

A Workers' View of Workers' Compensation

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Edward M. Welch

School of Labor and Industrial Relations

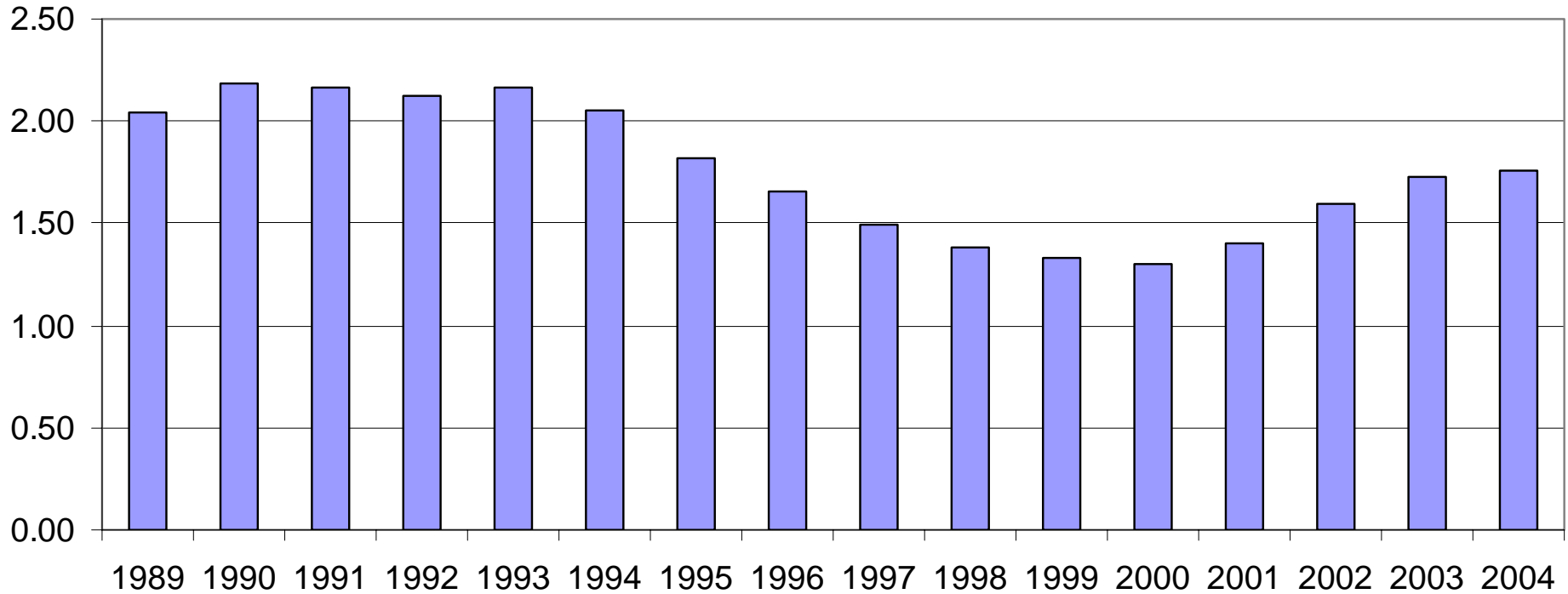
Michigan State University

