

Need to Know: Governor Cuomo's 2013 Budget

Governor Cuomo passed his 2013 budget bill for New York, with significant changes to the Workers' Compensation world:

- ❖ Bonding will be made available for runoff Group Self-Insurance Trust Funds (GSIT). This will allow them to pay the upfront price for an insurance policy to release their future liability and close the trust for good. Members of the GSITs will then repay New York State over a period to be determined.
 - *This process will alleviate the usage of the 50-5 Fund for defaulted self-insured programs, and is anticipated to "provide a more efficient means of covering unfunded claims than the current system."*

- ❖ All six workers' compensation assessments will be combined into one large annual assessment payable on January first of every year beginning 2014. This will be billed to all self-insured entities based on an "equitable and transparent formula", which will be announced in advance of the payment date, every year on November first beginning 2013.
 - *One large annual assessment should have no greater impact on this Consortium than a cash flow change, by paying at once instead of six different occasions over the year. However, if the methodology for calculating assessments is changed, that could have a significant financial impact.*

- ❖ The 25-A Fund for Reopened Cases will be closed and will not accept any new applications on or after January 1, 2014. Cases that have achieved 25-A before 1/1/14 may be administered by the Board, transferred to a third party, or sold to an insurance carrier, to be determined by the Chair of the WCB.
 - *This will mean an immediate assessment savings to the state self-insured employers of approximately \$300 million*
 - *The fund will be closed and the Consortium will no longer be able to apply for the State to takeover payment of a claim that has been reopened after remaining closed for seven years.*

- ❖ The minimum weekly benefit for injured claimants would be raised from \$100 to \$150

For more information on this or any other workers' compensation issue, please contact Erin Gregory of NCAComp at 716-842-0045 or egregory@ncacomp.com

Prepared by

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