705	98	10
June	9,981	9,893	73	15
July	9,562	9,472	81	9
August	10,137	10,033	84	20
September	9,972	9,880	84	8
October	9,125	9,026	91	8
November	8,921	8,843	74	4
December	10,182	10,076	91	15
Total	118,899	117,804	981	114

(a) Claims under the Workers' Compensation Law

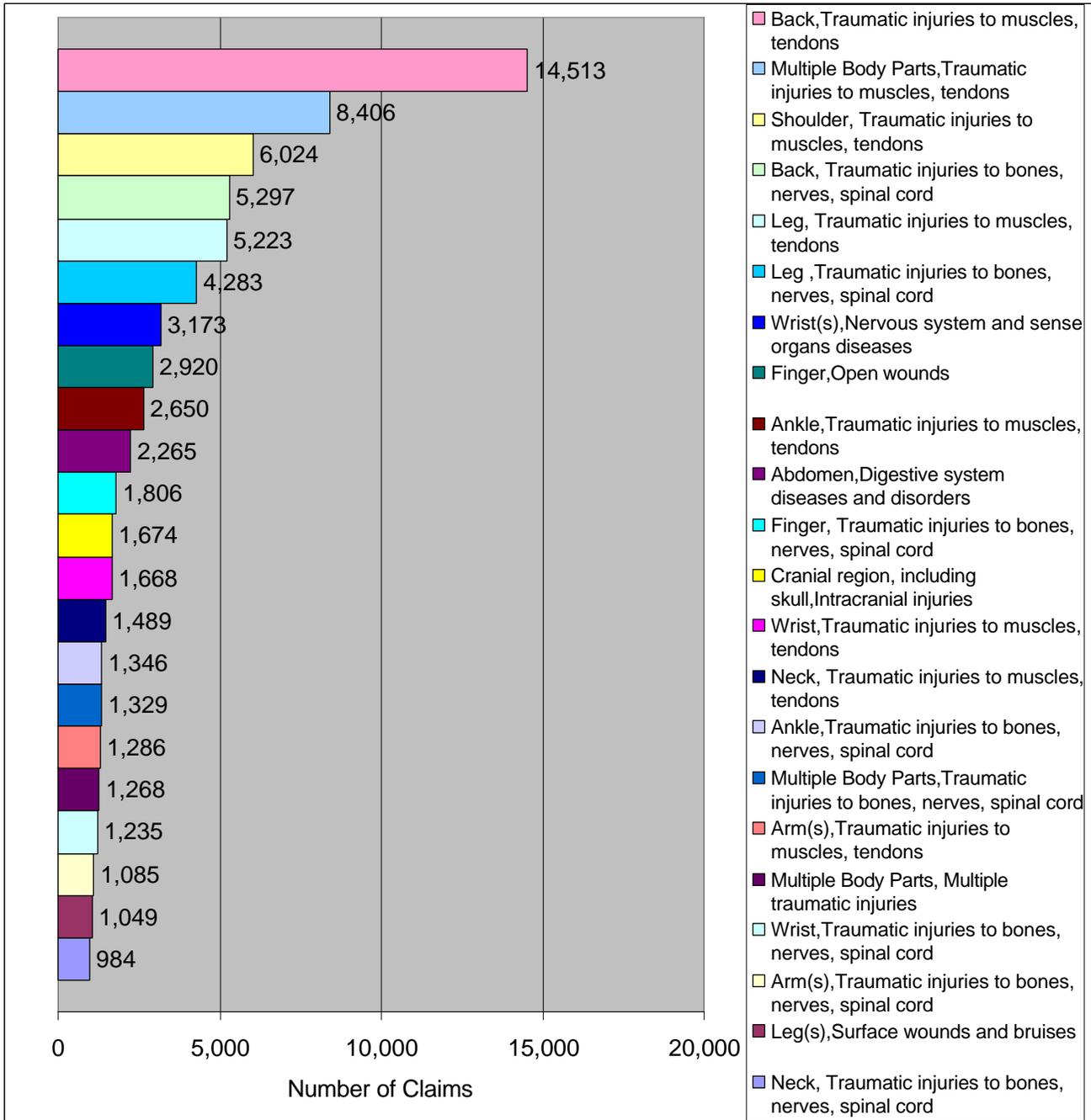
(b) Claims under the Volunteer Firefighters' Benefit Law

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

Claims Accepted in 2004: Claims for which there was a finding made by the Board during calendar year 2004 that (1) the claimant sustained an injury 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 and a consequent disability.

(The claims accepted data for 2004 include some previously established claims for which a Board finding during calendar year 2004 amended or reaffirmed the claim's status; it is estimated that these affirmations account for less than 5% of the total).

Most Frequently Occurring Injury Types For Accepted Claims with First Indemnity Benefits Paid in 2004