welche@msu.edu

www.lir.msu.edu/wcc

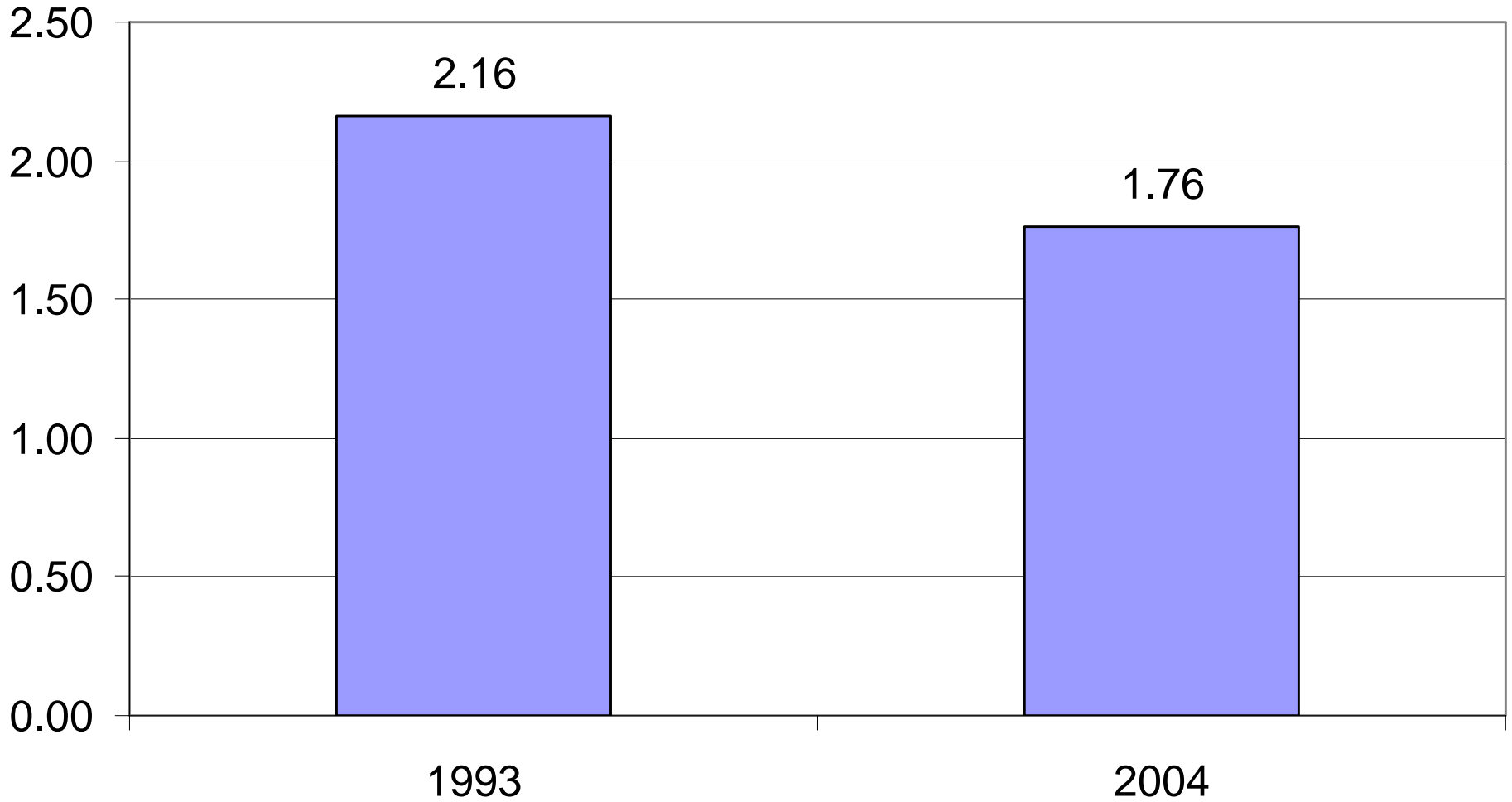
Costs Are Down

Costs Per \$100 of Wages



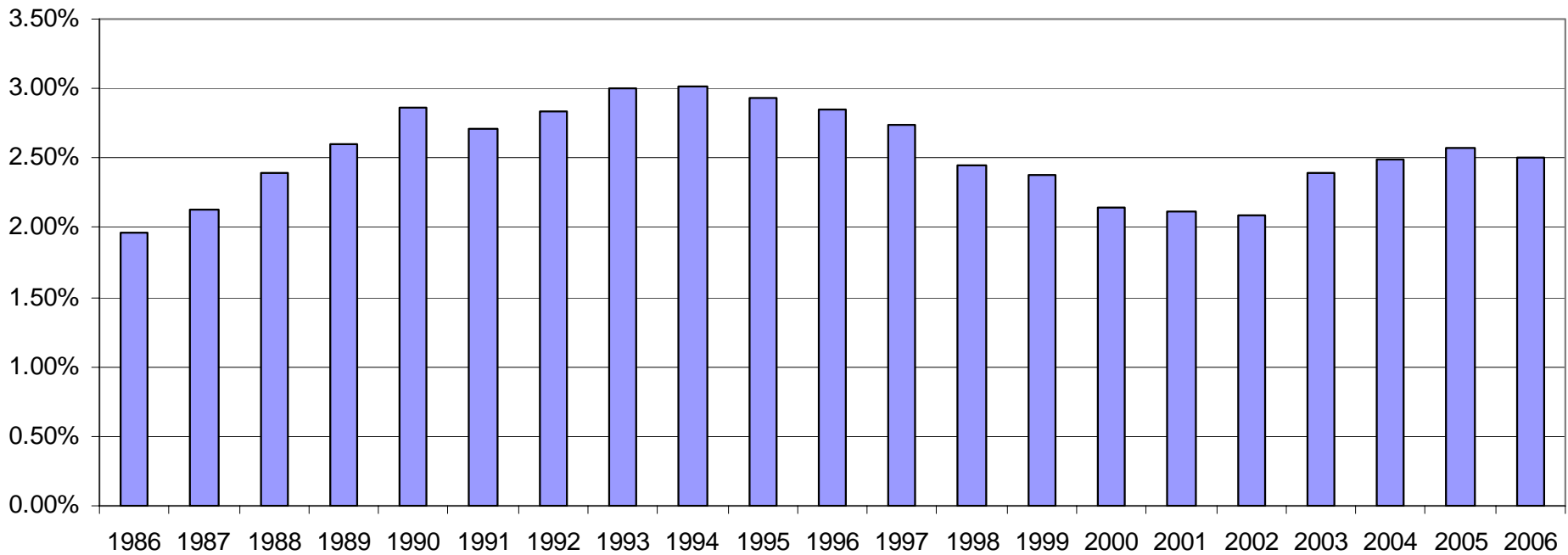
Source: National Academy of Social Insurance

