

New York State
Workers' Compensation Board

2002

Annual Report

George E. Pataki, Governor
Robert R. Snashall, Chairman

May 2003

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 2002, is transmitted herewith.

Respectfully submitted by,

Robert R. Snashall
Chairman
NYS Workers' Compensation Board

MESSAGE FROM GOVERNOR GEORGE E. PATAKI

Here in New York State we have experienced more than our share of challenges over the past few years. Most notably, our state and our nation became the victims of the malicious acts of terrorists. In my message in last year's annual report of the Workers' Compensation Board I told of how New Yorkers have united in a common purpose. In addition, I directed the Workers' Compensation Board and other state agencies to continue providing the highest level of services that the people of New York have come to expect. They have not let us down.

The September 11 terror attacks presented unprecedented challenges for the Board. Our response was measured and proved to be extremely effective. Today, nearly ninety percent of claims related to the World Trades Center have been resolved. If 2001 was a year of untold tragedy, 2002 was a year of unmitigated resilience.

New Yorkers face challenges head on. When the attacks took place we put new programs into action. We alleviated the bureaucratic paperwork and accelerated the process so that those injured and the families of those who were lost received their benefits faster than ever before.

But our successes were not limited to processing World Trade Center claims. In 2002 the Board resolved more than 300,000 claims for a second consecutive year and set a new record for claims processing for a third straight year. Furthermore, we accomplished these feats while holding the average manual rates steady and decreasing special fund assessments by 1.4 percent. In fact, since 1995, we have reduced workers' compensation rates by more than 35 percent.

Our outstanding record is clear but the job is not done. We will make it our mission over the next four years to never rest and never become complacent with past success. We will continue to improve the Workers' Compensation Board each and every year.



Governor George E. Pataki

MESSAGE FROM CHAIRMAN ROBERT R. SNASHALL

It has been an honor and a privilege to serve the Governor and the citizens of this State during a remarkable period of transition here at the Board. The legislative and administrative reforms which have been accomplished in recent years have greatly benefited the injured workers and employers all across this state, particularly in terms of enhanced, automated customer service, drastically reduced insurance rates, and fair and prompt processing of claims.

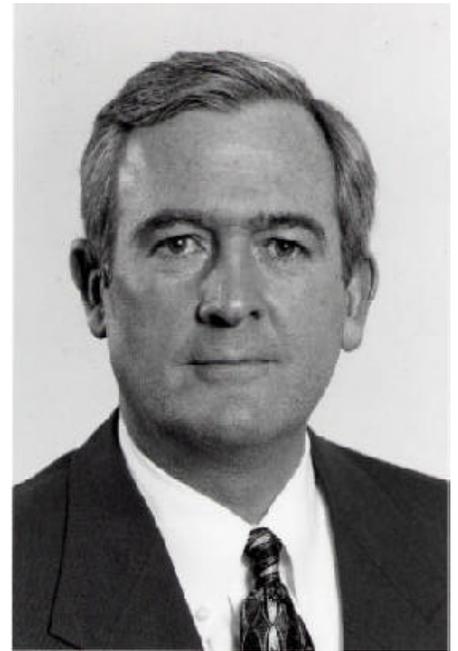
In 2002, the Board faced challenges of a magnitude never before experienced in New York. As a result of the events of a single day, September 11, 2001, the Board received five years worth of death claims and several thousand injury claims. The Board has fully resolved more than 1,900 World Trade Center death claims and 3,700 injury claims.

The Board's ability to rise to the enormous demands resulting from that fateful September day is a testament to the extensive improvements which have been made at the Board and throughout this system. When New Yorkers relied upon us most, the Board responded efficiently and effectively, reinforcing its new identity as a state-of-the-art service provider.

Overall, in 2002 the Board resolved a record 336,132 claims while our inventory of cases awaiting resolution was reduced by more than 30,000 cases. We computerized our one-millionth case file and developed many new and creative initiatives to improve the way in which we process claims. The Board enhanced its fraud unit, adding a forensic auditing team responsible for recouping more than \$4 million for victims of fraud. Further, the Board's compliance unit collected over \$8 million from uninsured employers across the state.

In the past year, the Board also further expanded remote access to its electronic case folders through the e-Case initiative and continued to receive prestigious awards and honors in recognition of its technological and process innovations, most recently its development of the MIRROR, a detailed performance measures tool which allows the Board to review the timeliness, quality and volume of work performed by its staff.

The Board has clearly remained committed to promoting continuous improvement, both within the agency and throughout this system. As my tenure as Chairman comes to a close, I can say with confidence that this commitment is now part of the culture here at the Board and that the future holds great promise for this agency and its service to the injured workers and employers of this state.



Chairman Robert R. Snashall

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.”

COMMISSIONERS OF THE NEW YORK STATE WORKERS' COMPENSATION BOARD



Chairman
Robert R. Snashall

Governor George E. Pataki nominated **Robert R. Snashall** to become Chairman of the New York State Workers' Compensation Board in 1995. The Senate confirmed this nomination on May 1 of that year.

In 1996, Mr. Snashall was appointed by Governor Pataki to serve on his task force on workers' compensation reform. During the 1996 legislative session Mr. Snashall worked with the Governor and members of the task force to identify legislative changes that would improve the workers'

compensation system and foster economic growth in New York state. The result was the enactment of the New York Employment, Safety and Security Act of 1996 which brought landmark changes to the workers' compensation system and resulted in a remarkable 40 percent reduction in rates.

In addition, at Governor Pataki's direction Mr. Snashall has served on several Task Forces and Commissions. He served as Co-Chair of the Governor's Task Force on Independent Contractors. Further, he currently serves as Co-Chair of the Livery Task Force and as Co-Chair of the Special Funds Commission.

During the last 8 years, Mr. Snashall has continued, through administrative initiatives and practices, to implement Governor Pataki's plan for improving the workers' compensation system. With a strong emphasis on introducing and utilizing technology as a means of streamlining the adjudication process within the Workers' Compensation Board, Chairman Snashall and the Board formulated a plan to reorganize and modernize operations from a paper-driven bureaucracy into a state-of-the-art, "customer-friendly" service provider. This project, known as OPTICS (Organization, Process and Technology Innovations in Customer Service) introduced innovations such as the electronic case folder (ECF), which allows Board employees and practitioners to obtain information at the touch of a computer key. Additionally, the claims, hearing, and appeals processes have been redesigned to significantly accelerate claims resolution, thereby increasing the quality of services for injured workers while reducing costs for employers.

These historic improvements at the Board have been recognized by many of the system constituents including injured workers and employers as well as members of the labor, business, insurance, attorney and medical communities. Over the last two years the Board has received annual awards from the Governor's Office of Employee Relations in the Workforce Champions Program. In addition, the Board has twice been honored by the nonpartisan Citizens Budget Commission for outstanding public service. The Board has also received a

number of awards for the improvements and has been the subject of numerous trade articles, including the Government Technology Magazine, which called the Board a "model agency" for technology.

Further, Mr. Snashall has received recognition for these initiatives from the New York Claims Association, the New York Self-Insurance Association, the Association of the Self-Insured Counties and the New York Workers' Compensation Bar Association.

Mr. Snashall is an active member in the International Association of Industrial Accident Boards and Commissions (IAIABC), serving as a past Chairman of the Associate Members Council; past Chairman of the Legislation and Regulation Committee; and the current Chairman of the Terrorism and Disaster Preparedness Committee. Mr. Snashall also serves as a member of the Board of the Government Law Center at Albany Law School; and as a member of the Board of the American Society of Workers Compensation Professionals.



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.



*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
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
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
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.



*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
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 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
Carol G. McManus*

Carol G. McManus was appointed Commissioner of the Workers' Compensation Board in June 1996 by Governor George E. Pataki, and confirmed by the State Senate.

Prior to her appointment, Ms. McManus was the Legal Administrator for the Rochester-based law firm of Underberg & Kessler, LLP, a position she held for over eight years. Her responsibilities included personnel administration, financial management and the automated services and general operations of the firm. Her continued administrative career includes operating a small-business consulting firm.

Ms. McManus' was the Personnel and Contract Administrator with the Monroe County MediCap Plan, Inc., and a liaison with area health care providers, including HMO's and hospitals. She also served as Office Manager at a mental health center, responsible for the operation of four patient units.

McManus serves as a mentor for residents of Wilson Commencement Park, providing resources and services to low-income parents and children. She volunteers with the Italian Women's Civic Club of Rochester, which provides scholarships to area youth; and as a Lector and Eucharistic Minister at St. Louis Church.

In addition, Ms. McManus has served as an elected official spanning some 15 years including positions as a School Board Member, Town Council member and Monroe County Legislator.

She is a graduate of Nazareth College of Rochester with postgraduate work at St. John Fisher College.



*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.

EXECUTIVE STAFF



*Deputy Director
of Compliance
Marsha Orndorff*



*Deputy Director of
Information & Management
Services
Barrett Russell*



*Deputy Director
of Administration
Glenn Warren*

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INTRODUCTION BY EXECUTIVE DIRECTOR RICHARD A. BELL



*Executive Director
Richard A. Bell*

Created in 1914 as a result of an historic agreement between workers and employers, the Workers' Compensation Board assures that in exchange for guaranteed medical coverage and compensation for lost earnings, employees would not sue their employers in the event of an injury on the job. This "no-fault" system is designed to eliminate the uncertainty of litigation associated with the courts.

With few statutory exceptions, all employers in New York State are required to carry workers' compensation and disability insurance to protect employees. Employers who fail to meet this requirement are subject to penalties assessed by the Workers' Compensation Board.

The Workers' Compensation Board administers the programs and laws of New York State in a fair and equitable fashion. The Board receives and processes claims and initially seeks to facilitate expedient agreements between injured workers and employers. When a consensus cannot be reached through administrative measures, it becomes necessary for the Board to conduct hearings before a Workers' Compensation Law Judge. Evidence and testimony are gathered and analyzed prior to the rendering of a decision by the Judge. Decisions by Law Judges are binding. Parties may appeal the Judge's decision to the Appeals Unit. In such a case, a panel of three Board commissioners will rule on the validity of the Judge's decision. Failing a unanimous decision by the panel, a full Board review may be requested. The decision of the full Board may be further appealed to the State Appellate Division, Third Department.

In 2002, the Board was faced with significant challenges and came through on behalf of our customers. Major achievements include:

- The resolution of 336,132 claims – 13,318 more than 2001 and a new record,
- Reduction of the pending count of cases awaiting resolution by more than 30,000 claims,
- Fully resolved 1,918 or 87 percent of World Trade Center death claims with 82 percent resolved without a hearing,
- Published a comprehensive employer handbook, which has been distributed to various employers, chambers of commerce and business agencies to provide a greater understanding of the workers' compensation system. The handbook is also available on the Board's web site.
- Computerized our one-millionth case file,
- Initiated a new call center, making the Board more efficient in routing phone calls and improving responses to issues of concern for our constituents

In 2002 our focus over the past few years has been in improving services through technology and administrative improvements. We have been successful as is illustrated in the fact that in the past three years we have established new records in case resolutions. The following pages of this annual report provide insight into the projects and activities of the various components of the Workers' Compensation Board in 2002, aimed at improving the system and making the Board more affordable, accessible and accountable to the injured workers and employers of New York State.

OFFICE OF OPERATIONS



David Donohue
Director of
Operations

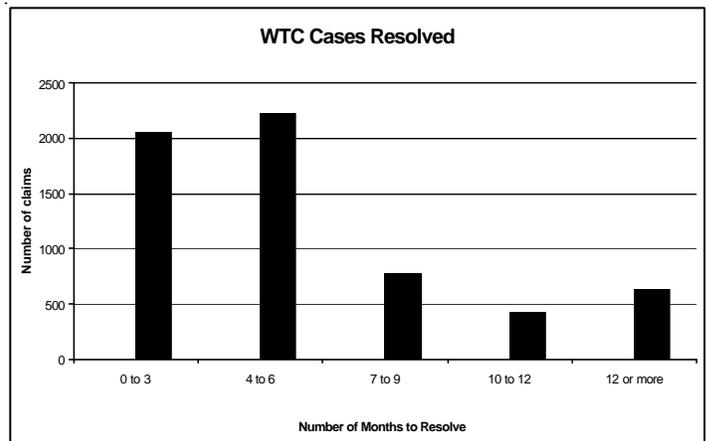
The Office of Operations, through the Board's eleven district offices, processes and manages injured workers' cases through the workers' compensation system. The district staff establish claimants' cases, perform case maintenance and assemble needed documentation of the facts. In addition, claims examiners 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 31, 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

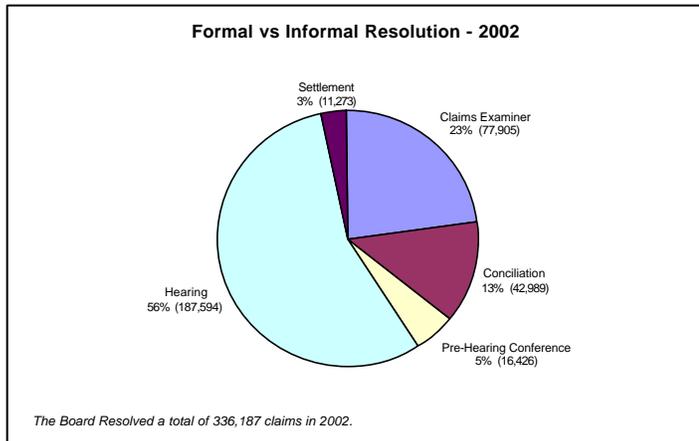
The Office of Operations continued its multi-year program to realize an increasing number of efficiencies possible through the Electronic Case Folder initiative. Being able to move work electronically around the state, and more effectively utilize and supervise staff in different geographic locations,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

2002 INITIATIVES

■ Assisted in the outreach, processing, and resolution of the thousands of death and injury related claims resulting from the September 11th terror attacks. Due to major internal emergency processing reforms approved by the Governor and the Workers' Compensation Board, greater than 90% of WTC death/survivor claims were resolved in a matter of months, rather than the hearing intensive, frequently lengthy process typical of these



More than 75 percent of all World Trade Center claims have been resolved within 12 months.

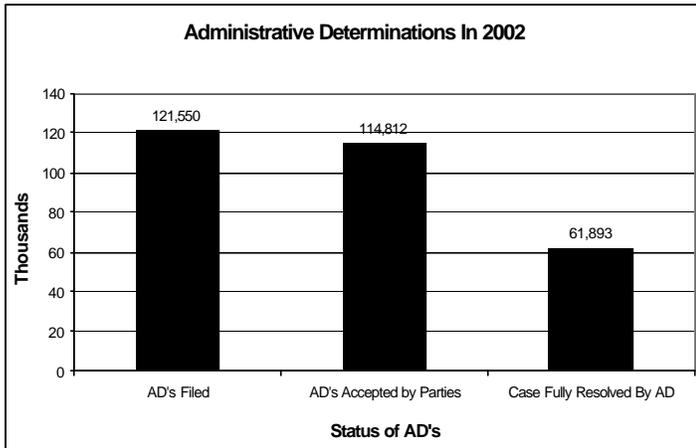


In 2002 the Board continued to utilize informal mechanism for resolving claims as an alternative to the potentially lengthy hearing process.

complex claims. Board personnel were able to distribute additional workload to offices statewide via the Electronic Case Folder technology, and continue to meet the unique and difficult challenges of this period. The Office of Operations is currently studying the effects and success of some of these changes, and will seek permanent adoption of many of these new processing innovations.

■ Created the MD-1 Program. The Office of Operations worked in concert with the Office of Adjudication and the Office of Health Provider Administration to plan, design, and implement a new process to streamline the approval of medical/surgical procedural processes for medical practitioners who were not receiving timely answers from their patient's Workers' Compensation insurance carrier. Under the new MD-1 program, if a provider seeks permission for a procedure costing more than \$500, and does not receive an answer to the request within 30 days, the Chairman of the Workers' Compensation Board may authorize the procedure. This innovative program has seen a steady growth in utilization.

OFFICE OF OPERATIONS (continued)



In 2002, continued to see a high volume of cases resolved through administrative determinations.

■ Worked with the Office of Systems Modernization in opening up our “electronic borders” to our many customers and stake holders, so everyone can begin to take advantage of efficiencies. Currently, dozens of carrier/self insured electronic partners receive their notices of hearings, award, and other claims related information electronically on a daily basis, allowing them to eliminate costly and bulky mail handling, and hand sorting and distribution processes. The most commonly used forms can now be completed and submitted electronically. Usage continues to grow.

■ Developed and piloted the E-case system, where certain parties of interest on case files could, for the first time, begin to access selected documents and monitor Board or carrier processes from their own computers in their workplace, rather than having to come to a Board office or service center. Currently, 4,562 users from 842 organizations use E-case.

■ Developed and implemented a pilot “virtual call center” created for the World Trade Center claimants and their families in late 2001. A Virtual Call Center allows staff in any of our remote sites to be connected to a central Automatic Call Distributor, which enables staff in any Board location to respond to telephone calls, regardless of their origin. This 2002 initiative for the Rochester, Buffalo, New York City, Syracuse, and Binghamton District offices, and their related 16 Customer Service Centers, eliminated busy signals for callers into our system, and enabled far more efficient call routing within the Board. Current plans call for expanding this system into our remaining District Offices, as well as, eventually, other Divisions and Offices of the Board.

■ Continued aggressive outreach program with employers and carriers to ensure the timely and accurate submission of necessary claims processing information. Greater than 20% of claims are now monitored and administratively prepared for resolution by our own claims examiners, with active involvement in supporting Conciliation and Pre-hearing Conference processes resulting in 20% of claims being resolved without the need for a hearing.

For the portion of our claim population that does require hearings, measures have been put in place to ensure all necessary information is available at the time of the hearing.

World Trade Center Claims

The Following is a break down of the 7,068 World Trade Center Related Claims indexed:

Death/Missing	2,197
Lost Time Claims	1,960
Medical Only Claims	2,873
Other	38

WORKER'S COMPENSATION DISTRICT OFFICES AND CUSTOMER SERVICE CENTERS

PRINCIPAL OFFICES

20 Park Street • Albany, NY 12207

ALBANY DISTRICT

Linda Spano, District Administrator

Linda Patton, 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 • Newburgh • 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

Joe McHugh, 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

James McKenna, 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

Karen Dawidziak, 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

John Fanning, District Administrator

Sue McGrory, 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

Counties Served: Orange, Putnam, Rockland, Westchester

Peekskill District Office

41 North Division Street • Peekskill, NY 10566

with **Customer Service Center locations in** ~

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

Anthony Alvarez, 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

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

This unit serves the Chair, Board Panels, individual Board members and the General Counsel by providing counsel at arbitration hearings, drafting proposed memorandums of decision and promulgating proposed rules and regulations.

