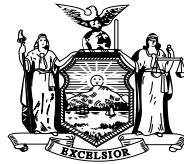


THOMAS P. DiNAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 2, 2017

Kenneth J. Munnelly
Chair
Workers' Compensation Board
328 State Street
Schenectady, NY 12305

Re: 2016 Final Payment Examination
Report

Dear Mr. Munnelly:

As part of our daily audit, we examined¹ the Workers' Compensation Board (Board) daily payment requests to claimants and medical providers (claims) prior to payment from the Board's sole custody funds during the period January 1, 2016 through December 31, 2016. We also examined claims on a post payment basis made during the same period to identify potential duplicate payments. 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.

The Board processed claims totaling over \$830 million for four sole custody funds in 2016 – 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 approval prior to payment.

We identified inappropriate claims totaling \$1,224,077 that were approved by the Board and submitted to our Office for approval which contained: data entry errors, were not in compliance with mandated fee schedules, were not properly supported, contained computation errors, were previously approved and paid, or contained accounting errors or other miscellaneous errors. We also identified two high-dollar or "outlier" claims that resulted in additional savings of \$2,633,204. For these claims, Board staff members entered incorrect data in fields used to calculate the payment amount resulting in artificially higher amounts to be paid. Please see Attachment A for a summary of findings by fund and the type of error.

¹We 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, and Article VII, Section 111 of the State Finance Law.

In addition to our daily audit, we reviewed claims processed by the Board after they were paid to identify potential duplicate payments. For calendar year 2016, we identified 210 potential duplicate payments totaling \$344,000. Of the 210 payments, the Board confirmed 46 claims for \$67,000 were duplicate payments, including four totaling \$12,000 that providers and claimants returned. The Board has agreed to review, when possible, the remaining potential duplicate payments.

During calendar years 2014 and 2015, we identified \$1.4 million potential duplicate payments. The Board has not taken action to recover this money citing competing priorities that have not allowed staff to pursue the overpayments. However, the Board reported certain providers and claimants have returned \$640,000 in duplicate payments since May 2016. The Board could not readily determine whether these were part of the overpayments we previously identified.

In 2017, the Board will begin fully processing claims for the Second Injury Fund from the Special Funds Conservation Committee and will continue its onboarding efforts to the Statewide Financial System. Both of these initiatives will help the Board in their continuous efforts to improve claims processing and reduce duplicate payments. We also recognize the Board's 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 2016**

Error Type	WCB		SFCC		Triad		Total	
	#	Amount	#	Amount	#	Amount	#	Amount
Data Entry Errors	5	\$2,691,744	0	\$0	0	\$0	5	\$2,691,744
Noncompliance with Mandated Fee Schedules	9	148,879	36	58,334	10	11,248	55	218,461
Unsupported Charges	2	12,827	10	119,762	0	0	12	132,590
Computation Errors	11	102,939	2	1,636	0	0	13	104,575
Duplicate Payments	15	86,165	1	5,844	0	0	16	92,009
Miscellaneous Errors	25	161,982	3	15,660	0	0	28	177,642
Accounting Errors	71	440,260	0	0	0	0	71	440,260
Total	138	\$3,644,796	52	\$201,236	10	\$11,248	200	\$3,857,281