



California Applicants' Attorneys Association

 **VotersInjuredatWork.org**

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New Study: Insurers Shifting Workers' Compensation Costs Onto Taxpayers, Workers'

*Cuts to injured workers' compensation increases
Social Security and Disability Insurance Costs*

SACRAMENTO – A new California study has found that workers' compensation insurance carriers have shifted hundreds of millions of dollars in claim costs onto employees. The study by the Commission on Health, Safety and Workers' Compensation (CHSWC) found that many claims paid through the State Disability insurance program (SDI) should have been covered as workers' compensation claims. Consequently, taxpayers and employees are paying costs that insurance companies should pay. "When insurers refuse medical care and compensation to injured workers, injured workers seek the care and support they need elsewhere. Deep cuts to injured workers' care and compensation have driven those workers to other programs such as SDI. That means that workers are picking up the tab for insurance companies' denial of care and compensation for their own workplace injuries," said Todd McFarren, president of the California Applicants' Attorneys Association (CAAA), whose members represent those injured on the job. "This cost shift is particularly egregious, as SDI is entirely funded by workers through payroll deductions. Insurance companies have banked record profits, while sticking disabled workers with the bill."

The study by UC Berkeley faculty found that 13.1% of SDI claims should be defined as industrial, and therefore covered by workers' compensation. Consequently, at least 9.7 % of employee SDI contributions are subsidizing occupational claims that are misclassified as industrial, representing a giveaway of about \$400 million from employees to insurance companies. This means that workers are subsidizing employer workers' comp costs.

"Temporary disability and permanent disability benefits have been unfairly and unnecessarily slashed in California," said Jesse Cenicerros, president of VotersInjuredatWork.org. "We call upon the Governor and the Legislature to examine these disturbing findings and implement policies to stop the shifting of insurance company costs for injured workers' claims onto those workers themselves. We also urge them to reexamine the level of compensation being provided to injured workers." The report is here:

<http://www.dir.ca.gov/chswc/Reports/ReportingWorkersCompensationInjuriesinCalifornia2008August.pdf> (end)

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