Average Costs Per \$100 of Wages was 19% Lower in 2004 than in 1993



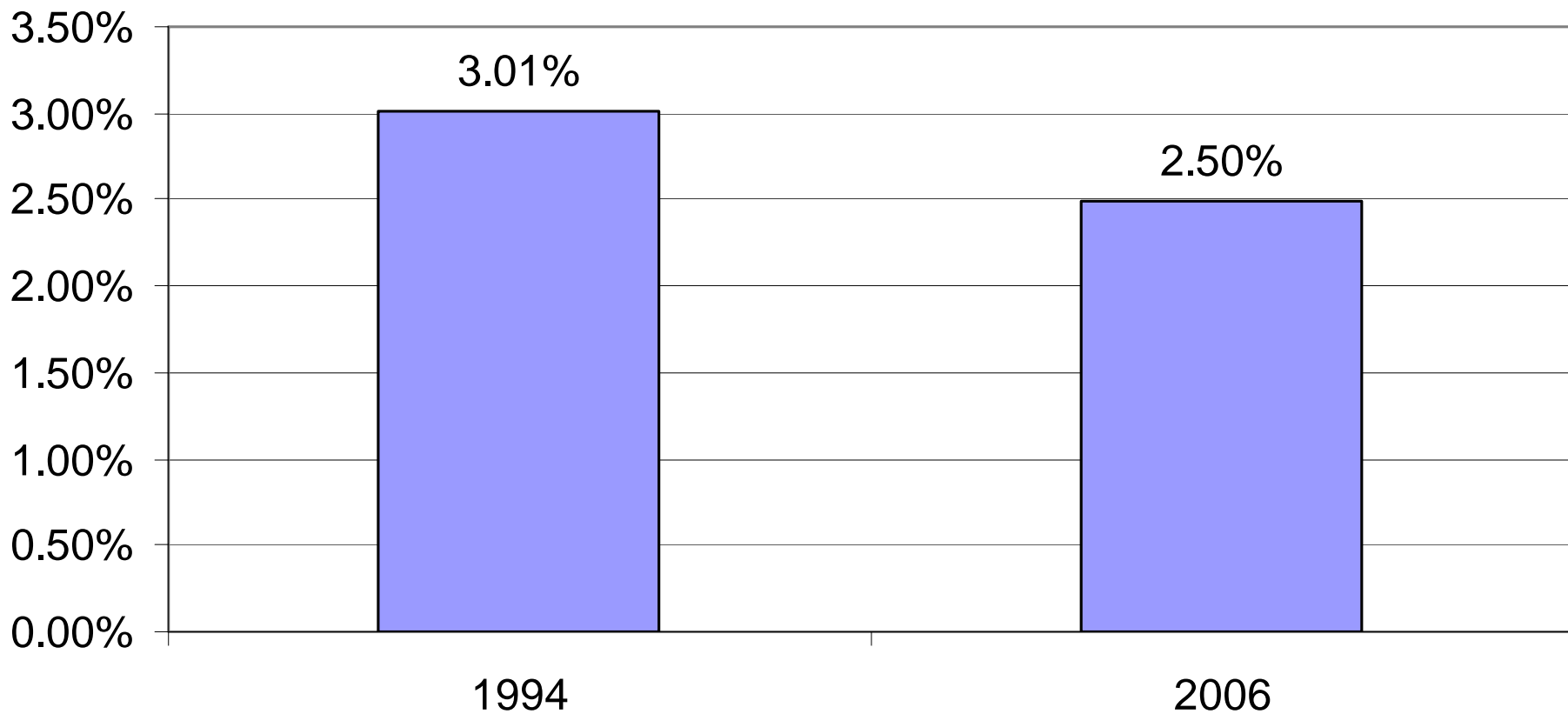
Costs Are Down

