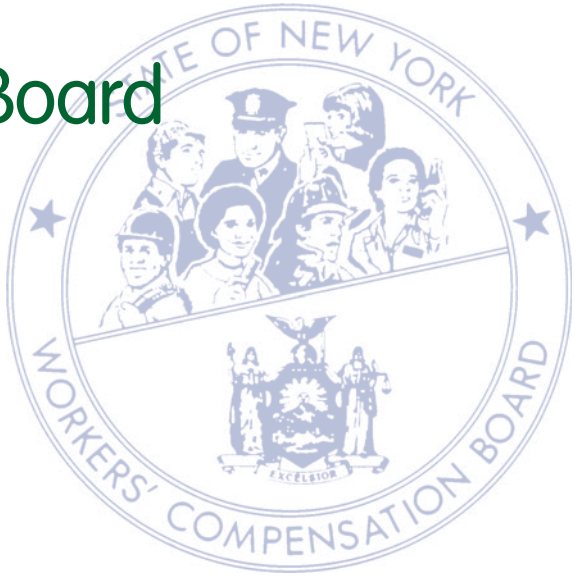
2006

New York State
Workers' Compensation Board



Eliot Spitzer, Governor
Donna Ferrara, Chair

The Annual Report of the New York State Workers' Compensation Board, recounting the Board's 2006 activities and accomplishments, is enclosed.

Respectfully submitted by,

Donna Ferrara
Chair
NYS Workers' Compensation Board

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

Donna Ferrara

Donna Ferrara is Chair of the Workers' Compensation Board. Ms. Ferrara also served six terms in the New York State Assembly. She was the ranking member of the Assembly Insurance Committee, where she authored legislation for the benefit of breast cancer victims.

Consistently ranked at or near the top of all state legislators every year for her exceptional voting record on environmental issues, Ms. Ferrara also received awards for her work in crime prevention and victim rights.

Ms. Ferrara was proud to be named a Beatrice Koretsky Fellow at Harvard University's JFK School of Government Women and Power Program.

Ms. Ferrara graduated from St. John's University School of Law. She also received a Bachelor of Arts in English from the State University of New York at Albany. She is married to Robert Gregory, and they have two children.

Mona A. Bargnesi

Mona A. Bargnesi is a graduate of Brown University and the University of Pittsburgh School of Law. Ms. Bargnesi was previously associated with the firm of Gibson, McAskill & Crosby, LLP of Buffalo, where she practiced in the areas of medical malpractice and general litigation. Prior to that, she held the position of Assistant Attorney General in the New York State Attorney General's Office.

Ms. Bargnesi is fluent in Spanish and French. She has extensive volunteer experience, including service as a member of the Board of Hispanics United of Buffalo, the Amherst Senior Citizens Foundation and the Olmsted Center for the Visually Impaired.

Richard A. Bell

Richard A. Bell was Executive Director of the Workers' Compensation Board, acting as the principal assistant to the Chair, before his appointment as Commissioner. Mr. Bell brings to the Board a strong background of workers' compensation expertise. Prior to state service, Mr. Bell had almost 25 years of claims management experience in the workers' compensation field.

Mr. Bell is a graduate of Gettysburg College with a Bachelor of Arts in Economics and is a graduate of the State University of Albany with a Masters of Science in Educational Administration.

Michael T. Berns

Michael T. Berns had 25 years experience serving as chief operating officer for a number of companies, as well as a director of several community-based organizations, before his appointment as Commissioner.

Mr. Berns brings to the Board a strong background in management and policy development through his role as a consultant to improve company efficiency and consistency of operations.
Mr. Berns is a graduate of the Wharton School, University of Pennsylvania.

Candace K. Finnegan

Candace K. Finnegan brings a wealth of experience in human resources management to the Workers' Compensation Board. She began New York State service in 1977 and has served as Personnel Administrator and Deputy Director of Labor Relations for the Department of Labor, Higher Education Services Corp., and OMH's 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.

Scott C. Firestone

Scott C. Firestone practiced law and served as Deputy Supervisor of the Town of Huntington before joining the Workers' Compensation Board. He was admitted to the New York State Bar Association in 1989.

Mr. Firestone is a graduate of the Bridgeport School of Law in Connecticut. In addition to New York State, Mr. Firestone is admitted to the Bar in Connecticut and Florida. He resides in the Town of Port Washington in Nassau County.

Agatha Edel Groski

Agatha Edel Groski worked for the New York State Department of Labor as an Administrative Law Judge for Unemployment Insurance and as a Reviewer at the Appeal Board before her appointment as Commissioner.

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 for a period of time. Mrs. Groski is a graduate of the Western New England School of Law, Russell Sage College in Troy and Marymount College in Tarrytown. She resides with her family in Cobleskill, New York.

Karl A. Henry

Karl A. Henry was a national sales and account manager for contract physician staffing and placement for Durham Medical Search in Buffalo before his appointment as Commissioner. During his 10 years with the company, he negotiated contracts with private and government hospitals, clinics and urgent care centers to provide physician coverage.

His experience in the health care industry spans several decades. Between 1970 and 1985 he was a Hospital Specialist for Organon Pharmaceuticals in New Jersey, promoting products used in emergency rooms, intensive care units and other critical care medicine areas.

Mr. Henry was Village Trustee and Mayor of Hamburg from 1974 to 1984, and a member of the Erie County Legislature from 1984 to 1989. A graduate of Monroe Community College in Rochester, he served in the U.S. Army in Korea from 1960 to 1963. He is active in many civic and community organizations.

Frances M. Libous

Frances M. Libous, R.N., B.S. is Vice Chair of the Workers' Compensation Board.

Mrs. Libous brings a valuable health care background to the Board. She 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. 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 to the Board a commitment to fair and efficient case handling for injured workers. As the Board's District Administrator in Binghamton, she led efforts in a 10-county region to improve the quality and speed of customer service to injured workers through pilot programs involving improved case management, experimental video conference conciliation and tougher fraud prevention.

Ellen O. Paprocki

Ellen O. Paprocki brings a varied background to the Workers' Compensation Board. Prior to joining the Board, she served as Assistant Director of the New York State Fair in Syracuse, where she provided management and program/policy development for the annual State Fair and for more than 200 other events throughout the year. She spent many years in Washington, DC, working with the U.S. Department of Labor as a Field Office Coordinator, Labor-Management Liaison and Investigative Trainer, as well as serving as a Congressional Liaison for the Agency for International Development.

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

Robert M. Zinck

Robert M. Zinck brings more than 25 years of experience to the Workers' Compensation Board, specializing in sales management, personnel relations and customer relations, as well as offering extensive knowledge of purchasing, advertising development, manufacturer's representation and market planning.

In the public realm, Mr. Zinck represented Henrietta as a Monroe County Legislator. 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.

Prior to his appointment as Commissioner, Mr. Zinck was employed as a sales manager at the Allied Plywood Corporation in East Rochester, where he was responsible for employees working in all of Central and Western New York. Mr. Zinck's experiences in the private sector and his strong commitment to public service brings a valuable perspective to the Workers' Compensation Board.

Mr. Zinck's numerous community activities include volunteering at the State School of Industry and serving on the Board of the Rush-Henrietta Education Foundation and Delphi Drug and Alcohol Council. He also volunteers for Camp Good Days and Special Times.

Mr. Zinck is a graduate of St. John Fisher College in Rochester, 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.

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Office of Operations

David Donohue, Director

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

THE SUMMIT

■ The Office of Operations began 2006 by hosting a summit in Albany for all statewide district management to discuss, in detail, the Post-OPTICS Reengineering and Integrated Statewide Staffing model, or PRISSM. Two projects deemed critical to the mission of the Board emerged from the summit. The first, the creation of an upstate consolidated Document Control Center, will mirror the highly successful downstate Document Control Center in Binghamton. The second project, "5 For the Future," allows each employee to make a commitment of 5 percent (up to 10 days per year) of work time for training and professional development. The completion of the projects will enable the Board to further its mission while achieving consolidation and cost savings. As part of the "5 For the Future" initiative, the Board's Training Bureau rolled out an innovative Learning Management System to track employee training and achievements.

THE ZONE

■ In 2006, the Board rolled out the WCB Resource Zone. *The Zone*, as it is called, is a web-based resource that combines the Board's knowledge and procedures into a maintainable and searchable environment. This system achieves cost savings in terms of staff time by streamlining content development and the approval processes. The Office of Operations enthusiastically embraced the new technology, and employed it to leverage technology in the interest of injured workers and their claims.

WORLD TRADE CENTER—LEGISLATED INITIATIVES

■ The Office of Operations quickly responded to legislation regarding people who may have hidden health issues or disabling medical conditions that develop more than two years after their participation in the rescue, recovery and cleanup of the World Trade Center disaster. Signed into law on August 14, 2006, this program extends the time for employees and volunteers to file a claim for workers' compensation benefits and to receive prompt access to medical benefits if their claims are litigated. The filing of a sworn statement (WTC-12) extends the time to file a claim and will reopen claims previously closed pursuant to Sections 18 and 28. The Board has promoted this program and continues to receive more than 1,000 sworn statements a month. This law also provides for the payment of medical bills in controverted cases from the World Trade Center Volunteer Fund so no worker has to wait for prompt medical treatment. The Office of Operations' quick response to this legislative change, by developing claims and indexing procedures, demonstrates its continued commitment to the quick administration of these cases.

SECTION 32 AGREEMENTS

■ In 2006, the Board sought to improve its practices and procedures with regard to the Section 32 Waiver Agreement process. The Board now holds a hearing for every case to consider the Section 32 agreement. To accomplish this in the most timely manner, the Board moved the adjudication of Section 32 agreements from the Board's Commissioners to the Workers' Compensation Law Judges. Increasing the number of personnel to adjudicate these claims and the number of calendars for scheduling them has decreased the time between submission of an agreement and its resolution. Benefits now move more quickly to the injured workers. The change to employ judges to adjudicate the agreements allows the Board's Commissioners to focus on their appellate duties, which also results in the quick resolution of claims under appeal.

Office of Operations *(continued)*

PENALTY PROJECT

■ The Board is creating a more efficient and reliable process to track and collect the penalties it assesses. The procedural penalty project, in which the Office of Operations will play a significant role, will increase the enforcement and collection of procedural penalties. It also should increase compliance with the Board's rules and regulations. Tied into the Board's financial management system, accurate data will allow for the creation of a firm billing and collection process, producing cost savings.

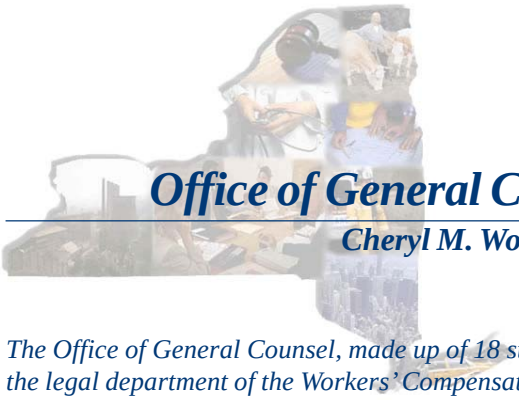
QUALITY WORK MEASURES

■ The first steps were taken to produce a suite of reports that measure quality rather than quantity of work produced. While these reports are not yet in full production, the business rules have been analyzed by claims subject matter experts. Also, the innovative Virtual Call Center operation continues to play a critical role in fulfilling the Board's mission. The Board is extending its commitment to quality through the purchase of call monitoring software. This software will allow the Virtual Call Center management to better evaluate and train customer service representatives in their interaction with the public. Additional claims personnel were also cross-trained to answer Bureau of Compliance telephone calls, allowing for shortened hold times. This process will further elevate the already high quality of customer service they provide the Board's constituents.

VF/VAW

■ In 2006, the Office of Operations responded to a change in The Volunteer Firefighters' and Volunteer Ambulance Workers' Benefit Laws when they were amended to provide a cost of living benefit adjustment for the surviving spouse, children and other eligible dependents of volunteer firefighters and ambulance workers who died in the line of duty. The Office of Operations staff completed extensive outreach to ensure these individuals received benefits. Last year also brought the addition of WCL §142(7), which places motor vehicle accidents where the no-fault carrier is identified on the expedited hearing calendar, to determine whether the injury occurred in the course of employment.

Procedural changes were made to identify controverted motor vehicle cases, identifying the no-fault carrier and giving it notice of the expedited hearing. With this also came the modification of forms C-2 (Employer's Report of Work-Related Accident/ Occupational Disease), C-3 (Employee's Claim for Compensation) and C-7 (Notice That Right to Compensation is Controverted) to request no-fault carrier information. All of these changes reflect the Office of Operations' commitment to gathering information necessary to resolve a claim.



Office of General Counsel

Cheryl M. Wood, General Counsel

The Office of General Counsel, made up of 18 staff members, is the legal department of the Workers' Compensation Board. Its duties and functions range from dispensing legal advice to the Chair, the Board and the agency's various departments, to reviewing applications for full Board review or Notices of Appeal to the Appellate Division 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, the 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 and 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 the conduct of licensed representatives, self-insured employers and third-party administrators are undertaken and recommendations for discipline made; and written examinations for licensed representatives are drafted and graded. The Office also prepares orders of the Chair and Board resolutions; provides counsel concerning matters related to licensed representatives; and prosecutes medical providers authorized to treat and/or conduct independent medical examinations of claimants who have committed professional or other misconduct.

Further, the Office of General Counsel provides legal advice and representation to the Board in arbitration proceedings concerning employee disciplinary actions, collective bargaining, ethics, and other personnel issues. It reviews complaints filed against the Board with the Human Rights Commission and, when necessary, represents the Board in administrative hearings and proceedings before the Commission. This office is also liaison to 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.

The Office of General Counsel is primarily responsible for reviewing matters where 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 is filed from a Board Panel decision, as well as making appropriate recommendations to the Board. It also acts as a liaison with the Labor Bureau of the Office of the Attorney General with regard to cases on appeal from the Board to the Appellate Division. The goal of the Office is to assure the overall consistency and quality of decisions issued by the Board.

2006 ACTIVITIES

Legal Advice

Legal advice as in-house counsel is provided to all Board bureaus and district offices, including the preparation of written responses to inquiries of other governmental agencies and miscellaneous correspondence from the public. In 2006, the Office of General Counsel completed more than 448 written responses as either correspondence or legal memoranda.

Full Board Review Process

The Office of General Counsel, in conjunction with the Office of Appeals, assists the full Board with the full Board review process. The process involves the Office of General Counsel receiving all requests, reviewing them and forwarding some requests to the Office of Appeals. In the Office of General Counsel, a Supervising Attorney and five Senior Attorneys provide this assistance. At the start of 2006, the Office had 396 cases pending for review. A total of 1,525 Full Board Review requests were received during the year. In 2006, the Office of General Counsel processed 461 requests and forwarded 1,086 to the Office of Appeals.

Board Litigation

During 2006, the Board referred and/or provided supportive information and documentation to the Attorney General on 34 matters.

Office of General Counsel *(continued)*

Rules and Regulations

At its January 24, 2006 monthly meeting, the Board voted to adopt the proposed amendments to Title 12 of the New York Codes, Rules and Regulations (NYCRR) §300.36 regarding waiver agreements pursuant to Workers' Compensation Law §32. A Notice of Adoption was published in the February 8, 2006, edition of the New York State Register.

In 2005, the Board published notice of its proposed rulemaking regarding the Alternative Dispute Resolution (ADR) program. Specifically, the proposed rule would amend 12 NYCRR §314.2(d)(5) to require a report of injury be submitted to the Board on an ADR-1 form by the designated party within 10 days, rather than 30 days, of the accident. In addition, the proposed rule adds a new Section, 314.8, to 12 NYCRR to set forth a procedure for Board resolution of certain issues arising in ADR claims that are not subject to the jurisdiction of the ADR program. A Notice of Adoption was published in the April 19, 2006, edition of the New York State Register.

Finally, pursuant to State Administrative Procedure Act §202-d (1), the Board published a Regulatory Agenda in the June 28, 2006, issue of the New York State Register.

Employee Discipline

The Office of General Counsel assists Human Resource Management in the investigation, interrogation, and drafting of Notices of Discipline (NOD), as well as in settling 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 to the Attorney General's Office in discrimination cases brought against the Board. It also represents the Board before other administrative tribunals, including the Equal Employment Opportunity Commission (EEOC), the State Division of Human Rights, and the Unemployment Insurance Appeals Board.

Licensed Representative Exam

The licensed representative exam is given once a year, in April. In 2006, the Supervising Attorney from the office prepared the exam for the Licensing Unit. A Senior Attorney from the office of General Counsel graded the exams. Attorneys from the office provided instruction in ethics and the full Board review process during the orientation program for individuals who passed the licensed representative examination.

Temporary Suspension and Permanent Revocation of Health Care Providers' Authorizations to Treat and/or Conduct Independent Medical Examinations of Claimants

The Workers' Compensation Law requires physicians, chiropractors, podiatrists and psychologists to be authorized by the Chair of the Board to provide treatment or conduct independent medical examinations for workers' compensation claimants. If a medical professional authorized to treat or conduct independent medical examinations commits professional or other misconduct, the Chair or his/her designee can bring proceedings to temporarily suspend or revoke the medical professional's authorization. The Office of General Counsel prosecutes these actions. In 2006, the Chair, through a duly appointed designee, temporarily suspended the authorizations of two physicians who were authorized to treat claimants, and also suspended two physicians and a chiropractor who were authorized to treat and conduct independent medical examinations. The Board also permanently revoked the authorizations of two physicians who were authorized to treat claimants and two physicians who were authorized to treat and conduct independent medical examinations. In response to notices that the Board intended to take action based upon certain misconduct, 23 physicians voluntarily resigned their authorizations. The Office of General Counsel also assisted with and issued 14 compliance notices. At the end of 2006, the Office of General Counsel was working to temporarily suspend the authorizations of six physicians and one chiropractor and obtain the resignations of eight physicians and one chiropractor. In addition, the office was working to permanently revoke the authorizations of seven physicians.

Office of General Counsel *(continued)*

Freedom of Information and Privacy Compliance Matters

Two attorneys in the General Counsel's Office were designated Board's Records Access Officers to review, opine and respond to Freedom of Information Law (FOIL) and Personal Privacy Law inquiries and/or issues. Throughout 2006, there were 70 FOIL requests for records filed with and considered by the Board's Records Access Officers. Additionally, there were 79 non-FOIL requests for documents from the Board. The Records Access Officers also fielded numerous telephone inquiries from Board employees and the public regarding whether certain records were available.

The Records Access Officers handled 34 subpoenas served on the Board, and assisted the Office of the Secretary with numerous others. In addition, they answered myriad questions from practitioners and staff pertaining to the handling and service of subpoenas.

Board e-biz

The Office of General Counsel provides legal support as the Board continues to increase the number and types of electronic transactions available to constituents. Among other things, attorneys in the General Counsel's Office finalized agreements for those with eCase access, answered legal questions that arose, and approved electronic versions of certain Board forms.

Section 32 Waiver Agreements

WCL §32 authorizes a claimant to waive the right to compensation by entering into an agreement with his or her employer; that must be approved by the Board. When a legal issue or concern is raised about a specific agreement, a request is made to the Office of General Counsel for advice. In 2006, the Office received more than 591 requests for advice regarding Section 32 agreements.

Chairman's Consent to File a Judgment

WCL §26 authorizes the Chair 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. The Office of General Counsel processes all these requests. In 2006, the Office processed more than 22 such requests.

Ethics

In 2006, the General Counsel continued in the role as Ethics Officer for the Board. Among other things, the Ethics Officer provided information and reminders regarding the filing of annual financial disclosure statements by certain employees, and issued opinions to Board employees and others regarding their ethical responsibilities in certain situations. In the second half of 2006, the General Counsel and a Senior Attorney provided subject matter expertise in the development of an ethics training program for all Board employees.

Legislation

In 2006, the Office of General Counsel reviewed and tracked bills as they were considered by the Legislature and the Governor. When legislation was signed into law, the Office of General Counsel advised the Board and its staff as necessary to implement any changes to the Workers' Compensation Law, Volunteer Ambulance Workers' Benefit Law and/or Volunteer Firefighters' Benefit Law. Seven bills became law in 2006 that amended these laws.