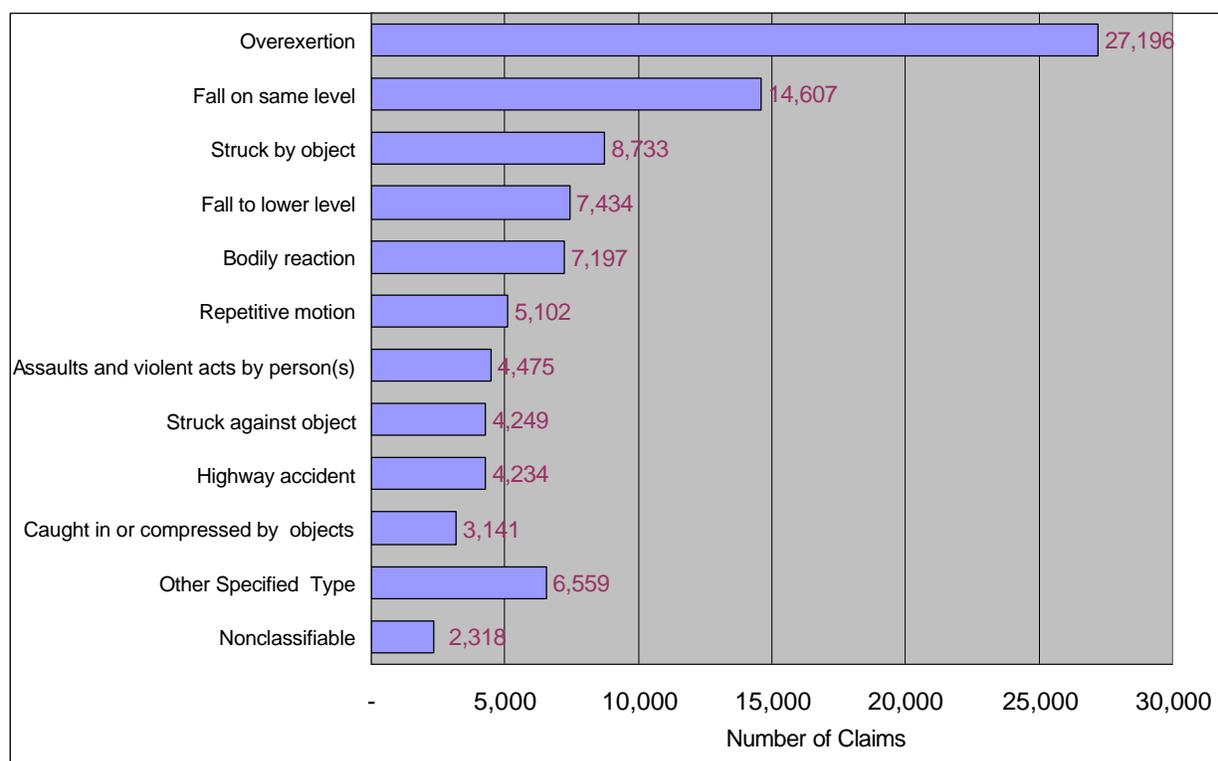
Appendix IX

**Part of Body Injured Summary
For Accepted Claims with First Indemnity Benefits Paid in 2004**

PART OF BODY AREA Body Sub-Area	All Claims	Male Worker	Female Worker	Sex Not Indicated
HEAD	4,540	3,397	1,099	44
NECK	2,600	1,452	1,135	13
UPPER EXTREMITIES	20,337	12,478	7,641	218
Finger	6,360	4,777	1,498	85
Wrist	6,702	2,949	3,705	48
Hand	1,944	1,393	518	33
Arm	3,550	2,282	1,231	37
Multiple Upper Ex.	1,739	1,050	674	15
All Other	42	27	15	0
TRUNK	34,054	22,301	11,406	347
Back	20,452	12,636	7,584	232
Shoulder	7,427	4,873	2,500	54
Abdomen	2,448	2,236	194	18
Chest	1,804	1,373	413	18
Pelvic Region	985	640	330	15
Multiple Trunk Locations	927	536	381	10
All Other	11	7	4	0
LOWER EXTREMITIES	19,512	12,854	6,482	176
Leg	11,366	7,734	3,550	82
Ankle	4,275	2,585	1,635	55
Foot	1,945	1,262	665	18
Toe	666	497	162	7
Multiple Lower Ex.	1,232	755	463	14
All Other	28	21	7	0
BODY SYSTEMS	813	416	393	4
MULTIPLE BODY AREAS	12,596	6,897	5,565	134
OTHER OR UNSPECIFIED	793	599	183	11
Total	95,245	60,394	33,904	947

Source: NYS Workers' Compensation Board
Office of MIS/Research

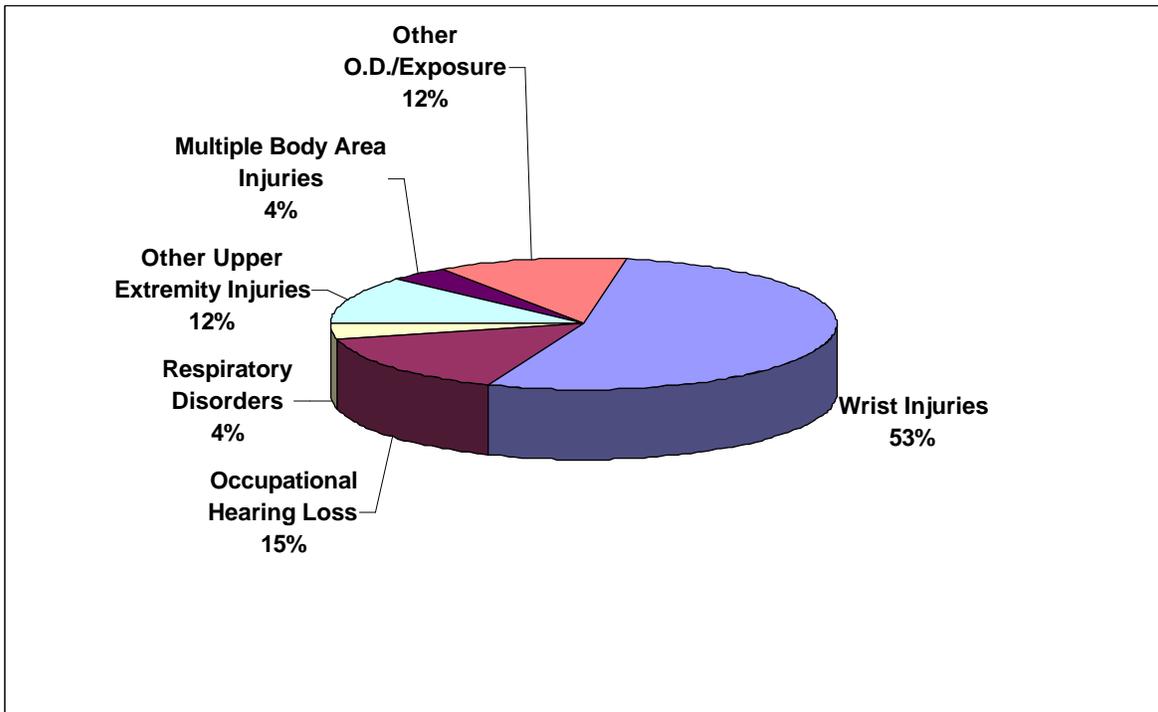
Type of Accident or Exposure For Accepted Claims with First Indemnity Benefits Paid in 2004



Sex of Worker and Type of Accident or Exposure For Accepted Claims with First Indemnity Benefits Paid in 2004

Type of Accident or Exposure	All Claims	Male Worker	Female Worker	Sex Not Indicated
Overexertion	27,196	17,267	9,671	258
Fall on same level	14,607	7,086	7,377	144
Struck by object	8,733	6,365	2,261	107
Fall to lower level	7,434	5,477	1,888	69
Bodily reaction	7,197	4,811	2,332	54
Repetitive motion	5,102	1,890	3,182	30
Assaults and violent acts by person(s)	4,475	2,329	2,103	43
Struck against object	4,249	3,059	1,145	45
Highway accident	4,234	3,059	1,128	47
Caught in or compressed by objects	3,141	2,432	668	41
Other Specified Type	6,559	4,992	1,513	54
Nonclassifiable	2,318	1,627	636	55
Total	95,245	60,394	33,904	947