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:

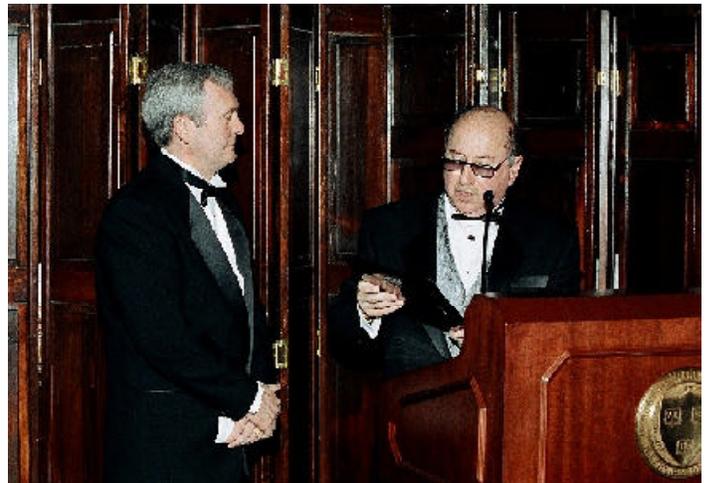
The daily responsibilities of the General Counsel's Office include providing policy and technical assistance on trial litigation in the Federal and State Courts; drafting and promulgating proposed rules and regulations with the appropriate program staff; corresponding with the Secretary of State, Governor's 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 liaisons 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, and to make appropriate recommendations to the



In December the New York Claims Association honored Chairman Snashall for his eight years of dedicated service to the people of New York State.

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.

2002 INITIATIVES

Legal Advice

- Completed more than 224 written responses as either correspondence or legal memoranda. 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.

OFFICE OF GENERAL COUNSEL (continued)

Full Board Review

■ Processed 1,991 requests for full board review and forwarded 884 to the Office of Appeals. The Office of General Counsel assists the full Board with the full Board review process. In order to process full board reviews more efficiently, arrangements were made with the Office of Appeals in April to temporarily increase the number of Senior Attorneys processing such requests.

Litigation

■ Referred and/or provided supportive information and documentation to the Attorney General on twenty-two (22) matters.

■ Prepared the Board's Regulatory Agenda for 2003, which was published in the January 8, 2003, issue of the State Register. The Board is required to submit a Regulatory Agenda for publication in the first issue of the State Register each year.

Board Rules and Regulations

■ Initiated a 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

■ Assisted 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 Rep Exam

■ Prepared two exams for the Licensing Unit, which were given to 78 Licensed Representative candidates. Staff attorneys from the Office of General Counsel graded the exams. In April 8 of 39 candidates passed the exam, and in November 6 of 39 candidates passed.

Freedom of Information

■ Processed 65 FOIL requests for records filed with and considered by the Board's Records Access Officers, in addition to 91 non-FOIL requests for documents from the Board. The Records Access Officers also fielded numerous telephone inquiries relating to the Freedom of Information Law.

■ Processed 29 subpoenas served on the Board, and assisted the Office of the Secretary with numerous others. In addition, they provided training on the handling of subpoenas to new staff in the Office of the Secretary.

■ Initiated a review of the procedures and forms to develop formalized training for all Board employees with regard to WCL §110-a, which limits the public disclosure of information within the confines of a workers' compensation case file. This project will be completed in early May 2003, with the introduction of new procedures and forms.

Board E-Business

■ Provided legal support as the Board continues to increase the number and types of electronic transactions available to constituents. Among other things, General Counsel attorneys finalized contracts with parties to allow the bulk document transmission in flat file format, developed a parallel test agreement for entities to conduct testing with the Board on submission of documents electronically, began formalizing electronic business relationships with users of e-Case, and approved electronic versions of certain Board forms.

Section 32 Agreements

■ Responded to more than 400 requests for advice regarding Section 32 agreements. WCL §32 authorizes a claimant to waive his right to compensation by entering into an agreement with his/her employer that must be approved by a Board Commissioner. When a legal issue or concern is raised about a specific agreement, a request is made to the Office of General Counsel for advice.

Judgements

■ Processed more than 25 requests in accordance with WCL §26, which authorizes the Chairman to grant consent to a party to file a judgment with the appropriate County Clerk against an employer when there has been a failure to pay an award.

OFFICE OF GENERAL COUNSEL (continued)

Continuing Legal Education (CLE)

■ Conducted a seminar for all Board Workers' Compensation Law Judges and Conciliators across the State and provided the support necessary to ensure all materials were prepared, sites were secured and CLE credit was obtained.

Alternate Dispute Resolution

■ Continued the practice of holding ADR managers meetings, instituted in late 2000. Meetings were held in Albany on January 29 and December 11, 2002. These meetings are beneficial as they provide a forum for the discussion of issues facing the ADR program in New York.

■ Continued work on the two major ADR initiatives begun in 2001, the proposed regulatory amendments to 12 NYCRR Part 314 and the ADR Employer Master List. The proposed amendment to 12 NYCRR §314.2(d)(v) reducing the ADR-1 filing period from 30 days after the date of accident to 10 days in order to create parity with the C-2 filing requirement of WCL §110(d), and the addition of §314.8 to 12 NYCRR Part 314 creating a regulatory procedure to return ADR cases involving non-ADR entities to Board jurisdiction for approval of stipulated agreements were submitted for final Board approval and included in the Board's Regulatory Agenda published in the State Register on January 8, 2003.

Employee Claims Resolution

■ Processed 15 ECR cases. Of these, seven were desk decisions; six required arbitration hearings and the Special Funds Conservation Committee accepted two cases for WCL §25-a coverage without arbitration. No panel hearings were held in 2002, but four were scheduled for January 2003.

■ Appointed six new arbitrators in 2002, bringing the total number for 2002 to nine. Three of the new arbitrators were nominated by a recognized alternative dispute resolution organization as required by WCL §20(2)(d), thereby filing a critical ECR review panel need.

■ Conducted special calendars involving claimants who were injured or had relatives killed in the World Trade Center attack on September 11, 2001. All told, 6,080 hearings were held for these cases amounting to 260 full days of additional calendar time.

2002 INITIATIVES

Continuous Training

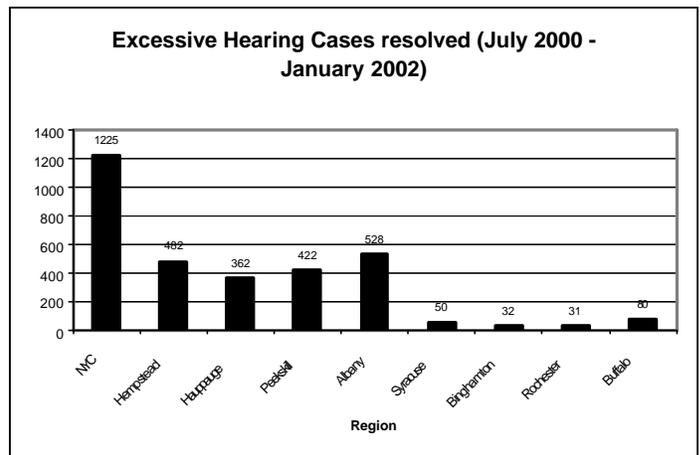
■ Continued to stress and teach the seven principles of effective hearings which includes:

- holding hearings only for cases with disputed issues,
- enforcing existing pre-hearing conference rules,
- using depositions to gather medical testimony,
- eliminating unjustified adjournments,
- imposing penalties for non-preparedness,
- strengthening judicial integrity by adhering to established legal standards,
- issuing informative and timely notices.

In order to meet the challenges of implementing the seven principles, the Office of Adjudication continued to utilize special calendar and other programs that gave the parties more options and the Judge more tools to aide in claim resolution.

Expedited Hearings

■ Designated approximately 9,890 hearings as expedited hearings in accordance with Workers' Compensation Law 25(3)(d) and 12 NYCRR 300.34, which enables the Board to create a special part for expedited hearings. Under such circumstances, requests for adjournments or continuances which are



Between July 2000 and January 2002, the Board resolved 63% of cases on the excessive hearings calendar.

determined to be of a non-emergency or frivolous nature will result in a substantial penalty to the party who made the request. No penalty is imposed on a claimant who represents him/herself, however.

Pre-Hearing Conference

■ Continued conducting pre hearing conferences with parties involved with a potential UEF claim within 8 weeks of determining potential involvement of the UEF. This process was initiated in 2000 and has accelerated the processing of UEF related claims.

OFFICE OF GENERAL COUNSEL (continued)

■ Resolved nearly 16,426 cases at the pre-hearing conference level. This was an increase in resolutions over the prior year. Pre-hearing conferences (PHCs) are pre-trial conferences designed to identify and, if possible, narrow the controverted issues. At those conferences, witnesses are identified and depositions can be ordered and/or a trial is scheduled.

Excessive Hearings

■ Reduced the number of cases with excessive hearings decreased to fewer than 1,400 cases statewide.

WISK

■ Resolved nearly 6,400 claims and delivered \$88 million in benefits via WISK calendars. This was an increase of approximately 2400 from the previous year. The WISK (Walk-In Stipulation Kalendar) calendar, initiated in 2000, was active in all district offices. It allows the parties who are ready with a stipulation resolving an issue or the entire claim to have a hearing without waiting. All the parties need to do is determine when the WISK calendar is available and walk in to the Judge who will hear the case, entertain the stipulation, and issue a decision.

Depositions

■ Directed approximately 12,165 depositions statewide and 12,647 cases set for testimony on calendar. In 2002, Judges continued to be encouraged to utilize this tool as a means of securing expert opinion testimony in a more timely fashion.

Specialized training

■ Focused on specialized training for its Senior Attorneys working in the Conciliation Program and for its Judges working in the formal adjudication process. In November, all WCL Judges and Conciliators/Senior Attorneys statewide participated in a day-long training seminar. This was in addition to the monthly training programs that are conducted in their assigned districts. Topics for the statewide seminar included third party actions, multiple chemical sensitivity exposure as accident and occupational disease, medical bill resolution, reflex sympathetic dystrophy and complex regional pain syndrome, and presumptions and burden of proof.

Adjudication Process

■ Continued work on five important areas which have had a positive impact on the adjudication process.

I Electronic ECF 16.1

In order to streamline the delivery of the Board's decision to the parties, work continued toward the statewide implementation of the electronic ECF 16.1. With the electronic ECF 16.1, instead of handwriting the findings and awards, Judges input their findings and awards directly into the case folder with the keyboard. This electronic entry will speed the judges' decision to the examiner who will be able to issue the decision to the parties more promptly. On September 25, 2000, Judges in the Binghamton district office began utilizing the electronic ECF 16.1 on a trial basis. The Board is pleased with the progress of this project and anticipates a roll out to other offices. Once activated statewide, the time for delivery of the decision to the parties will likely be cut in half.

II Medical Witness Availability Data Base

To eliminate any confusion as to the scheduling of medical providers for testimony, Board computer designers have designed a data basis that will alert Judges on calendar as to the available times the health care provider has to give testimony. Accordingly, the Judge will be able to schedule that provider at a moment's notice at a time when he/she is available and will not schedule him/ her at a time when he/she is already scheduled for testimony. Currently, this prototype is being tested in the metropolitan New York City area.

III Telephone Interpreters

Obtaining proper language translators for hearings has always been a challenge, especially in large metropolitan areas where large portions of the working population do not have English as their native tongue. In order to save hearing time, the Board has contracted with a language service whereby a Judge can locate via a special telephone line a language translator generally in under two minutes. Once located, the language translator will be able to participate in the hearing via telephone and translate for the claimant, no matter what language he/she speaks. The language service is able to supply translators for well over a hundred different languages literally on a moment's notice. In 2002, the system continued to perform well. Delayed hearings to locate an interpreter are now in the past.

IV Video and Telephone Conference

Each hearing room throughout the state is now equipped with a telephone which is capable of a conference call. Accordingly, witness testimony, upon the consent of the parties, can be taken over the telephone when appropriate. Many times this process will reduce the number of hearings necessary, as witnesses will not have to take time off from their jobs to travel to hearing sites in order to give testimony. In like manner, more and more hearing sites are being equipped with video conference equipment which allows for the taking of witness testimony as well. This technology

OFFICE OF GENERAL COUNSEL (continued)

works especially well for witnesses who must appear from other states or from locations at a great distance from the hearing site. In 2002, this technology continued to be used widely throughout the state with positive results. It was especially helpful in the prompt adjudication of the World Trade Center claims.

V Legal Data Bases

All adjudication staff continue to have at their finger tips access to West Law and other Internet legal data bases upon which they can research issues that come before them. Guided by the fact that a judge is only as good as his research skills, the Adjudication Division has dedicated itself to making these legal resources available and to training its adjudication staff on their use.

Continued September 11th Response

In 2002, the Office of General Counsel continued to handle issues arising from the horrific events of September 11, 2001. Among other things, the Office:

- Provided advice and counsel to the mentors on WTC claim teams.
- Researched issues and provided counsel to the Office of Adjudication.
- Provided information and counsel to the Chair, Board, and Office of Adjudication regarding the September 11th Victim and Families Relief Act, Chapter 73 of the Laws of 2002, which amended WCL §29 to clarify there were no lien or offset rights with respect to awards from the Federal September 11th Victims Compensation Fund of 2001.
- Provided information and counsel to the Chair, Board, and Office of Adjudication regarding Chapter 467 of the Laws of 2002 that enacted a new Section 4 of the WCL to provide spousal death benefits to domestic partners of the September 11th attacks. In addition, Counsel's Office assisted in the drafting of an affidavit for such claims and assisted in the training of Senior Law Judges on the handling of these claims.
- Responded to numerous telephone, e-mail and written requests from constituents regarding claims related to the attacks.
- Co-authored an article with Chairman Snashall, entitled, "The Workers' Compensation Board's Response to the Death Claims Arising from September 11, 2001", published in the Summer 2002 edition of the Government Law and Policy Journal, a publication of the Attorneys in Public Service Committee of the New York State Bar Association.

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.

2002 INITIATIVES

The Office of Appeals (OAA) took on additional projects in 2002 while continuing to enhance its technological tools to better manage its work load.

Work load management

■ By utilizing its Triage System and effectively prioritizing its work load, OOA did manage to reduce the number of its oldest pending cases in addition to reducing the number of cases in the most urgent triage category. (That category involves cases in which the claimant prevails before the WCLJ, but the carrier appeals; resulting in no payment of benefits during the pendency of the appeal by virtue of the mandatory stay provided by WCL §23).

■ OOA also experienced an increase in the number of new appeals received. Parties filed 14,643 Applications for Review in 2002; a 12.9% increase from the 12,969 Applications for Review filed in 2001.

■ OOA's Triage procedures have increased in efficiency. At the end of 2001, 14.3% of OOA's inventory had not been processed through the triage system. That figure was reduced to 0.7% by the end of 2002. This means that virtually every case is reviewed and triaged 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 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.

Technological initiatives

■ OOA also worked with EDP to produce additional Performance Measures Reports 2002. These reports allow OOA

executive staff to better evaluate work load and work flow so that procedures and processes can be improved.

■ OOA also enhanced its internal database during 2002, thus permitting more effective review of Board Panel precedent. These advancements help OOA to reduce the time needed to perform necessary legal research and assist OOA in producing consistent and legally sustainable decisions within acceptable time frames.

■ The Multi-site Video Panel (MVP) Calendar pilot project of 2001 proved to be very popular and effective and has therefore been made a permanent aspect of appellate procedure by the Board. Under this initiative, a Board Panel convenes in one location and, via video conference technology, hears cases from around the state. Originally conceived as a means of promptly resolving cases adjourned from recent "live" Board Panel Calendars, the MVP concept has expanded. During 2002, Board Panel hearings were conducted involving the parties appearing before 2 Panel Members at one site while the 3rd Panel Member appeared via video conference from another Board office. This utilization of technology allowed the Board to schedule additional oral argument calendars without incurring additional travel related time and expense for the Commissioners.

World Trade Center

■ Thanks to the efficiency of the Operations and Adjudication Divisions, the litigation and resolution of the Work Trade Center claims has been rapid. Accordingly, a substantial number of WTC cases were fully developed before the WCLJ's and parties who disagreed with the WCLJ's were filing Applications for Review throughout 2002. In cooperation with EDP, OOA further enhanced its electronic work flow system to enable prompt identification and assignment of WTC cases under appeal. Those cases have been given thorough review and consideration; and they were prioritized within OOA to permit final resolution in an average of less than 4 months from the

OFFICE OF APPEALS (continued)

filing of the Application for Review. (NOTE: As the non-appealing party is allowed 30 days pursuant to WCL §23 in which to file a Rebuttal, OOA cannot begin working on a case for the first month after an appeal is filed).

■ In addition, OOA continues to be involved in other WTC-related matters, including research on emerging legal issues. It is estimated that 10% of OOA's resources are devoted to WTC-related appeals resolution and other ancillary work.

Full Board Review

■ Due in no small part to the large volume of Board Panel Memoranda of Decision (MOD's) produced by OOA and the Commissioners from 2000-2002, the volume of Applications for Full Board Review has expanded greatly in the past few years.

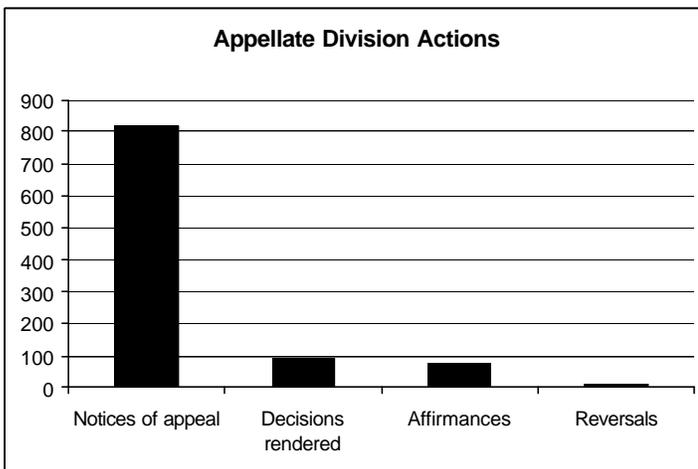
■ General Counsel's Office had been wholly responsible for Full Board Review (FBR) cases for the past few years, but the steadily increasing volume of FBR cases outstripped the resources which Counsel's office could allocate to this work in the face of their myriad other responsibilities. In order to better serve the litigants at the FBR level, it was decided in April, 2002 that OOA

Upon Further Review

■ Parties seeking further appeal after the rendering of a Board Panel decision filed 821 Notices of Appeal to the Appellate Division, Third Department in 2002. The Appellate Division rendered 93 decision in WCB cases in 2002. The Board was affirmed in 77 of those cases and reversed in 15 cases. (The 93rd case involved two issues; the Board was affirmed on one and reversed on the other). Thus, the Board's affirmance rate was more than 83%.