- Chapter 446 (A.11944/S.8348) added Article 8-A to extend the time for employees and volunteers who participated in rescue, recovery and cleanup following the World Trade Center attacks to file claims for workers' compensation benefits, provided they register with the Board before August 14, 2007. Claimants who register in a timely manner with the Board and have a "qualifying condition" will have two years from the date of disablement or the date when he or she knew or should have known that the latent condition was related to his/her participation in World Trade Center operations to provide notice to the claimant's employer at the time. Volunteers must notify the Board within two years of the date of disablement or the date when he or she should have known that the latent condition was related to participation in World Trade Center operations.

- Chapter 572 (A. 5399A/S.) amended the definitions of "employee" and "employment" in WCL §2 and §201 to exclude the services of media sales representatives who meet certain conditions.

- Chapter 99 (A. 7066/S.6435) amended WCL §54(8) to clarify that partners of limited liability partnerships and members of limited liability companies may elect to include themselves for workers' compensation coverage.

- Chapter 592 (A. 8840-C/ S. 5728-C) amended WCL §13 by adding a new subdivision (1-a) to add to the current rates of payment to general hospitals for certain spinal surgeries, the cost of instrumentation, and hardware.

- Chapter 603 (A.10309-A/S.1002-A) added a new §11-C to both the Volunteer Ambulance Workers' Benefit Law and the Volunteer Firefighters' Benefit Law to provide medical examinations, testing, counseling and treatment for volunteer firefighters and volunteer ambulance workers who have been exposed to a significant risk of transmission of the human immunodeficiency virus (HIV) while performing services in the line of duty.

- Chapter 606 (A.10384/S.6623) added a new Section 11-c to the Volunteer Firefighters' Benefit Law to create a presumption relating to certain lung diseases incurred by volunteer firefighters.

- Chapter 246 (A.10649 / S. 7886) amended Volunteer Firefighters' Benefit Law §7 to provide a cost of living adjustment to the death benefits provided to beneficiaries of volunteer firefighters killed in 1978.

Alternative Dispute Resolution

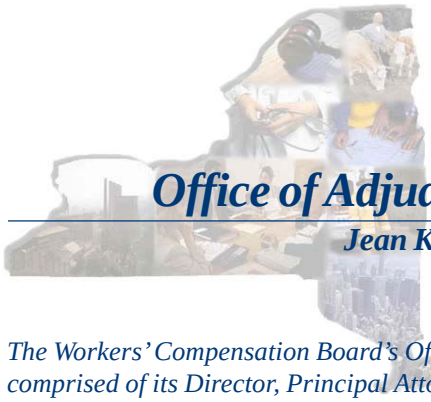
New York's Workers' Compensation Alternative Dispute Resolution (ADR) program, available to the unionized construction industry, was originally added by Chapter 491 of the Laws of 1995, with an original sunset date of December 21, 2000. The ADR program was extended for another five years by Chapter 464 of the Laws of 1999, and then again until December 31, 2010, by Chapter 649 of the Laws of 2005. Presently, there are four approved ADR programs in New York.

On April 19, 2006, the proposed amendment to 12 NYCRR §314.2(d)(v) that reduces 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), became effective. Further, the addition of §314.8 created a regulatory procedure to return ADR cases involving non-ADR entities to Board jurisdiction for approval of stipulated agreements or the adjudication of contested issues.

Employee Claims Resolution

Workers' Compensation Law § 20(2) (a) requires that claims of certain Board and New York State Insurance Fund Management/ Confidential members, and other designated employees, be determined by outside arbitrators. This is known as the Employee Claim Resolution (ECR) Program.

Currently, the Board has 10 ECR arbitrators statewide. In 2006, ECR arbitrators processed 17 ECR cases: three involved an administrative appeal review by a three-member arbitration panel; three cases continue to be processed through the ECR program; and one ECR case is currently pending before the Appellate Division, Third Department.



Office of Adjudication

Jean Kneiss, Director

The Workers' Compensation Board's Office of Adjudication is comprised of its Director, Principal Attorney Jean Kneiss, and a staff of 11 Senior Law Judges, 86 Judges, and 30 Senior Attorneys assigned to District Offices throughout the state. At each regular meeting of the Board, a report is given on the status of the adjudication program (12 NYCRR 300.27 [f]).

The adjudication program focuses on its duty to fairly and expeditiously resolve claims for workers' compensation benefits under the Workers' Compensation Law (WCL). Unlike claims for personal injuries resolved in civil courts with one monetary settlement at the end of the litigation, claims for workers' compensation benefits, designated for resolution solely to the Workers' Compensation Board, are generally ongoing throughout the recovery period for the injured worker.

A claim for workers' compensation has two distinct thresholds. The first is whether the injury or occupational disease suffered is compensable under the Workers' Compensation Law. Once that finding has been made, the second threshold concerns the benefits due the injured worker under the law. It is in this second area that issues can arise over the amount and duration of the weekly benefits and medical treatment.

The Office of Adjudication resolves compensability at the onset of a claim and the various issues concerning benefits arising throughout the course of treatment and recovery in two ways: through an informal process, or through a formal hearing process. Upon the resolution of compensability in the first instance, or issues concerning benefits in the second instance, the Office of Adjudication designates the claim as needing "no further action" until the time a new issue arises that needs Board intervention. As Workers' Compensation is a no-fault system, many times injured workers and their counsel, if any, can agree with the employer/carrier upon the proper amount of benefits provided under the statute.

Administrative Determinations

Administrative Determinations — an informal method of claim and issue resolution — are used for uncontroverted claims that record minor injuries involving little or no time lost from work. Law Judges review and approve all proposed Administrative Determinations prior to the Board's filing of those decisions (12 NYCRR 313.3[d]). In 2006, Law Judges reviewed and approved 77,320 Administrative Determinations for filing with the parties.

Proposed Conciliation Decisions

The Office of Adjudication's Senior Attorneys are assigned cases for potential resolution under the conciliation process, an informal process created by WCL § 25(2-b) that permits disputed issues arising in claims to be handled more expeditiously and informally. The process allows the Senior Attorney, upon review of the file and/or a meeting with the parties, to propose a decision resolving the disputed issue, which the parties can accept or reject. If accepted by the parties, the proposed decision becomes final. Only decisions that are proposed for claims where the claimant is not represented by counsel need the approval of the Law Judge prior to finalization (12 NYCRR 312.5[b]).

In 2006, Senior Attorneys proposed 56,893 conciliation decisions, 53,923 of which were accepted by the parties and 2,970 of which were rejected.

Orders of the Chair

Senior Attorneys in the Office of Adjudication also are charged with reviewing proposed Orders of the Chair under 12 NYCRR 325-1.4(a)(7). Orders of the Chair authorizing a special medical service in excess of $500 are filed in cases where the employer/carrier did not respond to the attending physician's request for authorization of such special services within the time frames required: four days if claimant is hospitalized, or 30 days if claimant is not hospitalized. In 2006, Senior Attorneys reviewed 1,233 Orders of the Chair, enabling them to be filed and sent to the appropriate parties.

Pre-Hearing Conferences

While the Board indexed 125,656 new cases in 2006, in only 23,863 cases did the employer/carrier raise the threshold issue of compensability under the WCL. Once a notice that a claim is controverted is filed by the employer/carrier, a pre-hearing conference with the parties must be held within 60 days pursuant to WCL § 25(2-a). The purpose of the conference is to identify and simplify all factual and legal issues in dispute, to complete discovery, and to schedule the case for trial with witness testimony, if appropriate. In 2006, Law Judges held 23,863 such conferences and were able to resolve the controversy at that conference nearly 60 percent of the time.

Throughout the year, Senior Attorneys also held pre-hearing conferences when a conciliation meeting was unsuccessful. On those occasions, the Senior Attorney transitioned the meeting into a pre-hearing conference, simplified the factual and legal issues, and directed required documentary or testimonial evidence in preparation for resolution by a Law Judge (12 NYCRR 300.33).

Hearing Calendars

When the pre-hearing conference is unsuccessful at resolving the compensability issue, or when there is an issue concerning the amount and duration of benefits that the parties are unable to resolve through informal means, a formal hearing is scheduled with the parties at a Board office. Law Judges preside at these formal hearings and the minutes of these hearings are recorded by the Board's verbatim reporters. In 2006, 266,539 formal hearings were held. Approximately 60 percent of the time, the disputed issue was resolved by the Law Judge at that hearing. For the remainder of the cases, submission of further evidence and additional formal hearings were necessary to arrive at a resolution.

In an effort to preserve valuable calendar time and to expedite the resolution of the high volume of workers' compensation claims indexed with the Board, Law Judges exercised good calendar management and utilized off-calendar depositions of medical witnesses whenever appropriate. In 2006, they directed depositions in 14,246 cases and scheduled 4,881 cases for on-calendar trial testimony.

Moreover, Law Judges were occasionally assigned to WISK (Walk-In Stipulation Calendars) calendars so that parties who could resolve issues by stipulation could quickly place their stipulations on the record. In 2006, Law Judges presided at 8,698 WISK hearings, resulting in 8,471 resolutions, generating about $119 million of benefits.

Sometimes, Law Judges found it necessary to employ the provisions of WCL § 25(3)(d) to expedite the resolution of compensability, or an issue within an accepted claim. In 2006, 3,635 expedited hearings were held under that statutory provision.

Faced with the cases of many non-English speaking claimants, Law Judges in 2006 effectively used a language translation service to hear these claimants' cases and to resolve them in an expedient manner, while protecting the substantial rights of the parties. Similarly, Law Judges "reserved" approximately 10,000 decisions in 2006. Instead of rendered a decision orally to the parties at the hearing, Law Judges will issue the decision afterwards, due to the submission of depositions or the complexity of the evidence and/or legal issue involved.

The Law Judges' understanding of, and diligence to, the law was demonstrated by the fact that of the 266,539 decisions rendered from formal hearings, only 14,512 — 5 percent — were appealed by the parties to the first level of administrative review by a Panel of three Board Commissioners. Of those, 81 percent were affirmed.

WCL § 32 provides a means for an injured worker or dependent(s) of deceased injured workers to settle all or a portion of the claim with the insurance carrier or self-insured employer for a cash amount payable in one check. Settlement offers under this section, also referred to as waiver agreements, must be reviewed and approved by the Board. If approved, the settlement is final and binding upon the parties and the claim cannot be reopened or reviewed again by the Board.

In October 2006, cases containing settlement or waiver agreements pursuant to Section 32 were assigned to Law Judge hearing calendars. Previously, these settlement or waiver agreements were either reviewed administratively, or at a hearing by a Commissioner of the Board. Following special training needed to undertake this new assignment, Law Judges presided on 2,196 hearings in the last quarter of 2006, which contained a waiver agreement executed by the parties.

Office of Adjudication *(continued)*

Special Hearing Calendars

The Senior Law Judges supervise Law Judges and Senior Attorneys assigned to each District Office. In addition, they preside on special hearing calendars concerning workers' compensation claims filed by employees of the Board and the State Insurance Fund who hold grades lower than M1. They also hear claims related to injuries or deaths of people who volunteered at the World Trade Center (WTC). During 2006, there were 82 hearings related to WTC volunteers. Claims for WTC volunteers are paid from federal funds allocated for such injuries.

Office of Adjudication Initiatives

In 2006, the Office of Adjudication strived to ensure that the staff involved in the adjudication process upheld the highest standards of professionalism, practiced the Seven Principles of Effective Hearings,[1] and promptly and fairly rendered legally sound decisions. To that end, it has continued its monthly training sessions in the District Offices, where Senior Law Judges meet with their staff to discuss calendar and case management techniques, new developments in the Workers' Compensation Law, and any new Court or Board Panel decisions rendered that month. Likewise, in November 2006, day-long seminars were held upstate and downstate for the entire adjudication team, providing Continuing Legal Education (CLE) credit and focusing on ethical and legal areas of interest to adjudication staff.

The Office of Adjudication also has used the Board's technology tools to identify cases with excessive hearings so that remaining issues could be identified and the cases placed on the appropriate resolution track, to sharpen the language used on the Board's decisions:

- So the parties-of-interest can clearly understand the Board's findings;

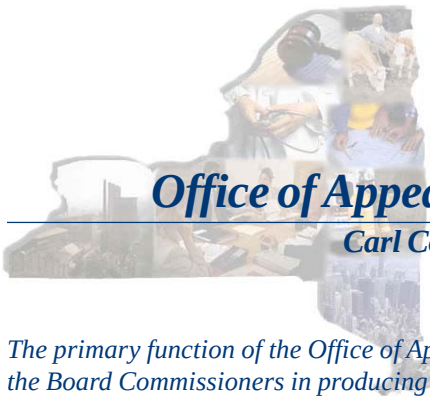
- To improve the expedited process when cases are appropriately identified for those hearings;

- To continue conducting pre-hearing conferences for cases involving an uninsured employer so that these cases are more expeditiously resolved; and

- To improve the language appearing on some of the Board's forms to encourage the timely filing of necessary information for claim resolution.

The Office of Adjudication remains committed to finding ways to speed the resolution of disputes involving medical bills and medical issues so that injured workers who deserve this benefit may seek treatment. The group is also committed to implementing a streamlined adjudication process for all controverted claims to ensure they are resolved within 90 days of the filing of a notice of controversy by the insurance carrier or self-insured employer.

[1] As part of its engineering efforts in the late 1990s, the Board organized a team of Judges and Attorneys who offered an independent and unabridged assessment of the hearing process. Based upon its own analysis and that proffered in the Moreland Commission Report of 1954, the team identified seven principles Adjudication must follow in order to provide equitable, prompt, and quality decisions concerning claims. The seven principles are: (1) only hold hearings for cases with disputed issues, (2) enforce existing pre-hearing conference rules, (3) use depositions to gather medical evidence in lieu of live testimony, (4) eliminate unjustified adjournments, (5) impose penalties for non-preparedness, (6) strengthen judicial integrity by adhering to established legal appeals standards, and (7) issue informative and timely notices.



Office of Appeals

Carl Copps, Director

The primary function of the Office of Appeals (OOA) is to assist the Board Commissioners in producing consistent and legally-sustainable, readable 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.

The OOA continued to improve internal business procedures in 2006 while also working in conjunction with many other departments on various projects and initiatives.

WORKLOAD MANAGEMENT

- OOA was able to reduce the inventory of pending cases by 235 cases in 2006, a reduction of 5.4 percent.

- Parties filed 13,258 Applications for Review in 2006, a decrease of 3.4 percent from 13,722 in 2005.

- The Board Panels issued 12,072 decisions in 2006. Nearly 200 cases per month were resolved administratively.

- OOA undertook a second telecommuting pilot project in 2006, involving 10 employees who were not involved in the initial 2005 pilot. Both pilot projects were successful. Productivity and worker morale improved for both sets of participants.

- The Board has attained accredited provider status and OOA has taken the lead in preparing and presenting high quality Continuing Legal Education programs for all Board attorneys, enabling them to fulfill their CLE requirements with in-house, on-point, zero cost programs. Nine courses, encompassing 17.5 hours of CLE, were offered in 2006.

INTERDEPARTMENTAL PROJECTS

- OOA is involved in the Board's new governance process. Working in cooperation with other Board departments involved in the claims resolution process, OOA helps to determine proper allocation of Information Management Services (IMS) resources as the Board continues to improve its operations.

- In conjunction with Claims Operations and IMS, OOA helped develop a suite of reports that more closely track cases involving Applications for Review – from the date of receipt to the date of resolution of the appeal. This effort led to the identification and resolution of many cases that had not been previously referred to OOA. The ongoing use of the new reports will help reduce the turnaround time on cases involving appeals to the Board Panels.

- OOA assisted the Office of Adjudication by providing speakers for the 2006 WCLJ training conferences.

- OOA representatives served on interdepartmental committees created to improve Board forms and processes.

WORLD TRADE CENTER

Sept. 11, 2006, marked the fifth anniversary of the World Trade Center disaster. At that monthly meeting of the Workers' Compensation Board, OOA reported on the first five years of appeals cases emanating from the attacks and their aftermath. Following are the highlights from that report:

- The Board Panels issued 857 decisions in the first five years after September 11, 2001. The first decision was issued on April 11, 2002. The average turnaround time for a WTC-related appeal was 3.2 months from the deadline for adverse parties to file a Rebuttal to an Application for Review.

- Only 102 of the 857 (11.9 percent) Board Panel decisions were the subject of applications for Full Board Review.

- Six of those applications were granted, 87 were denied, and nine were pending as of Sept. 11, 2006.

- As of Sept. 15, 2006, the Appellate Division, Third Department, issued 15 decisions on appeal from WTC-related Board Panel decisions. The Board Panels were affirmed in 13 cases (86.7 percent) and reversed only twice (13.3 percent).

Office of Appeals *(continued)*

FULL BOARD REVIEW

■ OOA continues to work jointly with the Office of General Counsel to resolve full Board review cases efficiently, promptly and consistently.

UPON FURTHER REVIEW

■ The Appellate Division, Third Department, issued 129 decisions in WCB cases in 2006. The Board Panels were affirmed in 113 decisions (87.6 percent) and reversed in only 13 cases (10.1 percent). The Court dismissed two appeals and the Court modified the Board Panel's decision in the one remaining case.

Office of Secretary to the Board

Sandra Olson, Secretary to the Board

The Secretary's Office performs all duties in preparation for the monthly Board of Commissioners meetings, 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.

LICENSING/ORIENTATION

■ Pursuant to sections 24-a, 50(3-b) and 50(3-d) of the Workers' Compensation Law, the Secretary's Office granted licenses to 27 claimant representatives and 44 third-party administrators in 2006.

CORRESPONDENCE CONTROL

■ Throughout the year, the Chair of the Board receives a large volume of correspondence from elected officials, claimants, doctors, attorneys and businesses. The subject matter varies greatly and may include status inquiries, requests for advocate services, as well as compliance and licensing questions. All such correspondence is processed and assigned through the Secretary's Office. In 2006, 500 such inquiries were processed.

BOARD RESOLUTIONS

■ Following each monthly full Board meeting, the Secretary's Office notifies all parties-of-interest of the Board's resolution to rescind prior Memorandums of Decision. In 2006, the Secretary's Office issued 83 Board Resolutions.

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 2006, 1,425 subpoenas duces tecum were served upon the Board, generating $21,026.10 in revenue.

NOTICES OF APPEAL TO THE NYS SUPREME COURT APPELLATE DIVISION

■ Under the Workers' Compensation Law Section 150-a, the original Notice of Appeal is to be served upon the Secretary's Office. In 2006, 893 notices were served and processed.

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 2006, approximately 12,080 decisions were filed.

Office of Compliance & Regulatory Affairs

Marsha Orndorff, Deputy Executive Director

The Division of Regulatory Affairs oversees the workers' compensation system, ensuring that all parties comply with workers' compensation and disability benefits laws.

The Division's Bureau of Compliance monitors employer compliance, penalizing those who are not in compliance, and referring cases for fraud investigation when necessary. The Bureau is also responsible for the management of the Uninsured Employers Fund (UEF) and the Special Fund for Disability Benefits (SFDB).

The Division's Bureau of Health Management authorizes workers' compensation medical providers, registers independent medical examination entities, licenses medical facilities, oversees medical provider compliance and medical fee schedules, the disputed medical bill and arbitration processes, and the workers' compensation preferred provider organization program.

BUREAU OF COMPLIANCE

The first of three primary functions within the Bureau of Compliance is ensuring all workers employed in the state are properly covered for workers' compensation. The Bureau of Compliance monitors approximately 700,000 active employers to ensure they obtain and maintain statutory insurance benefits for their employees, and penalizes noncompliant employers. The Bureau uses a complex computerized data system that receives information from the Department of Labor and from insurance carriers who are licensed to sell workers' compensation and disability benefits insurance policies.

The Bureau of Compliance oversees a centralized penalty collection program, which arises out of employer noncompliance and uninsured claims. In conjunction with the Board's Bureau of Finance, it assists with the processing of procedural and disputed medical bill penalties. The Bureau of Compliance is the primary liaison to contracted collection agencies.