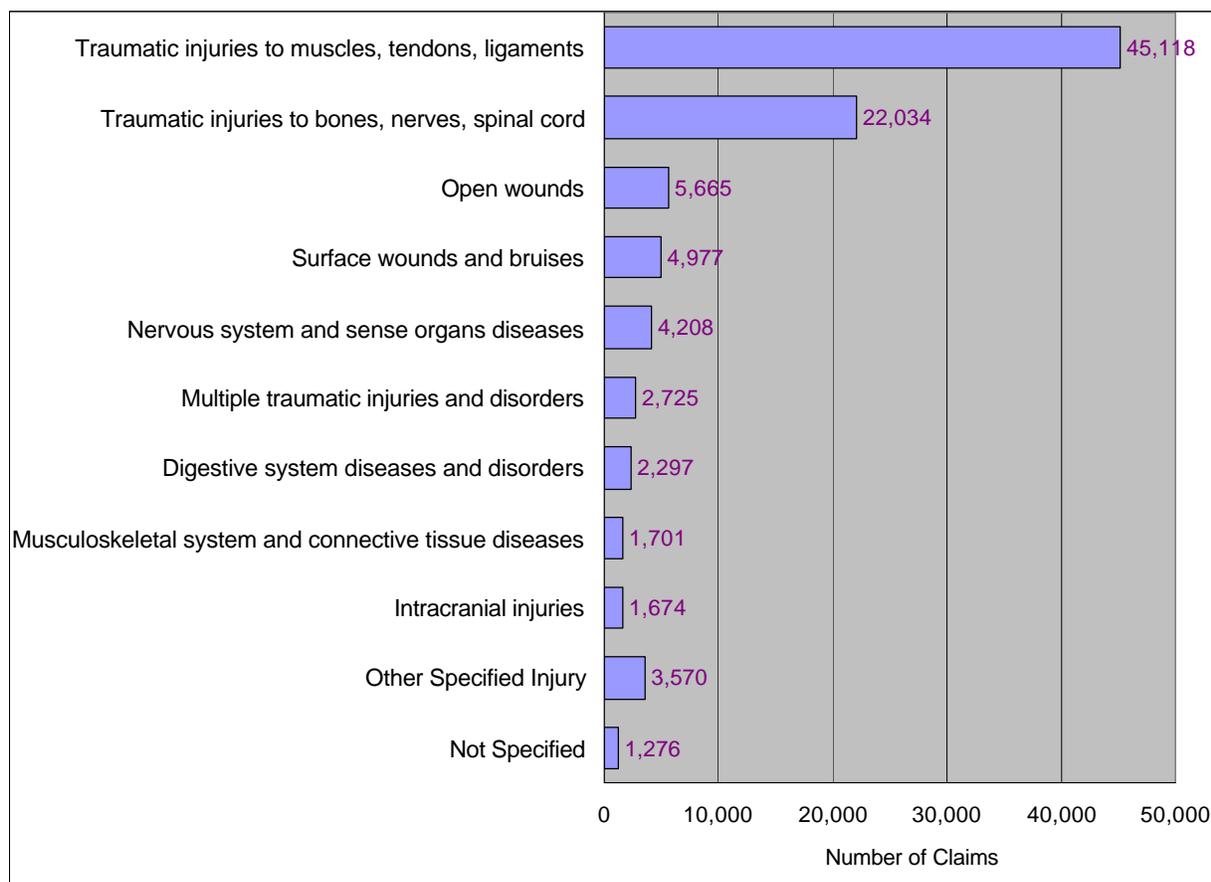
**Types of Occupational Disease or Exposure Injuries
For Accepted Claims with First Indemnity Benefits Paid in 2004**



**Sex of Worker and Occupational Disease or Exposure
For Accepted Claims with First Indemnity Benefits Paid in 2004**

Type of Occupational Disease or Exposure	Accepted Claims	Male Worker	Female Worker	Sex Not Indicated
Wrist Injuries	2,569	916	1,644	9
Occupational Hearing Loss	734	699	34	1
Respiratory Disorders	175	157	18	0
Other Upper Extremity Injuries	565	213	351	1
Multiple Body Area Injuries	181	66	115	0
Other Occup.Disease/Exposure	594	329	260	5
Total	4,818	2,380	2,422	16

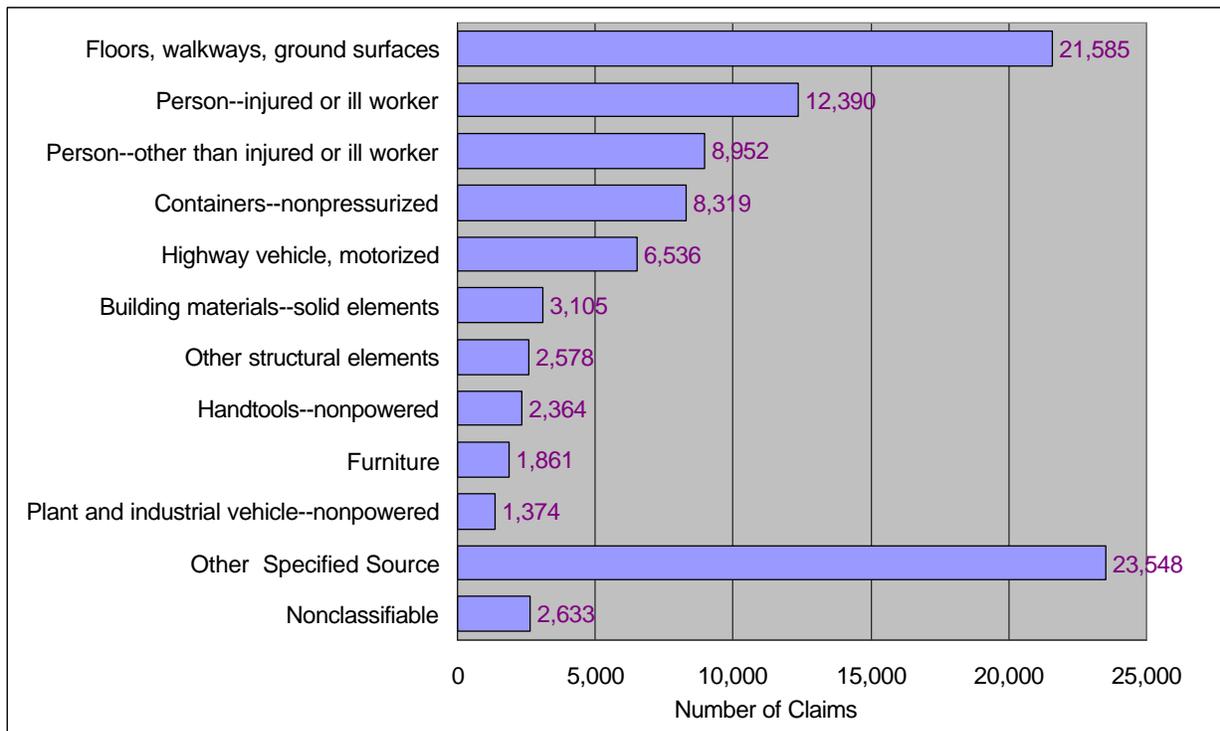
Nature of Injury For Accepted Claims with First Indemnity Benefits Paid in 2004



Sex of Worker and Nature of Injury For Accepted Claims with First Indemnity Benefits Paid in 2004

Nature of Injury	All Claims	Male Worker	Female Worker	Sex Not Indicated
Traumatic injuries to muscles, tendons, ligaments	45,118	26,955	17,720	443
Traumatic injuries to bones, nerves, spinal cord	22,034	14,827	6,979	228
Open wounds	5,665	4,643	953	69
Surface wounds and bruises	4,977	2,954	1,975	48
Nervous system and sense organs diseases	4,208	2,056	2,137	15
Multiple traumatic injuries and disorders	2,725	1,734	960	31
Digestive system diseases and disorders	2,297	2,142	136	19
Musculoskeletal system and connective tissue diseases	1,701	766	921	14
Intracranial injuries	1,674	1,054	598	22
Other Specified Injury	3,570	2,338	1,197	35
Not Specified	1,276	925	328	23
Total	95,245	60,394	33,904	947