Continuing Legal Education

■ OOA conducted over 20 CLE presentations during 2002. These accredited lectures allowed OOA attorneys (and attorneys from other WCB Departments) to obtain all required CLE credits, without cost to the State, while learning about topics which were all specifically job related. This program has proven so successful that as 2002 ended, OOA was at work seeking permanent accreditation as a CLE provider.



The Appeals Unit enjoyed a solid 83 percent affirmance rate for cases that were decided by the State Appellate Division.

and OGC should work jointly to process FBR cases in a more timely fashion. This project proved to be very successful, as the average turnaround time on FBR cases was shortened from approximately 14 months in April 2002 to approximately 4 months by the end of the year. Accordingly, this procedure will continue into 2003. Approximately 10% of OOA's resources were devoted to this project in 2002.

SECRETARY TO THE BOARD



Audra Viscusi
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:

Administrative Powers and Duties delegated to the Secretary

Approval of applications by employers for self-insurance privileges and to execute decisions and notices of qualifications as to such self-insurers on prescribed forms.

Power to certify, pursuant to Section 50(3), that employers have complied with the requirements of the Workers' Compensation Law.

2002 INITIATIVES

Licensing/Orientation

■ Pursuant to sections 24-a, 50(3-b) and 50(3-d) of the Workers' Compensation Law, during the year 2002, the Secretary's Office granted license to 47 claimant representatives and 91 third-party administrators.

Correspondence Control

■ Throughout the year, the Chairman of the Board receives a large volume of correspondence from elected officials, claimants, doctors and 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 the year 2002, 700 such inquiries were processed by the Secretary's Office.

Board Resolutions

■ Following each monthly meeting, it is the responsibility of the Secretary's Office to notify all parties-in-interest of the Board's resolution to rescind prior Memorandums of Decision. In the year 2002, the Secretary's Office issued 271 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 the year 2002, 2,398 subpoenas duces tecum were served upon the Board. Revenue generated from these subpoenas totaled approximately \$34,219.

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 the year 2002, 2,032 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 the year 2002, approximately 12,880 decisions were filed.

Orders of the Chair

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

OFFICE OF REGULATORY AFFAIRS



Marsha Orndorff
Dty. Executive Dir. CRS

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

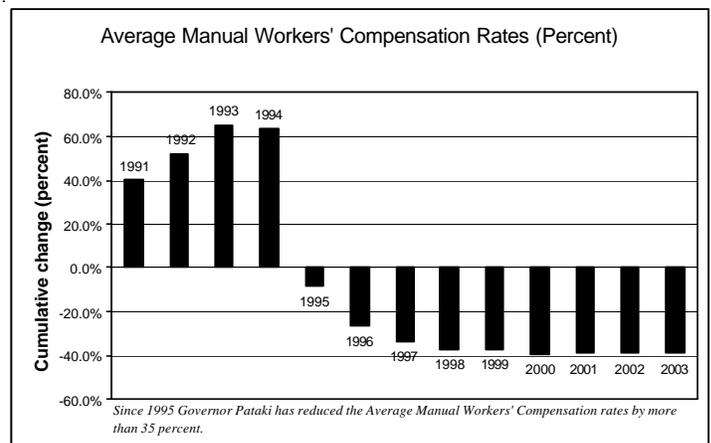
The first of three major functions within the Office of Compliance is to ensure that all employees working in the state are properly covered for workers' compensation. The Employer Coverage Unit monitors over 650,000 employers to ensure that they obtain and maintain statutory insurance benefits for their 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 data 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 non-compliance 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 eleven 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 that col-



lect 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.

2002 INITIATIVES

- In 2002, the Penalty Collection Unit collected a record \$10.1 million in penalties from employers who failed to secure workers' compensation insurance required by law to protect workers injured on the job.
- In 2002, The Enforcement Unit prosecuted a record 57 uninsured employers in claims where UEF was found liable. The previous record of 23 prosecuted employers was set in 2001.
- The No Insurance Unit established a comprehensive medical review process for UEF and Sec 50-5-f claims.

OFFICE OF 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 Disability Benefits Office has three major functions:

1 [Claims processing](#)

a. [The Review Examining Unit:](#) This Unit processes claims only when there is a dispute between the claimant and the insurance carrier or self-insured employer. Most of these disputes are resolved administratively with less than 1% requiring a formal hearing before a WC Law Judge. In 2002, more than 8,000 disability claims were processed and closed.

b. [The Special Fund for Disability Benefits:](#) This Unit processes and pays claims submitted by individuals disabled while collecting Unemployment Insurance benefits and for disabled employees of non-compliant employers. In 2002, the Special Fund processed and closed over 9,000 claims, 7700 with payment.

2 [Plans acceptance](#) — While the DB law states the minimum coverage that employers must provide, many employers provide coverage that greatly exceeds the minimum. Any contracts that provide coverage over the statutory minimum must be filed with this unit. In cases of disputes, the unit refers to the coverage on file when making determinations.

3 [Insurance compliance](#) — As with the workers' compensation program, this unit monitors employers' compliance with the DB laws and penalizes those employers who are not in compliance using the same computer system as workers' compensation staff (the Insurance Compliance System). In 2002, this Unit received 300,000 coverage documents (Certificates of Insurance and Notices of Cancellation).

During 2002, the Office of Disability Benefits, in conjunction with the Office of Compliance, focused its attention on the implementation and refinement of the new Insurance Compliance System (IC2).

2002 INITIATIVES

- Implementation and enhancement of the initial phase of the new Insurance Compliance System (IC2).

- Relocation of the Office of Disability Benefits to newly rehabilitated office space with modern, ergonomic furniture and equipment.

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.

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" describes 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 such recommendation must clearly indicate that utilization of such network or provider is purely voluntary and 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.

2002 INITIATIVES

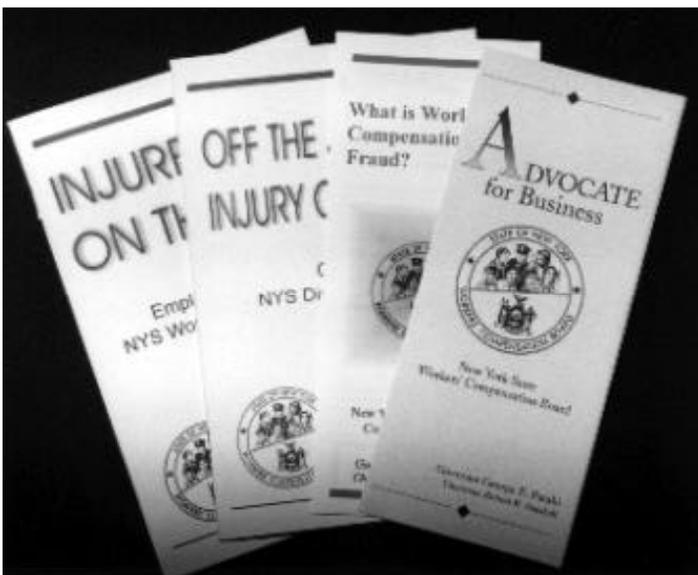
- Concluded the biannual survey cycle for certified PPO's. The surveys were conducted to ensure compliance with the programs rules and regulations. All certified PPO's are currently in compliance with the program's rules and regulations and are operated in an appropriate environment to ensure the provision of quality care to injured workers. Currently approximately 400,000-500,000 employees are covered through the PPO program, this number represents about 3,000 employers.

- Approved 13 new PPO business contracts and renewed 10 contracts. There are 17 certified PPO's operating in New York State offering coverage in 34 of the State's 62 counties.

OFFICE OF REGULATORY AFFAIRS *(continued)*

Treatment Utilization Pilot Program

In an effort to study utilization, in 2002, the Workers' Compensation Board continued activities associated with Treatment Utilization Pilot Program. The Treatment Utilization Pilot Program authorized for accidents occurring on or after December 1, 2000 participating providers be 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 this pilot program and meet the data reporting requirements as defined by the Workers' Compensation Board.



These and other informative brochures are available by contacting 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 Workers' Compensation Board is working to establish an evaluative methodology to design, review and evaluate the experience of the treating physician during the pilot project. A report will be published at the conclusion of the study.

The Treatment Utilization Pilot Program has just completed its second full year of activity. The program has been a great success and participants are submitting without difficulty and are accordingly being paid the higher Region 4 rates.

Insurance Carriers, Self-Insured Employers and TPA's submitted two sets of control group data as required. The control group data set will be used as comparative data for the study.

In 2002 extensive staff time was devoted to the review of electronic submissions for adherence to program requirements and to ascertain data is complete and available for utilization review.

2002 INITIATIVES

- Received 41,667 electronically submitted EC-4's. This number represents 12,178 accidents. There are currently 65 participants in the program.
- Initial review and testing of project data has begun. This review will determine the accuracy, applicability and integrity of the medical treatment records. This data will also determine if it is necessary to expand the project, including other treating specialties.
- Insurance Carriers, Self-Insurers and Payers continue to submit control group data. The data is submitted on a semi-annual basis. We continue to identify and request the required data from those that have not complied.

Health Provider Administration - HPA

In an effort to provide continued outreach and support to the health provider community, in 2002, presentations and/or meetings were conducted or attended at Buffalo Medical Evaluations, New York State Insurance Department, State Insurance Fund, General New York Health Association (GNYHA), Health Association of New York State (HANYS), New Venture Gear and the Medical Society of the State of New York (MSSNY).

Promulgated Fee Schedules

2002 INITIATIVES

- 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.
- Updated codes in the Chiropractic fee schedule.

[HPA Information System](#)

The Health Provider Administration Unit concluded testing and implementation of a new automated system. Fee schedule formats, values and related ground rules were successfully implemented into the system. 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.

OFFICE OF COMPLIANCE & REGULATORY SERVICES (continued)

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.

2002 INITIATIVES

- Authorized 386 IME providers and registered 24 IME entities.
- Efforts continue to monitor IME providers' board authorization status as required.
- Developed a model disaster preparedness plan for the workers' compensation system which may be utilized by other state's entities within their planning processes. Board staff presented this plan to I.A.I.A.B.C. members at the October meeting in Detroit.
- Developed a proposal to evaluate the impact of the World Trade Center disaster on the workers' compensation system. In this regard, WCB staff has been working with occupational health clinics as well as the Department of Health to prepare a proposal which would: evaluate the epidemiology associated with World Trade injuries, determine the impact on the delivery of traditional health care by such a disaster, identify the potential to establish connectivity between first responders and the workers' compensation system and utilize wherever possible the framework of the occupational health clinic network in the disaster preparedness model.

Licensing Office

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 self-insurance market in New York State has grown 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.

2002 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 an employer defaults. The Board calculates the security deposit needed for each self-insured on an annual basis. During 2002, the Self-Insurance Unit:

- Re-evaluated and updated the security deposit program to reflect current industry trends and began to add significant surcharges for companies in questionable financial condition. As a result, security deposits held by the Board have increased by \$400 million. 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 Trusts and greatly expand reporting requirements. GSI Trusts are now required to send independent actuarial reports to support 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 GSI Trusts. During 2002 the unit:

- Targeted audits ranging from a rate analysis review to full financial and actuarial reviews. The final audit reports establish the "official" regulatory funding position of the Trust, used to create "remediation" programs to ensure full compliance with rules and regulations. The Board is expecting to conduct up to twenty-five such audits in 2003.
- Established a standardized desk audit process enabling consistent and timely reviews of each Group Trust's financial information. These audits will help identify Groups 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. Finally, the office investigates allegations against license holders. In 2002 the Licensing Office:

- Renewed 37 Claimant Representatives licenses and 83 TPA licenses and granted 18 original licenses.
- Opened 31 new investigations in 2002 and closed 32.

OFFICE OF ADVOCATE FOR BUSINESS

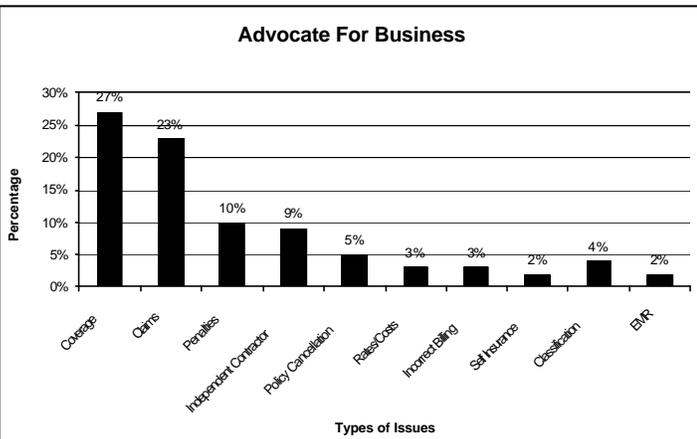


David Austin
Advocate for Business

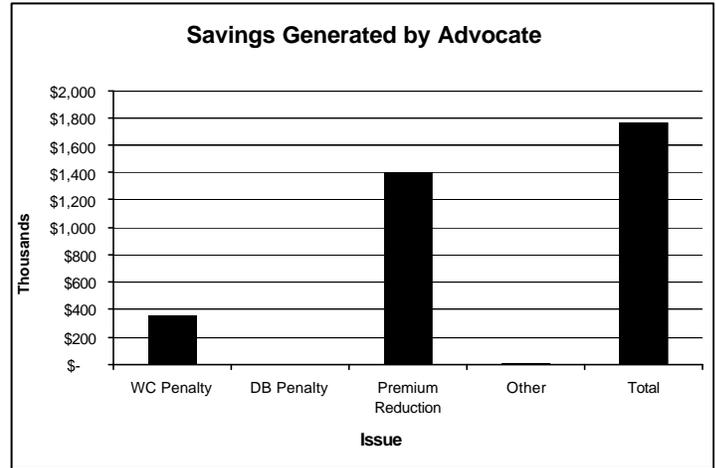
The Office of Advocate for Business was created in 1993 as the primary interface between New York’s business community and the Workers’ Compensation Board. The office was created in response to employers’ need for a centralized location to obtain answers to workers’ compensation questions and assistance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

- Assisting individual businesses with problems they may have with their insurance coverage, understanding their experience modification and classifications, and with complying with the Workers’ Compensation Law;
- Educating business owners and government officials about the policies associated with the workers’ compensation system and the role that each participant in the system plays; and
- Meeting with business associations and groups to identify concerns they have regarding workers’ compensation, report findings to Chairman Robert R. Snashall and offer potential solutions.

The inquiries that the Advocate receives from the business community range from simple questions to complex issues that may take weeks of investigation, or require coordination with other state agencies or private entities. The Advocate works closely with the Governor’s staff, the Legislature, the State Insurance Fund, the New York Compensation Insurance Rating Board and the Governor’s Office of Regulatory Reform to assist their constituents with various workers’ compensation-related problems. Contact the Advocate for Business at (800) 628-3331.



The above chart breaks down the Issues most frequently handled by the Board’s Office of Advocate for Business in 2002.



The Advocate’s Office helped employers save more than \$1.7 million in 2002.

2002 INITIATIVES

- In 2002, the Advocate for Business assisted more than 700 businesses. The office handled 365 cases, primarily dealing with insurance coverage issues involving employees. The office also received 408 inquiries from small business owners requesting advice regarding complex issues. A caseload increase of 29 percent is attributed to enhanced outreach conducted in 2002.
- The office assisted employers in saving more than \$1.7 million in workers’ compensation costs.
- The Advocate met with multiple chambers of commerce and business associations throughout New York State and participated in three trade shows for small business.
- Published new comprehensive handbook titled, “A Guide to the Workers’ Compensation System for the New York Business Owner,” and a new brochure titled, “Workers’ Compensation Coverage Requirements For Employers.”
- Initiated a new procedure enabling other state agencies to obtain immediate insurance coverage from the Board.
- Participated as a member of the Interagency Small Business Task Force.

OFFICE OF ADVOCATE FOR INJURED WORKERS

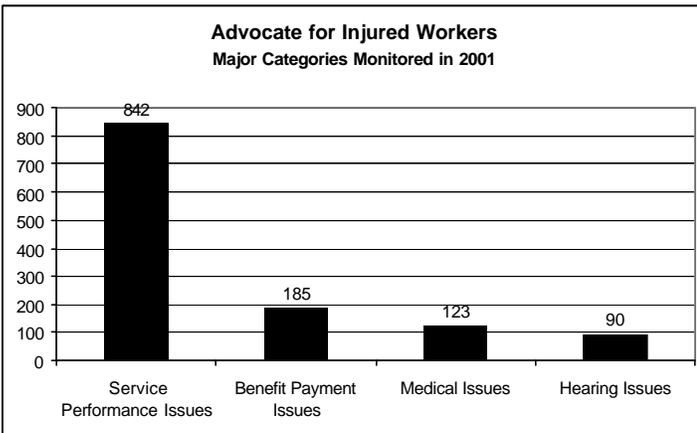


*Edwin Ruff
Advocate for
Injured Workers*

The Office of Advocate for Injured Workers provides guidance for claimants with regard to workers' compensation claims issues 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.

2002 INITIATIVES

- Responded to 2,677 claimant inquiries, providing advice and services targeted at resolving claims and explaining processes.



Major Issue categories monitored are depicted in the table above.

- During the first nine months of 2002 the Office of Advocate for Injured Workers coordinated with the Insurance Department's Liquidation Bureau to ensure that claimants whose benefits were being paid through the account of the bankrupt Reliance Insurance Company were continued. The office tracked the bi-weekly checks to assure continuity. The Office continues to monitor the Third Party Administrator account to adjust and monitor the situation.

- In conjunction with the Public Employees Federation and the Governor's Office of Employee Relations, the Office conducted 1,788 hours of educational training regarding workers' compensation claims handling for representatives from the Employees Assistance Program.

- Performed 1,336 service hours of outreach to organizations throughout the State of New York, offering information on the latest changes and innovations affecting the workers' compensation system.

- Provided 3,316 person hours of education training for the labor community as part of the workers' compensation navigator program This program helps train union leaders on matters enabling them to assist and educate injured workers with regard to workers' compensation.

- Coordinated with the Mount Sinai Center for Occupational & Environmental Medicine and the other Occupational Health Centers that are performing screening programs for World Trade Center workers and volunteers.

- To contact the Advocate for Injured Workers, call (800) 580-6665.



Business Advocate Dave Austin (left) and Injured Workers Advocate Ed Ruff frequently meet to discuss issues that affect employers and workers in New York State.