WC as Percent of Wages



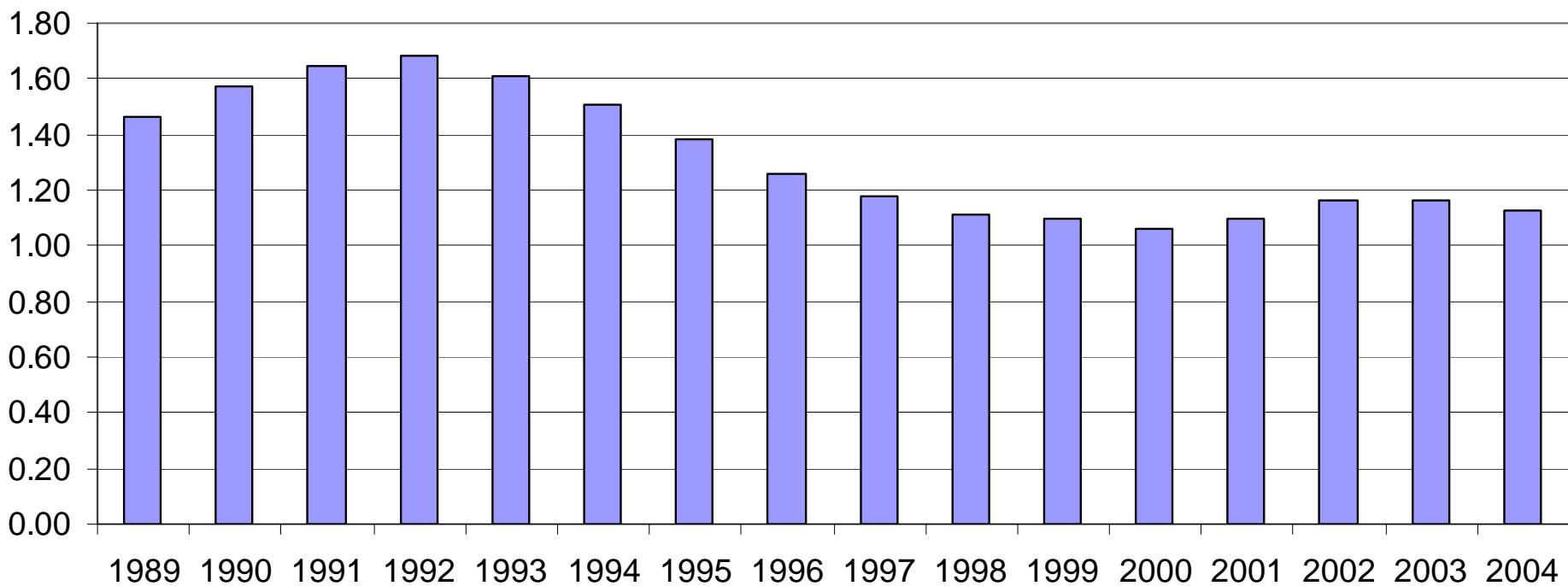
Source: Bureau of Labor Statistics