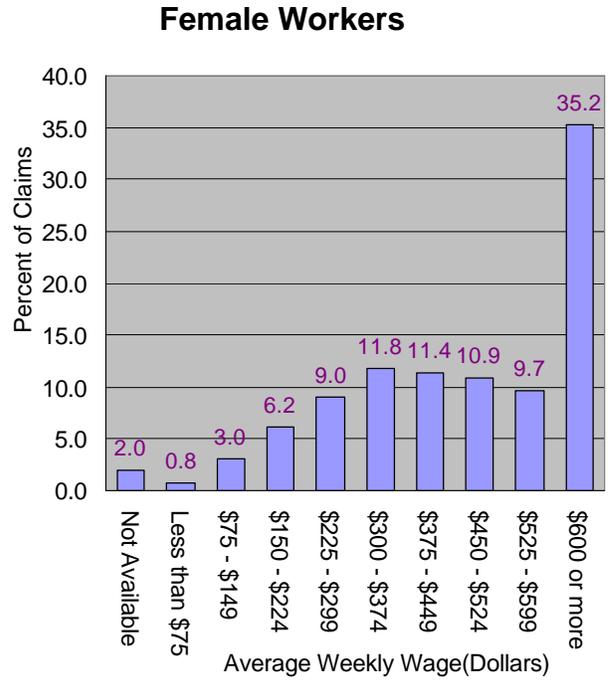
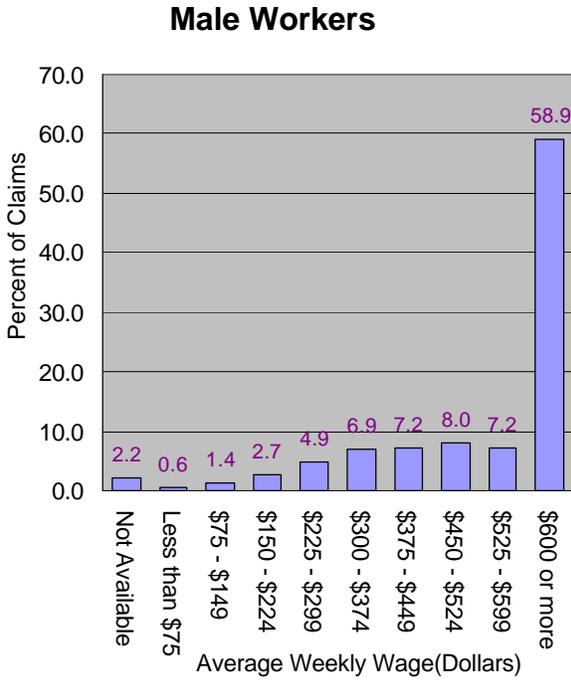
Source Producing Injury For Accepted Claims with First Indemnity Benefits Paid in 2004



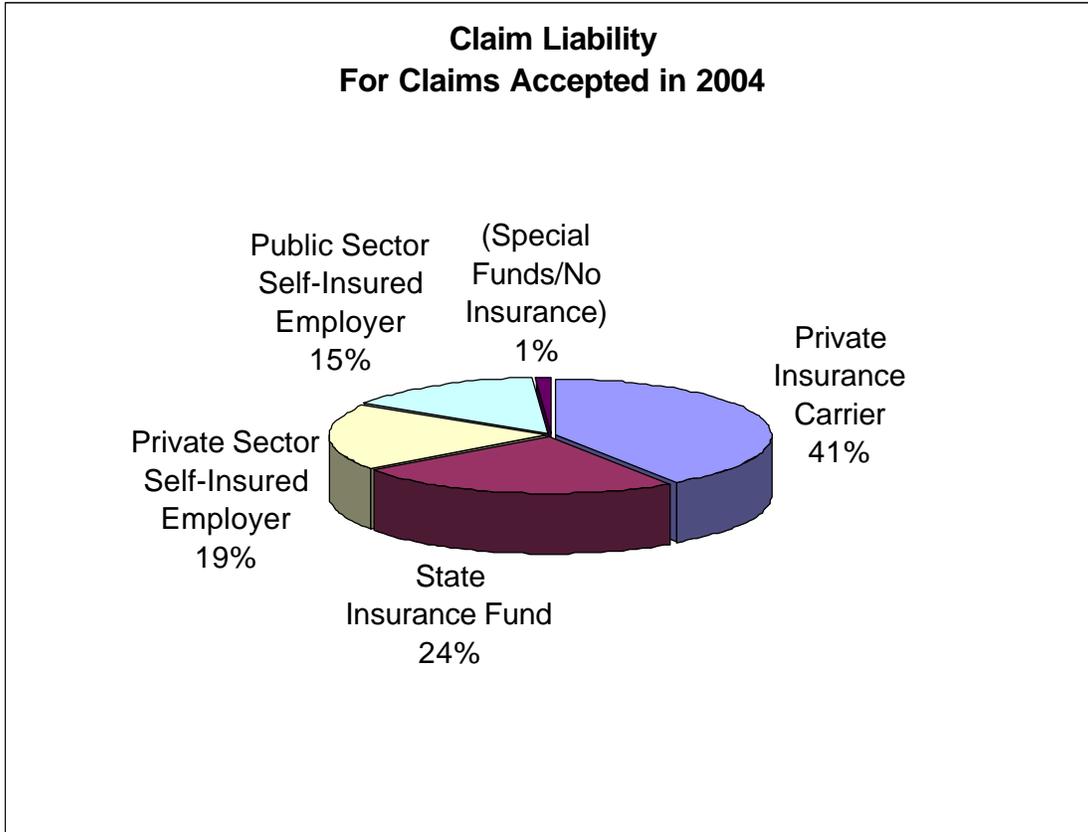
Sex of Worker and Source Producing Injury For Accepted Claims with First Indemnity Benefits Paid in 2004

Source of Injury	All Claims	Male Worker	Female Worker	Sex Not Indicated
Floors, walkways, ground surfaces	21,585	12,363	9,009	213
Person--injured or ill worker	12,390	6,726	5,582	82
Person--other than injured or ill worker	8,952	2,714	6,144	94
Containers--nonpressurized	8,319	5,543	2,681	95
Highway vehicle, motorized	6,536	4,893	1,581	62
Building materials--solid elements	3,105	2,872	211	22
Other structural elements	2,578	1,623	938	17
Handtools--nonpowered	2,364	1,908	427	29
Furniture	1,861	985	851	25
Plant and industrial vehicle--nonpowered	1,374	907	448	19
Other Specified Source	23,548	18,004	5,314	230
Nonclassifiable	2,633	1,856	718	59
Total	95,245	60,394	33,904	947

Sex of Worker and Average Weekly Wage For Accepted Claims with First Indemnity Benefits Paid in 2004



Average Weekly Wage	All Claimants	Male Workers	Female Workers	Sex Not Indicated
Not Available	1,997	1,311	675	11
Less than \$75	617	341	270	6
\$75 - \$149	1,885	838	1,020	27
\$150 - \$224	3,770	1,621	2,102	47
\$225 - \$299	6,094	2,971	3,043	80
\$300 - \$374	8,251	4,161	4,002	88
\$375 - \$449	8,306	4,358	3,855	93
\$450 - \$524	8,627	4,833	3,699	95
\$525 - \$599	7,739	4,374	3,287	78
\$600 or more	47,959	35,586	11,951	422
Total	95,245	60,394	33,904	947



Type of Liability Coverage	Number of Claims
Private Insurance Carrier	48,270
State Insurance Fund	28,929
Private Sector Self-Insured Employer	22,425
Public Sector Self-Insured Employer	18,077
(Special Funds/No Insurance)	1,198
Total	118,899