OFFICE OF INFORMATION AND MANAGEMENT SERVICES



Barrett Russell
Dty. Executive Dir.
Info & Management
Services

The mission of the Information and Management Services Division (IMS) is to support Project OPTICS, and the ongoing operations, through technical innovations, process improvement, training, policy analysis and research, and organizational performance measurement analysis. The Division provides support to all other operational divisions at the Board by monitoring progress against objectives, working cooperatively to develop strategies for maintaining momentum and for improving services in the internal and external operations of the Board.

BACKGROUND

Within the IMS, the Office of Continuous Improvement (OCI) collaborates with management of the Board's Division of Operations in order to plan the priority projects and ongoing support tasks. Additionally, OCI provides services for policy and procedure development / publication, and Staff Development and Training. The Office of Continuous Improvement works closely with division managers and staff in all major departments to analyze operational activity and research ways to improve productivity and efficiency. OCI maintains an agency-wide repository of procedures and reference documents to assist WCB employees in their day-to-day work. Staff Development trains employees in new procedures and functions that may result from process or system (technology) improvements introduced as part the various OPTICS initiatives. Tens of thousands of hours of staff training was completed in 2002.

In addition to the Office of Continuous Improvement, the Division continues to provide support for the technology infrastructure, and for the development and improvement of the computer application systems supporting the Board's operational divisions. Lastly, the Division's MIS Research bureau issues the "scorecard" for the agency, providing performance measurement reports that demonstrate the volume, quality, and timeliness of the agency's activities, as well as collecting and publishing research data about the Workers' Compensation System in New York.

The OPTICS program has successfully re-engineered and automated the Workers' Compensation Claims Processing Operation. Work continued in 2002 on developing and implementing applications that will support the Administrative and Regulatory Affairs processes. The Board also continued projects in support of the Governor's e-Government initiative. In addition, by strengthening its MIS/Research Office, IMS is committed to developing the comprehensive databases necessary to support ongoing agency internal performance monitoring and the agency efforts in the area of Workers' Compensation research, analysis and fraud detection.

Since 1995, the Board has moved from being dominated by paper-bound manual processes to being a state-of-the-art, paperless, computer based organization. This was accomplished through the introduction of a sophisticated infrastructure of computer hardware, software, and networks. The Board has over 200 servers located throughout the State with nearly 3000 PCs connected to the networks. The OPTICS program has received recognition from both governmental and private organizations as an example of using technology to further the goals of an agency and enhance customer service. The Board relies on its computer systems to accomplish its day-to-day business. Therefore, IMS has focused on keeping its systems operating efficiently, enhancing the systems to better serve the users and to support new business initiatives, and ensuring that the technical infrastructure is updated according to standards and requirements set by the computer industry.

2002 INITIATIVES

In 2002, the Office of Information and Management Services:

- Continued to make more Claims-related forms available on the Board's web-site and expanded the number of forms that constituents can submit electronically.
- Continued to support and enhance e-Case, the Board's Web-based version of the Claims Information System /Electronic Case Folder (CIS/ECF). E-Case is available to thousands of constituents (attorneys and insurance carriers). It also serves as the backbone of the State Insurance Fund's electronic file.
- Continued to enhance the Mirror, an on-line method of delivering performance measure data to Claims managers. The data enables the Board to focus not only on quantities of documents received and processed but also on cycle times for processes, or, how quickly the processes are completed. Also began developing performance measures for the Bureau of Compliance and Regulatory Services.

OFFICE OF INFORMATION AND MANAGEMENT SERVICES *(continued)*

■ Continued implementing new modules of a Financial Management Information System. These modules support fund management at the Board (Uninsured Employers Fund, Second Injury Fund, Fund for reopened Cases, and Special Fund for Disability Benefits).

■ Implemented the first phase of a new Insurance Compliance System that supports the Board's responsibility to insure that all covered employers provide workers' compensation and disability benefits insurance for their employees.

■ Implemented new Disputed Medical Bill (DMB) and Medical Registration systems. The DMB supports the processes involved when a medical providers requests assistance from the Board to resolve a dispute with an insurance carrier regarding medical payments. The Medical Registration System supports the process involved when medical providers register with the Board in order to treat workers' compensation related patients. It also support the registration of Independent Medical Examiners as required by legislation enacted in 2000.

■ Upgraded the Board's computer systems to the Microsoft Windows 2000 operating system. This, in combination with upgrades to a number of the Board's computer hardware components, has resulted in much improved performance and reliability. These infrastructure improvements allow the Board to continue to improve productivity and customer service.

■ Continued to install additional video conferencing systems in Board hearing locations. The expanded use of video conferencing speeds up the resolution of Workers' Compensation cases by removing geographical barriers.

■ Continued to enhance the FrAUD-I.T. Program. The Board has teamed with the Department of Taxation & Finance, Department of Corrections and the State Insurance Fund on programs aimed at improving insurance fraud detection. The program, called FrAUD-I.T., compares information stored in the Board's data bases with information stored in other agency data bases. These matches are leads that Board investigators can follow to detect and prosecute fraudulent activities. The Board is also analyzing its own data to detect possible fraud by claimants, attorneys, and medical providers. The Board will expand the use of computer analysis for fraud detection in the following years.

The investment in modernizing the Board has resulted in dramatic improvements and efficiencies for the customers of the workers' compensation system and the Board itself. The ability for all parties involved in a workers' compensation claim to have direct and easy access to all the documents filed with the Board greatly facilitates the prompt resolution of case issues. With the advent of e-Case, accessibility will take another giant step forward.

The Board continues to work to improve accountability in the system more quickly identifying parties who are not performing according to established rules and regulations, unnecessarily delaying the process and the payment of benefits to injured workers. Fraud detection will also be improved, providing the potential for additional system efficiencies. Finally, the new Insurance Compliance system will help the Board to more accurately and rapidly identify and penalize employers who may not be in compliance with the law. These non-compliant employers cause a severe drain on the system, and incur costs in extra assessments for compliant employers.

Nancy Mulholland Returns

In 2002, the Board welcomed back Nancy Mulholland at the new Director of Systems Modernization, replacing Barrett Russell. Mulholland also holds the title of Deputy Executive Director.

Mulholland has previous experience with the Board, having served as a top assistant to Mr. Russell. For the previous two years she oversaw several special projects for the Office For Technology.

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 consists of the following ~

- Meet the staffing needs of the Board;
- Administer the programs applicable to Board employees;
- Ensure the integrity of NY State Civil Service Laws;
- Administer the Board's budget process;
- Process payroll, vouchers, penalties and miscellaneous revenues
- Provide administrative support to the Board.

Bureau of Human Resources Management (HRM)

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

- Meet the staffing needs of the Boards programs through staffing plan development and resulting classification actions, examination planning, recruitment and selection;
- 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.
- 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

To accomplish these activities, HRM is organized into three functional units. The labor/management and employee relations efforts are lead by an Agency Labor Relations Representative in the Queens Office. 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.

Two groups led by a Director of Personnel in Albany handle the personnel activities. One is 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.

The second group is 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.

2002 INITIATIVES

- Human Resources staff undertook an agency-wide initiative to train all managers and supervisors in labor relations matters relevant to their supervisory responsibilities. The preparation and more than half of the training was completed during 2002 with the remainder of the classes scheduled in early 2003. 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.
- The number of requests for administrative action for Board employees has increased dramatically in recent years with disciplinary action more than doubling from 2000 to 2002. HRM staff successfully resolved 98 percent of these matters, working closely with the involved program staff and Counsel's office as needed.
- In keeping with the theme of improved labor-relations, the number of labor-management meetings, especially at the district office level, was increased with HRM staff assisting. In addition, one-third fewer contract grievances were filed. Improved communication is an on-going theme.
- Supporting the Board's staffing needs, HRM completed over 60 classification actions to create, continue or title change needed positions in this time period. In addition, the entire Hearing Reporter series was upgraded to Verbatim Reporter in 2002 after an in-depth study over a lengthy period of time. Working with the Department of Civil Service and program managers, HRM staff completed preparation work for conducting the examinations in 2003 for the Board's primary title series, Workers' Compensation Examiners, including for the first time the Program

OFFICE OF ADMINISTRATION (continued)

Manager titles. Finally, every pay period, an average of 70 transactions with all the associated paper work and authorizations are processed to ensure that employees are in the correct status and receiving the correct salary and benefits.

- The Board's initiative to train all employees in ergonomics began in 2001 and was substantially completed in 2002. Ongoing training for employees who change locations has been put in place and procedures to ensure that new employees receive training have been adopted.

- HRM continues to focus on development and publication of procedures through the Lotus Notes Baseline system in support of the initiative to make personnel information available to all staff. Twenty new or revised procedures and numerous announcements were published this year. Significant progress was made in reorganizing the employee section of Baseline for ease of use. Highlighting just a few publications that address the span of someone's employment: the orientation program for new employees was completely revamped and published, including links to a number of other sites with valuable information for both new employees and current staff; the employee handbook was replaced by Baseline information which is much easier to keep up to date and is routinely accessible for current staff; and a whole new section was developed for those retiring from service.

- In response to changed laws and regulations, the HRM Office developed and implemented new procedures for tracking the employment of foreign nationals and reporting workers' compensation accidents for Board employees. Both of these systems were completed and are being used successfully.

- HRM continues to work toward the goal of automating the Board's time sheet and converting the Board's human resources information management system to a web-based system. Several staff actively participate in the interagency groups working with the vendor to complete development of these systems, including serving as chair of one user group. Currently these multi-year efforts are due to be completed in 2003.

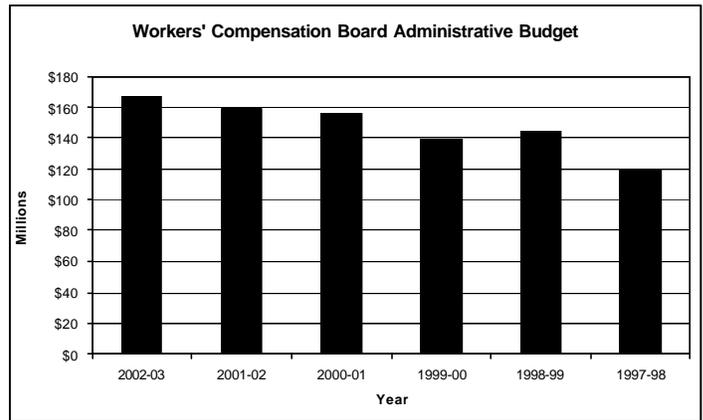
Finance Office

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.

2002 INITIATIVES

- Issuance of Administrative and Special Fund Assessments of over \$699.3 million in Workers' Compensation Program and \$8.7 million in Disability Benefits Program. In 2002, due to the fund balance for the Special Fund for Disability Benefits, no assessment was required.

- In the Fund for Reopened Cases, the Office processes over 265,000 payments totaling over \$64 million; this includes over 5,300 checks on a biweekly basis primarily to claimants. An additional \$38 million is also disbursed from that Fund to Carriers and Self-Insured employers as reimbursement of Supplemental Benefits payments.



- In the Special Disability Fund, over 68,000 payments, totaling over \$379 million are paid as a reimbursement to the carriers and self-insured employers.

- In the Special Fund for Disability Benefits, just under \$3.2 million in benefits paid to claimants who became disabled while receiving unemployment benefits or who became disabled while employed by an uninsured employer.

- In the Uninsured Employer Fund, just over \$17.0 million was disbursed from the fund. This included benefits and medical payments to claimants who are injured on the job while employed by an uninsured employer.

- Process vouchers for personal services and other than personal services, including travel for the agency in excess of \$153 million; this includes the payroll for over 1,600 employees (this includes part time and per diem employees).

OFFICE OF ADMINISTRATION (continued)

■ In the Workers' Compensation Program just over \$11.3 million is received for the Uninsured Employer Fund. The majority of the receipts are from employers who were out of compliance with maintaining coverage for employees in accordance with the Workers' Compensation Law.

■ In the Disability Benefits Program, just over \$3.0 million is received and processed 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 includes the revenue from the Board publications available for sale to the public.

■ 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, and some of the claims disbursements and assessment receipts, have been implemented. Development continues on the other modules that will impact the remaining claims disbursements and assessment receipts.

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.

2002 INITIATIVES

■ Designed and tested & implemented the asset management module of the Financial Management Information System. The Asset Management module of FMIS was implemented on June 13, 2002.

■ Conducted office relocations in Albany at 800 North Pearl, and Poughkeepsie during 2002.

■ Established Safety and Health committees at a majority of the District offices.

■ Received continuous recognitions from the state labor unions for the Board's ergonomic program as one of the most proactive programs in the state. The Board's Health and Safety Director

was named to a statewide labor-management subcommittee on ergonomics in recognition of the Board's leadership in this area.

■ Inspected all Board facilities for compliance with OSHA, State and Local Rules, Regulations and Codes. Any identified violations or deficiencies were reported and corrective actions were actively sought with landlords and facilities managers.

■ Created and centrally located Material Safety Data Sheet (MSDS) files on all chemical products in all Board facilities.

■ Established emergency evacuation procedures for Board facilities. Training was conducted for evacuation teams, and assistance provided in the performance of life safety and fire drills.

■ Facilitated the delivery of more than 27,000 case files from the central archives unit in Norwich. The facility received recognition for timely and accurate retrieval and refilling of cases.

■ Completed the physical evidence project at Central Archives unit.

Managing facilities

■ 800 North Pearl Street—Albany

Relocated Disability Benefits and MIS R&S from less than desirable space on the second floor to newly renovated quarters on the 3rd floor. As part of the move, staff received Corcraft modular workstations, which were modified to meet our employees ergonomic, needs.

■ Poughkeepsie

The Customer Service Center relocated from cramped quarters at 82 Washington Street to One Civic Center Plaza in downtown Poughkeepsie. The new location provides claimants with a fully ADA accessible hearing office.

■ 100 Broadway

Phases I, II, & III of the archival conversion project were completed which gave the Board new space to house the computer operations staff, mail insertion room and secure EDP storage space.

A new executive conference room was constructed with video teleconferencing capabilities.

OFFICE OF ADMINISTRATION *(continued)*



The facilities management team relocated the Poughkeepsie service center to the more comfortable and ADA accessible location in Civic Center Plaza.

Three spacious training rooms have been constructed in the new computer training facility.

The Upstate Data Center was renovated and enlarged, including the installation of a state-of-the-art fire suppression system and made space available for the new WCB ASPECT telephone system.

A generator was installed to furnish the Board 100 Broadway facility with 1000 KW of electrical energy capability, which could power the entire building in the event of power failure.

Planning started for the renovation of the remainder of the building for EDP, No Insurance, Enforcement and UEF. Corcraft workstations were ordered for the remodeling of this space.

■ Binghamton

The regional mail room has been designed and Corcraft workstations have been ordered. It is anticipated that construction for this function will occur in early 2003.

OFFICE OF WORKERS' COMPENSATION FRAUD INSPECTOR GENERAL



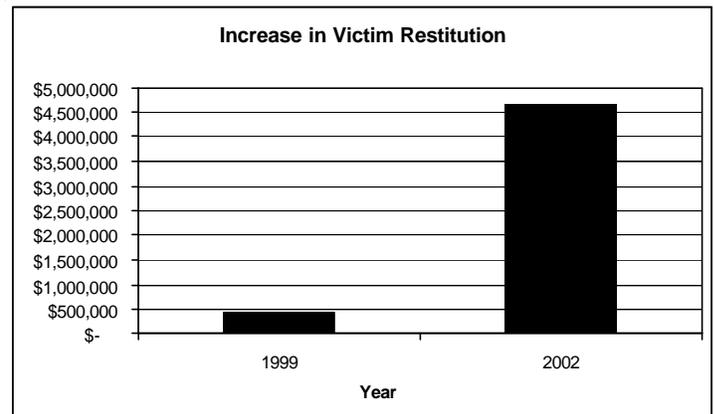
John H. Burgher, Jr.
Fraud Inspector
General

Governor George E. Pataki's September 10, 1996 enactment of the New York Employment Safety and Security Act created the Office of the Workers' Compensation Fraud Inspector (OFIG) to implement the Governor's workers' compensation (WC) fraud fighting program. OFIG's mission is to: detect potential cases of criminal and civil fraud, abuse and misconduct within the NYS WC System; vigorously, fairly and thoroughly investigate them; develop evidence to refer viable WC criminal fraud cases to state or local prosecutors for prosecution; and upon conviction seek payment of victim restitution.

BACKGROUND

Since his appointment as Inspector General by Governor George E. Pataki on June 8, 2000, John H. Burgher has overseen a significant expansion of OFIG's program to combat Workers' Compensation (WC) fraud. This program expansion has focused on: increasing the efficiency and effectiveness of OFIG's existing efforts to investigate claimant fraud through improved case intake screening and investigatory processes; combining the Board's award winning computer technology systems with programs developed in cooperation with the Board's Office of Special Projects (OSP) to proactively identify significant numbers of additional potential fraud cases for investigation; and broadening the scope of OFIG's fraud fighting efforts through the establishment of an Audit unit whose forensic auditors analyze complex employer premium and provider billing fraud schemes to maximize victim restitution.

The success of OFIG's expansion program was highlighted on February 24, 2003 when Governor George E. Pataki announced that OFIG's 2002 investigations had resulted in 106 arrests and \$4.6 million in victim restitution both of which are all-time records. Governor Pataki said, "The record high levels in restitution for



Governor Pataki announced in early 2003 that the Board had set a new record by restoring more than \$4 million to victims of fraud in 2002.

victims and the record high number of arrests shows New York is winning the battle against workers' compensation fraud. Our successful efforts at the state level to combat fraud are putting a real dent in this multi million-dollar crime. Those who are thinking about committing fraud in New York State should think twice, because we will catch you and you will be prosecuted."

2002 INITIATIVES

Cases Received and Resolved

- The number of fraud cases OFIG received increased by 178 percent to 4,172. This large increase was driven by data mining efforts and OFIG's WC fraud telephone hotline.
- Dramatically increased the number of fraud cases closed by 166 percent to 3,220.
- Increased the number of cases referred for criminal prosecution by 57 percent to 223.
- Increased the number of cases referred to other state or federal agencies for appropriate action upon discovery of possible other law violations by 365 percent to 1,654.