**In 2006, WC as a Percentage of Wages was 19%
Lower than it was in 1994**



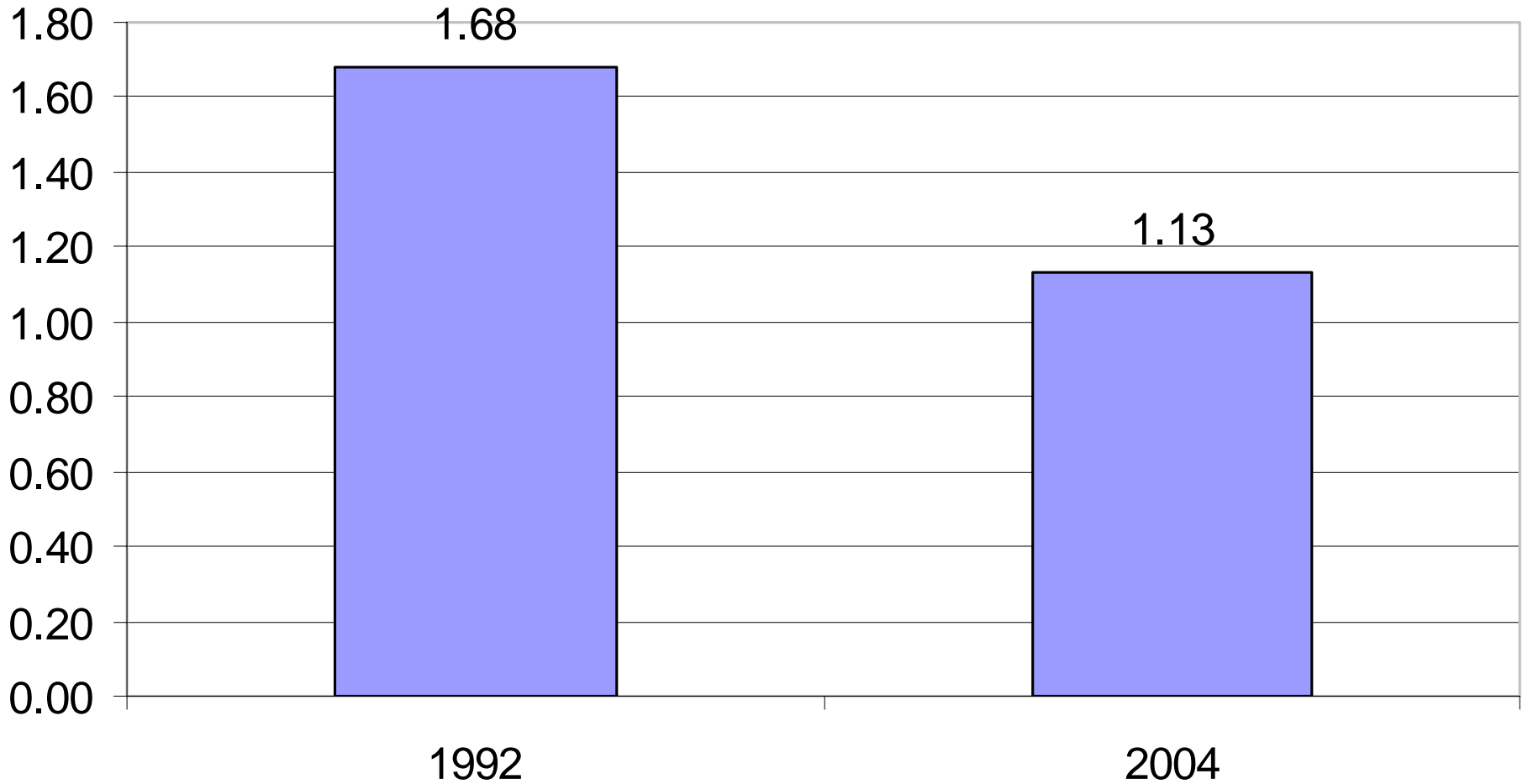
Benefits Are Down