Source: NYS Workers' Compensation Board
Office of MIS/Research

Industry Coding in 2004

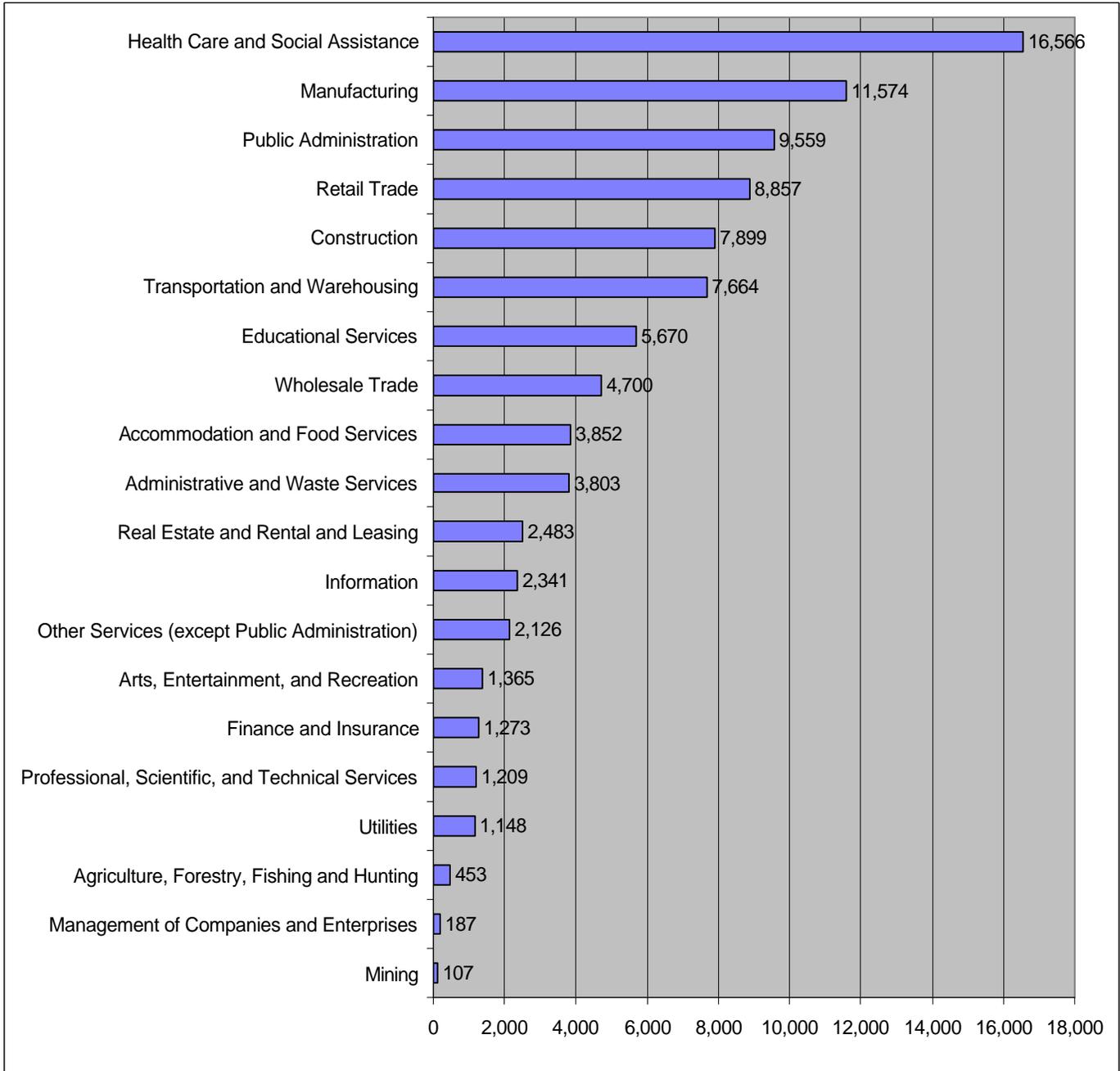
In addition to a significant expansion of the population of claims for which injury or exposure data could be digested, the Board was also able to implement a new data collection program in 2004. This program enables the Board to report on the industrial classification of the employers for all accepted claims having indemnity benefits first paid to the injured worker in 2004. The method used to determine the industrial classification leverages new data systems in place at the Board. When employer records from claims can be matched with employer records for insurance compliance, the North American Industrial Classification System (NAICS) code can be identified or translated from an available Standard Industrial Classification (SIC) code. Once coded, multiple claims by workers from the same enterprise can be coded automatically. This provides the Board with an ability to identify the industrial classification code of the enterprise with a highly standardized process producing consistent results.

The North American Industrial Classification System (NAICS), like the Standard Industrial Classification (SIC) system before it, is based on the assignment of classification codes to establishments, which are described as generally being a single physical location where business is conducted or services provided. The concept of establishment stands in contrast to the enterprise. A single enterprise might control multiple establishments of differing industries. Enterprises that are comprised of multiple disparate establishments are common. For example, a retail furniture store chain might have a trucking division or a large warehousing operation. Coding at the enterprise level, all workers would be classified in the Retail Trade Sector (NAICS Code 44) even if they are employed in the trucking division (NAICS Code 48). While not providing the same grain of detail as coding at the establishment level, identifying the industrial classification at the enterprise level is based on the data used to determine the employer's compliance with providing workers' compensation coverage.

Industry Sector and Percentage For Accepted Claims with First Indemnity Benefits Paid in 2004

Industry Sector	Claims	Percent
Health Care and Social Assistance	16,566	17.4
Manufacturing	11,574	12.2
Public Administration	9,559	10.0
Retail Trade	8,857	9.3
Construction	7,899	8.3
Transportation and Warehousing	7,664	8.0
Educational Services	5,670	6.0
Wholesale Trade	4,700	4.9
Accommodation and Food Services	3,852	4.0
Administrative and Waste Services	3,803	4.0
Real Estate and Rental and Leasing	2,483	2.6
Information	2,341	2.5
Other Services (except Public Administration)	2,126	2.2
Arts, Entertainment, and Recreation	1,365	1.4
Finance and Insurance	1,273	1.3
Professional, Scientific, and Technical Services	1,209	1.3
Utilities	1,148	1.2
Agriculture, Forestry, Fishing and Hunting	453	0.5
Management of Companies and Enterprises	187	0.2
Mining	107	0.1
Unknown	2,409	2.5
Total	95,245	100.0

Industry Sector For Accepted Claims with First Indemnity Benefits Paid in 2004



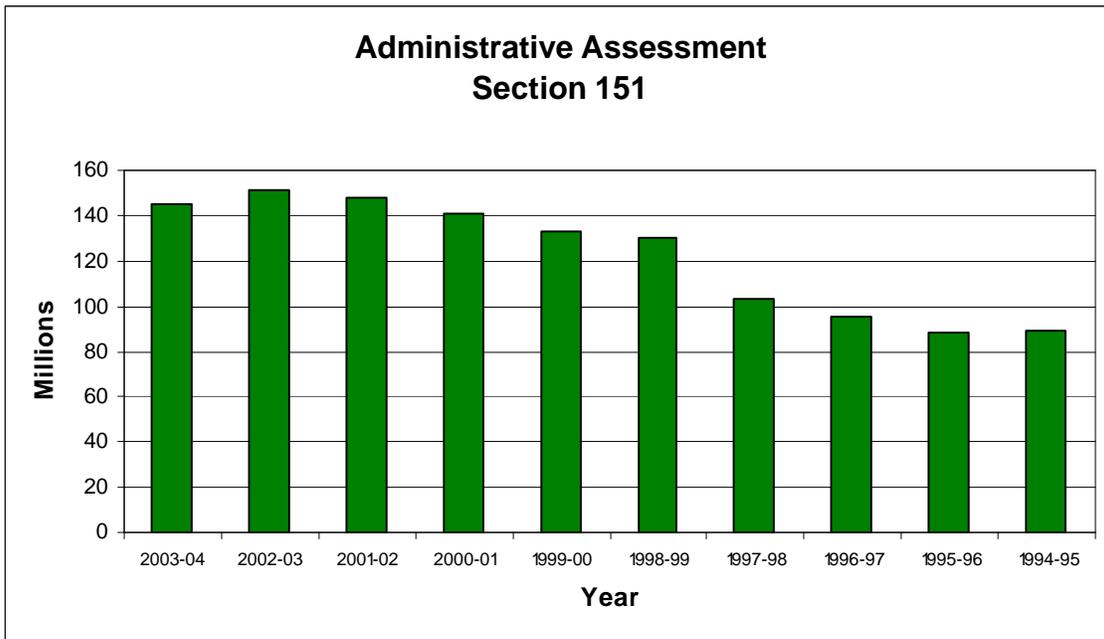
Source: NYS Workers' Compensation Board
Office of MIS/Research