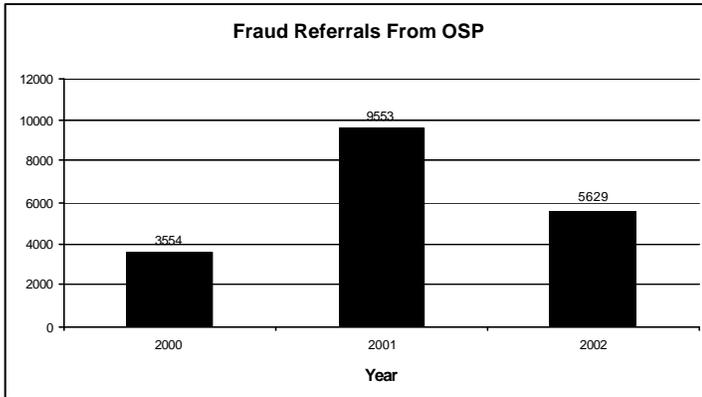


Fraud Inspector General John H. Burgher addresses the media at an Albany news conference following an anti-fraud sweep in June.

OFFICE OF FRAUD INSPECTOR GENERAL *(continued)*

- Increased the number of arrests and prosecutions resulting from OFIG's high quality referrals to prosecutors by 31 percent since 1999, reaching an all-time record of 106.

- Returned a record \$4,657,834 to defrauded victims, which represents a 942 percent increase since 1999. This extraordinary



growth in victim restitution is a direct result of OFIG's hiring of a team of forensic auditors to analyze major employer premium and provider billing fraud schemes.

- Successfully investigated and prosecuted various participants in the WC system including: two medical providers who had defrauded WC insurers of \$10 million; a gas station owner who had defrauded SIF of \$600,000 in WC premiums; and a claimant who had fraudulently received \$75,000 in WC benefits.

Office of Special Projects

The Office of Special Projects was created in 1999 to augment the role of the Office of Inspector General by focusing and developing new methods to utilize technology to fight fraud and abuse. Since its inception the office has coordinated with various agencies and offices to create data mining and data sharing initiatives, taking full advantage of the latest technology.

In 2002, the Office of Special Projects:

- Referred 5,629 incidents to the Office of Fraud Inspector General for investigation.

- Initiated 839 investigations through its Employer Fraud Task Force.

- Forwarded information to insurers regarding 39 individuals who were incarcerated while receiving workers' compensation

benefits. State case law entitles an insurer to cancel benefits upon the incarceration and conviction of a claimant.

- In 2001, OSP used this report to identify 665 claims cases for referral to OFIG which sent 352 or 53 percent of them onto this program's 11 participating carriers and self-insured employers for investigation.

Fraud Sweeps

- On January 29, 2002, the Queens County District Attorney's Office, OFIG and State Insurance Department announced the arrest of four persons for committing \$78,095 in WC fraud.

- On June 11, 2002, the Suffolk County District Attorney's Office, OFIG, State Insurance Department and State Insurance Fund announced the arrest of ten individuals for committing \$176,939 in WC fraud.

- On June 12, 2002, the Albany County District Attorneys' Office, OFIG, and Colonie Police announced the arrest of four individuals for committing \$18,000 in WC fraud.

- On July 25, 2002, the Nassau County District Attorney's Office, OFIG, Nassau County Department of Drug and Alcohol, and State Insurance Fund announced the arrest of two individuals for committing \$21,512 in WC fraud.

Fraud Hotline

OFIG established a 24-hour workers' compensation fraud toll free telephone hotline in March 1997.

- During 2002, OFIG received a total of 1,459 hotline complaints.

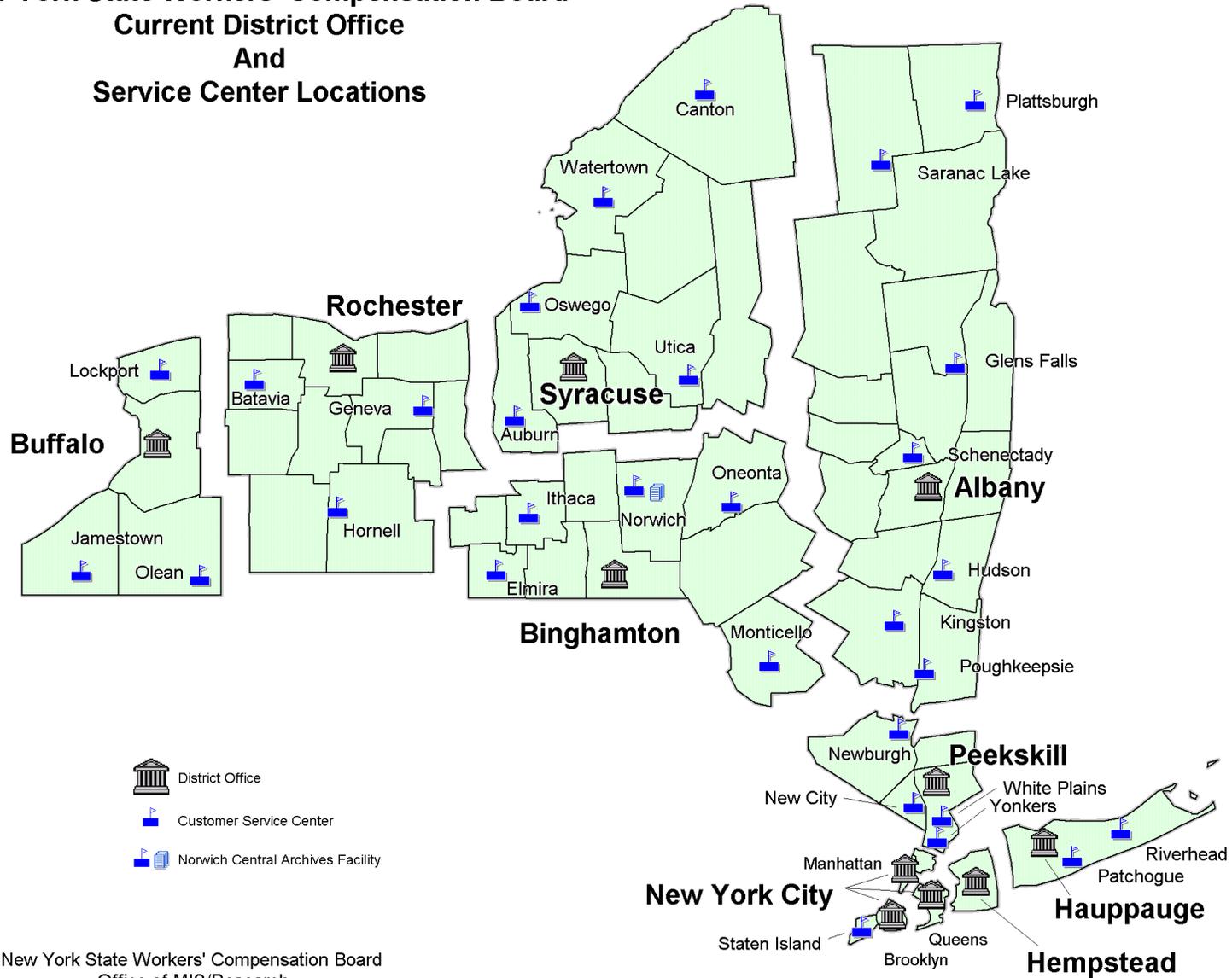
Anyone wishing to report a suspected fraudulent workers' compensation matter may consult confidentially, with a staff member or seek information during regular business hours by calling toll free 1-888-363-6001. After business hours these telephone complaints are recorded and then retrieved by the staff on the next business day.

APPENDICES

Appendix I	District Office and Service Center Locations
Appendix II	Injuries by County For Cases Indexed in 2001
Appendix III	Cases Indexed In 2001 by District Office
Appendix IV	Cases Controverted in 2001 by District Office
Appendix V	Number of Hearings Held by District Office
Appendix VI	Percentage of Claims Accepted in 2001 by District Office
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Appendix XXIII	Special Fund Assessment - Section 15-8
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Appendix I

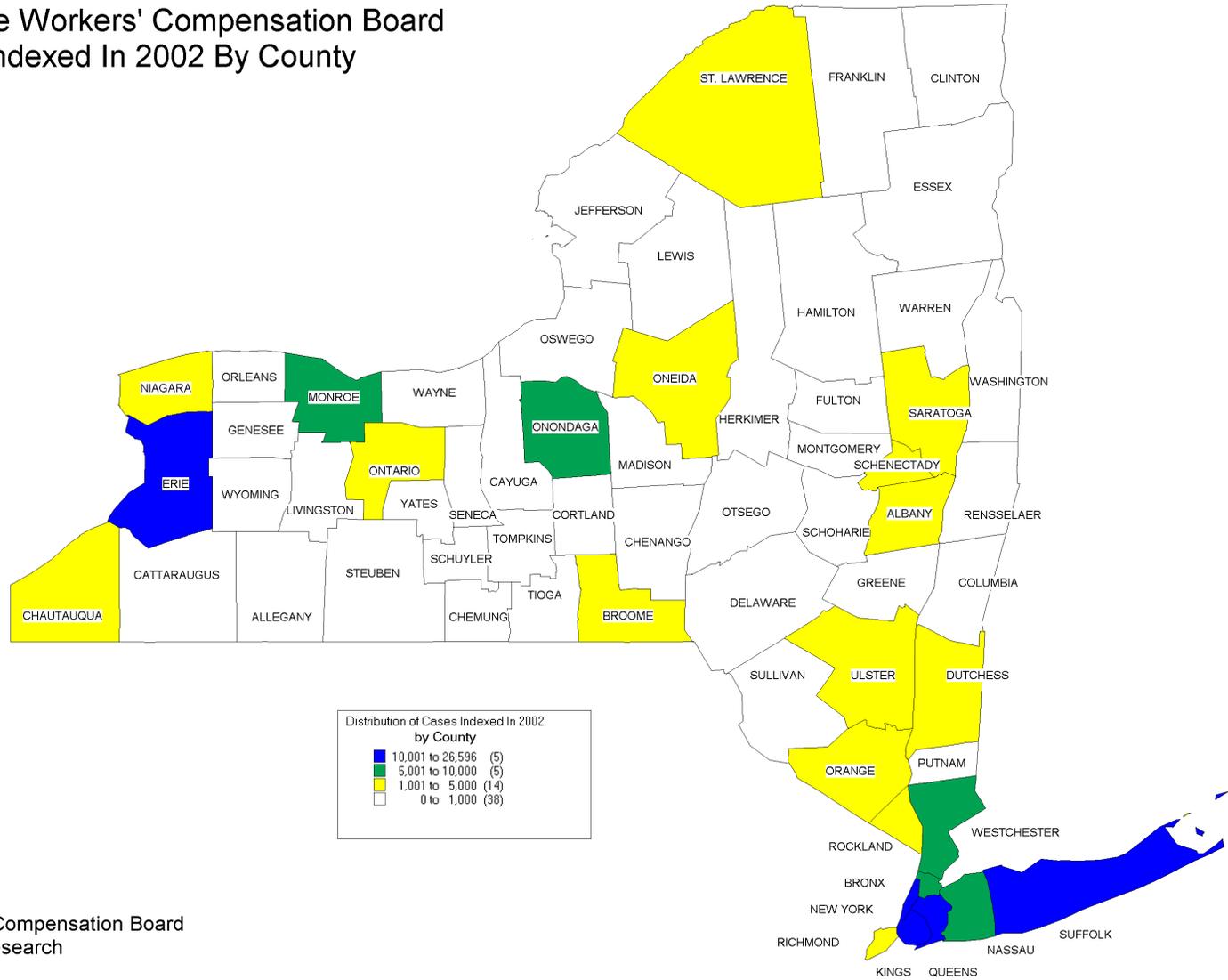
New York State Workers' Compensation Board Current District Office And Service Center Locations



Source: New York State Workers' Compensation Board
Office of MIS/Research
March 2002

Appendix II

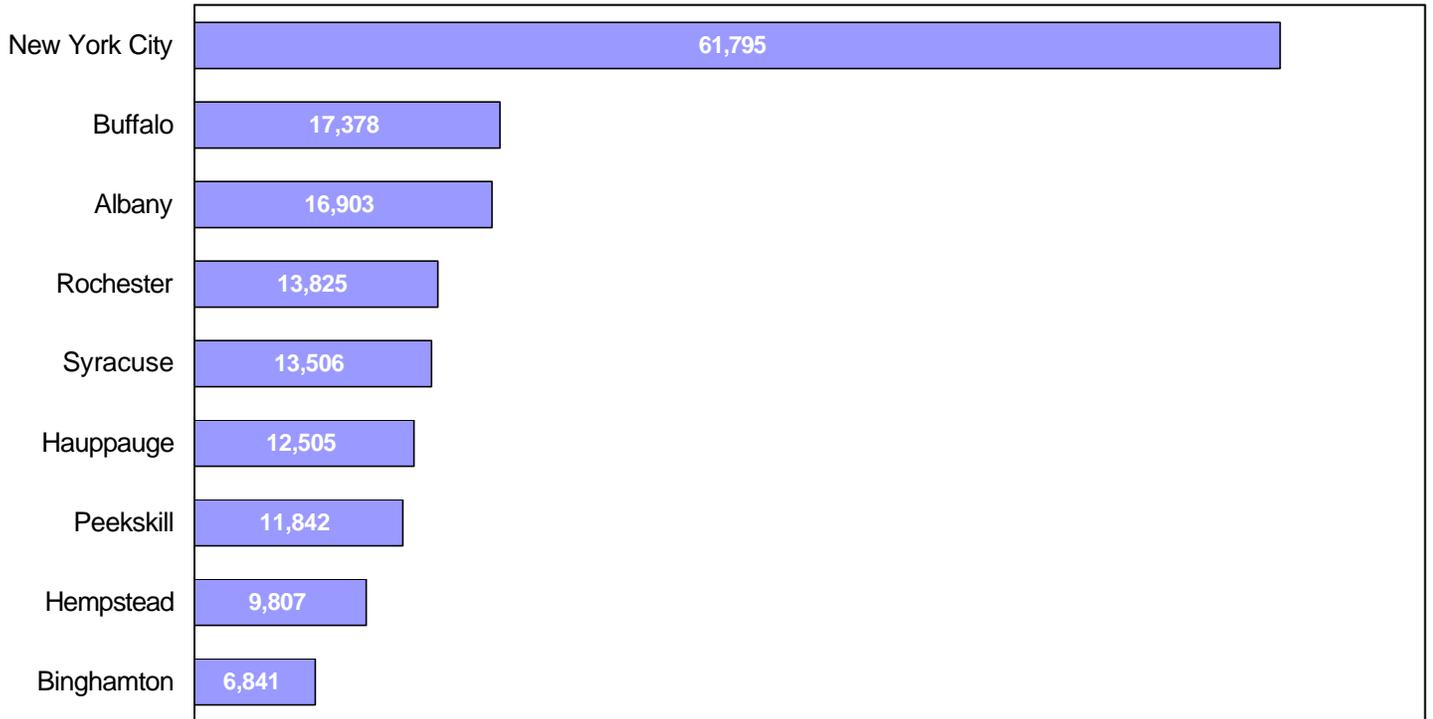
New York State Workers' Compensation Board Cases Indexed In 2002 By County



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

Appendix III

**Cases Indexed in 2002
By District Office**



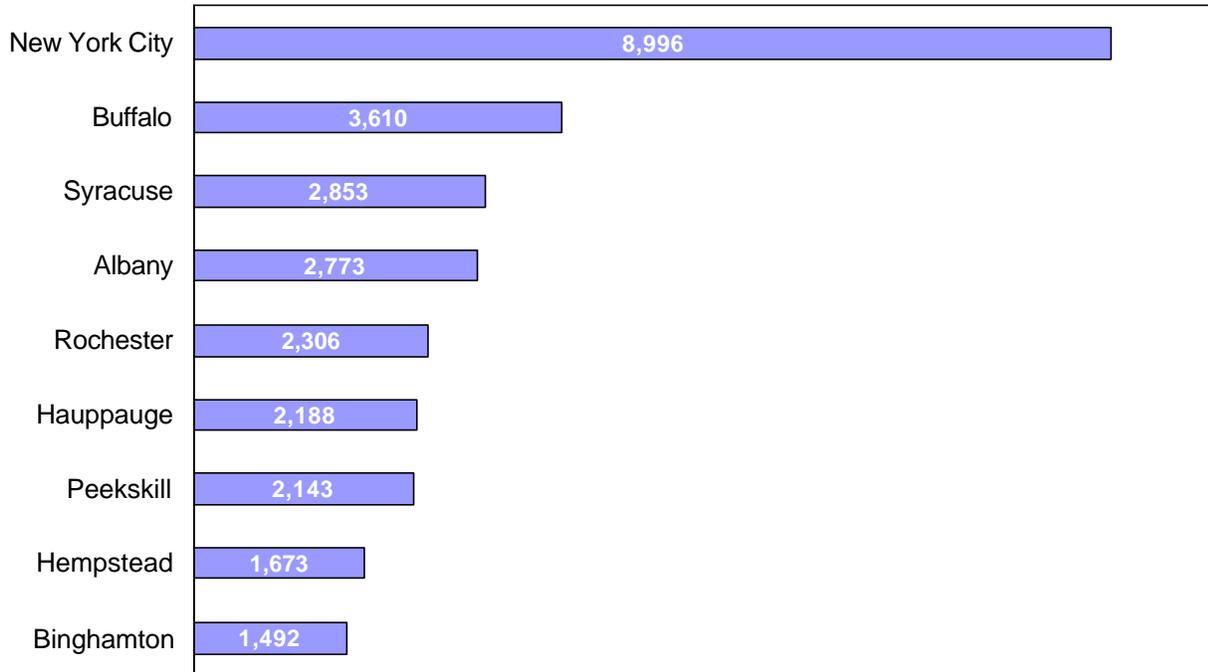
Number of Cases

**Cases Indexed and Cases Reopened in 2002
By District**

Office	Cases Indexed	Cases Reopened		
		Archived	Unarchived	Total
New York City	61,795	1,086	43,729	44,815
Buffalo	17,378	401	13,855	14,256
Albany	16,903	754	16,030	16,784
Rochester	13,825	344	12,076	12,420
Syracuse	13,506	650	17,484	18,134
Hauppauge	12,505	482	13,871	14,353
Peekskill	11,842	408	14,827	15,235
Hempstead	9,807	414	11,861	12,275
Binghamton	6,841	429	8,146	8,575
Totals	164,402	4,968	151,879	156,847