In addition, the Bureau of Compliance has a centralized judgment program, which prepares all legal documents for proper filing of judgment liens against entities that have not paid their penalties.

Under the enforcement program, investigators are located in each of the Board's 11 District Offices. They investigate employers who may be out of compliance, collect evidence for criminal prosecutions, 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 Bureau of Compliance is responsible for the management of injured workers' claims arising out of the UEF and pays disability benefits (unrelated to employment) through the SFDB. 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 Bureau staff who collect all evidence, prepare the claim for hearings and administer the payment of all compensation and medical benefits. The Bureau of Compliance also has a team of attorneys who maintain the integrity of the UEF by representing the fund at Board hearings, ensuring that only valid claims are compensated.

DISABILITY BENEFITS CLAIMS

New York State is one of only six jurisdictions that mandates employers 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 up to 26 weeks of lost-wage benefits at 50 percent of the employee's average weekly wage, up to $170 per week.

Medical payments are the responsibility of the claimant.

- The Review Examining Unit processes claims that have been fully or partially denied by the insurance carrier, self-insured employer or the SFDB. Most of these disputes are resolved administratively, with less than 17 percent requiring a formal hearing before a WC law judge.

- The SFDB processes and pays claims for individuals who become disabled while collecting unemployment insurance benefits, and for employees of noncompliant employers.

Office of Compliance & Regulatory Affairs *(continued)*

UNINSURED EMPLOYERS FUND

The UEF is the funding mechanism for compensation and medical payments to injured employees whose employer was not properly insured at the time of accident. The claims management function is done by Bureau staff. A statewide legal team ensures that only valid claims are compensated.

WORLD TRADE CENTER VOLUNTEERS PROGRAM

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

2006 BUREAU OF COMPLIANCE YEAR END RESULTS

■ Processing Backlog of 500,000 Inquiries and Penalties

From November 2005 through 2006, the Bureau of Compliance undertook a massive project aimed at furthering enforcement and processing against employers who were noncompliant between 2002 and 2004. Revenue collected on behalf of the UEF from noncompliant employers for 2006 exceeded $32 million. Revenue collected on behalf of the SFDB exceeded $11.5 million.

■ Compliance Document Control Center (DCC)

The Compliance Document Control Center (DCC) houses mail for the multiple offices within the Compliance Unit. The accurate and timely sorting and prepping of the mail ensures that forms flow properly into the Compliance data system known as IC-2. The Compliance DCC went from a mailroom to a mini document control center. At the same time, changes were made to enhance productivity and promote consistency.

■ Web Inquiry Response Application

During 2006, the Web Inquiry Response Application went from the drawing board through the detailed design phase, application build and testing, finishing in December 2006. This application captures information employers submit electronically and automatically processes much of it. This takes data processing out of human hands, except where logic dictates human intervention. The inquiry forms were revamped to facilitate the new processing. Currently, the application handles Workers' Compensation inquiry responses. The application is scheduled to be expanded to include workers' compensation penalty processing and, eventually, disability benefit inquiry and penalty processing.

■ Paperless Returned Mail Processing

Returned mail processing has historically been a concern. With the increased efficiency of the new insurance compliance system, the volume of returned mail increased. In 2006, the Bureau began scanning returned mail, which had two advantages: mail scanned and matched to an employer could now be processed as queued items; and duplicate returned mail could now be automatically deleted from the queue, saving staff time.

■ Financial Management Information System (FMIS) Statement Redesign

The Bureau played an integral role in 2006 during the redesign of FMIS statements. The statements were confusing to the employer, creating additional work for Bureau staff. Based on a redesign, information on the form was updated and displayed in a manner that allowed Compliance staff to more easily and quickly access information during a phone call. It also made the statement clearer to the employer.

■ Disability Benefit Carrier Processing

In the last quarter of 2005, disability benefits carriers were required to submit coverage information electronically, with certain plan exceptions. During 2006, the implementation of this rule was solidified. Disability benefit carriers today submit coverage information to the Board in an automated format. This has saved hours that would have been spent copying information from paper into the insurance compliance system.

Office of Compliance & Regulatory Affairs *(continued)*

WTC Controverted claims

On August 14, a comprehensive plan designed to extend the time for employees and volunteers injured in the rescue, recovery and cleanup of the World Trade Center was implemented, allowing claimants to file a claim for workers' compensation benefits and to receive prompt access to medical benefits while their claims are being litigated. The Bureau makes these medical payments on controverted WTC claims through the WTC Volunteer Fund.

Section 51 Process

This new enforcement process, created and implemented in 2006, enforces employer compliance when posting workers' compensation claims information. Creation of the process included revision of the standard C-34, changes/enhancements to Investigative Tracking System (ITS), training and outreach. The Bureau's Enforcement Unit initiated 55 Section 51 investigations in 2006.

Five-Day Investigations

The Bureau's Enforcement Unit streamlined its claim investigation process by creating a special category and procedure. This streamlined process improves the turnaround time for downstate investigative requests. Each claims-related investigation request is now screened, processed, and given an initial investigation within five business days. Requests that can be completed with the initial/preliminary investigation are written up and forwarded to the requestor. Requests that cannot be completed immediately are reassigned to the normal category. Investigators completed more than 2,000 of these five-day investigations.

Prosecutions

The Board referred 113 criminal prosecutions to the Office of the Attorney General, a 7 percent increase over the 2005 total of 106.

Penalty Collections

Processed employer correspondence, queued work, and updated employer records for payment of settlement totaled 17,800 records.

At the end of 2006, 620 employer payment plans were being administered by the Board's debt collection agencies and monitored by the Bureau of Compliance. Older payment plans are still administered by the Bureau.

Procedural Penalties/Fees/Assessment	Amount
Penalties manually entered totaled	$154,900
Credit Memos entered totaled	$543,800
Open Receipts move to penalties	$19,800

The Total Disability Benefits penalties and claims collected by the collection agencies was $363,700.

Refunds totaled $2,387,900.

Item	Total	Amount
WC Section 52.5	1095	$1,913,200
DB Section 220	403	$449,200
Administrative Penalties	207	$25,500

Section 26-a Judgments Prepared For Filing and Judgments Filed

A total of 1,044 Section 26-a judgments were prepared for filing during 2006. The total dollar amount was $15,038,214. Of these, 466 were new judgments (i.e., first judgments against employer). The total dollar amount of new Section 26-a judgments was $8,786,97. A total of 500 Section 26-a judgments were filed with county clerks during 2006.

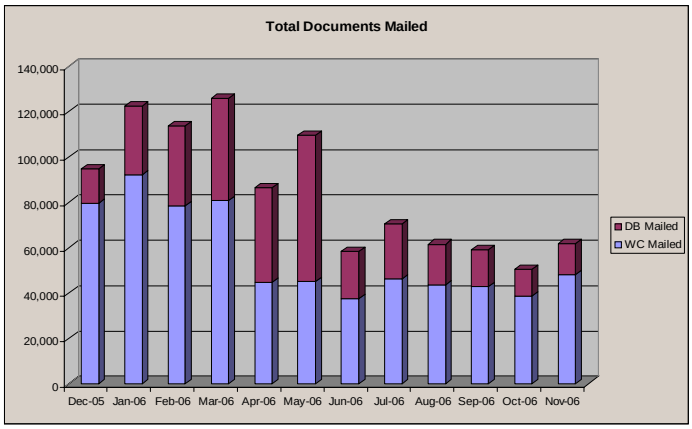
Section 26-a Judgments – Amounts Paid

The Board was paid $2,042,666 on Section 26-a judgments during 2006.

Office of Compliance & Regulatory Affairs *(continued)*

Section 52.5 Judgments Prepared For Filing and Judgments Filed

A total of 18,379 Section 52-5 judgments were prepared for filing during 2006. The total value of Section 52-5 judgements filed in 2006 was $243,765,899. Of these 18,379 Section 52-5 judgements, 17,793 were "new" judgments (i.e., first judgments against employers). The dollar amount of the new Section 52-5 judgments was $235,557,604. A total of 19,139 Section 52-5 judgments were filed with county clerks during 2006. (See chart below).



§52-5 Judgments – Amounts Paid

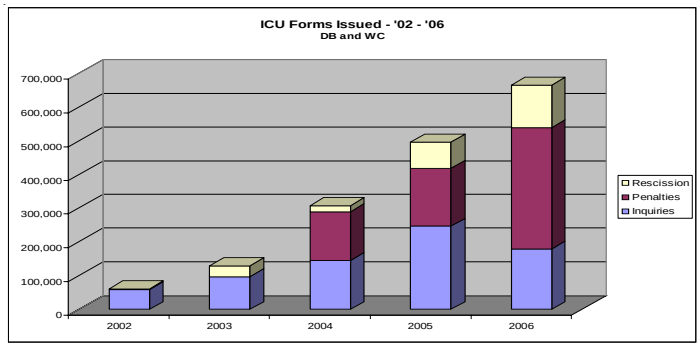
During 2006, $4,128,488 was paid on Section 52-5 judgments.

Satisfactions Filed

During 2006, 4,185 Section 52.5 and 169 Section 26-a satisfactions were filed.

Documents/Forms – Inquiry, Penalty Notices, Statements Mailed.

The chart below shows the number of forms issued, by month, for the period December 2005 through November 2006. The first six months reflect the effect of the Offer of Settlement project. The review of activity over the last six months shows that 2,700 mailings were sent per night.



BUREAU OF HEALTH MANAGEMENT

The Bureau of Health Management's mission is to integrate an emphasis on research evaluation, education and customer interaction to improve traditional and alternative delivery of health care programs in the workers' compensation system. The Bureau authorizes licensed physicians, chiropractors, podiatrists and psychologists to provide treatment to injured workers. In addition, licenses are granted to medical bureaus, medical centers, X-ray facilities and laboratories treating injured workers. Recourse for unpaid medical bills is provided to authorized providers as well.

PREFERRED PROVIDER ORGANIZATION PROGRAM

Since January 1994, the Department of Health, in conjunction with the Workers' Compensation Board, has developed, implemented and administered the certification and monitoring of workers' compensation Preferred Provider Organizations (PPOs).

The creation of Voluntary Programs represents an alternative to traditional health care delivery. The program was codified with an amendment to the rules regarding selection of a provider by an injured worker. These rules, called Recommendation of Care, describe the process of endorsing or promoting the utilization of a particular network or provider for the treatment of injured employees. In any instance where an employer or carrier recommends a particular network or provider for the treatment of injured employees, any employee handouts, postings, or other written materials communicating such recommendation must clearly indicate that using the network or provider is purely voluntary. Injured workers agree to participate in writing with the understanding that employees may select or change their provider at any time without jeopardizing their medical or indemnity benefits.

TREATMENT UTILIZATION PILOT PROGRAM (TUPP)

The Board continued to collect data for a study to determine whether higher reimbursement rates have an effect on reducing utilization. A methodology has been established to design, review and evaluate a physicians' treatment patterns during the pilot project. Outreach was conducted to insurance carriers and Third Party Administrators to minimize the incidence of improper and untimely reimbursement of medical services provided by the TUPP program physicians. This effort was in response to complaints from the TUPP physicians. The pilot program was extended to March 31, 2007.

HEALTH PROVIDER ADMINISTRATION – HPA

The Health Provider Administration Information System (HPAIS) fully automates and integrates all processes and provides more efficient service to our customers. The system also provides management reporting and performance measures, and comprehensive historical statistics and information. The Provider Compliance System is an important tool to ensure that all complaints, infractions, fraud and/or illegal activity is documented, tracked, investigated, and that appropriate steps are taken to temporarily suspend or revoke the provider's authorization. The system automates and stores information related to provider complaints, suspensions and revocations. Correspondence ensures timely follow-ups. The information captured allows the Board to generate timely and accurate management reports.

INDEPENDENT MEDICAL EXAMINER (IME) REGULATIONS

Under the IME regulations and law effective March 20, 2001, physicians, podiatrists, chiropractors and psychologists who conduct independent medical examinations must meet certain professional criteria, and must be authorized by the Chair to perform these examinations.

Office of Compliance & Regulatory Affairs *(continued)*

2006 BUREAU OF HEALTH MANAGEMENT YEAR-END RESULTS

■ Arbitrations and Disputed Medical Bills

The Bureau scheduled 1,202 cases for arbitration and settled 48 cases before hearing. It reviewed 75,157 requests for administrative award and returned 40,133 that could not be processed. The Board made 32,187 administrative awards. Carriers objected to 21,019 awards. The Bureau reviewed all incoming requests, upheld 12,707 awards and rescinded 9,257. About 74 claimants were assisted and/or reimbursed for out-of-pocket medical care through the Board's claimant reimbursement process. Finally, the Bureau's Office of Health Provider Administration assisted more than 30,200 callers.

■ Medical Provider Compliance

Provider compliance activities increased substantially. The provider compliance module captured all complaints and actions associated with provider complaints and license actions (suspensions, revocations, censures, reprimands and probation terms), as levied by the State Education Department/Department of Health, Office of Professional Medical Conduct). In addition, numerous administrative warnings were issued by the Board's Office of General Counsel.

In 2006, the following actions occurred:

Treating Providers

6 - Temporary Suspensions (1 year)
20 - Voluntary Resignations
4 - Revocations

IME Providers

3 - Temporary Suspensions (1 year)
8 - Voluntary Resignations
1 - Revocation

■ Independent Medical Examination Authorizations

In 2006, 1,104 authorizations were granted. Of them, 668 were for treatment only, 30 were only for an IME, and 406 were for both treatment and an IME. Eighty facilities renewed licenses (26 medical bureaus, 2 medical centers; 34 X-ray laboratories; and 18 X-ray laboratories bureaus). Eighteen IME entities were registered, and three voluntarily withdrew their registration.

■ Preferred Provider Organization (PPO)

All certified PPOs currently comply with the program's rules and regulations. The on-site surveys indicate that the PPOs have operated in an appropriate environment to ensure the provision of quality care to injured workers.

Currently, between 750,000 and one million employers are covered through the PPO program representing about 11,000 employers.

A proposal to analyze PPO and comparable non-PPO data has been outlined.

The quarterly database compilation for the medical and indemnity transactions data continues at a deliberate pace to ensure data integrity and completeness.

■ Treatment Utilization Pilot Program (TUPP)

The Board received 38,717 electronic submissions of EC-4s, representing 3,393 injuries for 2006. To date, these were 193,795 EC-4 submissions, representing a total of 40,698 injuries. There are currently 73 participants in the program.

An evaluative methodology was established, using input from a private consultant. Sample cases derived from the electronic review of control and experimental cases compiled in 2004 and 2005 were used for this methodology.

Office of Licensing & Self Insurance

Mary Beth Woods, Director

The Office of Licensing and Self Insurance oversees the State's Workers' Compensation and Disability Benefits Self-Insurance Programs. In addition, it manages the licensing function for the Third Party Administrators (TPAs) and claimant representatives.

The Workers' Compensation Law requires employers to provide workers' compensation and disability benefits coverage to their workers by either obtaining a policy from an insurance carrier, obtaining a policy from the State Insurance Fund, or by qualifying for self-insurance. It is the mission of the Office of Self Insurance to ensure that the option to self-insure remains a viable and cost-effective alternative for employers that continually demonstrate the financial ability to self-insure, according to the law.

Employers who wish to self-insure must be approved by the Licensing Office. Once approved, the Board must not only ensure that the employer/group maintains the financial integrity to satisfy all of its obligations under the law, but that a funding mechanism exists to protect the injured workers in the event of a default.

Depending on the type of self-insurer, and as provided in the statute, the Board has various mechanisms in place to guarantee the payment of all claims. Each approved self-insurer must post a security deposit (cash, securities, letters of credit and/or surety bonds) with the Board that will be liquidated if a self-insurer defaults on the obligation to provide benefits to its employees.

The most significant amounts are held for the individual workers' compensation self-insurers. Due to the somewhat limited exposure related to disability benefits, the security held for the disability self-insurers is significantly less. Group self-insurers are required to maintain a properly funded trust, which is dedicated to the workers' compensation obligations of the employer members. As a result, the security deposit requirement for the group self-insurers is also limited.

Due to the long-term nature of obligations under the law (particularly those related to workers' compensation), the Board will hold a security deposit and track the financial condition for self insurers during, and even long after, they have terminated their active status in the self-insurance program.

Depending on the type of self-insurer, annual reporting requirements vary, including financial and actuarial reports from the group self-insurers, detailed claims-specific information for the individual self-insurers, and limited payroll and employee counts for the disability benefit self-insurers. The Board uses these annual reports to verify the financial integrity of the group trust and the adequacy of the security deposit on hand for every self-insurer.

Today, there are 434 individual self-insurers; 74 group self-insurers, with more than 20,000 employer members; 2,300 self-insured political subdivisions and roughly 1,100 employers approved to self-insure for disability benefits. The Board currently maintains more than $1.6 billion in security deposits for these self-insureds, the bulk of which is in the form of surety bonds and letters of credit. In addition, the groups have assets totaling more than $1.1 billion, maintained in trust funds managed by a Board of Trustees (the majority of which are employer members).

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

RE-ENGINEERING PROJECT

In 2006, the Board issued a Request for Proposal from qualified contractors to evaluate the current approach to administering self-insurance, re-engineering the program and providing solutions that address the administrative and financial challenges currently faced by Board-approved self-insuring employers.

The vendor began work in November of 2006. This initiative encompasses significant procedural, organizational and technological changes. The first phase, which will end with a functional/conceptual design of the new environment, is expected to take 18 to 24 months.

Office of Licensing & Self Insurance *(continued)*

The ultimate goal of the Office of Self Insurance is to move from a manual, paper-based environment to a paperless environment. The Board envisions a re-engineered, revitalized business process that:

- Ensures the option of self-insuring remains a viable and cost-effective alternative for employers that meet the minimum standards established;

- Provides for a timely and cost-effective method of ensuring that funds are available to pay claims, including those that have been incurred to date, in the event a self-insured employer defaults;

- Incorporates fair and equitable business rules, processes and controls to support entry to, and continuance in, the self-insurance programs;

- Incorporates cost-effective methods of protection against catastrophic loss;

- Ensures that the new model/system will accommodate potential growth (or reduction) in the program;

- Eliminates or minimizes non-value added activities and reduces the administrative burden on the Board and the self insured employers; and

- Fully automates the re-engineered system that:

    - Allows a data system for internal and external reporting, including performance measures;

    - Permits electronic data interchange and electronic form filing; and

    - Improves workflows within the self-insurance process by integrating the Board's support systems (compliance, claims, finance, etc.).

INDIVIDUAL SELF INSURANCE PROGRAM

The Office of Licensing and Self Insurance continued to process annual reports for every individual self-insured employer and update the security deposit requirements, based on the actuarially determined estimate of outstanding claim liabilities.

The Office of Licensing and Self Insurance also continued the essential effort of ensuring all self-insured claims are adequately protected, by monitoring the financial integrity of the self-insured employers, the banks and surety companies that post the security deposits on the employers behalf, and the excess carriers that provide protection against catastrophic loss.

GROUP SELF INSURANCE PROGRAM

For the first time during 2006, the Board forced the mandatory closure of a number of group trusts whose poor financial position brought into question their ability to ensure uninterrupted payments to claimants. The Board has been conducting a programmatic and financial reconstruction. These reviews will identify the factors that led to the groups' closure, which should assist the Board in its effort to prevent similar situations in the future. In addition, these reviews are being performed in order to determine each employer's obligations under the "joint and several" provisions inherent to every group program.

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. This Office was created as a central location for employers to obtain answers to workers' compensation questions and receive assistance navigating the system. The major functions of the Office of Advocate for Business include:

- Answering questions about the employer's obligations under the workers' compensation law, and explaining their rights;

- Educating business owners and representatives about the policies associated with the workers' compensation system, and the role that each party in the system plays; and

- Meeting with business associations and groups to identify their concerns and suggestions, and report findings and potential solutions to the Chair.

2006 INITIATIVES

In 2006, the Advocate for Business assisted 1,033 businesses. The office handled 470 cases requiring action and follow-up. Other assistance was provided to more than 550 businesses owners or representatives. The office received more than 2,300 telephone calls during the year.