Benefits Per \$100 of Wages



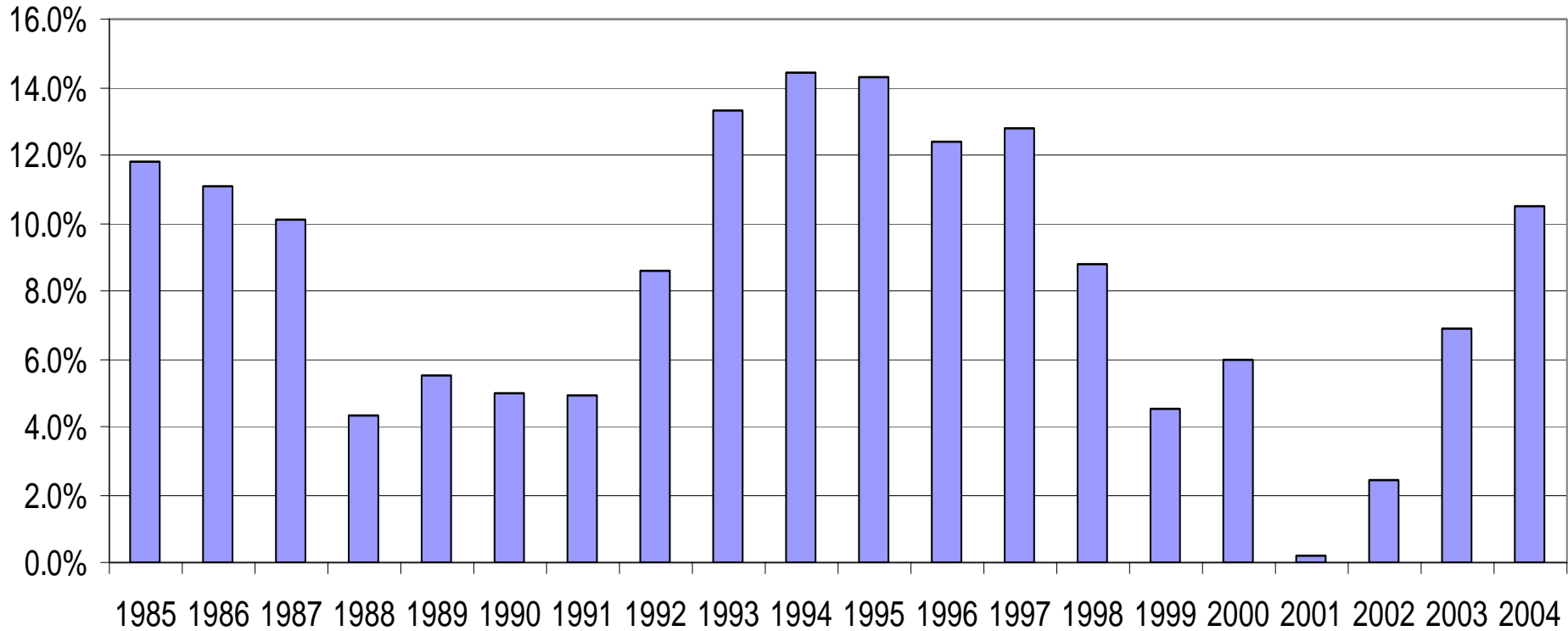
Source: National Academy of Social Insurance

