

Beacon Hill Byline by Mary Rogeness

February 27, 1995

Workers Compensation Reforms are Working

Workers Compensation was the first major legislative issue I faced as a new state representative in 1991, and I have followed its progress carefully. It had been a nagging problem in our state, both for the workers trying to receive payment to make up for their lost wages and for the employers whose rates were climbing through the roof.

The two-pronged problem grew worse after an attempt at reform in the mid-eighties. Then the legislature tried again with our new reform law passed in 1991. The years of experience since passage, reinforced by a newly announced 1995 rate schedule, show that the law is working for both workers and their employers.

One measure of the system is the backlog of cases. At the passage of the new law, 10,000 individuals were waiting to have their cases heard before a judge. The law tackled that problem aggressively. It authorized the appointment of additional judges to reduce that backlog and at the same time listed specific expectations for the workload of sitting judges. Judges will also be subject to performance review. The result of those changes is the complete elimination of the backlog. All of the current cases are working their way through the system.

Another indicator is the detection of fraud within the system, and that was also addressed by the new law. Enforcement measures by the Division of Labor have targeted employers who have not purchased policies for their employees, traditionally a significant loss of revenue to the program. The program is funded by charges on all employers, so universal compliance is necessary to limit the costs of each one. The state has used its authority to issue stop work orders to halt the non-complying construction project or close the offending business. A few publicized examples have resulted in a substantial increase in compliance.

Part of the new law is the promotion of workplace safety and encouragement of light duty assignments to get an injured employee back on the job quickly. That policy can have long term benefits to the worker who might otherwise face complete removal from the workplace.

The bottom line for employers and prospective employers in the state comes with the rates they must pay, and the newly announced rates for 1995 bear out all of the positive signals from other parts of the system. The rate increase in 1991 was 29%, and that was the straw that broke the camel's back. Last year saw a modest reduction of 10%. And this year, with the growing experience of the new law, insurers have been granted a rate that is 16.5% lower than last year's. Over a two-year period, rates are down over 25%.

Why should this matter to those of us who are not employers? Our state struggles with the reputation as an expensive place to do business, and workers compensation is a significant factor in that cost. Workers comp is a growing national crisis, and Massachusetts is the first state to address the issue, giving us a strong selling point to keep and attract jobs. Everybody wins when another business decides to make it in Massachusetts.