Appendix IV

**Cases Controverted in 2002
By District Office**



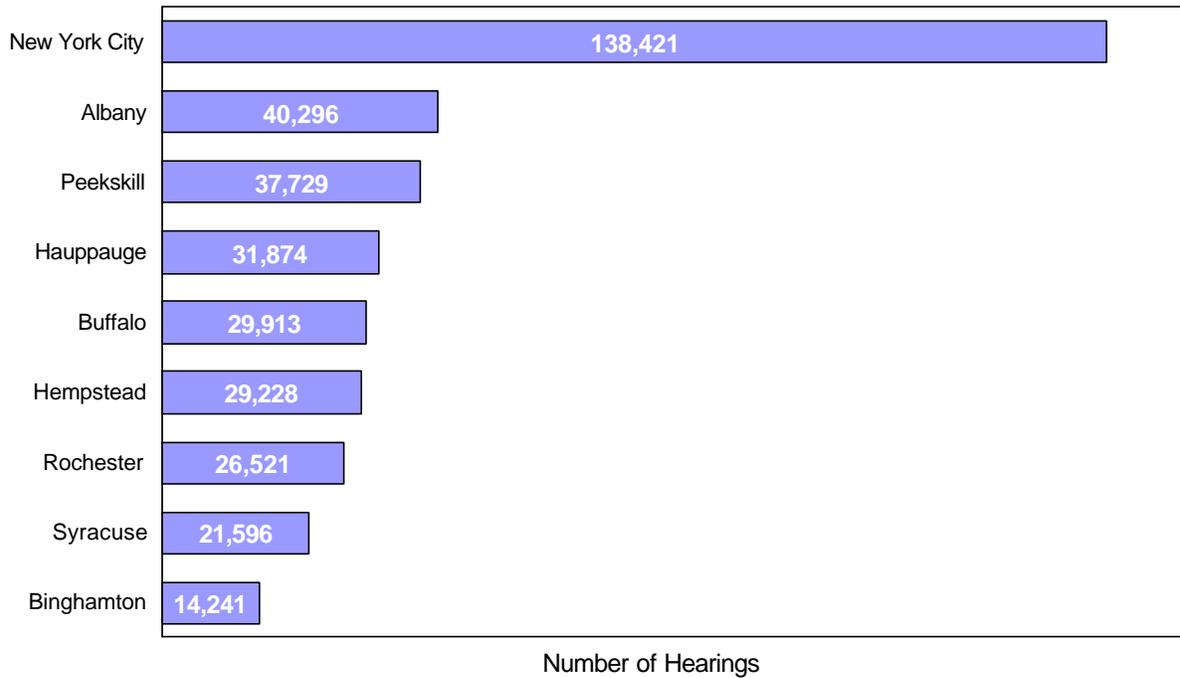
Number of Cases

District Office	Number of Cases Controverted
New York City	8,996
Buffalo	3,610
Syracuse	2,853
Albany	2,773
Rochester	2,306
Hauppauge	2,188
Peekskill	2,143
Hempstead	1,673
Binghamton	1,492
Total	28,034

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

Appendix V

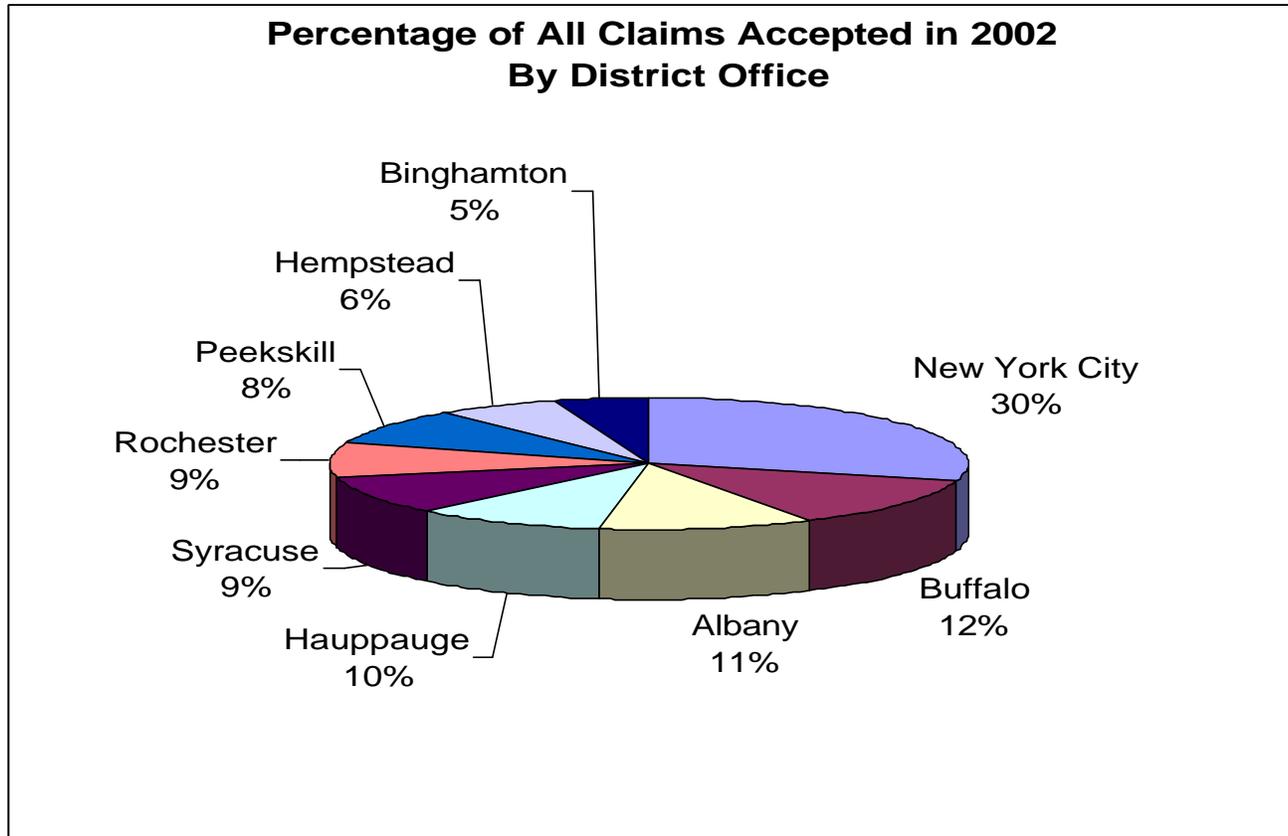
Hearings Held in 2002
By District Office



District Office	Number of Hearings
New York City	138,421
Albany	40,296
Peekskill	37,729
Hauppauge	31,874
Buffalo	29,913
Hempstead	29,228
Rochester	26,521
Syracuse	21,596
Binghamton	14,241
Total	369,819

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

Appendix VI



Claims Accepted in 2002 By District Office

District Office	Claims Accepted
New York City	39,589
Buffalo	16,727
Albany	14,863
Hauppauge	13,221
Syracuse	12,776
Rochester	11,560
Peekskill	11,474
Hempstead	8,757
Binghamton	6,462
Total	135,429

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

Claims Accepted in 2002 – by Month

Month Accepted	Total Claims Accepted	WCL Claims (a)	VFBL Claims (b)	VAWBL Claims (c)
January 2002	12,610	12,523	78	9
February	10,748	10,659	80	9
March	11,765	11,690	69	6
April	12,530	12,439	81	10
May	12,654	12,562	83	9
June	10,932	10,856	70	6
July	10,795	10,696	85	14
August	10,817	10,716	96	5
September	10,948	10,859	79	10
October	11,939	11,832	94	13
November	9,331	9,250	73	8
December	10,360	10,282	73	5
Totals	135,429	134,364	961	104

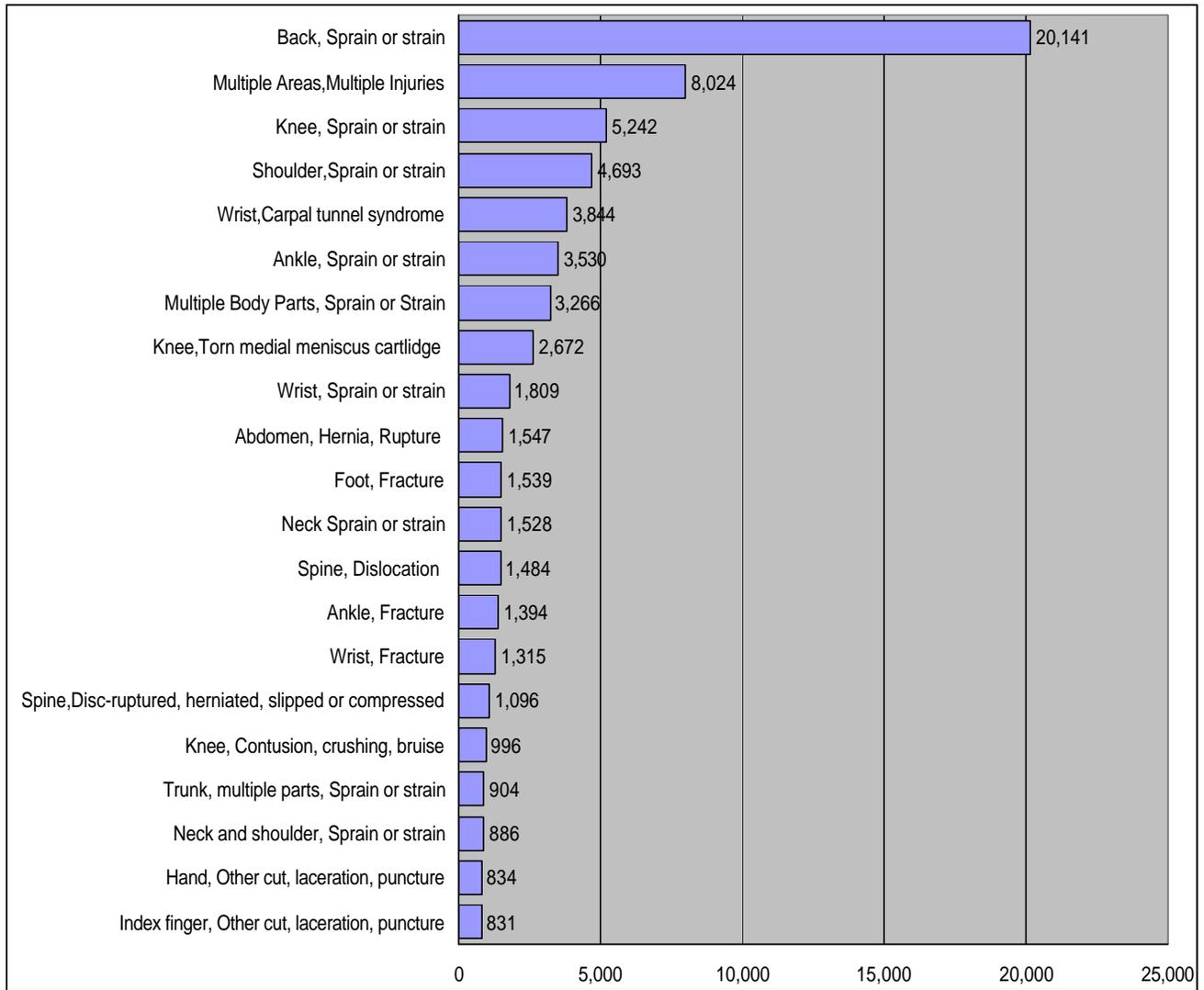
- a) Claims under the Workers’ Compensation Board
- b) Claims under the Volunteer Firefighters’ Benefit Law
- c) Claims under the Volunteer Ambulance Workers’ Benefit Law

Claims Accepted in 2002: Claims for which there was a finding made by the Board during calendar year 2002 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 2002 include some previously established claims for which a Board finding during calendar year 2002 amended or reaffirmed the claim’s status; it is estimated that these affirmations account for less that 5% of the total).

Appendix VIII

**Most Frequently Occurring Injury Types
For Claims Accepted in 2002**



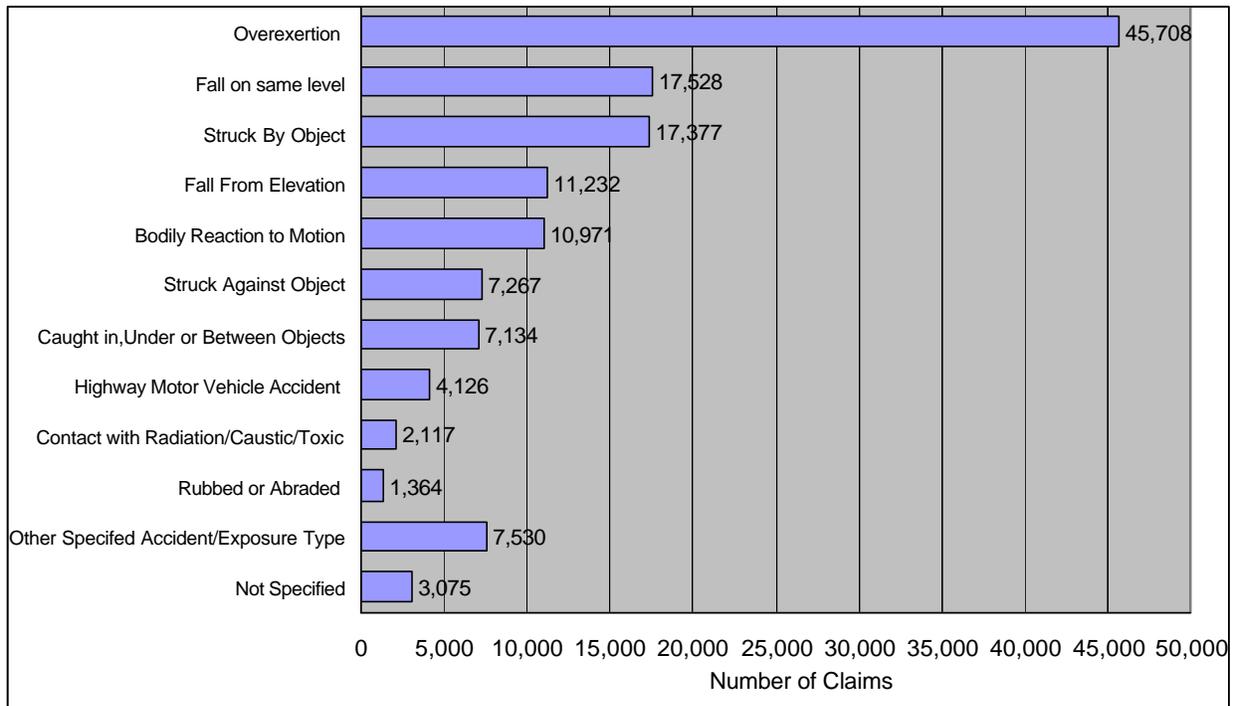
Source: NYS Workers' Compensation Board
Office of MIS/Research

**Part of Body Injured Summary
For Claims Accepted in 2002**

PART OF BODY AREA Body Sub-Area	All Claims	Male Worker	Female Worker	Sex Not Indicated
HEAD	6,055	4,654	1,358	43
NECK	2,280	1,226	1,040	14
UPPER EXTREMITIES	29,298	18,481	10,540	277
Finger	9,905	7,402	2,388	115
Wrist	8,365	3,855	4,449	61
Hand	4,754	3,370	1,335	49
Elbow	2,418	1,557	843	18
Other Arm	2,822	1,779	1,014	29
All Other	1,034	518	511	5
TRUNK	44,786	29,264	15,094	428
Back	24,338	15,067	9,029	242
Shoulder	8,591	5,620	2,895	76
Abdomen	3,640	3,288	326	26
Spine	4,357	2,905	1,402	50
All Other	3,860	2,384	1,442	34
LOWER EXTREMITIES	26,197	17,171	8,767	259
Knee	12,173	8,173	3,908	92
Ankle	5,683	3,455	2,145	83
Foot	3,998	2,586	1,371	41
Leg/Thigh	2,624	1,893	706	25
Toe	992	689	292	11
All Other	727	375	345	7
BODY SYSTEMS	2,778	1,840	924	14
MULTIPLE BODY AREAS	23,496	13,480	9,773	243
OTHER OR UNSPECIFIED	539	357	173	9
Totals	135,429	86,473	47,669	1,287

Appendix X

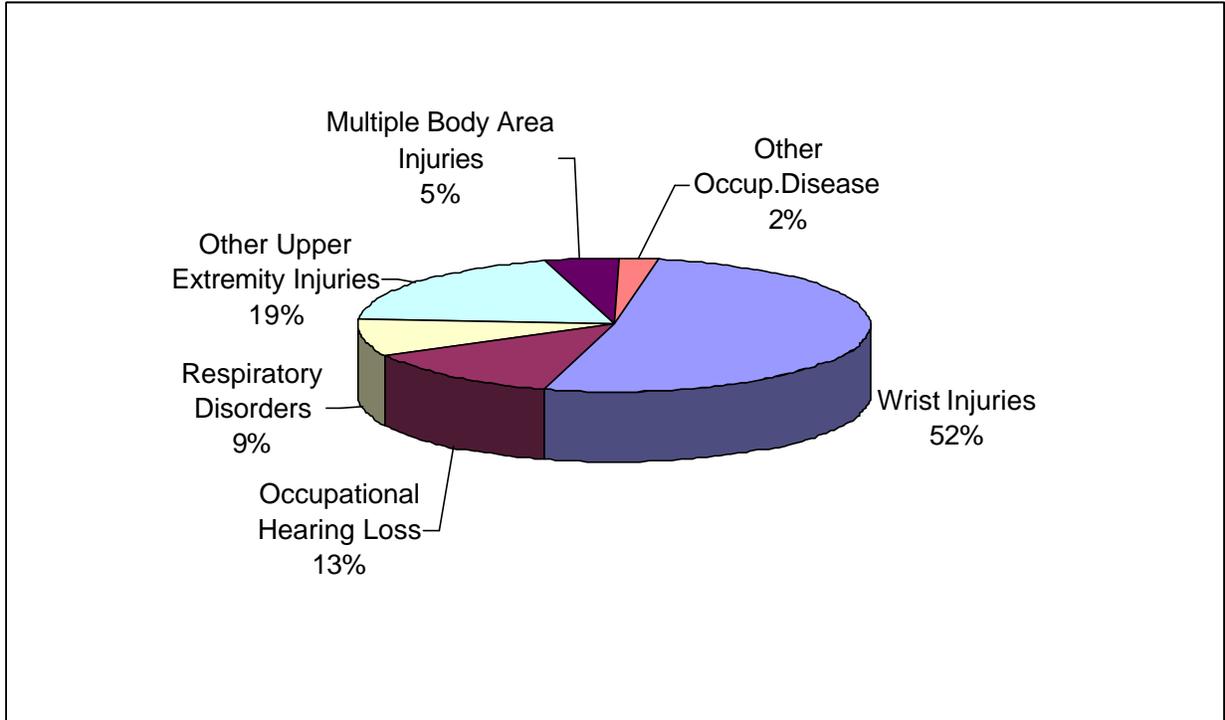
Type of Accident or Exposure For Claims Accepted in 2002



