



Connecticut **Business & Industry** Association

**Testimony Of
Kyra P. Nesteriak
Government Affairs Manager
Before The
Judiciary Committee
Legislative Office Building
Hartford, Connecticut
March 24, 2006**

Good afternoon, my name is Kyra Nesteriak and I am government affairs manager for the Connecticut Business and Industry Association (CBIA). CBIA represents approximately 10,000 companies across the state of Connecticut, ranging from large corporations to small businesses with one or two employees. The vast majority of our members have fewer than 50 employees.

Nearly 100 years ago, Connecticut established a workers' compensation system as a way to protect employees and employers alike, regardless of fault in the case of a workplace-related injury or illness. Under the new system, employees received fast and efficient wage- replacement, reasonable and necessary medical care, and disability awards to compensate for lost future earnings. In exchange, employees waived their right to sue their employers for on-the-job injuries and occupational illnesses. The system worked well for decades until richer injury awards, higher numbers and types of claims, administrative backlogs, spiraling medical costs, and increased litigation caused a workers' compensation crisis in Connecticut.

A "perfect storm" of all of those factors caused Connecticut's workers' compensation costs to skyrocket in the 1980s. Payouts to claimants increased 299%, caseloads rose from 16,000 in 1976 to 40,000 in 1989, and the average cost per case was three times the national average in 1988. The out-of-control system forced many Connecticut businesses to shed jobs or move them out of the state that is, until the General Assembly enacted two packages of system-wide reforms.

In 1991 lawmakers approved workers' compensation reforms that: improved the way cases are handled; helped eliminate the backlog in hearings; made some positive benefit adjustments; and revamped the system's administration.

Two years later, lawmakers passed another package of reform measures that further improved the system and kept Connecticut's workers' compensation benefits among the most generous in the nation.

Together, the reforms touched every aspect of the system and made it fairer, more efficient and more cost effective. As a result, by 1998 Connecticut's workers'

compensation costs had moved from among the worst in the U.S. to about the middle of the states.

The reforms worked best because they were enacted as a complete package. Connecticut's reforms have been noted nationally as successes and, in fact have been copied by other states.

Because our benefits have remained high and other states have instituted reforms, Connecticut's workers' compensation costs are now ninth-worst (in a 45-state comparison).¹

Additionally, we are hearing from our member companies that the high cost of doing business in Connecticut is a major factor in whether or not companies continue to invest and create jobs here or elsewhere. More and more, workers' compensation costs are becoming an increasing factor in this decision. According to the 2005 CBIA Membership Survey, 65% of surveyed Connecticut executives said that workers' compensation costs are key factors in decisions about hiring more workers or company expansion/relocation plans.

Connecticut's workers' compensation reforms have helped employers, employees and the economy of the state. They should not be repealed.

Therefore, CBIA **opposes SB 548 AAC the Award of Workers' Compensation for Scarring and Disfigurement**. This measure repeals an important reform measure by granting scarring awards regardless of where they are located or the impact it has on the claimants earning ability. The Legislative Program Review and Investigations Committee recommended the reform measure that CBIA, the Workers' Compensation Coalition and the Connecticut General Assembly supported.

Connecticut's standard for scarring awards is far more generous than the majority of states, and the same as numerous states. The overwhelming majority of states restrict disfigurement awards to the face or head. At least 30 states are more restrictive than Connecticut with scarring and disfigurement awards.

This measure would put Connecticut significantly out of line with other states. We urge the committee to **reject SB 548**.

¹ Actuarial and Technical Solutions, Inc. 2006 Comparison of 45 States.

State	Nature of Disfigurement	Maximum Period ²
Alabama	Serious, materially affecting employability.	100 weeks
Alaska	No disfigurement benefits.	
Arizona	Permanent, about head or face, including injury to, or loss of teeth.	18 months
Arkansas	Serious and permanent facial or head.	-
California	Disfigurement of face due to scarring deformity.	-
Colorado	Serious facial, head, or exposed body parts.	-
Connecticut	Serious facial, head, neck or other exposed areas likely to handicap employment.	208 weeks
Delaware	Permanent and serious to exposed parts of the human body.	150 weeks
District of Columbia	Serious facial, head, neck or other exposed areas likely to handicap employment.	-
Florida	Serious facial or head.	-
Georgia	No disfigurement benefits.	-
Hawaii	Scarring and other consequences caused by medical, surgical and hospital treatment.	-
Idaho	No disfigurement benefits.	-
Illinois	Serious and permanent to hand, head, face, neck, arm, leg, below knee or chest above axillary line.	150 weeks
Indiana	Permanent, which may impair the future usefulness or opportunities of the employee.	200 weeks
Iowa	Permanent head or facial which impairs future usefulness and earnings.	150 weeks
Kansas	Amputation	15 weeks
Kentucky	Serious and permanent of face, head, neck or other exposed areas of the body that is likely to affect employment opportunities.	-
Louisiana	Serious and permanent.	100 weeks
Maine	Serious facial or head; neck if it affects earning capacity.	-
Maryland	For mutilations and others not specifically covered in schedule.	156 weeks
Massachusetts	Bodily; except that disfigurement that is purely scar-based is not payable unless the disfigurement is on the face, neck or hands.	-
Michigan	No disfigurement benefits.	-
Minnesota	Disfigurement or scarring, not resulting from loss of a member.	-
Mississippi	Serious facial or head.	-
Missouri	Serious and permanent about the head, neck, hands or arms including loss of use of the loss	40 weeks

² US DOL, January 1, 2005.

	of a member.	
Montana	Serious face, head or neck.	-
Nebraska	No disfigurement benefits.	-
Nevada	No disfigurement benefits.	-
New Hampshire	Disfigurement and scarring caused by burns	350 weeks
New Jersey	No disfigurement benefits.	-
New Mexico	Serious and permanent about the face or head.	-
New York	Serious facial, head, neck, or chest.	-
North Carolina	Serious facial or head, and body when no compensation payable under schedule of injuries.	-
North Dakota	No disfigurement benefits	-
Ohio	Serious facial or head which handicaps employment.	-
Oklahoma	Serious and permanent.	-
Oregon	No disfigurement benefits.	-
Pennsylvania	Serious and permanent of head, face or neck.	275 weeks
Rhode Island	Permanent bodily.	500 weeks
South Carolina	Serious and permanent of face, head, or other area normally exposed in employment.	50 weeks
South Dakota	No disfigurement benefits.	-
Tennessee	Serious of the head, face, or hands, so altering the personal appearance as to materially affect employability.	200 weeks
Texas	Any that will impair the future usefulness or occupational opportunities of the injured employee.	300 weeks
Utah	Areas of the body not specifically covered in schedule.	312 weeks
Vermont	Permanent impairment of function.	-
Virginia	Severely marked of head, face, hands, arms or legs.	60 weeks
Washington	No disfigurement benefits.	-
West Virginia	No disfigurement benefits.	-
Wisconsin	Areas of the body that are exposed in the normal course of business.	-
Wyoming	Permanent of the face or head that affects earning capacity.	26 weeks