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NCOIL OPPOSES FEDERAL WORKERS' COMP COMMISSION, SUPPORTS INDEPENDENCE OF STATE SYSTEMS

Troy, New York, July 17, 2009—On July 12 in Philadelphia, the National Conference of Insurance Legislators (NCOIL) supported continued independence from the feds in workers' compensation insurance matters by unanimously adopting a *Resolution Opposing the Creation of a Federal Commission to Examine State Workers' Compensation Laws*. The resolution, while lauding positive aspects of state-based systems, reminds Congress that the recommendations of a similar federal commission spurred the workers' compensation financial crisis of the late 1980s and early 1990s.

NCOIL President Sen. James Seward (NY) said:

The state-based system has proven for over a century to be effective in protecting injured workers and employers from the unlimited and unpredictable costs of workplace injury. It provides injured workers necessary medical treatment to get them back to work and protection against lost wages. It does so at an affordable cost to employers. NCOIL opposes the imposition of federal oversight and federal mandates that likely would create unintended consequences for a system that has been operating effectively for decades.

Workers' Compensation Insurance Committee Chair Rep. Susan Westrom (KY), resolution sponsor, added:

The current state-based workers' is flexible and responsive. It reacts to state-specific conditions, reflecting each state's nature and cost of employment. Recommendations made by a federal commission would likely impose a one-size-fits-all system that would ignore individual state needs, interfere with state benefit systems, and increase, not control costs.

The resolution, adopted at the NCOIL Summer Meeting, contends that a 1972 Nixon Commission made broad recommendations, including higher disability benefits, compulsory coverage, and unlimited medical care, while ignoring cost impacts. It says that subsequently many states incorporated these cost drivers into their systems without proper controls. The resolution says, since the Commission report, states have instituted workers' compensation reforms, improving systems through the use of managed care processes, treatment guidelines and stronger fraud provisions.

The resolution specifically opposes federal H.R. 635, *The National Commission on State Workers' Compensation Laws Act of 2009*, and generally opposes any federal measure that would preempt the

state-based system. H.R. 635—which is sponsored by U.S. Rep. Joseph Baca (D-CA)—is modeled after the 1972 Nixon Administration study that reviewed state systems and recommended several changes. Likewise, the Baca bill would create a 14-member Commission to examine the adequacy, promptness, and fairness of state laws, benefits, and delivery systems for injured workers.

During a July 10 NCOIL Workers' Compensation Insurance Committee meeting, representatives of the American Insurance Association (AIA), National Association of Professional Insurance Agents (PIA), and Property Casualty Insurers Association of America (PCI) expressed support for the proposed resolution. No audience member or legislator spoke in opposition.

The NCOIL Summer Meeting was held from July 9 through 12 at the Philadelphia Marriott Downtown.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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