

Academic Spouts Ideology, Not Serious Study

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Matt Ryan in his July 25 commentary about West Virginia's privatization of workers' compensation makes many glaring factual errors that question the author's credibility.

Ryan's argument that privatization of the workers' compensation system has brought a 30 percent reduction in cost is simply unsubstantiated and untrue.

Without any real evidence or documentation, Ryan claims that profits "are the sole reason why the cost of workers' compensation insurance to West Virginia business fell during the past 30 months."

While costs have been reduced in the last few years, we have just begun to see the real effects that market competition will bring. It has only been since July 1 of this year that a business could "shop" for workers' compensation coverage.

I am sure the market will bring many changes, some good and some not so good; time will tell.

However, I believe the recent reduction in costs can more accurately be attributed to two significant events.

First, in 2003 during the Wise administration, the Legislature made significant changes to lower benefits available to those injured in the workplace. These changes have brought real savings; however, it should be recognized that most of the price has been borne by those least able to pay -- injured workers.

Second, a major component of privatizing our workers' compensation system in early 2005 was to take \$3 billion in debt owed by employers and shift a large portion to taxpayers.

Again, significant savings for workers' compensation have resulted, but much of the cost has been borne by taxpayers.

These factors clearly are a more serious explanation of recent premium trends than blaming public servants or praising market forces prematurely.

In addition, Ryan predicts future workers' compensation premiums prices will go down because of competition. I believe for most West Virginia companies the price will go up.

Why? Because most West Virginia businesses are small, and they command very little market power to negotiate low rates.

Furthermore, a recent study by the state of Oregon shows the rates paid by West Virginia companies ranks 34th lowest of all states. Believe it or not, our rates are already low compared to other states.

Ryan claimed he could find no such study. I would direct him to the statistical studies section of Oregon's Web site.

For the record, my group fought the legislative benefit cuts in 2003. We favored a focus on workplace safety and more serious efforts to collect debts owed by coal companies as ways to improve workers' compensation costs.

We supported privatization in 2005 because we recognize some needs of government are better served by the private sector, such as building roads and bridges.

A market economy is valuable to our society, but it is unwise to rely on it for all things.

Ryan appears so eager to tout the virtues of unbridled capitalism that he chooses to distort facts to make his point.

Ryan is welcome to his ideological views, but I grade his academic analysis with an F.

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