Benefits Per \$100 of Wages in 2004 were 33% Lower in 2004 than in 1992



Insurance Profits

Return On Net Worth



Source: National Association of Insurance Commissioners

Insurance Profits

- 2004 was significantly lower than the highs of the mid-1990s
- 2004 was dramatically up from the low of 2001
- Where are we in 2006?

“Costs are down, but they’re
still too high”

Employers Can Control Their Own Workers' Compensation Experience

- Safety
- Disability Management
- Corporate Culture
- Good Claims Management

In Workers' Compensation in the Last 10 to 15 Years:

- Employers have done very well
- Workers have taken a terrible beating

An Injured Workers' Bill of Rights

Workers Should Apply for their Rightful Benefits with Dignity

- “I’m not like all of those other people.”
- Injured workers have a right to their benefits

What is the Proper Value to Place on Workplace Injuries and Deaths?

- For 9/11, the average death award was \$2.1 million
- For 9/11, the average injury claim was \$384,000
- These figures are about 10 times the average award given to workers who are injured on the job

Benefit Adequacy

- Most seriously injured workers suffer a large lifelong wage loss that is not replaced by workers' compensation benefits
- *Workers' compensation should replace 80% of the after-tax wage loss for work-related injuries*

Defusing Myths

- The widespread belief that workers live well off of workers' compensation is not based on fact
- *States should conduct the research necessary to determine what happens to workers who suffer an on-the-job injury*
- There is a NASI commission report that discusses how to do this

Cost of Living Allowances

- The purchasing power of workers' compensation benefits erodes as time goes by
- *Workers' compensation benefits should be indexed for increases in the wages*

Pre-existing Conditions

- The laws in many states make it harder for a worker to get benefits if he or she works in spite of the presence of some pre-existing weakness
- *No worker should be penalized because he or she works in spite of a pre-existing condition*

Older Workers

- The laws in some states make it harder for older workers to qualify for benefits and/or reduce the amount of benefits paid to older workers
- *Workers' compensation laws should not discriminate against older workers*

Fraud

- Employer fraud adds substantially to the cost of workers' compensation
- *There should be aggressive procedures for identifying and prosecuting fraud by employers, insurers, and agents. These should include civil and criminal penalties.*

Starving Out Workers

- Many states allow employers to withhold benefits from workers while disputes are resolved
- *Workers' compensation systems should not allow employers and insurers to starve out workers while they await an adjudication of their rights*

Pay What You Owe

- Many states allow employers to withhold from workers benefits that are not disputed
- *Employers should be required to pay immediately amounts that are clearly owing*

Penalty for Denying Claims

- In many states, there is no incentive for employers to pay promptly, and no disincentive for employers to withhold benefits
- *There should be a penalty for employers who unfairly deny the payment of benefits, and/or an incentive for employers who pay promptly*

Prompt Hearings

- In many states, there is a long delay before hearings can be held
- *Within 30 days of filing a claim, there should be at least a preliminary hearing, which will determine whether benefits will be paid pending the outcome of the litigation*

Attorney Fees

- Most states limit the amount of money a worker can spend on his or her attorney, but put no limit on the amount an employer can spend
- *All parties to workers' compensation proceedings should have the same access to effective legal representation*

Withholding Healthcare

- In many states, employers can withhold healthcare from workers
- *Employers should not be allowed to withhold needed healthcare while a workers' compensation dispute is being litigated*

It is Time to Restore Fairness to
the Workers' Compensation
System