The Advocate also:

- Met with, and conducted seminars for, business organizations, insurance organizations, and employer groups around New York. It also participated in a number of business forums where various employer issues were discussed;

- Assisted employers in saving nearly $1.2 million in workers' compensation cost;

- Met with insurance carrier representatives and Compliance staff in an effort to improve the carriers' reporting of coverage for their policyholders to the Board;

- Met with OSHA representatives regarding the alliance agreement between the Board and OSHA, and incorporated OSHA's employer services in presentations to employer groups;

- Worked with State Insurance Fund representatives to incorporate into presentations information on the new electronic insurance certificate verification program;

- Met with staff of the State Insurance Fund and the Compensation Insurance Rating Board to discuss ways to better serve policyholders;

- Worked with a large insurance carrier and its agents who had numerous policyholders with valid coverage but were out of compliance due to carrier coverage reporting errors; and

- Participated as a member of the Interagency Small Business Task Force.

Office of Advocate for Injured Workers

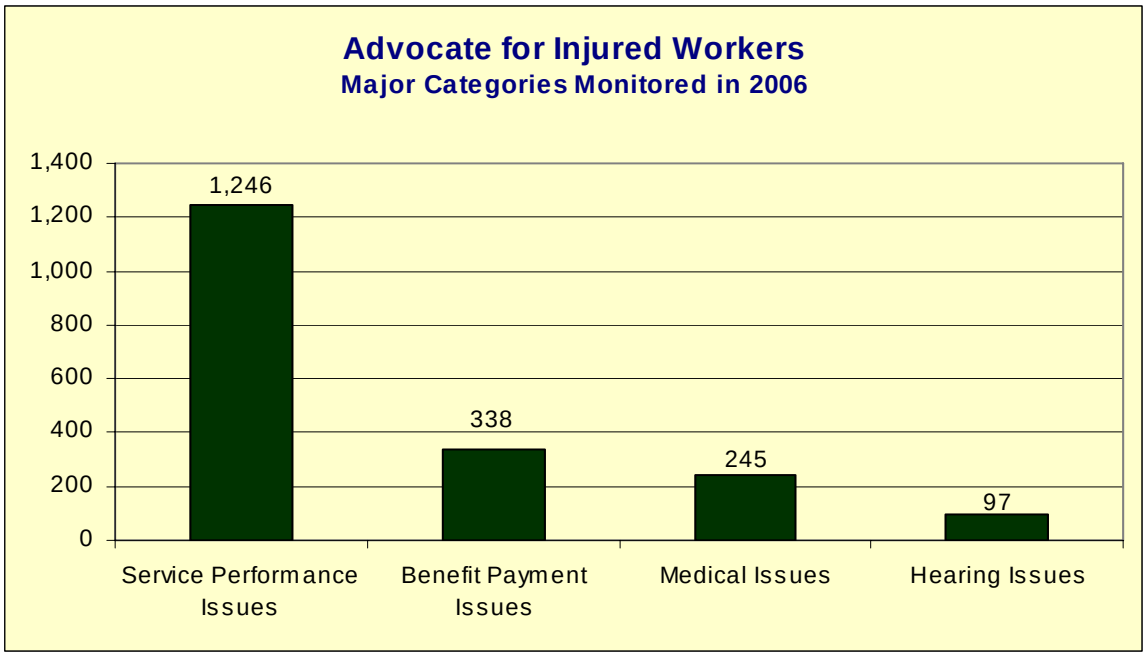
Edwin Ruff, Advocate for Injured Workers

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

2006 INITIATIVES

- Responded to 3,552 claimant requests for assistance;
- Continued to monitor claims related to the World Trade Center (WTC) attacks of 2001 and participated on the Advisory Board of the WTC Medical Monitoring Program;
- Performed 2,734 service hours of outreach to organizations throughout New York; and
- Provided 2,686 student contact hours of education and training for the labor community as part of the navigator and construction contractors training program.

The Advocate for Injured Workers also worked with the Office of Compliance and the Office of Workers' Compensation Fraud Inspector General on referrals for investigations of out-of-state contractors to ensure that all employees working in New York State were properly covered for workers' compensation benefits.



Office of Information and Management Services

Thomas Schofield, Chief Information Officer

Information & Management Services provides highly available, resilient technology and business process improvement solutions to enable performance enhancements in the Board's business programs.

The Board has defined the following enterprise-wide goals to deliver maximum value and provide excellent service to the Board's stakeholders:

- Maintain and enhance its leadership position in customer service by addressing frontline constituent service with an enterprise perspective;

- Maintain the Board's leadership position in the use of technology to drive efficiencies in the workers' compensation system;

- Improve performance in all operational areas through continuous process improvement and performance measurement, turning the operational excellence spotlight on supporting business functions; and

- Measure, influence, and enable improvement in stakeholder performance.

Accomplishments

IMS can point to many improvements during 2006, including:

- The continued expansion of e-Case – a web-based version of the Board's Claims Information System and Electronic Case Folder (there are more than 9,000 registered users);

- The conclusion of a major upgrade to the Financial Management Information System (PeopleSoft) and to the Board's e-mail and scheduling system (Lotus Notes);

- A contract to provide constituents with subscription-based wireless Internet access at all Board hearing sites;

- An upgrade to the software and hardware that supports the Board's Virtual Call Center. This system improvement included the addition of examiners from the Buffalo, Binghamton, and Rochester District Offices to the call center system, as well as staff from the Compliance, Disability Benefits and Appeals;

- The increase in functions of the Board's e-business program, which provides more forms on the web site, as well as more opportunities for stakeholders to submit data electronically;

- The continued work on a comprehensive business continuity solution for the Board, and compliance with the OCSCIC security policies; and

- The continued migration of several critical FoxPro applications to a new, improved and vendor-supported platform. This project involved multiple applications and multiple customer groups, and all are happy with their solutions.

Improving Internal IMS Processes

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

In order to maximize the resources available for new initiatives, IMS must ensure that it is performing infrastructure support functions in the most efficient manner possible. Since the infrastructure is relatively new (within the last 10 years), IMS's processes and procedures are also new. IMS will formally document its internal processes to ensure efficient use of the resources, as well as higher performance for the components of the infrastructure.

Two significant business process improvement projects – Service Excellence and Operations Excellence – were initiated in 2004 and combined in 2006 into one comprehensive project call Information Technology Service Management, or ITSM. The project will standardize work processes while gathering improved data for performance metrics. It will also help the Board analyze the need to implement the HP Service Center toolset to support the Help Desk, asset management, configuration management, change management and release management.

Office of Administration

Ann Kutter, Director

OFFICE OF ADMINISTRATION

The mission of the Office of Administration is to provide timely, proactive and responsive service to our customers – the functional units of the Board. We accomplish this through three main functional bureaus: Finance, including the Office of Administrative Services; Human Resource Management; and the Office of Security.

The Bureau of Finance and Administrative Services works with outside entities to receive and disburse funds, and provide administrative support for initiatives to every organization within the Board.

The Human Resource Management Bureau meets the staffing needs of the Board's programs; promotes labor/management relations; administers benefit programs; and ensures compliance with labor laws, rules, regulations and negotiated agreements.

The Office of Security plans, implements and enforces security procedures and assess and mitigate risks to the safety and security of Board employees, the public and physical assets.

In addition, the Office of Administration oversees the Agency Crisis Response Team, the Crisis Planning Team, the Crisis Response Analysis Team, the Agency Health and Safety Committee, the Automatic External Defibrillator program and National Voter Registration Act compliance.

The Deputy Executive Director is also the agency's internal control officer.

BUREAU OF FINANCE

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; maintaining 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.

2006 ACCOMPLISHMENTS

- There were $988.3 million worth of Administrative and Special Fund Assessments in the Workers' Compensation Program, and $7.6 million in the Disability Benefits Program. In 2006, due to the fund balance for the Special Fund for Disability Benefits, no assessment was required.

- In the Fund for Reopened Cases, the office processed more than 454,000 payments of nearly $110 million. This includes 6,300 checks every two weeks, primarily to claimants. An additional $25 million is also disbursed from that fund to carriers and self-insured employers as reimbursement of Supplemental Benefits payments.

- In the Special Disability Fund, more than 93,000 reimbursements totaling nearly $500 million were paid to the carriers and self-insured employers.

- In the Special Fund for Disability Benefits, just over $2.7 million was disbursed, with $2.2 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, more than $23.2 million was disbursed from the fund for benefits and medical payments to claimants who were injured on the job while employed by an uninsured employer. An additional $2.3 million was disbursed under a federal grant for benefits and medical payments to volunteers from the World Trade Center tragedy.

- Processed vouchers for personal services for the agency, including travel, of more than $177 million; this includes the payroll for more than 1,500 employees.

- In the Workers' Compensation Program, just over $32 million was received for the Uninsured Employer Fund. The majority of the receipts were from employers who did not maintain coverage for employees in accordance with the Workers' Compensation Law.

- In the Disability Benefits Program, just under $11.5 million was received for the Special Fund for Disability Benefits. The majority of the receipts are from employers who were out of compliance with the Disability Benefits Law.

- Processed more than $1 million from procedural penalties and other miscellaneous revenue. The other miscellaneous revenue receipts include the revenue from the Board publications available for sale to the public.

- Upgraded the computer system, FMIS, to Version 8.8. Work with consultants will continue to develop applications on other modules that will impact the remaining account receivable areas.

OFFICE OF ADMINISTRATIVE SERVICES

The goal of the Office of Administrative Services is to provide administrative support services to all Board units. These services include facility management, safety and health of Board personnel and property, mail and messenger services, and a centralized office supply stock room serving all Board locations. Other tasks include printing services, records management and archive activities, purchasing, contractual services, vehicle administration, surplus property disposition, and relocations of staff, equipment and buildings.

2006 ACCOMPLISHMENTS

During 2006, Administrative Services realized a number of accomplishments:

- At the end of June, severe regional flooding in Central New York resulted in water at the Board's Customer Service Center and archives facility in Norwich. Hearings at the Customer Service Center were relocated to Binghamton during the clean-up period. Approximately 4,600 bottom drawers of files in the Archives were damaged by water. An emergency contract was authorized to dry the files, preserve the information contained in them and prevent mold. Removing the files took about seven days and filled 15 tractor-trailer loads. The first dried files were returned eight weeks later. One to two truckloads per week were received until all files were returned in late November. Of the damaged boxes, only 37 needed to be incinerated because the contents were damaged beyond drying.

Administrative Services staff coordinated clean-up efforts, tested and monitored the area for mold and mildew, and arranged for staff to be relocated while the areas were cleaned and rehabilitated. Staff also executed the emergency contract for drying the files and monitored the progress of the file and facility restorations.

- The office worked with OGS and the landlord to prepare the new Hudson Customer Service Center site for opening. Hearings began at the new site in May.

- The group worked with OGS and the landlord to renovate and increase the size of the Staten Island Customer Service Center.

- The Safety and Health Director worked with General Counsel and the Safety and Health Committee to develop the program, policies and procedures for an automated external defibrillator (AED) program. In addition, various models of AEDs were reviewed and demonstrated, and a model selected for purchase. By the end of the year, the policies were ready to submit to the supervising physician for approval.

- Administrative Services staff were integrally involved in preparatory testing and the actual transition to a web-based PeopleSoft system.

- All Board facilities were inspected 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 facility managers.

- The office oversaw activities related to the installation of a generator in Queens as part of the Board's backup disaster recovery strategy.

- Approximately 14,913 paper files were pulled, prepped and sent for scanning by the Archives Unit. In addition, staff there received and processed 4,910 checks for case copies.

- The Purchase Unit processed more than 3,600 purchase orders and contracts and just under 3,000 stock orders.

Bureau of Human Resources Management

Labor Relations

Labor Relations staff continued to handle employee grievances and to assist program managers in dealing with employee disciplinary situations. In 2006, 10 Notices of Discipline were issued to employees, resulting in:

- One letter of reprimand
- Three monetary fines
- Three suspensions without pay
- Two resignations accepted in lieu of termination
- One case pending an arbitration hearing in 2007

Also, nine grievances were filed by employees and handled by Labor Relations staff. All grievances were resolved to the satisfaction of the employees, their union representatives and management.

The telecommuting pilot program continued through 2006. Nineteen Albany-based employees work from home for up to four days per pay period. A joint labor-management committee comprising the managers of the units where the pilot is being conducted oversee the program.

The Board developed and signed a labor-management agreement with the NYS CSEA/Partnership Education Training Program to participate in the online training program as a participating agency. The Board was issued 40 participant licenses.

Personnel Services

Personnel Office staff processed 1,857 payroll transactions, including:

- 103 new hire appointments to the agency;
- 85 separations from the agency, including 32 retirements; and
- 122 promotions or transfers of existing staff.

Staff have also conducted 151 employee orientations for new hires, or for staff members who changed negotiating units and therefore experienced a change in their benefits. Staff also processed 1,248 health insurance transactions.

Each new hire, promotion or transfer requires staff to perform a complex set of steps during the recruitment process to ensure that all appointments are legal under the Civil Service Law. Each transaction, including those related to health insurance, and all retirements and orientations, requires HR staff to interact with candidates, appointees, Board employees and managers, as well as staff from other agencies, and sometimes family members and union representatives.

HR staff have also identified employees in exempt or noncompetitive, policy-influencing/confidential positions. HR prepared individual memos to each employee regarding his or her status, seeking any information needed to determine their tenure, and transmitting benefits-related information. Staff continued specific determinations in concert with Counsel's Office after clarifying rules and process with the Governor's Office of Employee Relations and the department of Civil Service. The Agency's Health Benefits Administrator met with individuals regarding the effect their status could have on health insurance and related issues. Other staff answered questions and met with individuals regarding reemployment opportunities, hold items, eligible list standings and so on. Staff also prepared information regarding the Board and its positions in preparation for a transition of administrative staff.

Personnel Services Unit staff members worked closely with the Department of Civil Service and program managers in planning civil service examinations for Workers' Compensation Examiner title series (all levels from Grade 9 through Grade 25).

Training

HR arranged for two training sessions for supervisory/ managerial staff, conducted by non-agency personnel. The first was presented by a consultant on Behavior Interviewing Techniques. The second was presented by the Director of Workforce and Occupational Planning on the development of workforce and succession plans, tools and resources.

SECURITY BUREAU

The Office of Security is responsible for a sophisticated security program that helps protect all of the Board's 43 offices and the 200-plus hearing parts. The Board is responsible for the physical security of all the buildings and the employees. There have not been any major incidents at any of our facilities over the past seven years, due in no small measure to committed Security staff and the program they have developed.

2006 ACCOMPLISHMENTS

- Successfully responded to 395 incidents, and provided special security arrangements at 633 hearings.

- Visits were made to all District Offices on a regular basis so that the Office of Security remained in constant communication with each District Administrator, District Manager, and Senior Law Judge. These visits are invaluable in updating issues relevant to each office and making sure that the physical security equipment and the security personnel are providing service for the idiosyncrasies of each District Office. Security officers visit about 80 percent of our offices each month.

- The Office of Security interacts with the Health and Safety Director in crafting emergency evacuation plans. The responsibilities include evaluating emergency evacuation plans, maintaining relationships on health and safety issues and working with district staff to make sure the Health and Safety Committees' programs are carried out. Other areas of responsibility include the AED program, workplace violence, and risk analysis used by the crisis response teams.

- The Office of Security held or participated in regular meetings with the Board Commissioners, District Administrators, Senior Law Judges, PEF, CSEA, NYSCOPBA and District Office Law Judges in order to present the Office of Security program, in addition to quarterly meetings with statewide Security Managers. Input from these meetings is instrumental in shaping the program.

- Training for statewide security personnel was completed in 2006, including an eight-hour mandatory state training. The training also included four hours of Investigative Techniques and four hours of Introduction to Workplace Violence and Preventative Measures.

Emergency Planning, Crisis Response and Business Continuity

An infrastructure has been created to prepare for and deal with crises at the Board. The Local Crisis Response Teams (LCRTs) and Agency Crisis Response Team (ACRT) meet regularly to develop tactics for mitigating identified risks and to prepare written plans to respond to emergencies. Mock drills are held to test and monitor the system's operation.

Developments in 2006 in the Crisis Response Program are:

- The ACRT met monthly and handled 13 incidents throughout the state. There were two major activations, including the Binghamton/Norwich flood on June 28, and the Buffalo snowstorm on October 16. The NYC transit strike in December of 2005 was not settled until 2006. A plan was developed in response and placed in the Red Book.

- The ACRT developed statewide and regional plans and each District Office is in the midst of providing their local plans. Completed and approved plans are now in the Red Book. They also are located on one of the Board's internal shared drives.

- Credentials for the Board's New York City office buildings were obtained through the Corporate Emergency Access System (CEAS). All ACRT members and NYC district management have been issued these credentials.

- There have been marked improvements with the use of the Employee Emergency Hotline and 800-numbers, which provide information to claimants and other stakeholders.

- Incident Command System online training was mandated for team members. This included ICS 100 and 700. The Director is qualified in train-the-trainer for all courses. Most members have completed this training.

- Interaction with the Disaster Recovery Project Managers has taken place during all of 2006. Regular meetings with the IMS business continuity group were continued.

- Crisis response criteria were reestablished with the new Chairman, Executive Director, and Director for Administration in 2006.

Office of Administration *(continued)*

■ Use of risk analyses in each Board office and development of plans for mitigation were accomplished.

■ The Crisis Response Analysis Team provided insight and improvement opportunities by analyzing the ACRT and LCRT handling of major crises. Training has also been conducted throughout the state on crisis management at every District Office.

■ A tabletop exercise was conducted on December 6, in Albany. Representatives of Disaster Recovery, Business Continuity, and IMS participated with ACRT and backups. This is a concerted effort to draw IMS into ACRT activities.

■ Planning began on a Continuity of Operations Plan (COOP) to prepare for an influenza pandemic as part of an "all hazards" approach. The Governor's Office of Employee Relations (GOER) and the Department of Health have asked all agencies to prepare a plan so that each agency can conduct business during an event that may render a 35 percent or higher absentee rate. A Board-wide committee is working to define mission-critical tasks of each division and bureau, identifying "three deep" employees to carry these missions out during a pandemic, study operational issues, including 110a compliance, and various time and attendance issues. IMS is preparing a white paper on the potential ability to work at home, including necessary computer equipment and information security issues. The original committee will also study the wide range of issues for employees in relation to being asked to do a substantial amount of their work from home.

Workplace Violence Awareness Training Program

Developed from a concept first proposed by the Agency Health and Safety Committee, the Office of Security this year developed and unveiled a Workplace Violence Awareness Training Program with three components.

The first component brings local community affairs (police) officers to visit Board offices in order to give employees a better understanding of the neighborhoods surrounding their offices.

The train-the-trainer component trains District Office staff on the Safety and Security Persons Procedure so they may in turn train co-workers. The train-the-trainer program has been completed, with presentation on Nov. 14, 2006, in Syracuse and Jan. 9, 2007, in Queens.

The Workplace Violence Awareness Training Program has been taught in Menands, Park Street, and in the Peekskill, Rochester, Queens and Albany District Offices. It will be presented in Binghamton, Syracuse, and Manhattan. (New legislation passed in 2006 now mandates a Workplace Violence Awareness Training Program for all agencies.)

Order No. 966, issued by the Chair, instructs the Director of Security and the Director of Human Resources to report any evidence of corruption, fraud, criminal activity or conflict to the Office of the Inspector General. Meetings with the Inspector General Counsel and Human Resources have taken place.

Major Technology Projects

The Office of Security was given approval for two major technology projects to be completed during 2006.

■ The Hub Room Reader Project, completed in October, lasted about six months. It involved replacing or adding electronic locks and readers, as well as the Basis System (our swipe card access system), in 35 locations across the state. The Office of Security worked with the landlord, OGS, District Management, the vendor and IMS to complete this project. We also contacted management at each site to assure all employees adhere to the OGS/WCB swipe card procedures in place at each new reader area. As a result, the Office of Security is monitoring these locations for unauthorized access and any other concerns, and providing reports to IMS.

