



Highlights of [GAO-04-1013T](#), testimony before the Chairman, Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform, House of Representatives

## Why GAO Did This Study

In the aftermath of the September 11, 2001, terrorist attacks, Congress appropriated \$175 million for the New York State Workers' Compensation Board (the Board) to assist with the resulting workers' compensation claims. These claims were filed by workers or volunteers (or survivors) who were injured, became ill, or died as a result of the attacks and the recovery efforts. Specifically, Congress provided federal funds to the U.S.

Department of Labor (DOL) for the Board in three earmarked portions: \$125 million for processing of claims, and \$25 million each to reimburse the state Uninsured Employers Fund (UEF) for benefits paid (1) for workers associated with uninsured employers and (2) for volunteers. DOL transferred the funds to the Board using a grant agreement.

This testimony looks at the Board's use of the \$175 million in federal funds and the status of September 11 workers' compensation claims. The testimony addresses: (1) how the federal funds have been used and (2) how many applications for compensation have been received and their status. In addition, we are continuing to gather information about whether the grant agreement and the appropriation act are consistent with the Board's use of the funds.

[www.gao.gov/cgi-bin/getrpt?GAO-04-1013T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1013T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Robert E. Robertson at (202) 512-7215 or [robertsonr@gao.gov](mailto:robertsonr@gao.gov).

## SEPTEMBER 11

# Federal Assistance for New York Workers' Compensation Costs

## What GAO Found

As of June 30, 2004, of the \$175 million in federal funds appropriated to help pay workers' compensation expenses related to the September 11 attacks and recovery, the New York State Workers' Compensation Board had used about \$49 million. From the \$125 million portion available for processing of claims, the Board had used about \$44 million to reimburse two state entities—the New York State Crime Victims Board and the New York State Insurance Fund—for benefits those entities had paid to September 11 victims (or survivors). In addition, the Board had used about \$4.4 million of the \$125 million to prepare for responding to any future terrorist attacks. For example, the Board paid for new computer backup systems and new off-site storage contracts to ensure access to claims data in case of a disaster. At the time of our review, the Board had not yet used any of the \$25 million that is available to reimburse the UEF for benefits the UEF paid to workers associated with uninsured employers (or survivors). However, the Board had used funds from the UEF to pay these benefits and was first trying to recoup these funds from the uninsured employers before drawing upon federal funds to reimburse for any unrecovered expense. Finally, the Board had used about \$456,000 of the \$25 million that is available to reimburse the UEF for benefits the UEF paid to volunteers (or survivors).

The Board indicated that, as of mid-2004, it had received 10,182 claims for workers' compensation and 588 volunteer claims related to the September 11 attacks and recovery. Ninety percent of the workers' compensation claims had been resolved, that is, the Board had resolved all the issues that it could with the information available at that point. The remaining 10 percent of claims were pending, as the Board was waiting for additional information from claimants (such as medical evidence), hearings were yet to be held, or claimants had not pursued their case after initial filing. The Board officials noted that the status of claims was fluid: a resolved claim could change to pending if more information becomes available and the Board reopens the case. In addition, we were unable to report approval and denial rates of claims because, according to Board officials, the Board's core mission is to process individual claims and not track outcomes of claims decisions. For 52 percent of workers' compensation claims received, (1) a link had been established between the September 11 disaster and the resulting death, injury, or illness and benefits had been paid or were in the process of being paid, or (2) this link had been established but the Board had not authorized paying benefits. Of the 10,182 workers' compensation claims, 133 were associated with workers whose employers were uninsured. The Board had resolved 89 percent of these 133 claims. Of the 588 volunteer claims received, the Board had resolved 31 percent and 69 percent were pending. According to the Board, many of the volunteer claims were pending because the claimants were not actively pursuing their claims.

The Board provided oral comments on a draft of GAO's findings and GAO incorporated these comments as appropriate.