Report shows massive reductions in US workers' compensation pay

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A new investigative report by the non-profit organization ProPublica and National Public Radio details the consequences of the drive to reduce compensation payments to workers injured on the job. The report, titled "Insult to Injury," shows the consequences of the drive by corporations to shift the cost of employment related disabilities onto the backs of workers and their families, many of whom are plunged into poverty as a result of an injury, in the name of corporate-backed "reforms."

The attack on workers has been bipartisan. The report notes that "the reforms were mostly driven by the recessions of 2001 and 2007-2009, which pitted states in a seemingly endless competition to lure business with lower costs. Even in states dominated by Democrats, worker advocates have been forced to make major concessions to achieve slight increases in benefits—sometimes just to keep up with inflation." Employers now pay lower costs for injured workers than at any time since the 1970s, despite the increasing cost of medical care. Similarly, insurance companies have posted record profits as recently as 2013.

Each year, at least 3 million workers throughout the country are seriously injured on their jobs, while thousands more are killed. A recent OSHA report found that employers today pay only 21 percent of all costs relating to workplace injuries, with workers themselves covering the majority of the difference. "Over the past decade, state after state has been dismantling America's workers' comp system with disastrous consequences for many of the hundreds of thousands of people who suffer serious injuries at work each year," the ProPublica/NPR report notes.

Workers' compensation benefits were won by the working class in the early 20th century, as employers, facing the prospect of militant workers' struggles and social revolution, enacted policies that provided those injured in the unsafe conditions predominating in American industry a measure of dignity after being taken off the job. These measures were further expanded in the early 1970s under the Nixon administration, which, in addition to passing the Occupational Safety and Health Act that outlined federal safety standards for workplaces, formed a commission that pushed for minimal compensation standards to be enforced nationally.

These included:

• Injury benefits set at two-thirds a worker's original pay, or at least the average wage prevailing statewide.

• Assistance provided throughout the duration that a person was injured with no arbitrary cutoffs in pay.

• Families would receive death benefits until either the spouses remarried or upon the children's completion of college.

Since 2003, 33 states have adopted measures limiting payments and individuals' access to injury compensation, with Florida cutting pay to the states' most disabled by over 65 percent. In New York, Florida and Tennessee, workers with "permanent partial injuries," such as chronically debilitating back pain, have seen their compensation cut by 20 percent. In California, North Dakota, West Virginia and Oklahoma, governments have placed arbitrary time limits on compensation for temporary injuries, forcing workers back on the job before they have healed or received needed medical treatments.

The state of Alabama currently provides the lowest benefits to a worker receiving assistance for permanent partial disability, in which they might be able to work at some capacity, but require additional income to compensate for their reduced earning power. The state has capped weekly benefits for such conditions at only

$220 per week, a level that has prevailed since 1985, not accounting for rising costs of living.

In Oklahoma, a 2012-2013 reform spearheaded by Hobby Lobby, Unit Corp. and the state Chamber of Commerce allowed employers the right to opt out of paying for disability altogether. The report quotes Oklahoma chamber lobbyist Jonathan Buxton as saying "getting them [workers] healed and back to work is the goal of our system, and it's better incentivized now."

The report uses the stories of individuals in an affecting manner, demonstrating the human costs of the various cost-cutting policies that have been enacted. In one such case, a derrick hand afflicted with the loss of an arm while working an oilfield in North Dakota is recommended a prosthetic limb by a physician appointed by the state's Workforce Safety and Insurance (WSI) agency. The WSI, noting costs, rejects the diagnosis; opting instead for a (much less expensive) metal hook as a replacement.

The authors note that in states such as North Dakota and Texas, the WSI can reject prescriptions found to be too generous; oftentimes relying on a more cost-friendly diagnosis from physicians who are not required to meet with the injured worker whose lives their decisions affect.

The US Labor Department is the main federal agency tasked with overseeing the state-based implementation of workers' compensation and making sure that states remain in compliance. However, since 2004, budget cuts at the federal level have made it so there is effectively no federal body overseeing how states implement such policies. Today seven US states follow only 15 of the 19 national guidelines on workers' compensation enacted under the Nixon administration, with four states observing less than half of the regulations.

Though the report focuses on policies enacted mostly by Republican governments on the state level, the drive to eliminate workers' compensation and other benefits is a bipartisan operation being carried out nationally. Both parties have called for "fixing" the so-called "broken" Social Security pension system in the US, which oversees the federal distribution of disability benefits.

In January, the House of Representatives adopted a rule that would force reductions in benefits given by Social Security Disability Insurance whenever the underfunded body sought a routine funds transfer from SS's retirement trust fund.

Commenting on this policy at the time, the liberal Center for Budget Policy and Priorities noted that "reallocating some taxes between the retirement and disability trust funds is a historically noncontroversial measure that Congress has taken 11 times, in both directions depending on which trust fund was running short." The move to decrease the benefits for severely disabled workers is, in turn, a response to increasing numbers of Americans applying for disability as they have been forced to retire later in life due to decreasing access to pension programs and other benefits.