■ The Basis/Infographics Conversion Project was designed to replace the outdated Infographics swipe card access system (in place in Park Street, Peekskill, Hauppauge and Syracuse) which was no longer supported by the vendor or IMS. All clients (monitoring stations) have also been upgraded in each location in conjunction with Basis server replacements. Site visits to each location were made by the Office of Security for installation and subsequent training of personnel. During the entire project process on-going meetings were held to determine alternate sites for back-up server and patch management for the Basis System. As a result, the Data Center in Menands was selected as the most appropriate site. Patch Management and virus control, in conjunction with IMS, is now automatically updated on the new servers and clients.

In addition, a consistent off-site storage program has been implemented that complies with WCB disaster recovery policies. Weekly system external backups are performed on the servers. One set of back-up media is sent off-site while a second set is held on-site for immediate retrieval.

NATIONAL VOTER REGISTRATION ACT COMPLIANCE

Board voter registration activities are mandated by the National Voter Registration Act of 1993, which became effective on January 1, 1995, and is covered by WCB Subject Number 815. Under the program, Board personnel who deal with the public are required to offer the opportunity to register to vote, change registration (address, name or party for example) or decline to take any action. The Board is also required to display materials, submit completed registration applications within a specified time frame, retain statistical information, maintain the confidentiality of all documentation and train front line personnel to meet the requirements of the Act.

2006 ACCOMPLISHMENTS

In 2006, Board personnel, mainly in Customer Service Centers, processed 944 in-person registrations, and accepted and processed 1,274 mail registrations for an agency total of 122,840 transactions, including declinations. The Board made 14 site visits and conducted training sessions for new employees.

INTERNAL CONTROL

The purpose of the Board's Internal Control program is to provide reasonable assurance that the organization will achieve its objectives and mission. This is accomplished through regular review of Board processes to identify and monitor activities that potentially threaten the accomplishment of the mission. In addition, Internal Control should include education and outreach to ensure that Internal Controls are understood and effective.

2006 ACCOMPLISHMENTS

Internal Control began an internal risk self-assessment process at the end of 2006. It asked managers to identify their top three mission-critical functions, discuss the impact of an interruption in access to facilities and/or data on the ability to accomplish those functions, and rate the risk. The analysis phase, in early 2007, will review interdependencies of data and computer applications. The initial material has provided input to an ACRT tabletop exercise designed to help participants understand the availability of information technologies and data in an emergency. Similarly, the initial information has also been provided to the COOP process with the same goal. Testing of processes identified in the assessment will also be done as part of this phase. The third phase will be implemented in the second quarter of 2007, and will involve development of mitigation measures where needed. The materials will also be provided to Internal Audit for use in future audit activities.

In addition, the program has begun to enhance outreach to employees on the importance of internal controls and compliance though new materials as part of the orientation process, submissions to in-house newsletters and presentations.

Office of Fraud Inspector General

John H. Burgher, Fraud Inspector General

OFIG is charged with implementing Gov. Eliot Spitzer's workers' compensation fraud fighting program. OFIG's mission is to detect potential cases of criminal and civil fraud, abuse and misconduct within the system; vigorously, fairly and thoroughly investigate them; develop evidence to refer viable workers' compensation criminal fraud cases to state or local prosecutors; and seek payment of victim restitution upon conviction.

Expanding the Effort toFight Fraud

Over the past six years, Inspector General John Burgher has enhanced and expanded OFIG's program to combat fraud by:

- Establishing an Audit Unit whose forensic auditors analyze complex employer premium and provider billing fraud schemes to maximize the amount of victim restitution obtained.

- Increasing the efficiency and effectiveness of OFIG's existing efforts to investigate fraud through improved case intake, screening and investigatory processes.

- Combining the Board's award-winning computer technology systems with OFIG's data mining programs to proactively identify large numbers of additional potential fraud cases for investigation.

The success of these initiatives is reflected below, in the OFIG case disposition statistics for 2006.

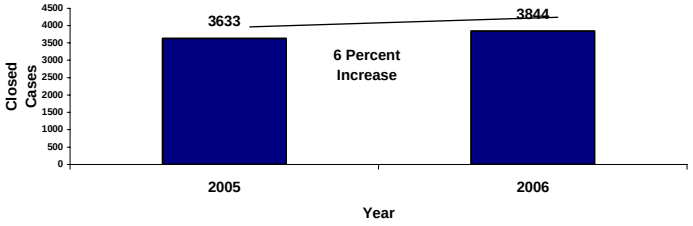
2006 Fraud Cases Dispositions and Statistics

During 2006, OFIG:

- Received 3,504 fraud cases for investigation.

- Increased the number of fraud cases it investigated and closed by six percent to 3,844 (see Figure 1).

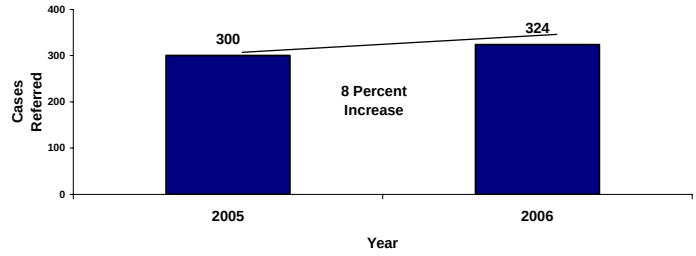
Figure 1
Increase in Cases Closed by Investigation
2005-2006



- Referred after investigation 1,565 cases to other state or federal agencies for appropriate action upon discovery of possible violations of various other laws and/or regulations.

- Increased the number of fraud cases referred for criminal prosecution by eight percent to a record 324 (see Figure 2).

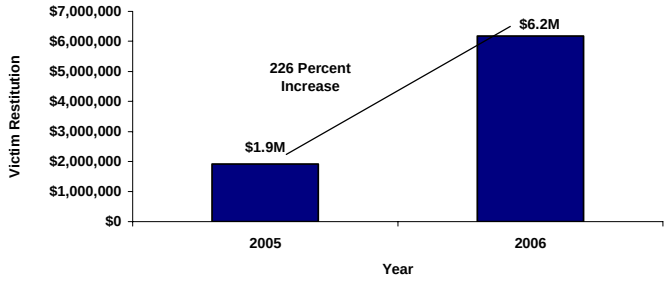
Figure 2
Increase in Cases Referred for Prosecution
2005-2006



- Saw 119 arrests and prosecutions result from its investigations.

- Increased the amount of money returned to defrauded victims to a record $6.2 million.

Figure 3
Increase in Victim Restitution
2005-2006



OFIG Data Mining Programs

During 2006, OFIG continued to use its data mining programs to combat WC fraud resulting in the:

- Use of the WC/DB 100 employer waiver of need for workers' compensation coverage forms to identify 147 employer fraud case leads and 26 cases for criminal prosecution.

- Forwarding of data to workers' compensation insurers on 54 individuals who improperly received benefits while incarcerated.

- Referral of 820 FRAUD I.T. Project case leads where claimants were receiving workers' compensation benefits while working were referred to the 16 participating insurance carriers and self-insurers for further investigation.

Fraud Sweeps

During 2006, OFIG presented criminal referrals to local District Attorneys, resulting in three very successful countywide sweeps that led to the arrests of 24 individuals for committing workers' compensation fraud, totaling $534,000.

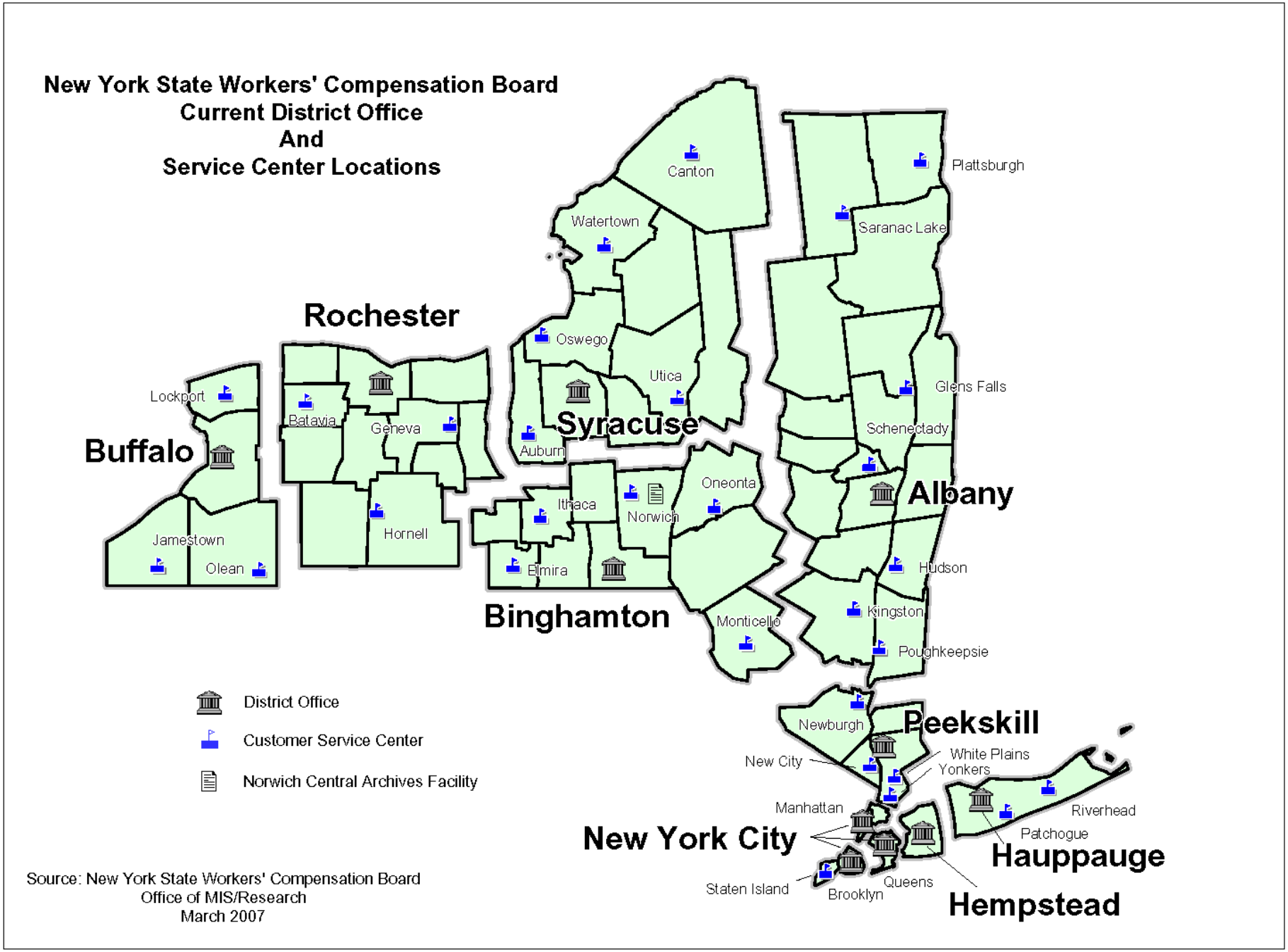
- On February 7, OFIG, the State Insurance Department, the State Insurance Fund, and the Attorney General's Criminal Prosecutions Bureau announced the arrest of 13 suspects for committing over $250,000 in workers' compensation fraud.

- On October 19, the New York State Police, OFIG, Putnam County District Attorney's Office, Westchester County District Attorney's Office, SIF and State Insurance Department announced the arrest of seven persons for perpetrating more than $284,000 in workers' compensation fraud.

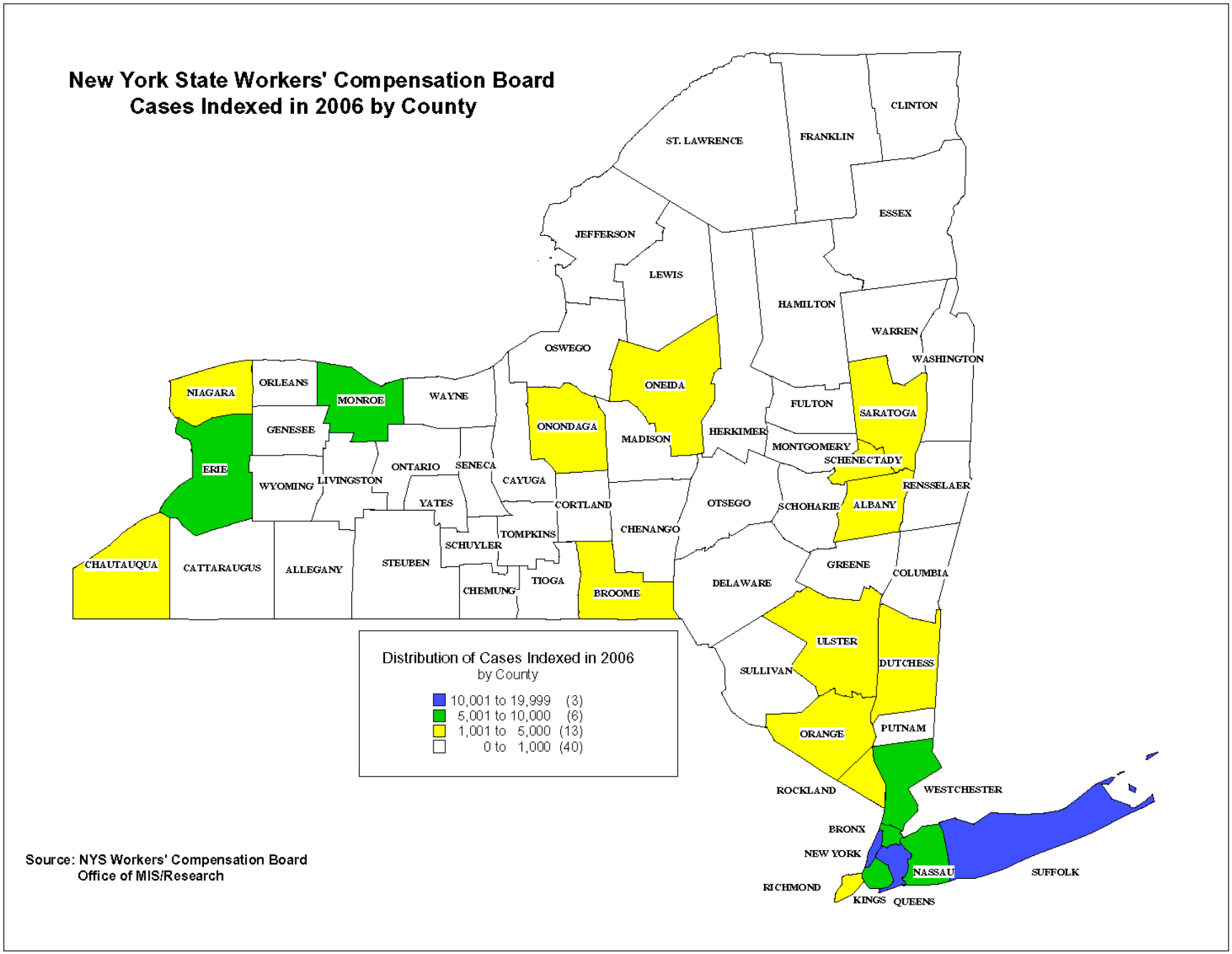
- On November 16, OFIG and the Nassau County Police Department announced the arrest of four individuals for working while collecting workers' compensation benefits.

Appendices

APPENDIX I


New York State Workers' Compensation Board
Current District Office
And
Service Center Locations
Canton
Plattsburgh
Watertown
Saranac Lake
Rochester
Oswego
Utica
Glens Falls
Lockport
Batavia
Geneva
Syracuse
Schenectady
Buffalo
Auburn
Oneonta
Albany
Ithaca
Norwich
Hornell
Jamestown
Olean
Elmira
Hudson
Binghamton
Kingston
Monticello
Poughkeepsie
Newburgh
Peekskill
White Plains
New City
Yonkers
Manhattan
Riverhead
New York City
Patchogue
Hauppauge
Staten Island
Brooklyn
Queens
Hempstead
District Office
Customer Service Center
Norwich Central Archives Facility
Source: New York State Workers' Compensation Board
Office of MIS/Research
March 2007

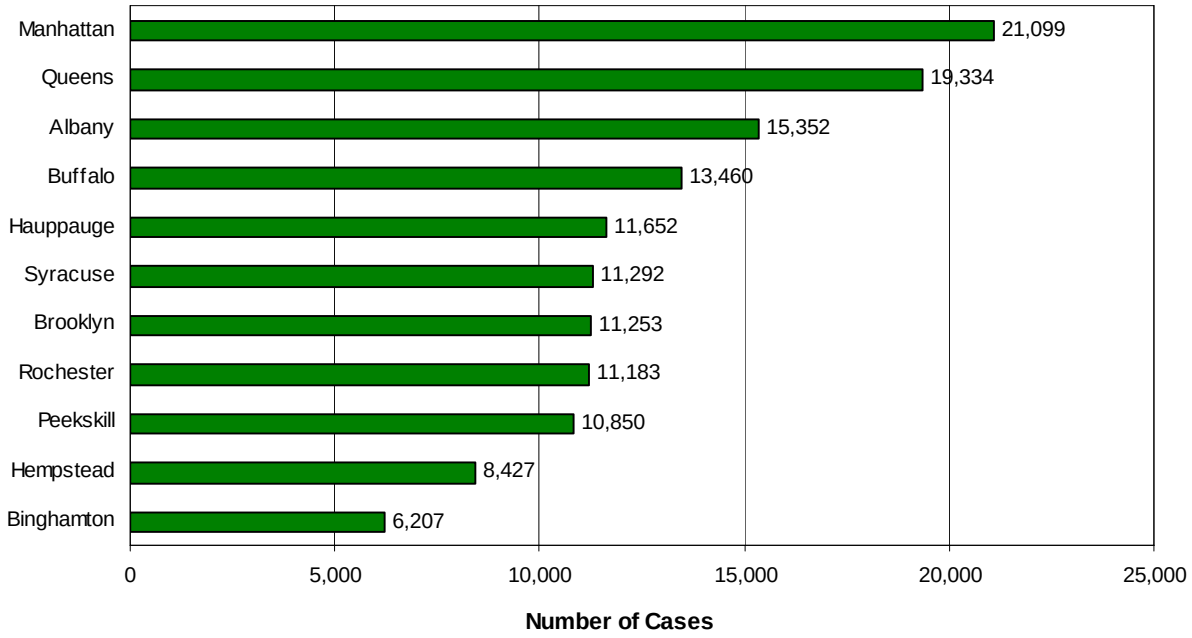
APPENDIX II



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

APPENDIX III

Cases Indexed in 2006 by District Office



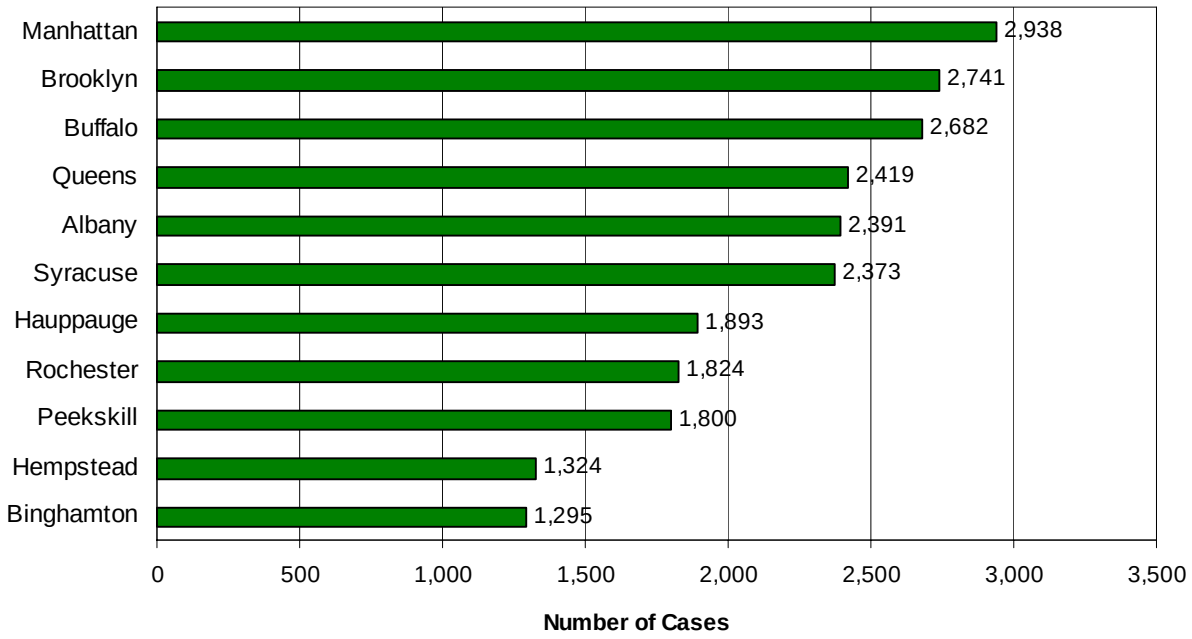
Cases Indexed and Cases Reopened in 2006 by District Office