ASSESSMENT CALCULATION

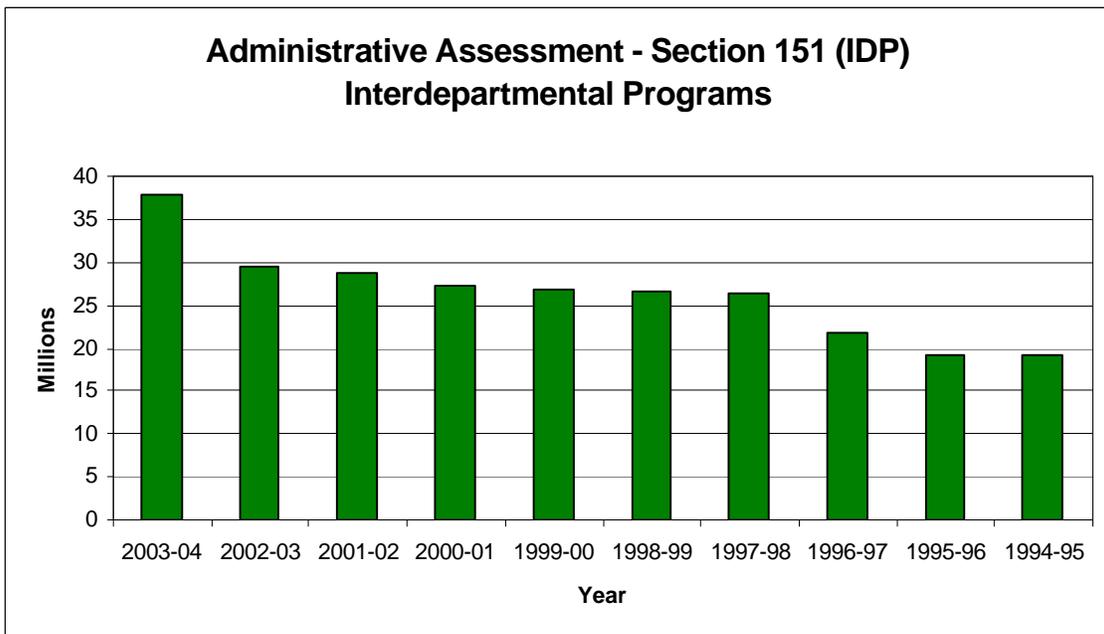
Through the normal budget process, the Board calculates the funding level needed to support its workers' compensation and disability benefits operations. The State Departments of Labor and Health also calculate their funding needs for the interdepartmental programs. When added together, these funding requirements become the basis for the Administrative Assessment. The Administrative Assessment is managed on a fiscal year basis.

Section 151 and IDP — the rate for the cost associated with the administration of the workers' compensation program is calculated by dividing the cost of the program by the total annual workers' compensation payments (indemnity only) paid by all entities. This rate is then multiplied by the total annual workers' compensation payments paid by the individual entity to determine that entity's assessment.

Appendix XVII

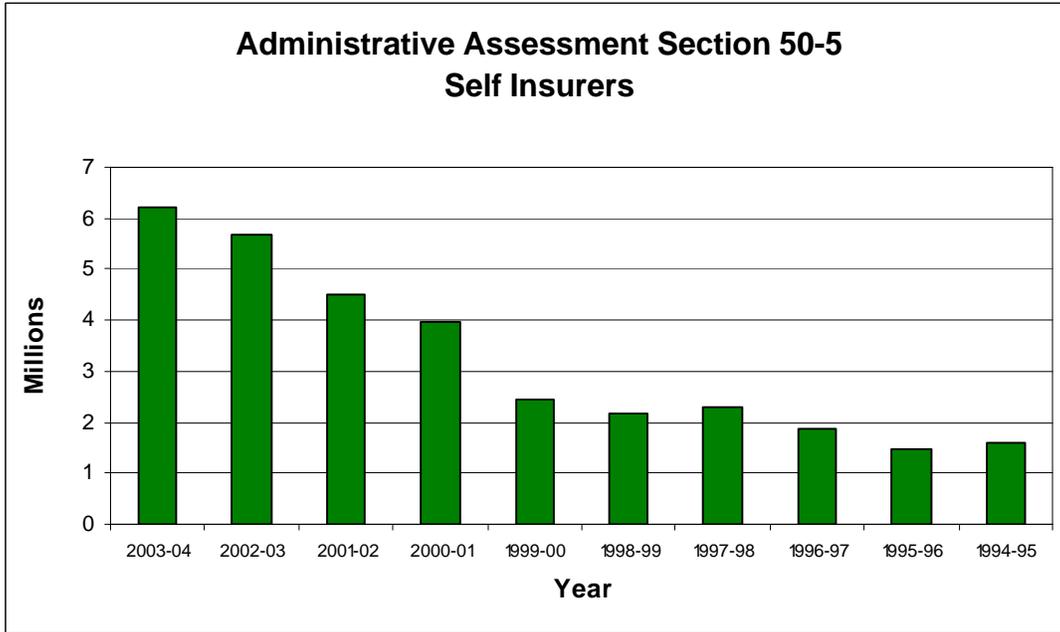


Appendix XVIII



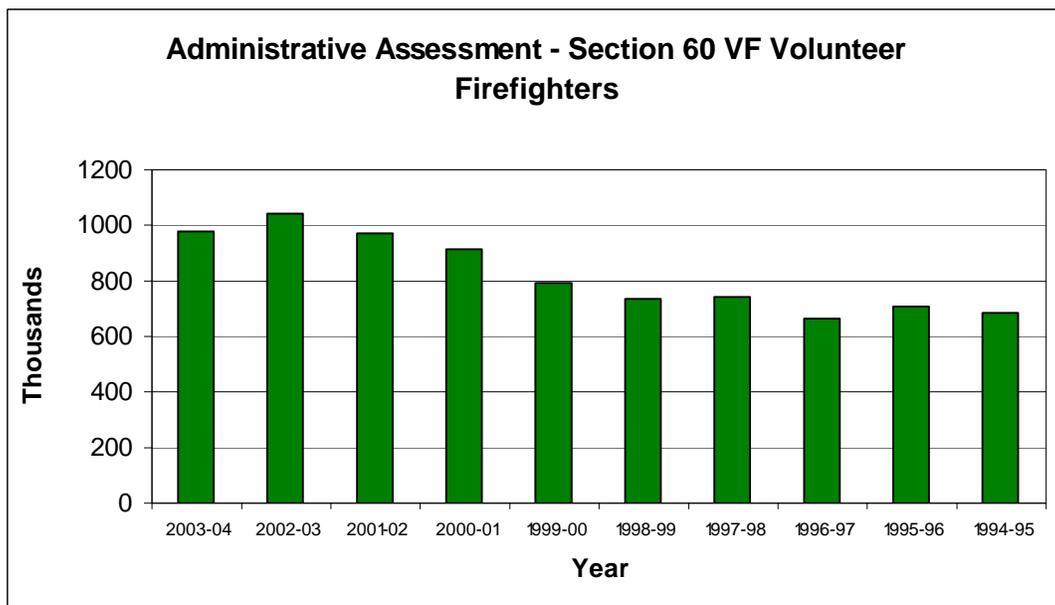
Section 50-5 — Corporate self-insurers are assessed their portion of the cost associated with the administration of the self-insured program. The rate for the cost associated with this program is calculated by dividing the cost by the total of all security accounts held by the Board for all corporate self-insured entities. This rate is then multiplied by the total of the security account held for an individual self-insurer to determine that self-insurer's assessment.

