

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE RESOLUTION

No. 660 Session of  
2004

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INTRODUCED BY GODSHALL, ALLEN, BAKER, BALDWIN, BOYD, BROWNE,  
CAPPELLI, CAUSER, CLYMER, CRAHALLA, DENLINGER, FAIRCHILD,  
FICHTER, FORCIER, HERSHEY, HICKERNELL, HUTCHINSON, KILLION,  
KIRKLAND, LEH, LEWIS, MARSICO, R. MILLER, S. MILLER, MUSTIO,  
NAILOR, PALLONE, PICKETT, REED, REICHLEY, ROSS, RUBLEY,  
SAYLOR, SCAVELLO, SCHRODER, SCRIMENTI, SEMMEL, R. STEVENSON,  
E. Z. TAYLOR, TIGUE, TURZAI, WATSON AND YOUNGBLOOD,  
MARCH 31, 2004

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REFERRED TO COMMITTEE ON LABOR RELATIONS, MARCH 31, 2004

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## A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to  
2 conduct a comprehensive study of the Commonwealth's workers'  
3 compensation system in comparison to our neighboring states  
4 with regard to particular costs and procedures.

5 WHEREAS, The Legislative Budget and Finance Committee is a  
6 bipartisan, bicameral legislative service agency consisting of  
7 12 members of the General Assembly established by statute to  
8 conduct studies and make recommendations aimed at eliminating  
9 unnecessary expenditures, to promote economy in Commonwealth  
10 government and to ensure that Commonwealth funds are being  
11 expended in accordance with legislative intent and law; and

12 WHEREAS, The committee is authorized to conduct a wide range  
13 of research activities pertaining to the operation and  
14 performance of State-funded programs and agencies; and

15 WHEREAS, The cost of providing workers' compensation coverage  
16 to employees is one of the largest operating costs to employers

1 in this Commonwealth, and keeping the cost of workers'  
2 compensation insurance as low as possible is a key factor in  
3 making this Commonwealth competitive with neighboring states in  
4 retaining businesses and attracting new employers; and

5 WHEREAS, A recent study issued by the Pennsylvania Chamber of  
6 Business and Industry ranked Pennsylvania as one of the worst  
7 performing states regarding workers' compensation costs to  
8 employers when compared to the neighboring states of Delaware,  
9 Maryland, New Jersey, New York, North Carolina, Ohio, West  
10 Virginia and Virginia; and

11 WHEREAS, The bases for workers' compensation insurance rates  
12 are the loss/cost rates issued by the Pennsylvania Compensation  
13 Rating Bureau and approved by the Insurance Commissioner; and

14 WHEREAS, The most recent loss/cost rate filing by the bureau  
15 proposes a 3.32% overall rate increase to be effective April 1,  
16 2004, and the actuarial statistics included in the filing  
17 indicate an approximate annual increase of 8% in the indemnity  
18 and medical costs associated with each claim; and

19 WHEREAS, The bureau indicates that this rate increase could  
20 start a trend of annual rate increases because of the upward  
21 trends in medical and indemnity costs associated with each  
22 claim; and

23 WHEREAS, The General Assembly believes that the medical,  
24 administrative and litigation costs are areas of the workers'  
25 compensation system that could be reduced; and

26 WHEREAS, It is in the interests of the Commonwealth for the  
27 General Assembly to take action on this problem before the  
28 possibility of annual increases in workers' compensation rates  
29 makes our State even less competitive with our neighboring  
30 states; therefore be it

1       RESOLVED, That the Legislative Budget and Finance Committee  
2     conduct a comprehensive study of the Commonwealth's workers'  
3     compensation system in comparison to our neighboring states with  
4     regard to medical and indemnity costs per claim, litigation  
5     costs, claim resolution process and adjudication procedures and  
6     the reserve and pricing practices of insurance carriers that  
7     write workers' compensation insurance; and be it further

8       RESOLVED, That the committee make recommendations to the  
9     General Assembly on how the act of June 2, 1915 (P.L.736,  
10    No.338), known as the Workers' Compensation Act, can be changed  
11    to lower medical costs, lower indemnity costs, reduce litigation  
12    costs, decrease the time needed to adjudicate disputed claims,  
13    lower premium costs by changing current reserve and pricing  
14    practices by insurers, and simplify adjudication procedures; and  
15    be it further

16       RESOLVED, That the committee make these recommendations based  
17    on provisions in other states' laws which the committee deems to  
18    be worthy of consideration; and be it further

19       RESOLVED, That the committee submit a report of its findings  
20    to the Chief Clerk of the House of Representatives by September  
21    30, 2004.