District Office	Cases Indexed	Cases Reopened
Manhattan	21,099	19,463
Queens	19,334	18,406
Albany	15,352	17,685
Buffalo	13,460	20,783
Hauppauge	11,652	17,012
Syracuse	11,292	20,592
Brooklyn	11,253	11,839
Rochester	11,183	16,202
Peekskill	10,850	17,374
Hempstead	8,427	14,238
Binghamton	6,207	8,434
Totals	**140,109**	**182,028**

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

APPENDIX IV

Cases Controverted in 2006 by District Office

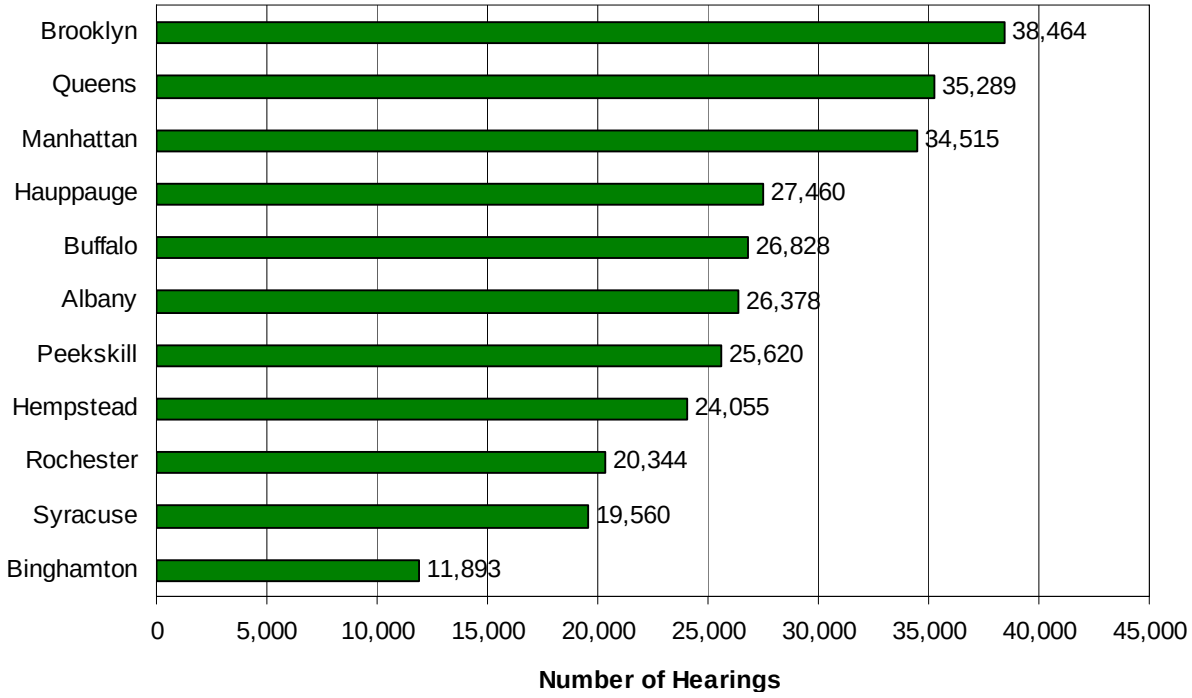


District Office	Number of Cases Controverted
Manhattan	2,938
Brooklyn	2,741
Buffalo	2,682
Queens	2,419
Albany	2,391
Syracuse	2,373
Hauppauge	1,893
Rochester	1,824
Peekskill	1,800
Hempstead	1,324
Binghamton	1,295
Total	**23,680**

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

APPENDIX V

Hearings Held in 2006 by District Office

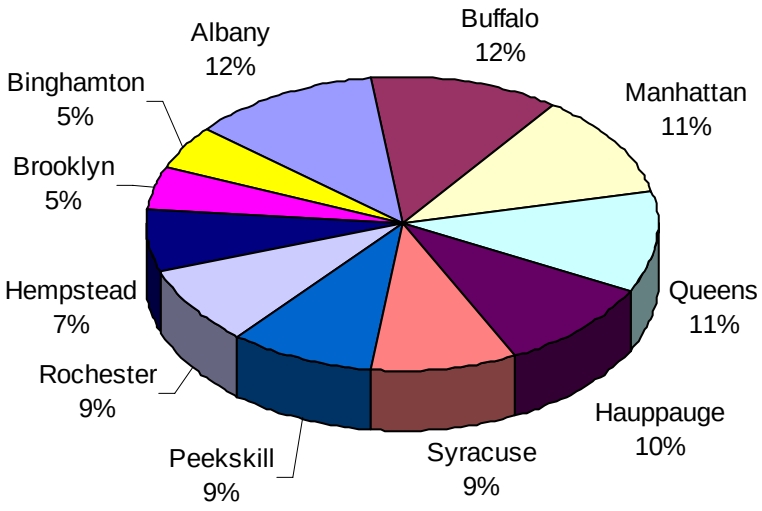


District Office	Number of Hearings
Brooklyn	38,464
Queens	35,289
Manhattan	34,515
Hauppauge	27,460
Buffalo	26,828
Albany	26,378
Peekskill	25,620
Hempstead	24,055
Rochester	20,344
Syracuse	19,560
Binghamton	11,893
Total	**290,406**

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

APPENDIX VI

Percentage of All Claims Accepted in 2006 by District Office



Claims Accepted in 2006 by District Office

District Office	Claims Accepted
Albany	13,186
Buffalo	12,877
Manhattan	12,542
Queens	12,109
Hauppauge	11,280
Syracuse	10,026
Peekskill	9,933
Rochester	9,524
Hempstead	7,501
Brooklyn	5,235
Binghamton	5,204
Total	**109,417**

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

APPENDIX VII

Claims Accepted in 2006
by Claim Type and Month

Month Accepted	Total Claims Accepted	WCL Claims (a)	VFBL Claims (b)	VAWBL Claims (c)
January	8,992	8,922	65	5
February	8,542	8,478	56	8
March	10,076	9,984	74	18
April	8,277	8,184	83	10
May	9,926	9,841	81	4
June	10,099	10,017	75	7
July	8,677	8,614	58	5
August	9,701	9,615	79	7
September	8,508	8,441	62	5
October	8,859	8,781	70	8
November	8,942	8,863	73	6
December	8,818	8,732	80	6
Totals	**109,417**	**108,472**	**856**	**89**

(a) Claims under the Workers' Compensation Law
(b) Claims under the Volunteer Firefighters' Benefit Law
(c) Claims under the Volunteer Ambulance Workers' Benefit Law

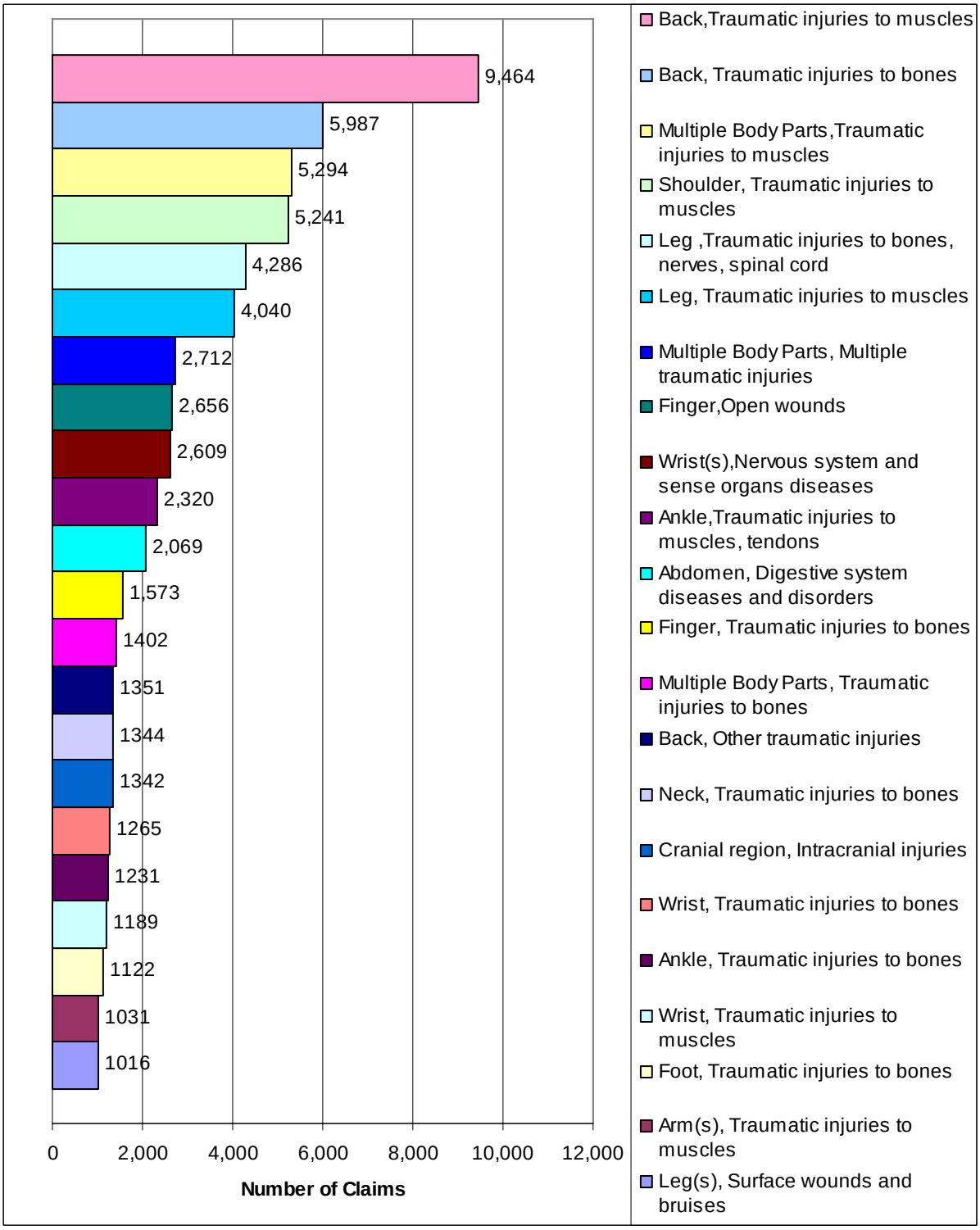
Claims Accepted in 2006: Claims for which there was a finding made by the Board during calendar year 2006 that (1) the claimant sustained an injury arising out of and in the course of employment; (2) timely notice thereof was given to the employer; and (3) there is a causal relationship between the work injury and a consequent disability.

(The claims accepted data for 2006 includes some previously established claims for which a Board finding during calendar year 2006 amended or reaffirmed the claim's status; it is estimated that these affirmations account for less than 5% of the total).

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

APPENDIX VIII

Most Frequently Occurring Injury Types for Accepted Claims with First Indemnity Benefits Paid in 2006



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

APPENDIX IX

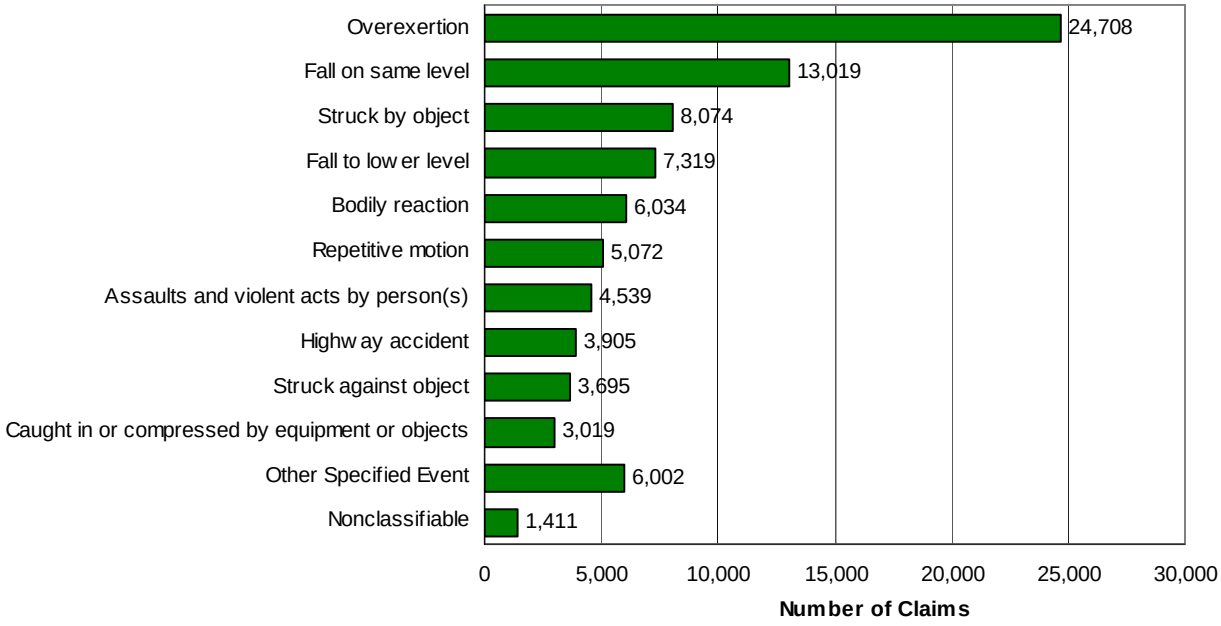
Part of Body Injured Summary
For Accepted Claims with First Indemnity Benefits Paid in 2006

PART OF BODY AREA Body Sub-Area	All Claims	Male Workers	Female Workers	Sex Not Indicated
HEAD	**3,756**	**2,701**	**970**	**85**
NECK	**2,529**	**1,332**	**1,120**	**77**
UPPER EXTREMITIES	**18,695**	**11,316**	**6,927**	**452**
Finger	5,887	4,397	1,321	169
Wrist	5,831	2,550	3,175	106
Hand	1,813	1,284	475	54
Arm	3,148	2,033	1,049	66
Multiple Upper Ex.	2,006	1,046	903	57
All Other	10	6	4	0
TRUNK	**30,386**	**19,688**	**9,974**	**724**
Back	17,406	10,580	6,410	416
Shoulder	7,194	4,682	2,363	149
Abdomen	2,244	2,029	172	43
Chest	1,522	1,193	287	42
Pelvic Region	913	574	305	34
Multiple Trunk Locations	1,034	581	416	37
All Other	73	49	21	3
LOWER EXTREMITIES	**18,846**	**12,272**	**6,076**	**498**
Leg	10,859	7,336	3,274	249
Ankle	3,916	2,359	1,457	100
Foot	2,081	1,357	644	80
Toe	721	473	224	24
Multiple Lower Ex.	1,265	744	476	45
All Other	4	3	1	0
BODY SYSTEMS	**616**	**322**	**282**	**12**
MULTIPLE BODY AREAS	**11,596**	**6,174**	**5,072**	**350**
OTHER OR UNSPECIFIED	**373**	**264**	**100**	**9**
Totals	**86,797**	**54,069**	**30,521**	**2,207**

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

APPENDIX X

Event or Exposure
for Accepted Claims with First Indemnity Benefits Paid in 2006



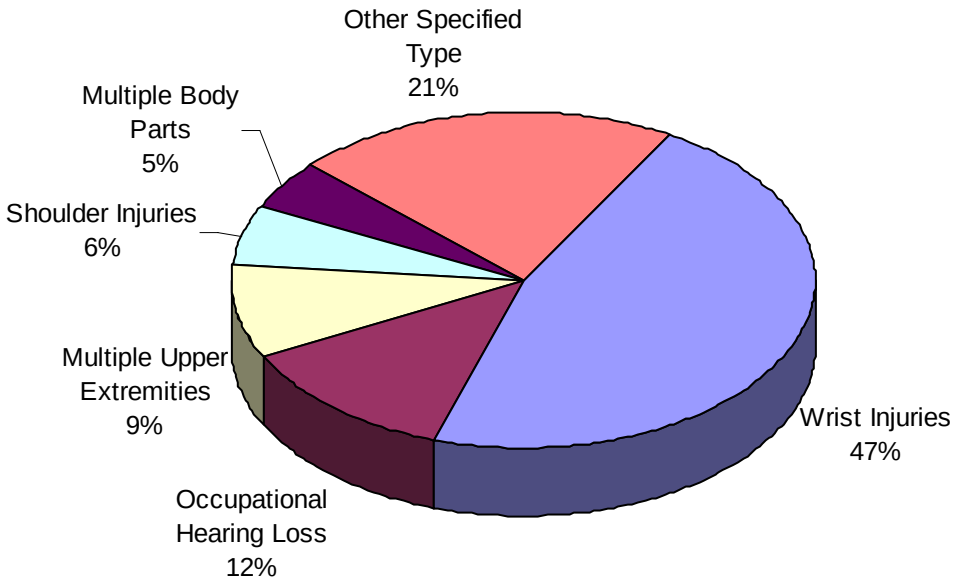
Sex of Worker and Event or Exposure
for Accepted Claims with First Indemnity Benefits Paid in 2006

Event or Exposure	All Claims	Male Workers	Female Workers	Sex Not Indicated
Overexertion	24,708	15,759	8,400	549
Fall on same level	13,019	5,907	6,745	367
Struck by object	8,074	5,677	2,151	246
Fall to lower level	7,319	5,309	1,785	225
Bodily reaction	6,034	4,068	1,841	125
Repetitive motion	5,072	1,906	3,103	63
Assaults and violent acts by person(s)	4,539	2,298	2,123	118
Highway accident	3,905	2,781	990	134
Struck against object	3,695	2,578	1,031	86
Caught in or compressed by objects	3,019	2,389	558	72
Other Specified Event	6,002	4,441	1,404	157
Nonclassifiable	1,411	956	390	65
Totals	**86,797**	**54,069**	**30,521**	**2,207**

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

APPENDIX XI

Types of Occupational Disease or Exposure Injuries for Accepted Claims with First Indemnity Benefits Paid in 2006



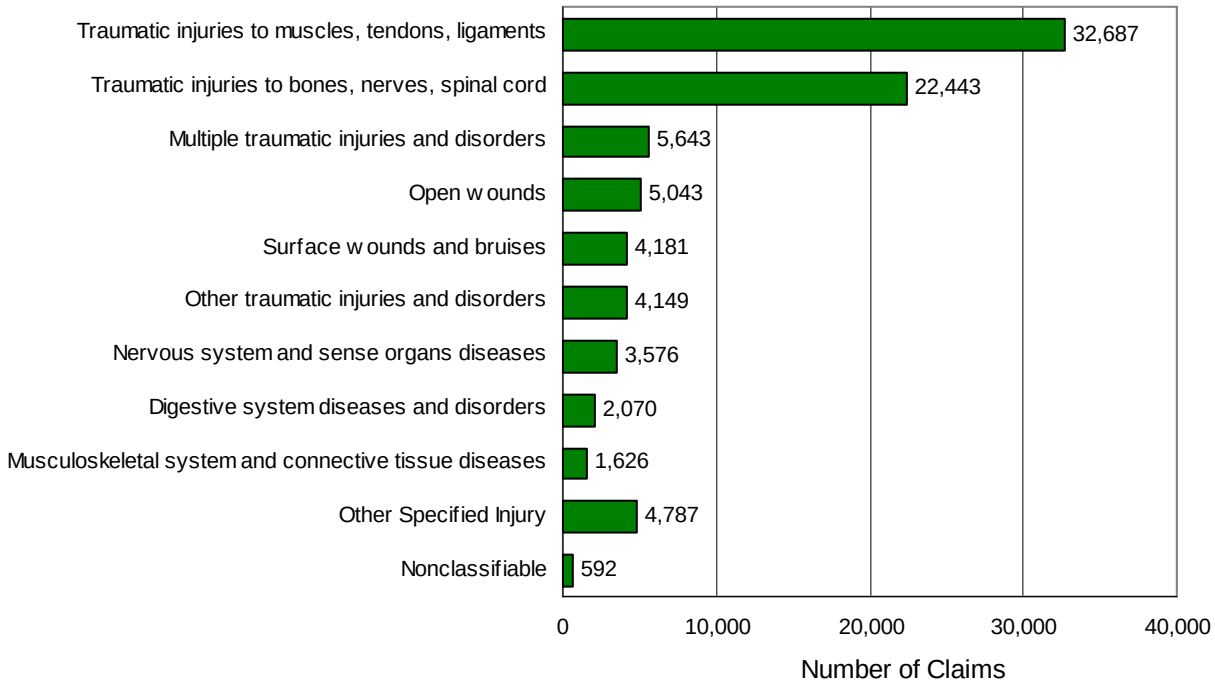
Sex of Worker and Occupational Disease or Exposure for Accepted Claims with First Indemnity Benefits Paid in 2006