Appendix XIX



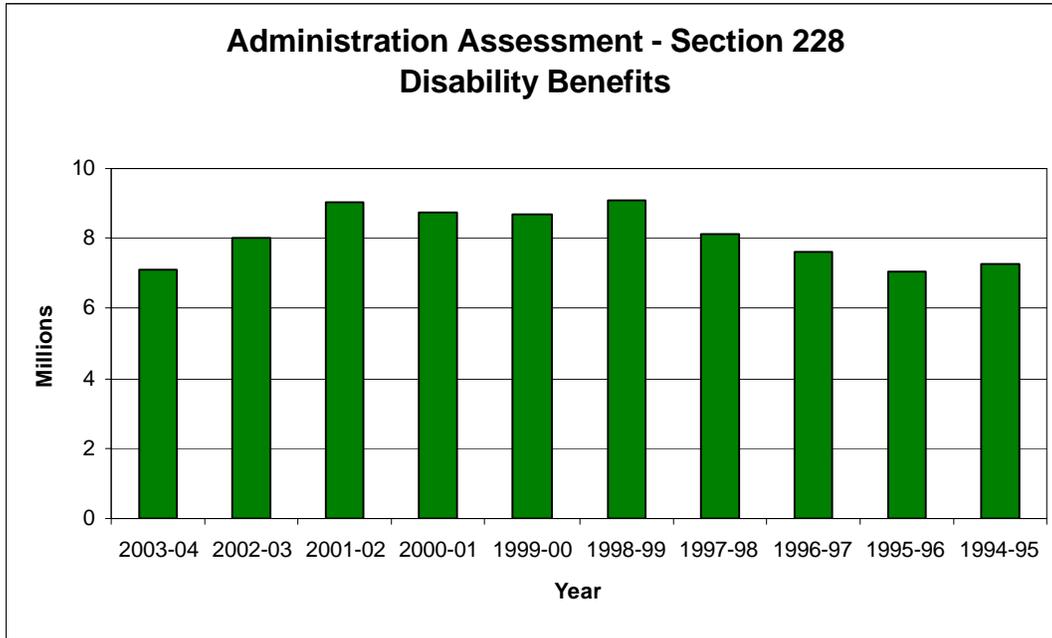
V60 — the rate for the cost associated with the administration of the volunteer fire fighter program is calculated by dividing the cost of the program by the total annual volunteer fire fighter payments (indemnity only) paid by all entities. This rate is then multiplied by the total annual volunteer fire fighter payments paid by the individual entity to determine that entity's assessment.

Appendix XX



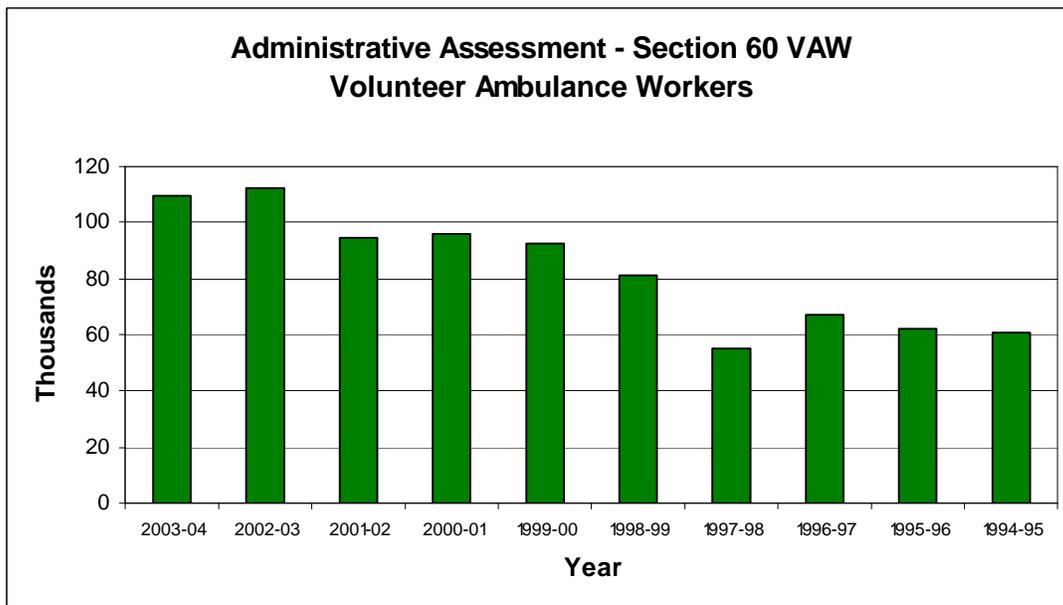
Section 228 — the rate for the cost associated with the administration of the disability benefits program is calculated by dividing the cost of the program by the total annual payroll covered by all entities. This rate is then multiplied by the total annual payroll covered by the individual entity to determine that entity's assessment. Under current law entities need only report the first \$7,000 of an employee's payroll.

Appendix XXI



A60 — the rate for the cost associated with the administration of the volunteer ambulance worker program is calculated by dividing the cost of the program by the total annual ambulance worker payments (indemnity only) paid by all entities. This rate is then multiplied by the total annual volunteer ambulance worker payments paid by the individual entity to determine that entity's assessment.

Appendix XXII



SPECIAL FUNDS ASSESSMENTS

Three Special Funds assessments are billed once a year and are levied to finance:

Section 25a — direct payment to claimants and health providers for certain reopened cases and reimbursement to carriers for supplemental benefit cases.

Section 15.8 — reimbursement to insurance carriers and self-insured employers/groups for claims involving second injuries, concurrent employment, and occupational disease.

