

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1126 (Delegate Exum)
Economic Matters

**Workers' Compensation - Initial Application and Receipt of Permanent Partial
Disability Benefits**

This bill eliminates the current five-year limitation for filing an initial award of permanent partial disability if the claimant has received temporary total disability benefits.

Fiscal Summary

State Effect: Potential minimal increase in expenditures. Revenues would not be affected.

Local Effect: Potential minimal increase in expenditures; no impact on revenues.

Fiscal Analysis

State Expenditures: This bill could increase the State's costs for permanent partial disability benefits because claimants who received temporary total disability benefits more than five years ago could file an initial claim for permanent partial disability. The State's workers' compensation plan is administered through the Injured Workers' Insurance Fund (IWIF). In addition to administering the State's workers' compensation plan, IWIF provides workers' compensation coverage for many other State employers and has approximately 20% of the workers' compensation market. IWIF is an off-budget State agency.

This bill would increase the number of permanent partial disability awards paid by IWIF. IWIF estimates that it would receive 15 additional permanent partial disability claims annually and that the average cost per claim would be about \$11,500, which includes \$1,500 in administrative costs. Based on this estimate, IWIF's expenditures would increase by \$172,500 annually.

The State must reimburse IWIF for any payments made to State employees along with an administrative fee. It is estimated that three of the claims identified above would be for State employees. Therefore, the State would incur additional expenses of about \$34,500 in fiscal

1997. However, the actual cost would depend on the number of additional claims submitted by State employees and the awards paid.

Local Expenditures: Expenditures could increase to the extent that a local employer pays additional permanent partial disabilities benefits as provided by this bill. However, any increase is expected to be minimal.

Information Source(s): Injured Workers' Insurance Fund, Uninsured Employers' Fund, Subsequent Injury Fund, Department of Fiscal Services

Fiscal Note History: First Reader - March 5, 1996

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