Type of Occupational Disease or Exposure	Accepted Claims	Male Workers	Female Workers	Sex Not Indicated
Wrist Injuries	2,273	774	1,474	25
Occupational Hearing Loss	606	572	30	4
Multiple Upper Extremities	432	141	287	4
Shoulder Injuries	278	139	137	2
Multiple Body Parts	236	93	141	2
Other Specified Type	1,039	588	436	15
Totals	**4,864**	**2,307**	**2,505**	**52**

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

APPENDIX XII

Nature of Injury
for Accepted Claims with First Indemnity Benefits Paid in 2006



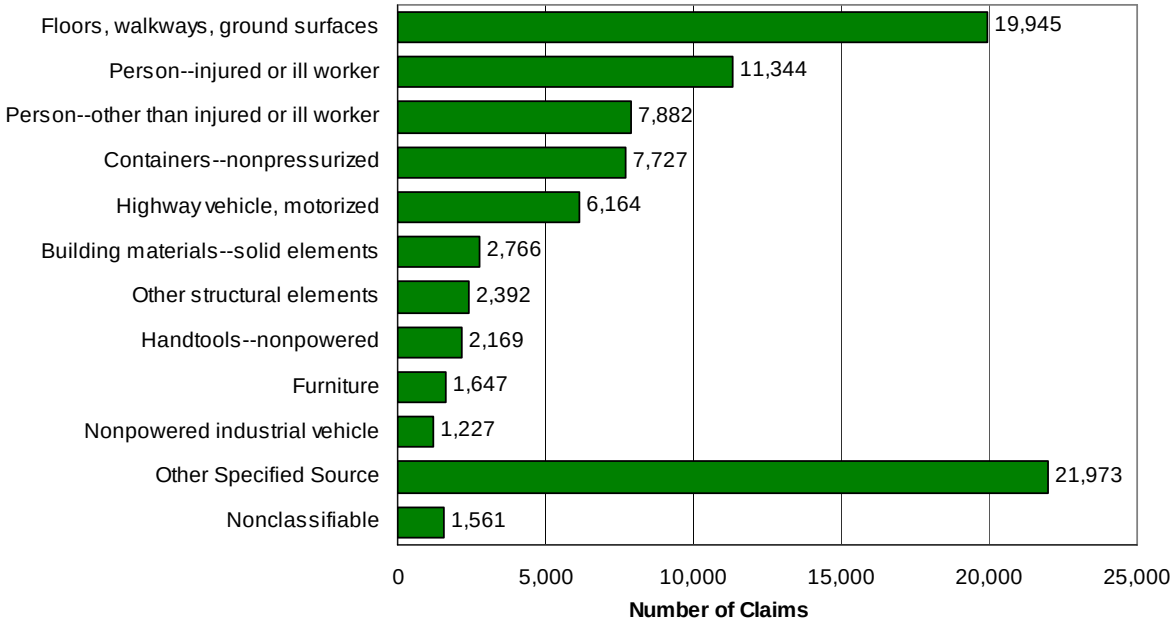
Sex of Worker and Nature of Injury
for Accepted Claims with First Indemnity Benefits Paid in 2006

Nature of Injury	All Claims	Male Workers	Female Workers	Sex Not Indicated
Traumatic injuries to muscles, tendons, ligaments	32,687	19,526	12,352	809
Traumatic injuries to bones, nerves, spinal cord	22,443	14,581	7,280	582
Multiple traumatic injuries and disorders	5,643	3,357	2,102	184
Open wounds	5,043	4,008	878	157
Surface wounds and bruises	4,181	2,354	1,704	123
Other traumatic injuries and disorders	4,149	2,506	1,531	112
Nervous system and sense organs diseases	3,576	1,738	1,793	45
Digestive system diseases and disorders	2,070	1,906	126	38
Musculoskeletal system and connective tissue diseases	1,626	662	948	16
Other Specified Injury	4,787	3,023	1,645	119
Nonclassifiable	592	408	162	22
Totals	**86,797**	**54,069**	**30,521**	**2,207**

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

APPENDIX XIII

Source Producing Injury
for Accepted Claims with First Indemnity Benefits Paid in 2006



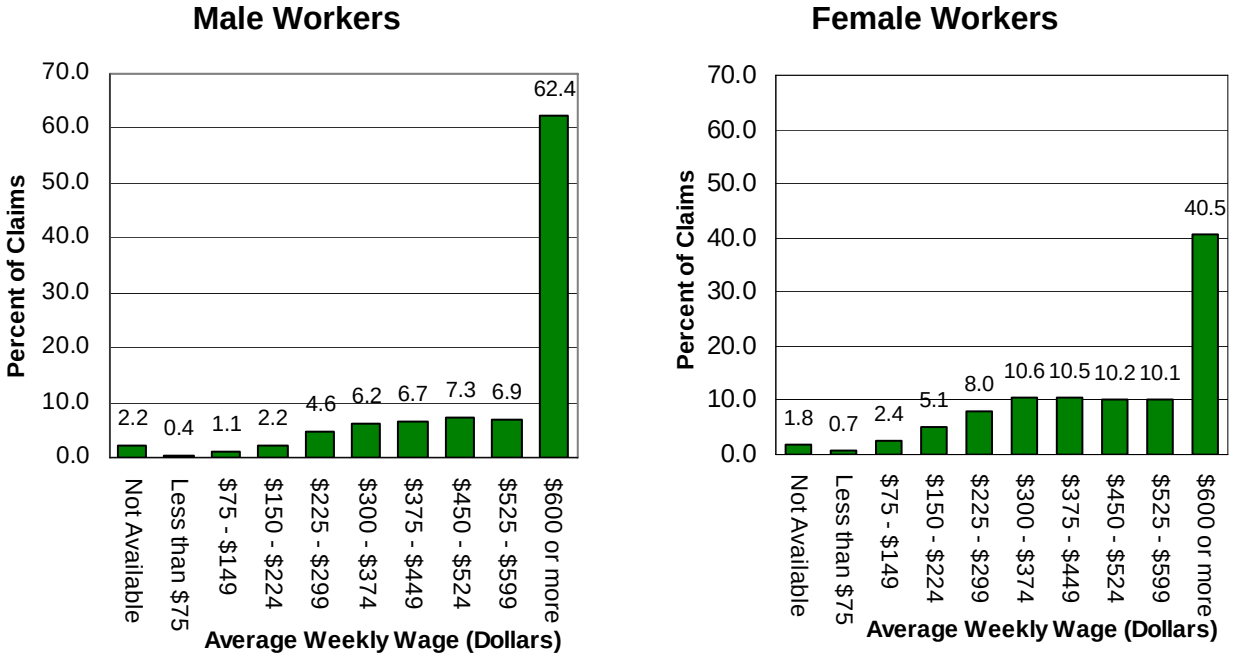
Sex of Worker and Source Producing Injury
for Accepted Claims with First Indemnity Benefits Paid in 2006

Source of Injury	All Claims	Male Workers	Female Workers	Sex Not Indicated
Floors, walkways, ground surfaces	19,945	11,075	8,303	567
Person--injured or ill worker	11,344	6,134	5,016	194
Person--other than injured or ill worker	7,882	2,453	5,254	175
Containers--nonpressurized	7,727	5,049	2,480	198
Highway vehicle, motorized	6,164	4,454	1,504	206
Building materials--solid elements	2,766	2,474	211	81
Other structural elements	2,392	1,480	857	55
Handtools--nonpowered	2,169	1,747	365	57
Furniture	1,647	839	763	45
Nonpowered industrial vehicle	1,227	809	382	36
Other Specified Source	21,973	16,496	4,954	523
Nonclassifiable	1,561	1,059	432	70
Totals	**86,797**	**54,069**	**30,521**	**2,207**

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

APPENDIX XIV

Sex of Worker and Average Weekly Wage for Accepted Claims with First Indemnity Benefits Paid in 2006

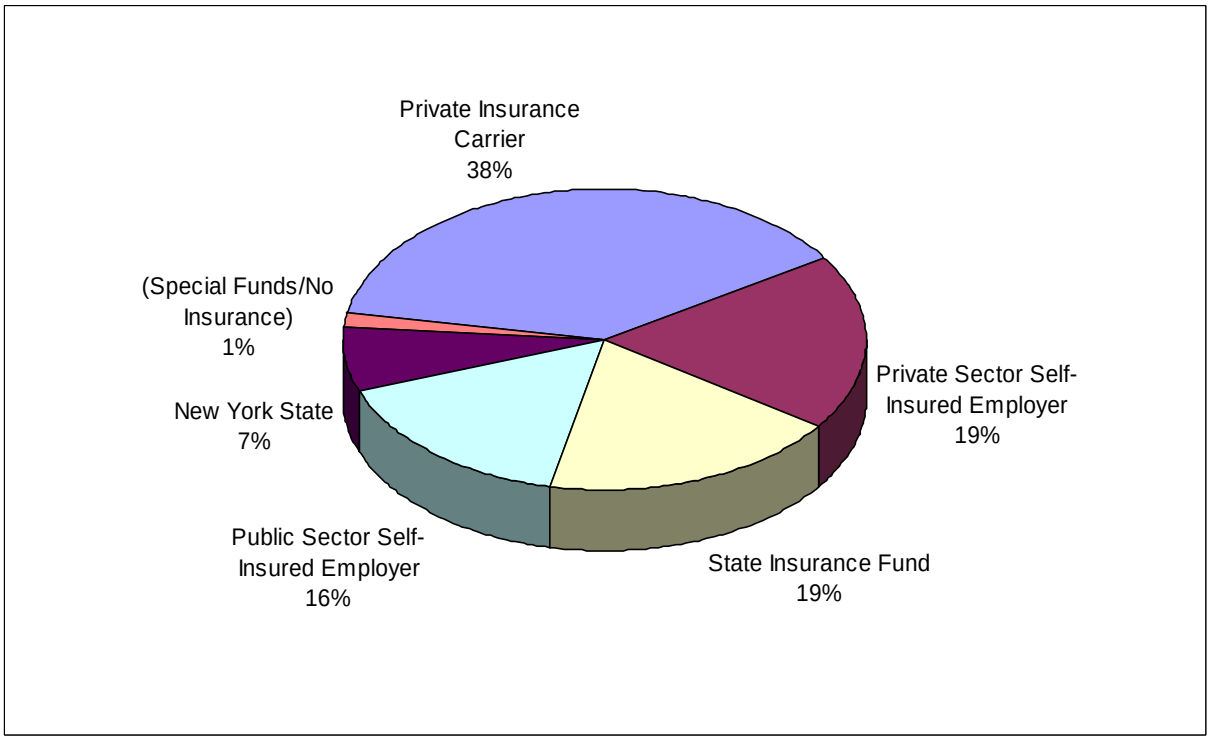


Average Weekly Wage	All Claimants	Male Workers	Female Workers	Sex Not Indicated
Not Available	1,770	1,178	563	29
Less than $75	443	219	216	8
$75 - $149	1,378	601	742	35
$150 - $224	2,825	1,210	1,559	56
$225 - $299	4,997	2,478	2,429	90
$300 - $374	6,751	3,354	3,244	153
$375 - $449	7,011	3,639	3,207	165
$450 - $524	7,195	3,933	3,114	148
$525 - $599	7,006	3,743	3,084	179
$600 or more	47,421	33,714	12,363	1,344
Totals	**86,797**	**54,069**	**30,521**	**2,207**

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

APPENDIX XV

Claim Liability
for Claims Accepted in 2006



Type of Liability Coverage	Number of Claims
Private Insurance Carrier	41,581
Private Sector Self-Insured Employer	20,649
State Insurance Fund	20,355
Public Sector Self-Insured Employer	17,611
New York State*	7,764
(Special Funds / No Insurance)	1,457
Total	**109,417**

* Claims by employees of New York State were previously reported under the State Insurance Fund as the NYSIF administers these claims on behalf of New York State.

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

APPENDIX XVI

Industry Coding in 2006

In 2006, the Board continued to acquire data on the industrial classification of the employers for all accepted claims having indemnity benefits first paid to the injured worker in 2006. The method used to determine the industrial classification leverages new data systems in place at the Board. When employer records from claims can be matched with employer records for insurance compliance, the North American Industrial Classification System (NAICS) code can be identified or translated from an available Standard Industrial Classification (SIC) code. Once coded, multiple claims by workers from the same enterprise can be coded automatically. This provides the Board with an ability to identify the industrial classification code of the enterprise with a highly standardized process producing consistent results.

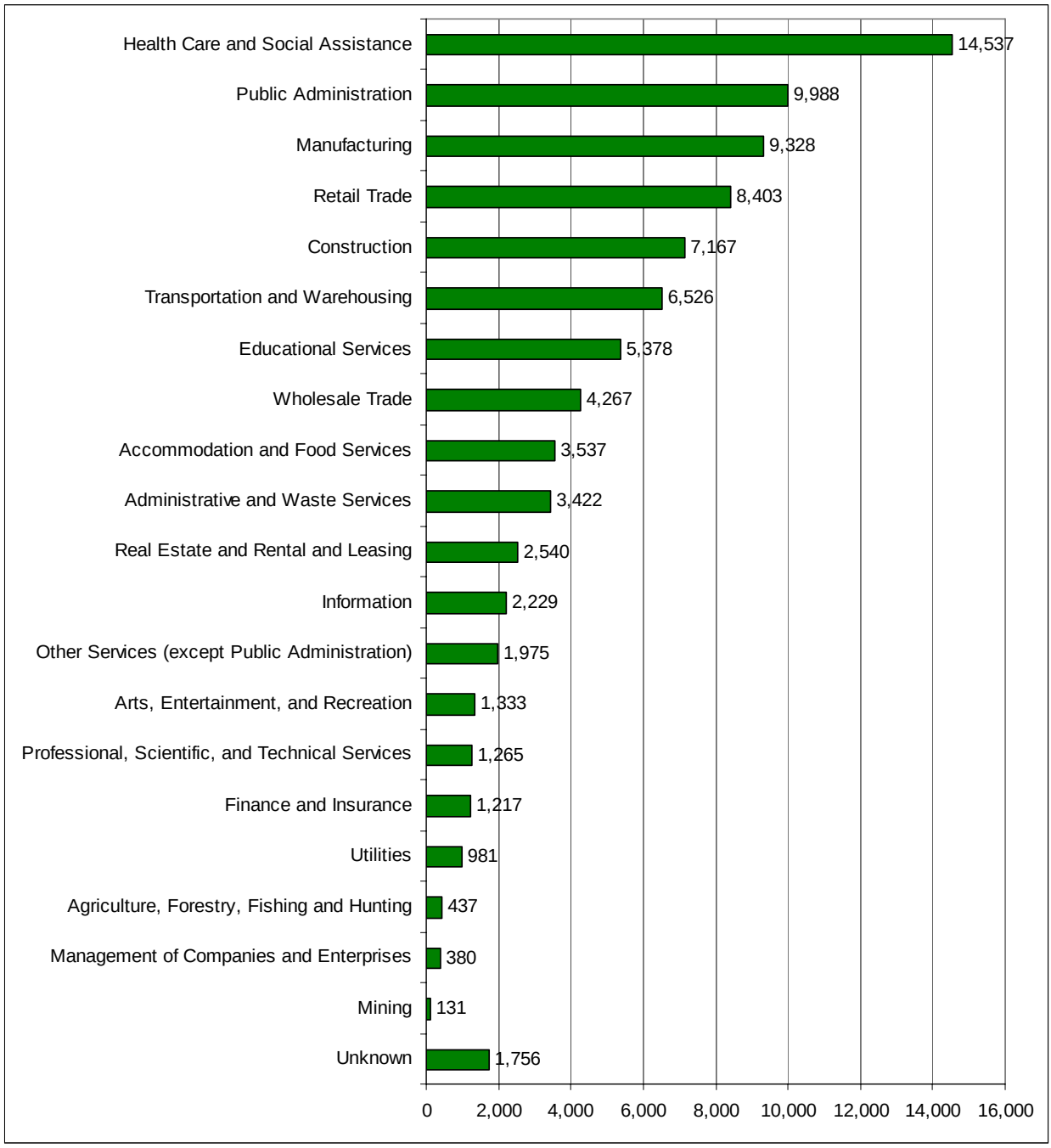
The North American Industrial Classification System (NAICS), like the Standard Industrial Classification (SIC) system before it, is based on the assignment of classification codes to establishments, which are described as generally being a single physical location where business is conducted or services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

Industry Sector and Percentage for Accepted Claims with First Indemnity Benefits Paid in 2006

Industry Sector	Claims	Percent
Health Care and Social Assistance	14,537	16.7
Public Administration	9,988	11.5
Manufacturing	9,328	10.7
Retail Trade	8,403	9.7
Construction	7,167	8.3
Transportation and Warehousing	6,526	7.5
Educational Services	5,378	6.2
Wholesale Trade	4,267	4.9
Accommodation and Food Services	3,537	4.1
Administrative and Waste Services	3,422	3.9
Real Estate and Rental and Leasing	2,540	2.9
Information	2,229	2.6
Other Services (except Public Administration)	1,975	2.3
Arts, Entertainment, and Recreation	1,333	1.5
Professional, Scientific, and Technical Services	1,265	1.5
Finance and Insurance	1,217	1.4
Utilities	981	1.1
Agriculture, Forestry, Fishing and Hunting	437	0.5
Management of Companies and Enterprises	380	0.4
Mining	131	0.2
Unknown	1,756	2.0
Totals	**86,797**	**100**