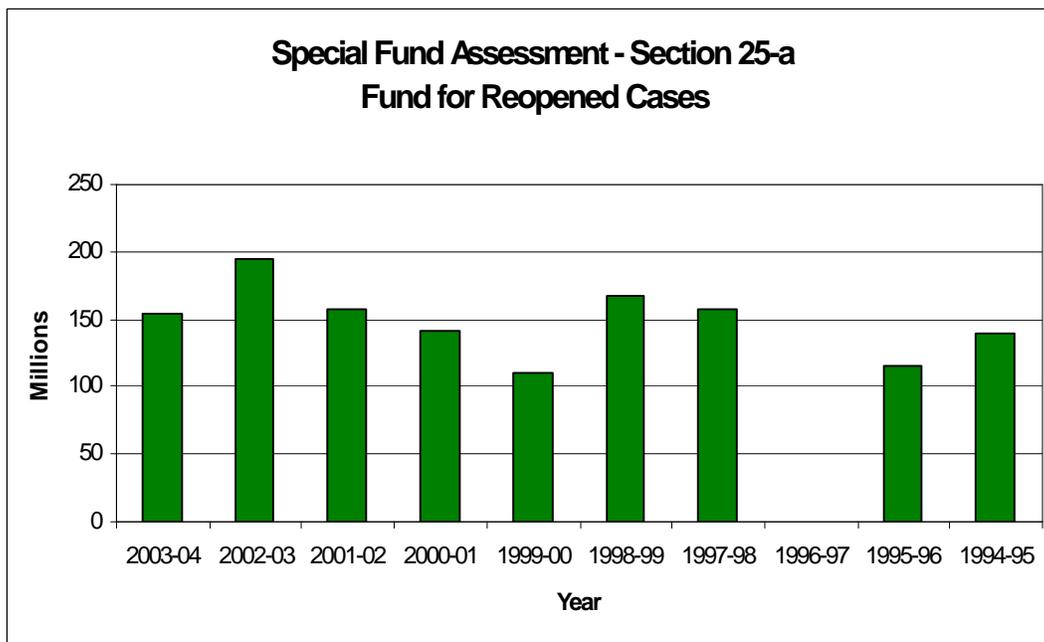
Section 214 — direct benefit payments to individuals who become disabled while receiving unemployment benefits or individuals who become disabled while employed by an uninsured employer.

Section 25a covers two basic programs: Reopened Cases and Supplemental Benefits. The fund for Reopened Cases provides payments directly to claimants and health providers when the claimant's case is reopened under the following circumstances:

- The case was previously disallowed or closed without compensation and is reopened after a lapse of seven years from the date of the accident.
- The case is reopened seven years after the date of accident and at least three years after the last compensation payment.
- Death occurs after seven years from the accident in non-compensated cases or after seven years from the date of the accident and at least three years after the last compensation payment.

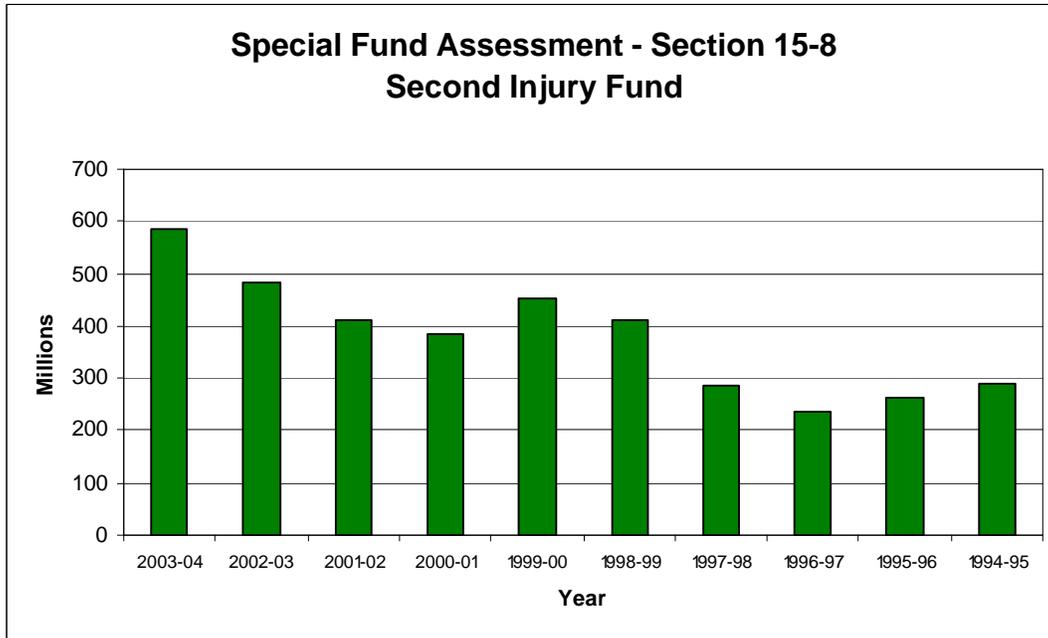
Section 25a — The Special Fund Conservation Committee calculates the reserves needed by the Board to secure the Fund for Reopened Cases. The Board takes this reserve information and adds a 10 percent contingency. The Board then adds the amount paid out in the previous year for the Supplemental Benefit program. From this amount, the Board subtracts funds it has on hand. These calculations provide the total amount that must be assessed for the 25a program.

Appendix XXIII



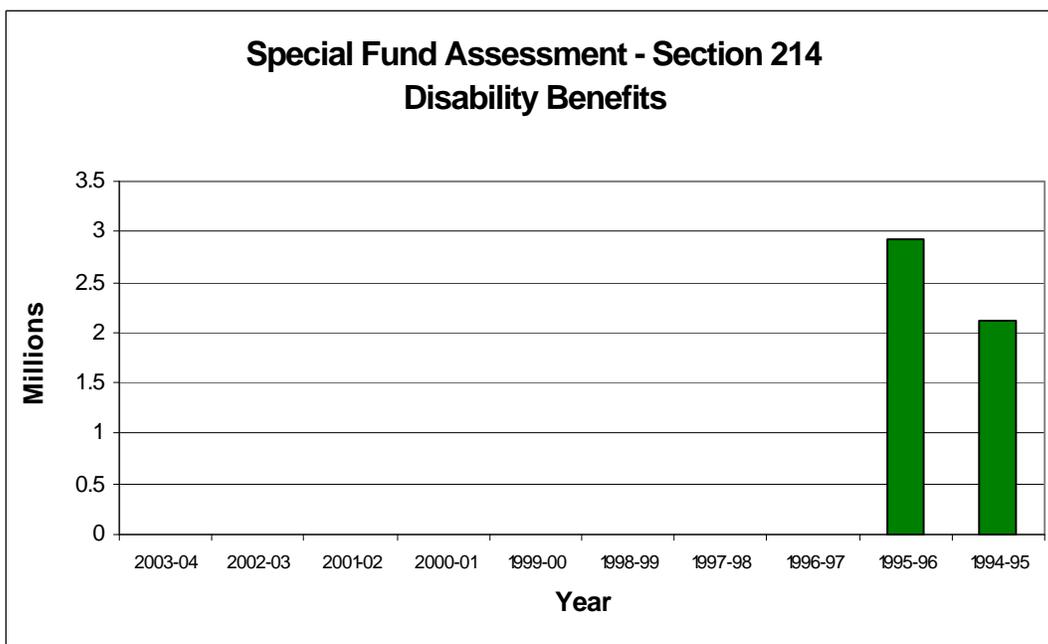
Section 15.8—The Board calculates the total disbursements made from the **Special Disability Fund** during the preceding calendar year and multiplies that amount by 150 percent. From this amount, the Board subtracts any funds it has on hand. These calculations provide the total amount that must be assessed for the 15-8 program.

Appendix XXIV



Section 214—The **Special Fund for Disability Benefits** must maintain a balance of \$12 million. At the end of the fiscal year, the Board calculates the amount needed to restore the fund to the \$12 million level. This calculation provides the total amount that must be assessed for the 214 program. Any penalties collected from employers who are not in compliance with the disability benefits law are deposited in the Special Fund for Disability Benefits to help offset the assessment.

Appendix XXV





This report was prepared by the Office of the Chairman, Workers' Compensation Board
Jon Sullivan, Director of Public Information • Judy Eastman, Production Management
Statistical data provided by the Bureau of MIS/Research - Tom Wegener, Director