Sex of Worker and Type of Accident or Exposure For Claims Accepted in 2002

Type of Accident or Exposure	All Claims	Male Worker	Female Worker	Sex Not Indicated
Overexertion	45,708	27,729	17,608	371
Fall on same level	17,528	8,514	8,850	164
Struck By Object	17,377	11,838	5,376	163
Fall From Elevation	11,232	7,879	3,237	116
Bodily Reaction to Motion	10,971	7,200	3,694	77
Struck Against Object	7,267	5,106	2,096	65
Caught in, Under or Between Objects	7,134	5,302	1,736	96
Highway Motor Vehicle Accident	4,126	2,993	1,083	50
Contact with Radiation/Caustic/Toxic	2,117	1,520	588	9
Rubbed or Abraded	1,364	1,039	314	11
Other Specified Accident/Exposure Type	7,530	5,306	2,146	78
Not Specified	3,075	2,047	941	87
Totals	135,429	86,473	47,669	1,287

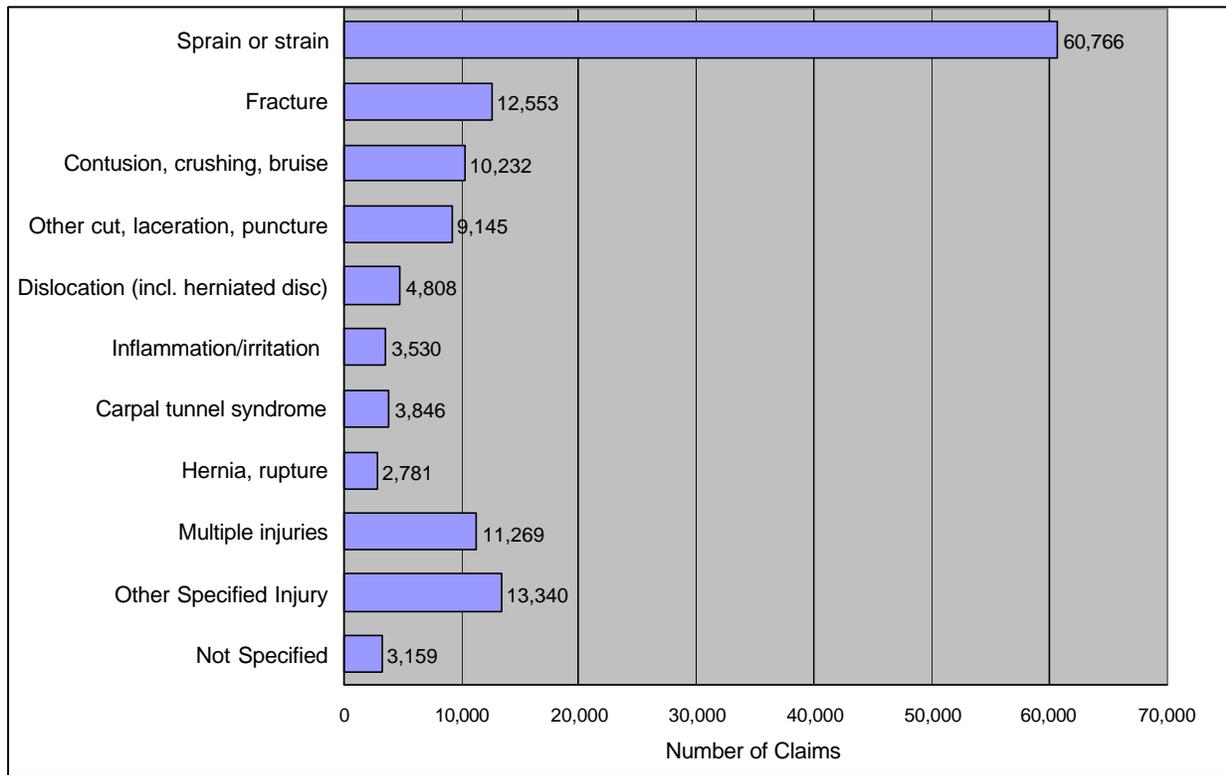
**Types of Occupational Disease or Exposure Injuries
For Claims Accepted in 2002**



**Gender of Worker and Occupational Disease or Exposure
For Claims Accepted in 2002**

Type of Occupational Disease or Exposure	Accepted Claims	Male Worker	Female Worker	Sex Not Indicated
Wrist Injuries	3,037	1,097	1,933	7
Occupational Hearing Loss	732	703	29	0
Respiratory Disorders	563	521	42	0
Other Upper Extremity Injuries	1,151	504	641	6
Multiple Body Area Injuries	229	78	150	1
Other Occup. Disease / Exposure	154	110	44	0
TOTALS	5,866	3,013	2,839	14

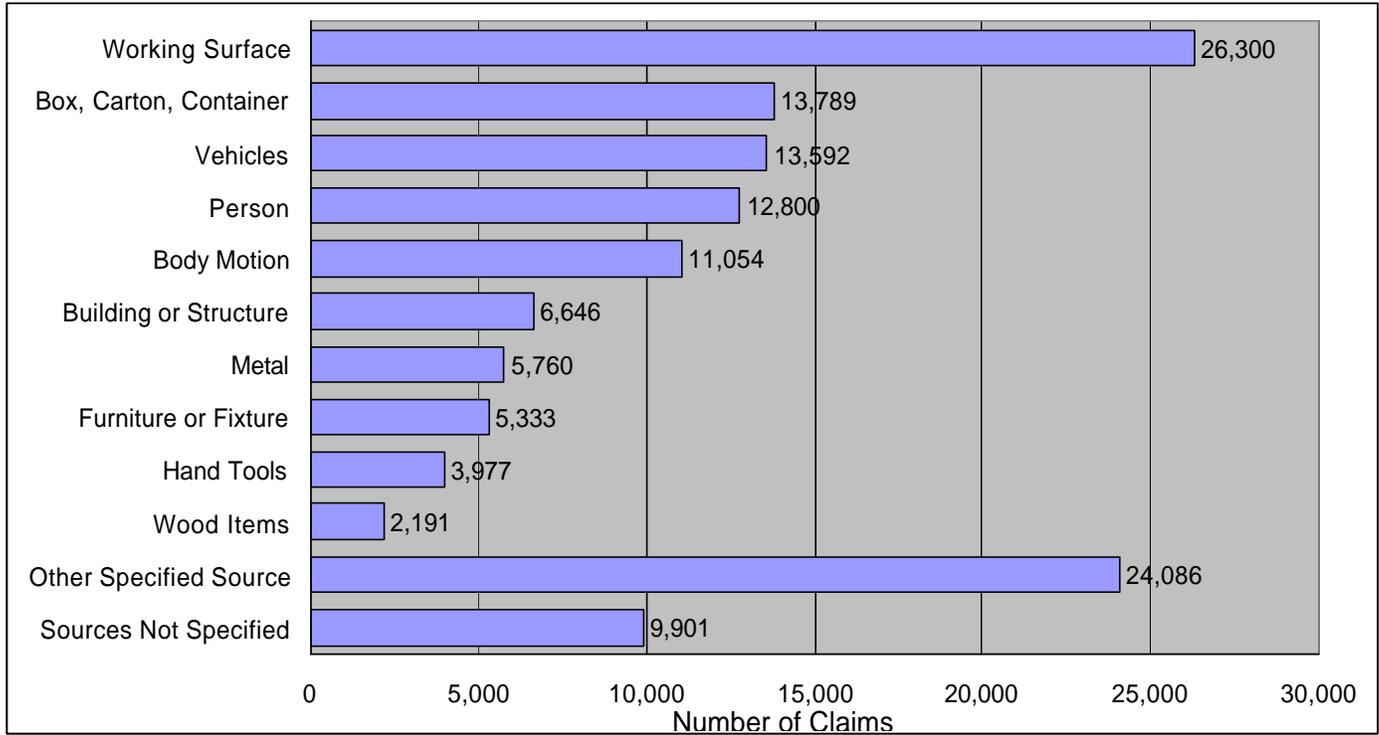
Nature of Injury For Claims Accepted in 2002



Sex of Worker and Nature of Injury For Claims Accepted in 2002

Nature of Injury	All Claims	Male Worker	Female Worker	Sex Not Indicated
Sprain or strain	60,766	37,097	23,071	598
Fracture	12,553	8,610	3,807	136
Contusion, crushing, bruise	10,232	6,175	3,961	96
Other cut, laceration, puncture	9,145	7,334	1,735	76
Dislocation (incl. herniated disc)	4,808	3,255	1,500	53
Inflammation/irritation	3,530	2,016	1,492	22
Carpal tunnel syndrome	3,846	1,416	2,417	13
Hernia, rupture	2,781	2,599	163	19
Multiple injuries	11,269	7,040	4,113	116
Other Specified Injury	13,340	8,960	4,284	96
Not Specified	3,159	1,971	1,126	62
TOTALS	135,429	86,473	47,669	1,287

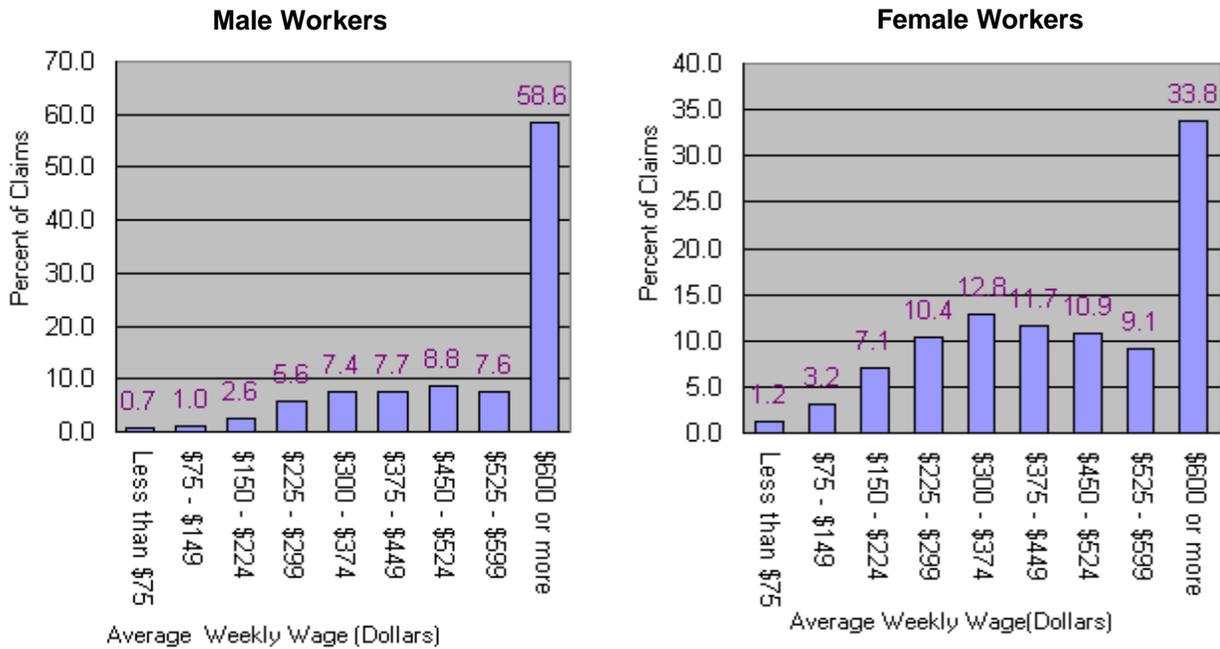
Source Producing Injury For Claims Accepted in 2002



Sex of Worker and Source Producing Injury For Claims Accepted in 2002

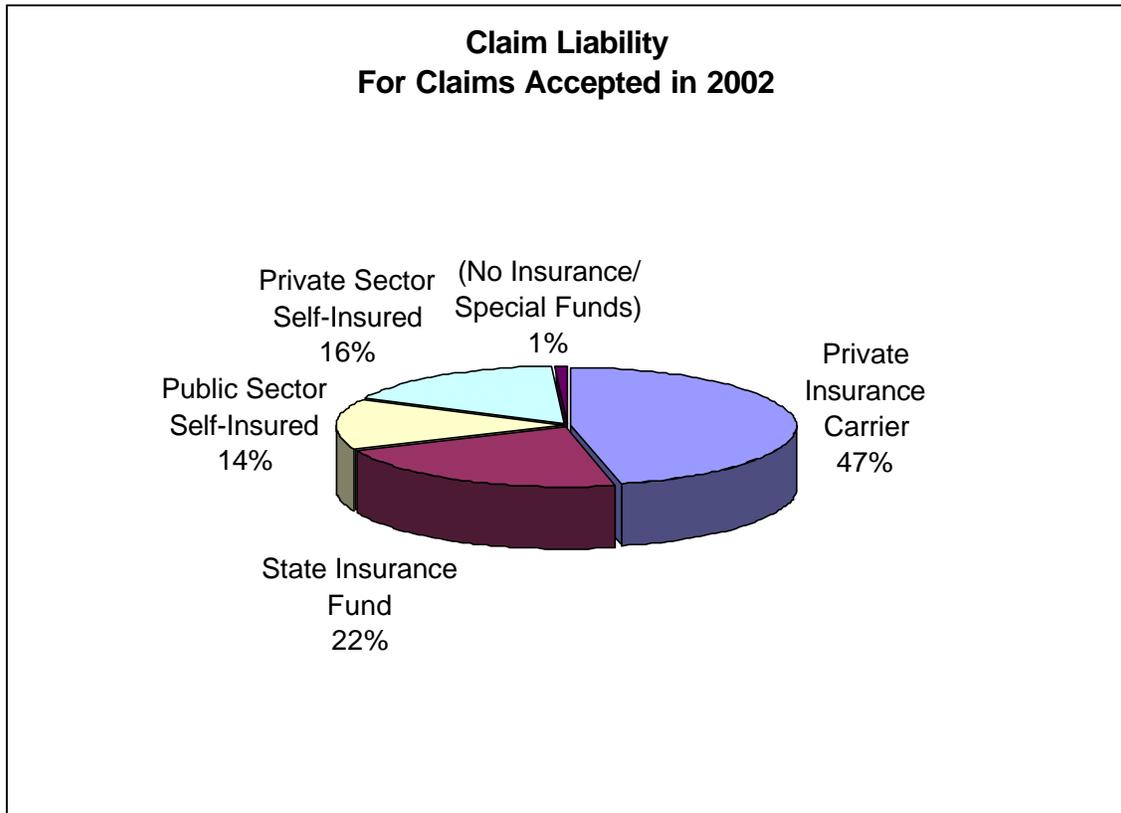
Source of Injury	All Claims	Male Worker	Female Worker	Sex Not Indicated
Working Surface	26,300	14,777	11,258	265
Box, Carton, Container	13,789	9,329	4,345	115
Vehicles	13,592	9,950	3,489	153
Person	12,800	4,061	8,597	142
Body Motion	11,054	7,246	3,729	79
Building or Structure	6,646	4,480	2,102	64
Metal	5,760	5,058	668	34
Furniture or Fixture	5,333	3,057	2,218	58
Hand tools	3,977	3,201	747	29
Wood Items	2,191	1,893	276	22
Other Specified Source	24,086	17,396	6,507	183
Sources Not Specified	9,901	6,025	3,733	143
TOTALS	135,429	86,473	47,669	1,287

Sex of Worker and Average Weekly Wage For Claims Accepted with Wage Rate Established in 2002



Average Weekly Wage	All Claimants	Male Workers	Female Workers	Sex Not Indicated
Less than \$75	955	507	439	9
\$75 - \$149	1927	697	1,214	16
\$150 - \$224	4,533	1,778	2,713	42
\$225 - \$299	7,927	3,884	3,951	92
\$300 - \$374	10,097	5,114	4,864	119
\$375 - \$449	9,874	5,316	4,448	110
\$450 - \$524	10,300	6,032	4,142	126
\$525 - \$599	8,794	5,225	3,468	101
\$600 or more	53,692	40,377	12,902	413
Totals	108,099	68,930	38,141	1,028

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



Type of Liability Coverage	Number of Claims
Private Insurance Carrier	62,995
State Insurance Fund	29,789
Private Sector Self-Insured Employer	22,338
Public Sector Self-Insured Employer	19,158
(No Insurance/ Special Funds)	1,149
Total	135,429

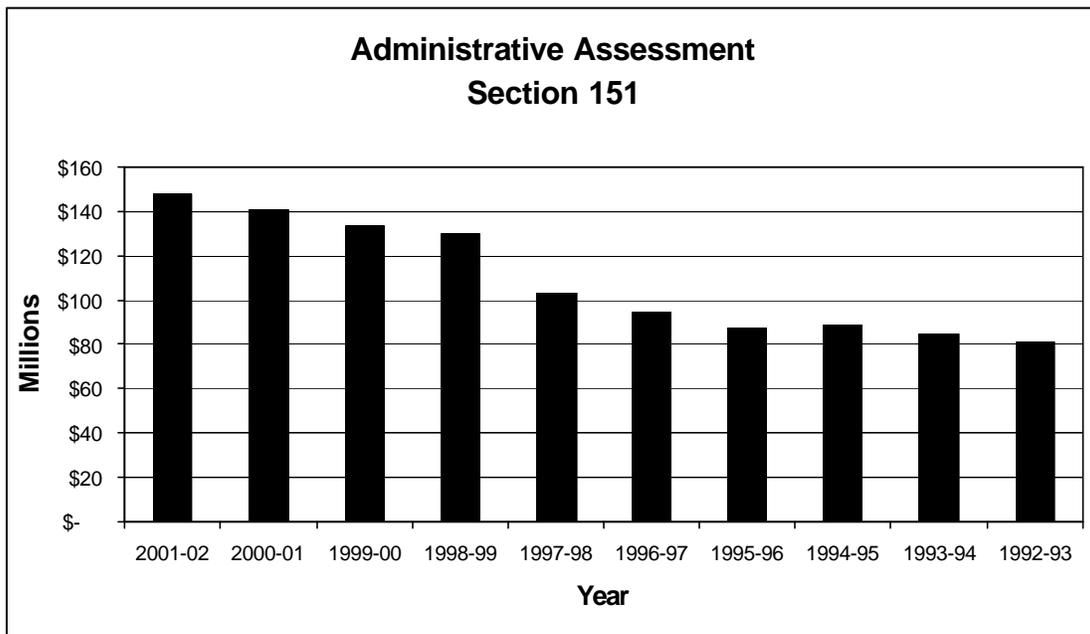
Source: NYS Workers' Compensation Board
Office of MIS / Research