APPENDIX XVI

Industry Sector for Accepted Claims with First Indemnity Benefits Paid in 2006

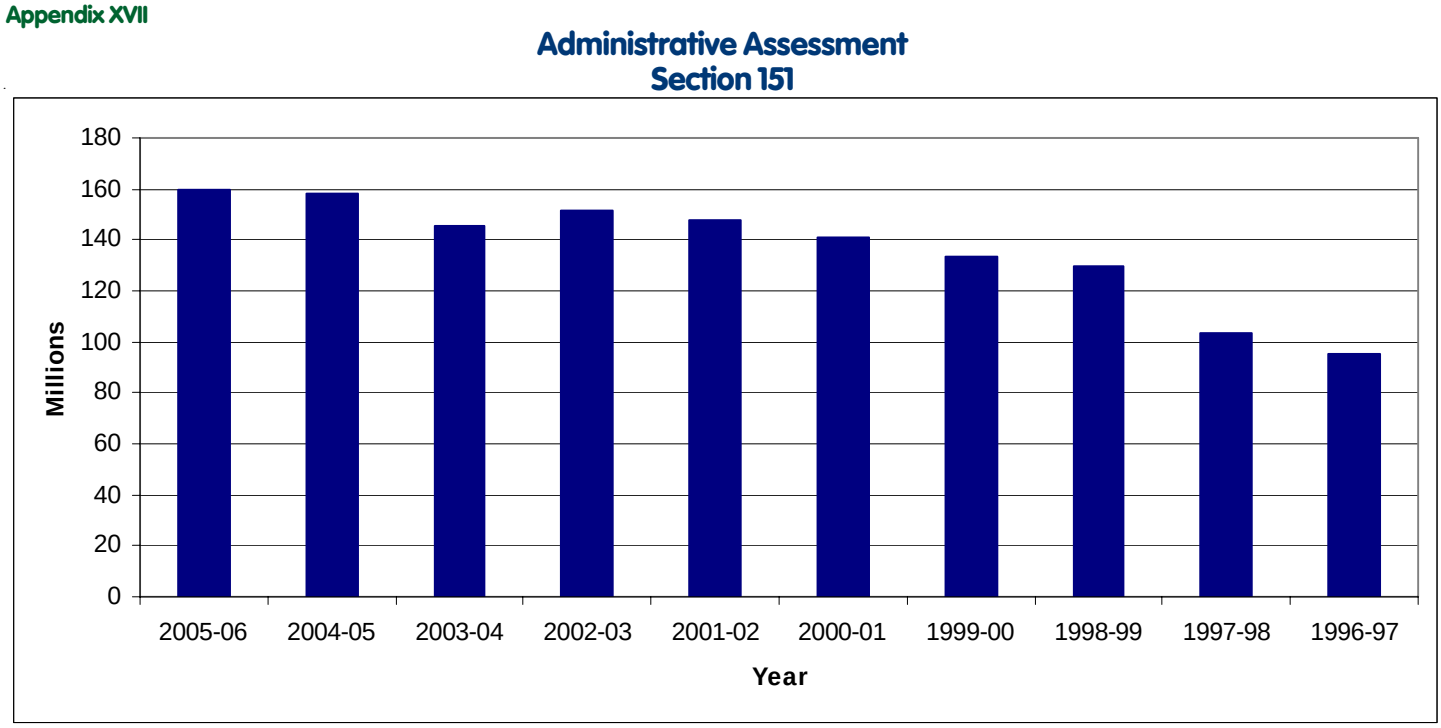


Source: NYS Workers' Compensation Board
Office of MIS/Research

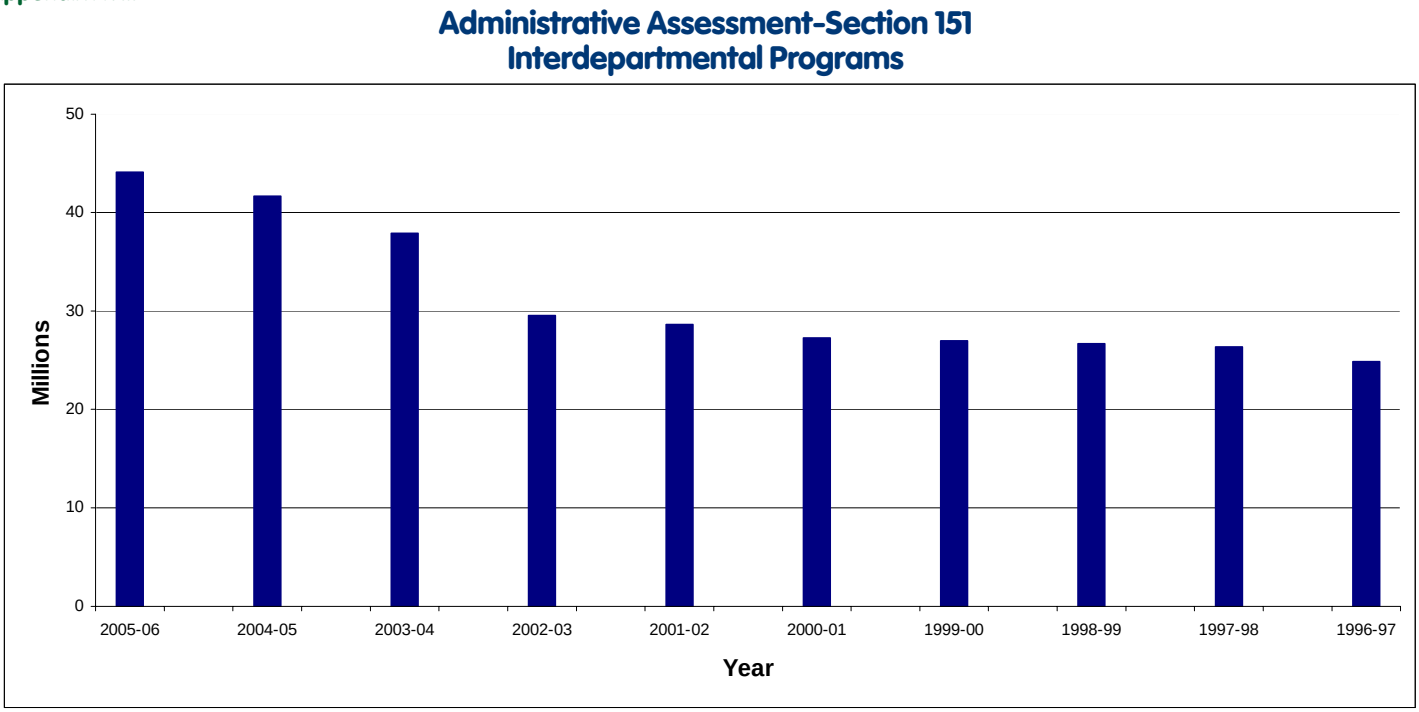
ASSESSMENT CALCULATION

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.

Appendix XVII



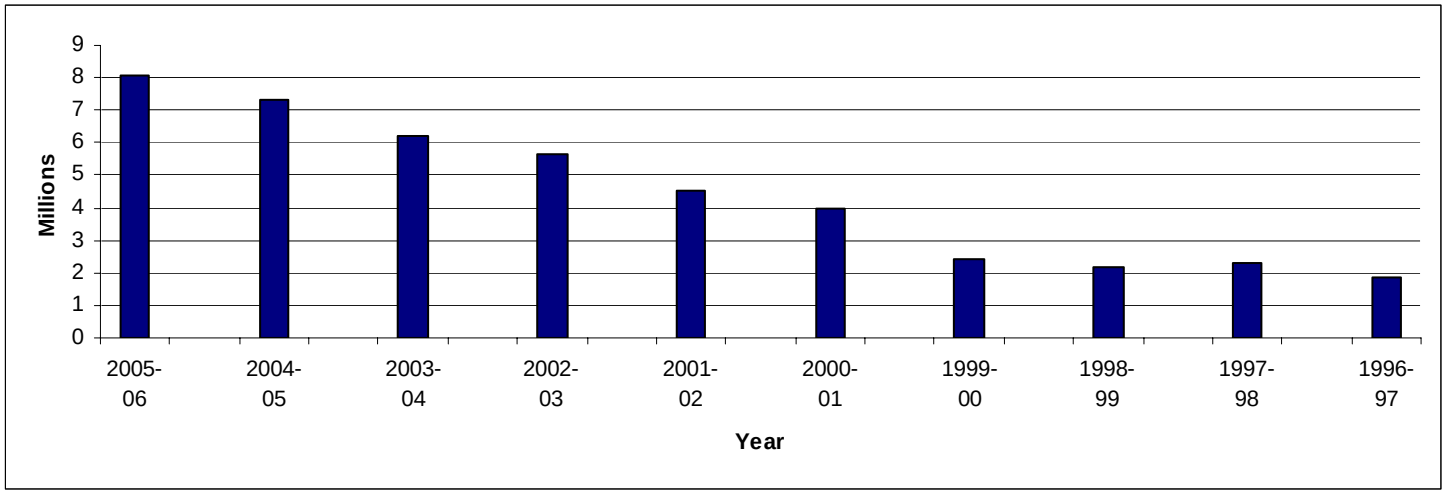
Appendix XVIII



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 XIX

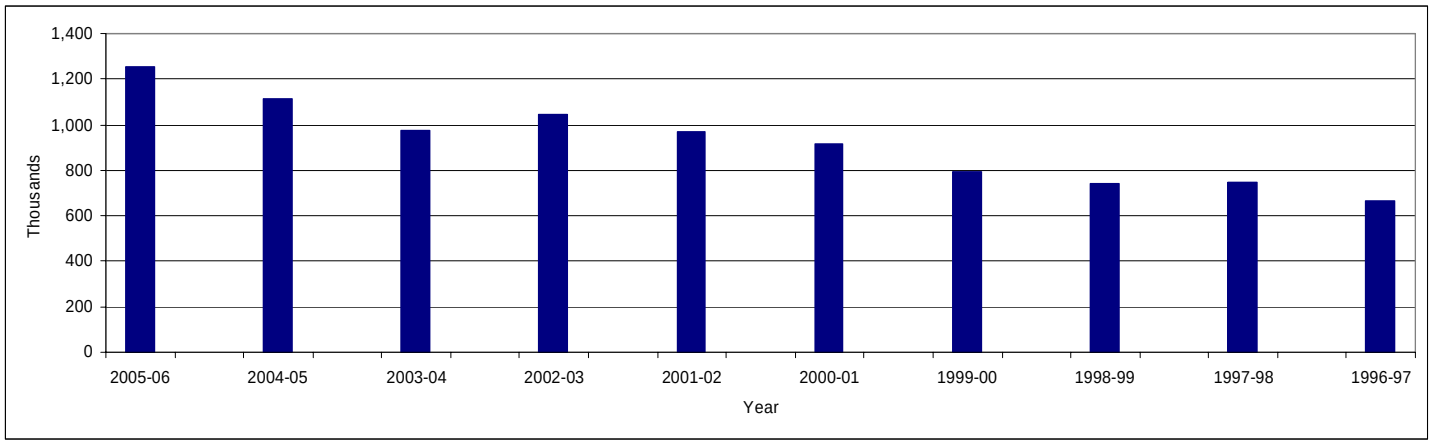
Administrative Assessment Section 50-5
Self Insurers



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 XX

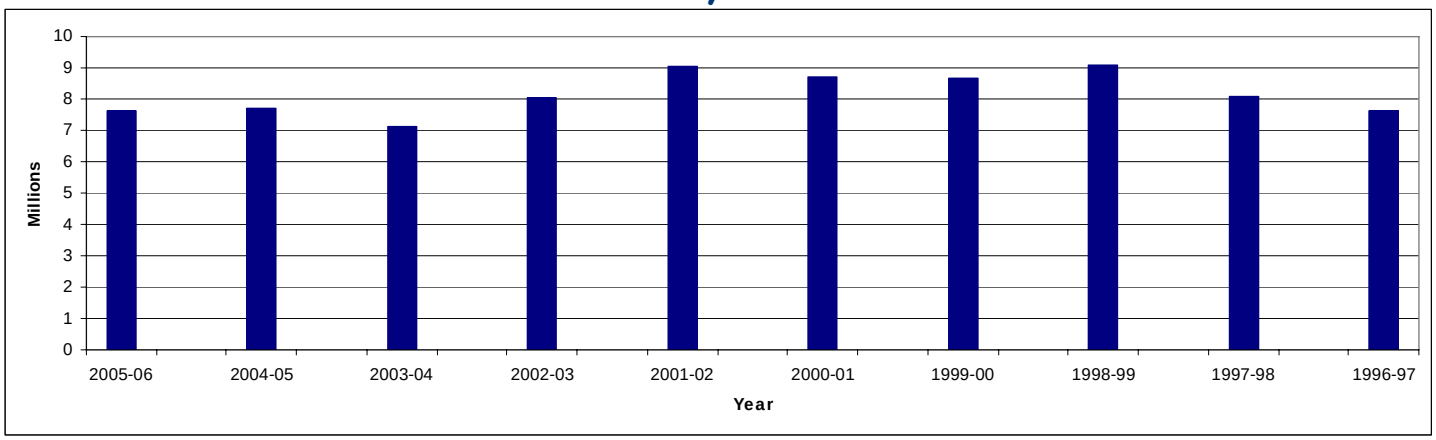
Administrative Assessment Section 60 VF
Volunteer Firefighters



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 XXI

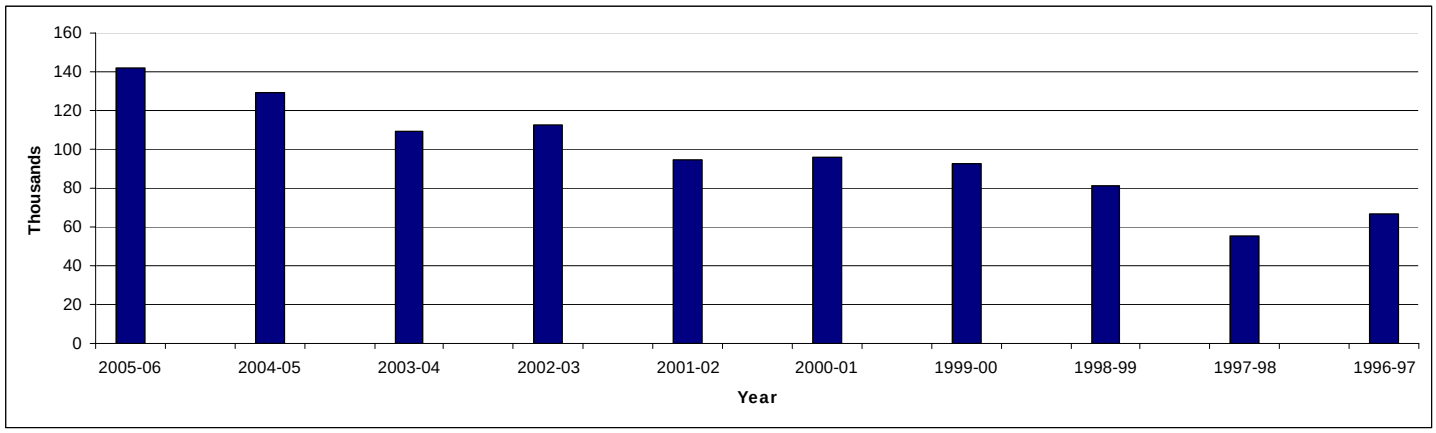
Administration Assessment-Section 228
Disability Benefits



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 XXII

Administrative Assessment-Section 60 VAW
Volunteer Ambulance Workers



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.

SPECIAL FUNDS ASSESSMENTS

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

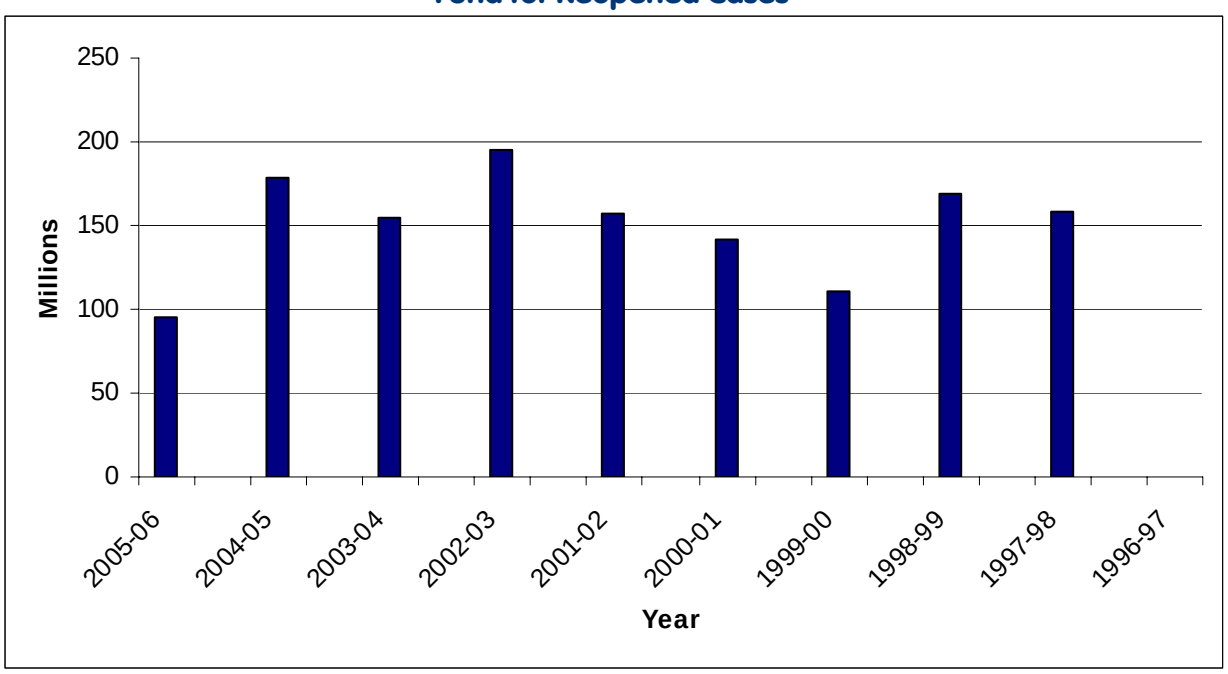
Section 25a — direct payment to claimants and health providers for certain reopened cases and reimbursement to carriers for supplemental benefit cases.
Section 15.8 — reimbursement to insurance carriers and self-insured employers/groups for claims involving second injuries, concurrent employment, and 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.

Appendix XXIII

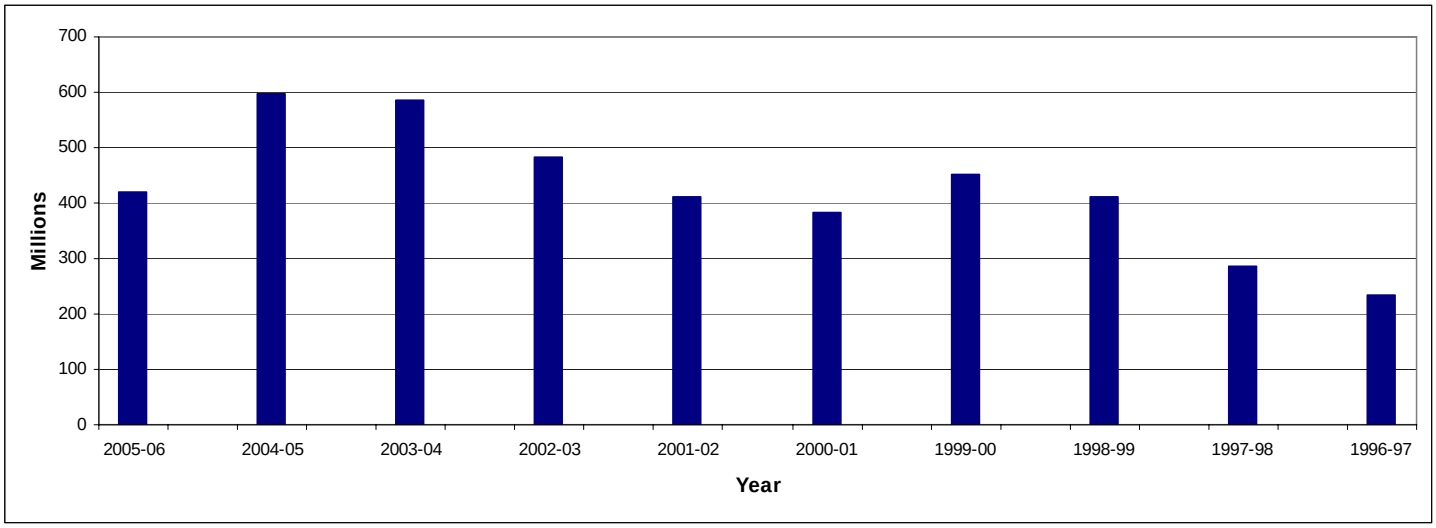
Special Fund Assessment Section 25-a Fund for Reopened Cases



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 XXIV

Special Fund Assessment Section 15-8
Second Injury Fund



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

Appendix XXV

Special Fund Assessment - Section 214
Disability Benefits

Section 214 —The Special Fund for Disability Benefits must maintain a balance of $12 million. At the end of the fiscal year, the Board calculates the amount needed to restore the fund to the $12 million level. This calculation provides the total amount that must be assessed for the 214 program. Any penalties collected from employers who are not in compliance with the disability benefits law are deposited in the Special Fund for Disability Benefits to help offset the assessment. The Special Fund for Disability Benefits has maintained a balance sufficient to make the additional assessment under Section 214 unnecessary since 1996-97.

This report was prepared by the Office of the Chair, Workers' Compensation Board