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Testimony of Mark Leighton, Chair
Workers' Compensation Section of the Connecticut Bar Association
Appropriations Committee
**Governor's Bill 6380, An Act Concerning the
Budget for the Biennium Ending June 30, 2013**
February 23, 2011

Senator Duff, Representative Reynolds, Senator Kane, Representative Perillo, and members of the Appropriations Committee's Subcommittee on Regulations and Protection, thank you for the opportunity to appear and comment on Governor's Bill 6380, An Act Concerning the Budget for the Biennium Ending June 30, 2013. My name is Mark Leighton and I am the Chair of the Workers' Compensation Section of the Connecticut Bar Association. The Section is equally comprised between Respondent's attorneys (representing employers and insurers) and Claimant's (representing injured workers). Therefore, our section members represent groups that have divergent interests. The Workers' Compensation Section urges the Appropriations Committee to adequately fund the Workers' Compensation Commission budget to allow the Commission to keep all its current offices open and operating and to continue its present programs, particularly the Workers' Rehabilitation Services program, necessary for the Workers' Compensation Commission to carry out its purpose and functions. While our members may often represent opposing interests, all of us strive for justice and fairness in adjudicating claims by injured workers.

The Section recognizes the tremendous fiscal challenges facing this legislature and the Governor, and all agency budgets must be as austere as possible in order to achieve savings while allowing agencies to achieve their missions. However, the budget of the Workers' Compensation Commission is different than most budgets of other agencies. As you know, the Workers' Compensation Commission is a special fund ("off budget") agency funded solely by employers and insurers. Any reductions to the agency budget would not affect the General Fund in any way. Therefore, to reduce, or not adequately fund the Workers' Compensation budget will afford no tax relief to the business community or individual tax payers.

On the other hand, a reduction in the agency's budget may adversely impact not only those affected by the Workers' Compensation System, but could have even broader, negative implications on the rest of the budget and other agencies.

Both businesses and individuals will be adversely affected by an inadequately funded Workers' Compensation Commission. The business community would be adversely affected when hearings are delayed through an overtaxed staff, meaning that employers or their insurers may be required to continue to pay benefits they are seeking to discontinue because hearings are being delayed and statutorily they are required to continue to pay benefits until a termination is authorized. Likewise, injured workers who are entitled to receive benefits will not get them timely because hearings to force the payments are being delayed. In addition to the catastrophic implications to an injured worker and his or her family in having no form of income coming in, delays in adjudicating claims would likely add stress on other social service agencies when the injured worker must turn somewhere else to support his or her family.

Of particular concern to the Section is the elimination of all funding for vocational rehabilitation for injured workers in the Governor's recommended budget. Once again, everyone would be adversely affected if an injured worker is not able to be retrained under the Workers' Compensation Rehabilitation program. That means either he or she would need to turn to other agencies for retraining, or worse yet, would not have retraining in order to adequately support his or her family.

Finally, I must emphasize that for some time, the Workers' Compensation Commission, has been doing more with less. Over the past 16 years, while most state agency budgets have more than doubled, the Workers' Compensation Commission budget has actually decreased by over 15%. The number of Commissioners and support staff has declined from 191 to 121. This, despite the fact that the number of hearings the Commission has heard has increased substantially.

In recent calls for a zero based budget, I can think of no agency that has accomplished more with the limited funds they have received. Coupled with the fact that this is an "off budget" agency, I would urge you to support the Workers' Compensation Commission by providing the agency adequate funding to continue its present programs which benefit both the business community and the injured workers.

Thank you for the opportunity to testify before you tonight. I would be pleased to answer any questions you might have.

STATE of the Workers' Compensation Commission in 2011

Comparing 2010 to 1993, Workers' Compensation Commission has:

- Lost 70 employees through layoffs, retirement and attrition which have not been replaced
- Lost \$4.7 million in annual budget dollars/appropriations
- Lost \$9 million in annual funding for Vocational Rehabilitation to retrain injured workers
- Lost \$11 million from the Workers' Compensation Fund to the General Fund as the result of sweeps in FY 09 & 11
- Continues to adjudicate over 60,000 hearings per year with:
 - 26% more hearings
 - 37% fewer staff
 - 18% fewer budget dollars
- Absorbed additional costs now at \$2.5 million per year for programs imposed by the legislature: medical care plans, self-insurance, health & safety, criminal fraud unit, occupational health clinics

FACTS:

1. Cost of Government and Number of Employees Rising is not true at WCC:

Budget Info	1993	2010	Increase/Decrease
State of CT	\$8.7 billion	\$18.2 billion	More than doubled
WCC	\$26.1 million	\$21.3 million	18% reduction

2. WCC staffing levels are at "bare bones":

Staff	1993	2010	Increase/Decrease
State of CT	46,639	56,813	22% increase
WCC	191	121	37% reduction

3. Vocational Rehabilitation Services program is nearly depleted:

Staff	1993	2010	Increase/Decrease
Rehab Budget	\$11.4 million	\$2.2 million	81% reduction * 2011 funding is \$1.3
Rehab Staff	15	5	66% reduction

4. Assessments:

While the agency has successfully reduced assessments from 3.74% in 2000 to 1.72% in 2010, the FY 2011 assessment on business may have to be increased to compensate for the recent "sweeps" of \$11M to the General Fund. (Note: C.G.S. 31-345(b)(2) requires the Chairman to cap the assessment at four percent of total payouts made by insurance carriers and self-insurers).

5. Allocation of Agency Resources:

- **Adjudication** - First Priority for resources (staff and dollars)
- **Vocational Rehabilitation** - funding depleted by April of 2011
- **Education** - Outreach is extremely limited
- **Safety and Health** - 2-½ Safety Program Officers are insufficient to canvas the state

6. Current Unexpended Operating Account Balance

- The operating account balance is approximately \$90,000 (as of 2/1/11) of which:
 - \$50,000 is committed to relocate the Middletown District Office
 - \$40,000 reserved for unexpected costs and repairs. Examples:
 - (1) database server repair of \$3,000;
 - (2) increase in Federal mileage reimbursement (.50 to .51) to staff;
 - (3) replacing un-repairable telephones in the district offices; and

- (4) costs to hold Payor-Provider Medical Guidelines seminars to educate medical office staff to ensure timely authorization for claimant's treatment and processing of medical bills.