ASSESSMENT CALCULATION

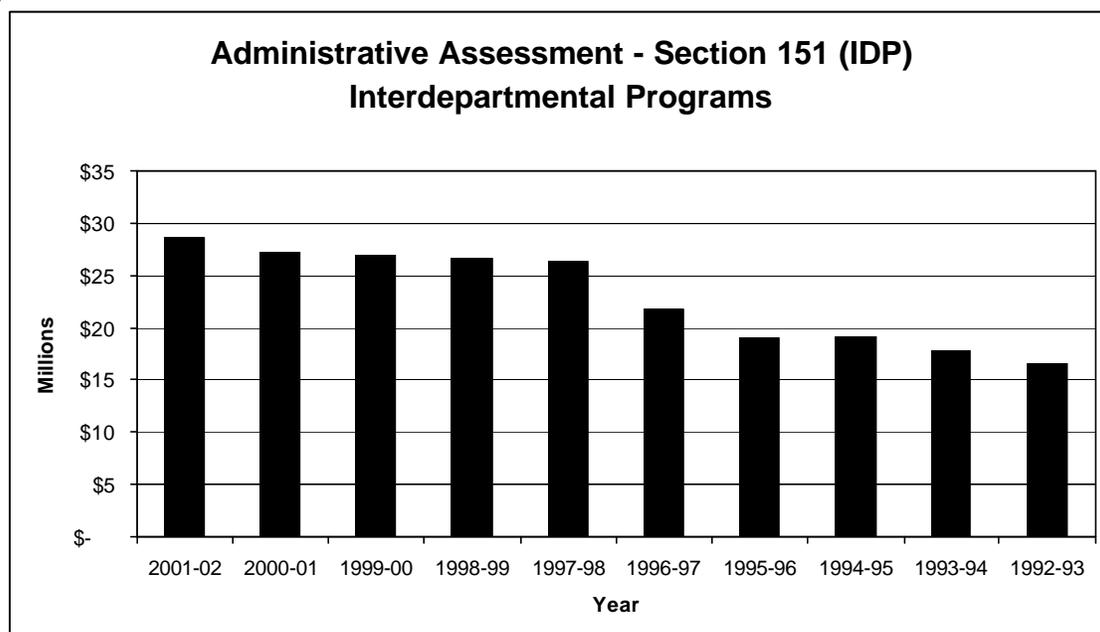
Through the normal budget process, the Board calculates the funding level needed to support its workers' compensation and disability benefits operations. The State Departments of Labor and Health also calculate their funding needs for the interdepartmental programs. When added together, these funding 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 XVI

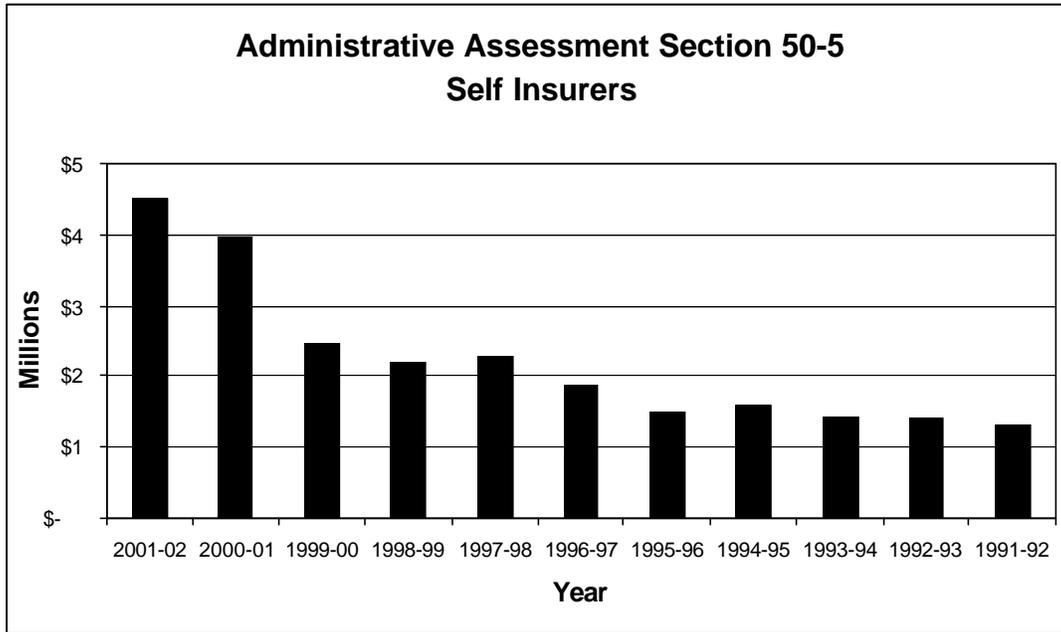


Appendix XVII



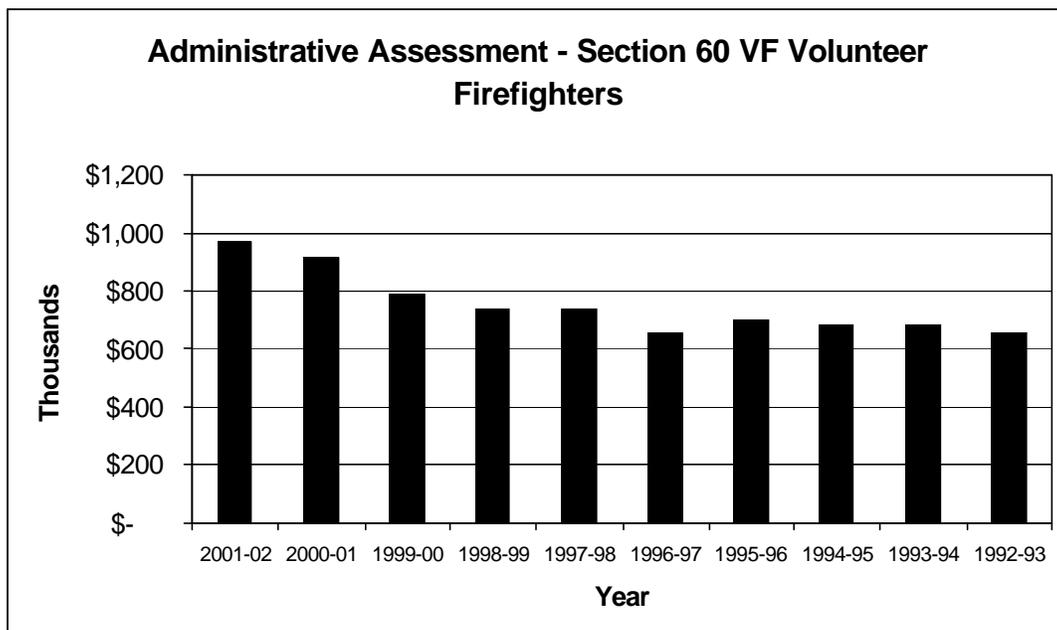
Section 50-5 — Corporate self-insurers are assessed their portion of the cost associated with the administration of the self-insured program. The rate for the cost associated with this program is calculated by dividing the cost by the total of all security accounts held by the Board for all corporate 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 XVIII



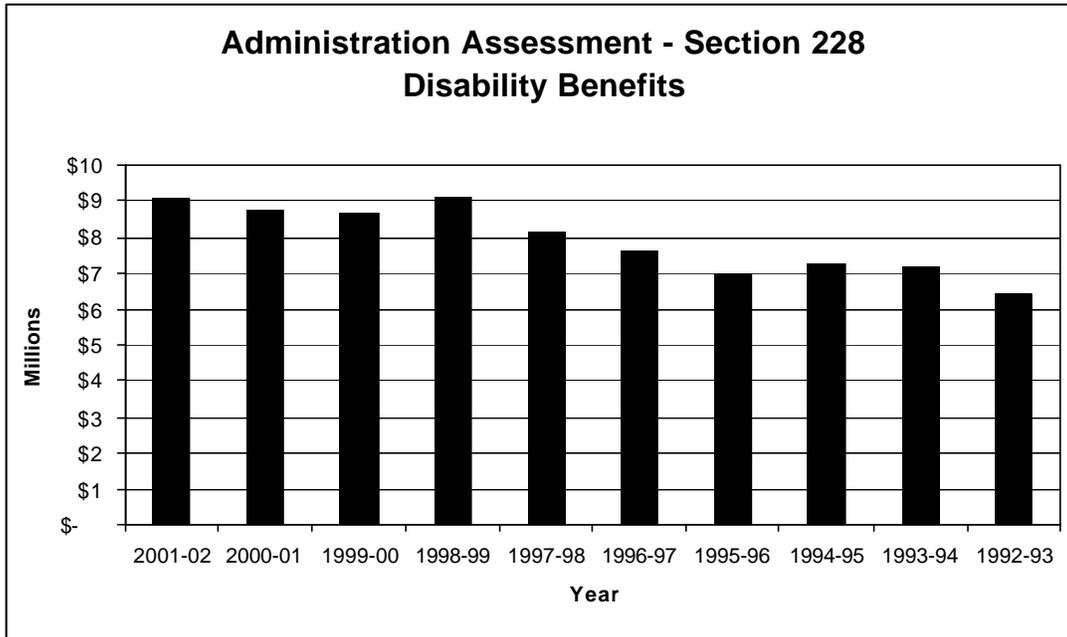
V60 — the rate for the cost associated with the administration of the volunteer fire fighter program is calculated by dividing the cost of the program by the total annual volunteer fire fighter payments (indemnity only) paid by all entities. This rate is then multiplied by the total annual volunteer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

Appendix XIX



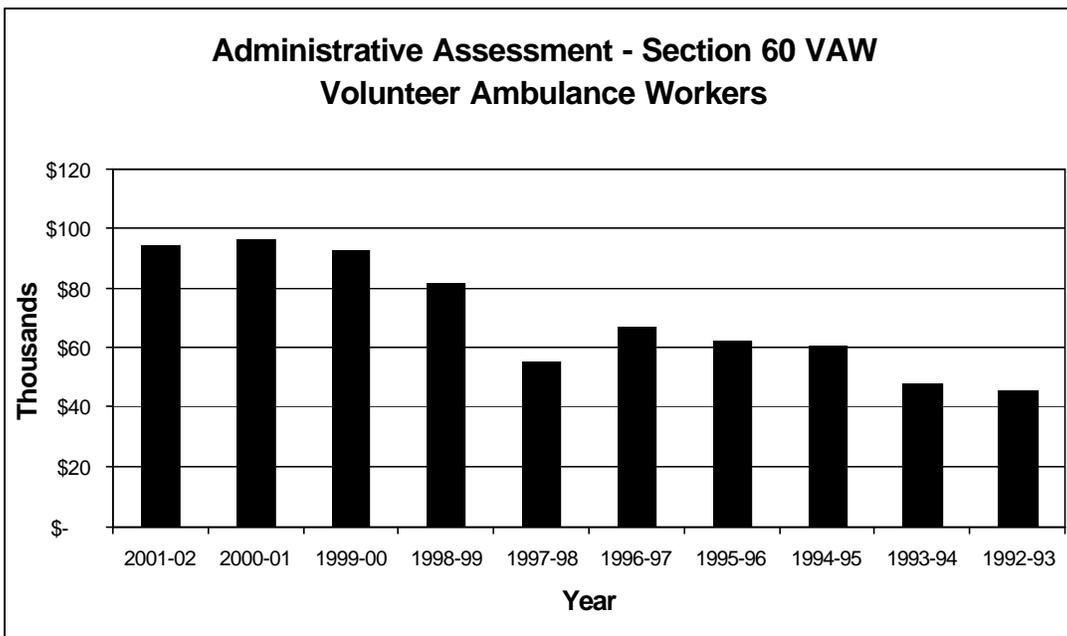
Section 228 — the rate for the cost associated with the administration of the disability benefits program is calculated by dividing the cost of the program by the total annual payroll covered by all entities. This rate is then multiplied by the total annual payroll covered by the individual entity to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

Appendix XX



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 XXI



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.

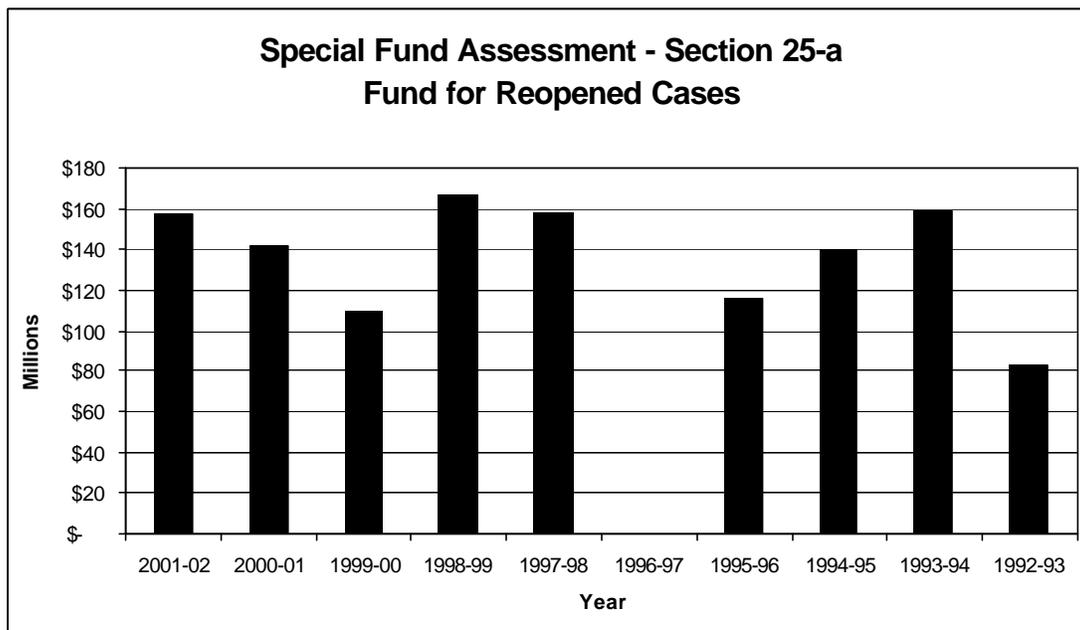
Section 214 — direct benefit payments to individuals who become disabled while receiving unemployment benefits or individuals who become disabled while employed by an uninsured employer.

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.

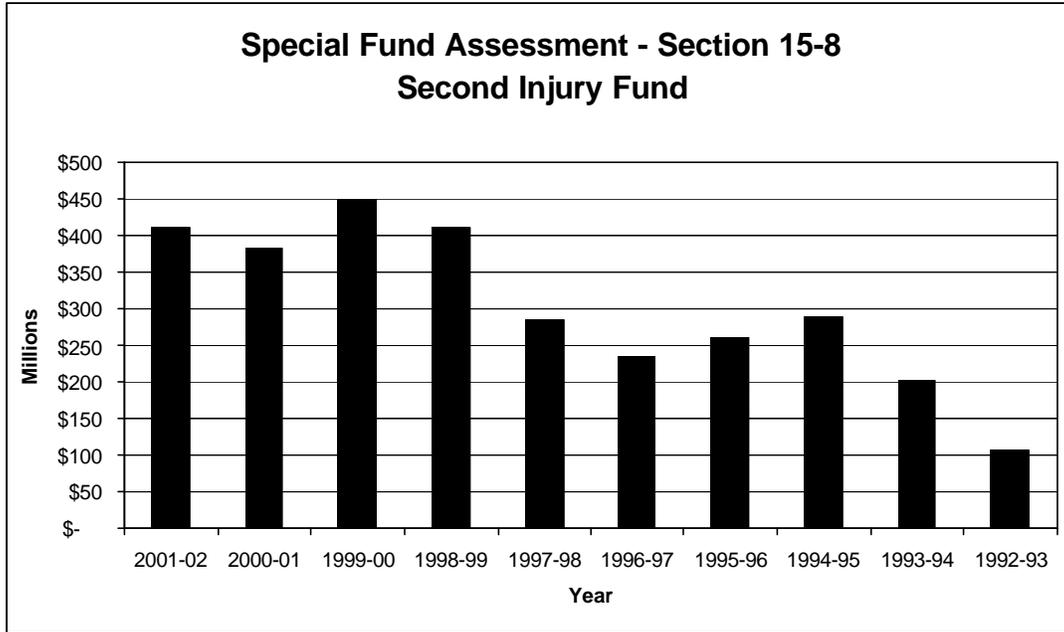
Section 25a — The Special Fund Conservation Committee calculates the reserves needed by the Board to secure the Fund for Reopened Cases. The Board takes this reserve information and adds a 10 percent contingency. The Board then adds the amount paid out in the previous year for the Supplemental Benefit 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 XXII



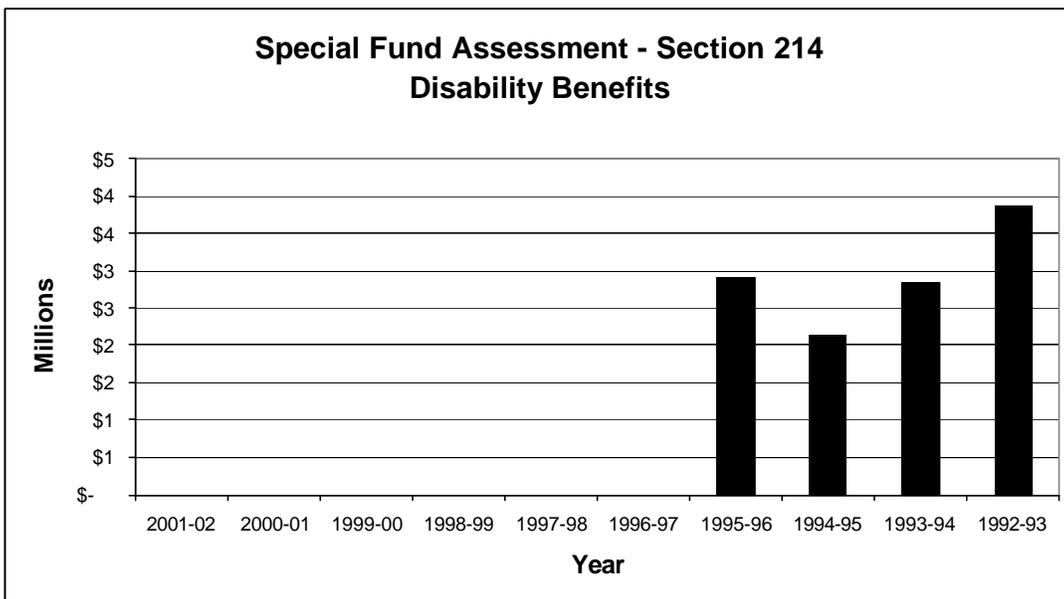
The Board calculates the total disbursements made from the **Special Disability Fund** during the preceding calendar year and multiplies that amount by 150 percent. From this amount, the Board subtracts any funds it has on hand. These calculations provide the total amount that must be assessed for the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

Appendix XXIII



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 XXIV



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