



STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**

July 26, 2018

Clarissa M. Rodriguez  
Chair  
Workers' Compensation Board  
328 State Street  
Schenectady, NY 12305

Re: 2017 Final Payment Examination  
Report

Dear Chair Rodriguez:

As part of our daily audit, we examined<sup>1</sup> the Workers' Compensation Board (Board) payment requests to claimants and medical providers (claims) prior to payment from the Board's sole custody funds during the period January 1, 2017 through December 31, 2017. The objective of our examination was to determine whether claims were appropriate, and complied with the New York State Workers' Compensation Law and mandated fee schedules. We also followed up on certain prior findings to determine the status of actions taken by the Board.

The Board processed claims totaling nearly \$720 million for four sole custody funds in 2017 – the Uninsured Employers Fund, the Special Fund for Disability Benefits, the Second Injury Fund and the Fund for Reopened Cases. Board staff enter claims data for all special funds claims into the Board's automated payment system, where the claims are subjected to various system edits and validation checks, approved by the Board and submitted to our Office for audit and approval prior to payment.

We halted inappropriate claims totaling nearly \$520,000 that the Board approved and submitted to our Office. These claims: contained data entry or miscellaneous errors, were previously approved and paid, were not properly supported, did not comply with mandated fee schedules, contained computation errors or contained accounting errors. Please see Attachment A for a summary of findings by processing entity and the type of error.

In our 2017 annual report to the Board, we reported that officials would continue to review, when possible, potential duplicate payments our Office identified for calendar year 2016 and recover any confirmed duplicates. Officials reviewed 217 potential duplicate payments we identified

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<sup>1</sup>We performed our examination in accordance with the State Comptroller's authority set forth in Article V, Section 1 of the State Constitution, as well as Article II, Section 8(1) and (7), and Article VII, Section 111 of the State Finance Law.

totaling nearly \$338,000 and confirmed 97 of those payments totaling more than \$166,000 were duplicate payments, while the remaining 120 payments totaling over \$171,000 were not. Officials have not yet taken action to recover the funds due to competing priorities. However, officials reported that some vendors have returned funds to the Board, which may include some of the duplicate payments we identified. At this time, officials have not quantified the amount recovered. The Board reported officials are developing strategies to recover monies confirmed as duplicate payments. We will continue to follow up on the recoverable duplicate payments.

In April 2018, the Board fully transitioned its claims payment process to the Statewide Financial System. In addition, the Board has issued a request for proposal for Third-Party Administration services to fulfill the Board's claims administration responsibilities. Both of these initiatives will help the Board improve its claims processing. We also recognize the Board has continued efforts to improve its payment processing through quality assurance initiatives and staff member reorganization to identify and stop inappropriate payments.

We thank the management and staff of the Workers' Compensation Board for the courtesies and cooperation extended to our auditors.

Sincerely,

Bernard J. McHugh  
Director of State Expenditures

Enc: Attachment A

cc: Mary Beth Woods  
Suzanne Aluise

**WORKERS' COMPENSATION BOARD  
ERROR TYPES BY CLAIM PROCESSING ENTITY  
RESULTING FROM DAILY AUDIT ACTIVITIES  
CALENDAR YEAR 2017**

Error Type	WCB		SFCC		Triad		Total	
	#	Amount	#	Amount	#	Amount	#	Amount
Data Entry Errors	9	\$141,311	1	\$15,200	0	\$0	10	\$156,510
Miscellaneous Errors	15	117,544	1	9,480	1	19,484	17	146,507
Duplicate Payments	2	19,529	1	7,972	3	67,945	6	95,447
Unsupported Charges	0	0	6	58,658	2	2,312	8	60,970
Noncompliance with Mandated Fee Schedules	2	16,480	22	12,243	16	7,062	40	35,785
Computation Errors	16	11,030	2	3,621	1	30	19	14,681
Accounting Errors	13	10,026	0	0	0	0	13	10,026
<b>Total</b>	<b>57</b>	<b>\$315,920</b>	<b>33</b>	<b>\$107,174</b>	<b>23</b>	<b>\$96,832</b>	<b>113</b>	<b>\$519,927</b>