

HOUSE BILL 1006

K1

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By: **Delegate Kach**

Introduced and read first time: February 9, 2007

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Workers' Compensation – Benefits – Cost of Living Adjustment**

3 FOR the purpose of requiring certain employers to provide a certain annual cost of
4 living adjustment for compensation paid for claims arising from events
5 occurring before a certain date; authorizing certain employers to provide a
6 certain annual cost of living adjustment for compensation paid for claims
7 arising from events occurring before a certain date; defining a certain term;
8 providing for the application of this Act; and generally relating to cost of living
9 adjustments made for workers' compensation benefits.

10 BY repealing and reenacting, with amendments,
11 Article – Labor and Employment
12 Section 9–638
13 Annotated Code of Maryland
14 (1999 Replacement Volume and 2006 Supplement)

15 BY adding to
16 Article – Labor and Employment
17 Section 9–638.1
18 Annotated Code of Maryland
19 (1999 Replacement Volume and 2006 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article - Labor and Employment

9-638.

(a) **(1) A COVERED EMPLOYEE UNDER THIS SECTION INCLUDES AN INDIVIDUAL WHO:**

(I) IS ENTITLED TO COMPENSATION FOR CLAIMS ARISING FROM EVENTS OCCURRING AFTER JANUARY 1, 1988; OR

(II) 1. IS ENTITLED TO COMPENSATION FOR CLAIMS ARISING FROM EVENTS OCCURRING ON OR BEFORE JANUARY 1, 1988; AND

2. HAS FILED THE CLAIMS FOR COMPENSATION WITH A GOVERNMENTAL UNIT OR QUASI-PUBLIC CORPORATION THAT HAS AT LEAST ONE COVERED EMPLOYEE.

(2) Compensation paid TO A COVERED EMPLOYEE under this Part V of this subtitle is subject to an annual cost of living adjustment.

(b) On or before June 30 of each year, the Department of Business and Economic Development shall determine and report to the Commission the rate of change in the Consumer Price Index in the preceding calendar year, using as the Consumer Price Index the lower of:

(1) the Consumer Price Index (all urban consumers, all item index) published by the United States Department of Labor for the Washington, D.C.-Baltimore CMSA; or

(2) the United States city average consumer price index (all urban consumers, all item index).

(c) (1) On or before July 31 of each year, the Commission shall publish the amount of the cost of living adjustment that shall become effective on January 1 of the following year.

(2) The cost of living adjustment may not exceed 5%.

(d) The compensation payable to a covered employee under this Part V of this subtitle shall be adjusted by:

1 (1) multiplying the initial rate of compensation by the cost of living
2 adjustment; and

3 (2) adding the product to the compensation, as adjusted, paid during
4 the prior year.

5 (e) (1) If a covered employee who is entitled to compensation under this
6 Part V of this subtitle also receives federal Social Security disability insurance
7 benefits, the adjusted annual compensation paid shall be reduced to the extent
8 necessary to avoid a diminution of the federal Social Security disability insurance
9 benefits.

10 (2) If federal Social Security law on disability insurance benefits no
11 longer imposes a diminution in the payment of the adjustment in compensation,
12 payments of compensation shall be made to the full extent allowed under this section.

13 **9-638.1.**

14 **(A) THIS SECTION APPLIES TO A NONGOVERNMENTAL UNIT THAT**
15 **EMPLOYS AT LEAST ONE COVERED EMPLOYEE.**

16 **(B) A COVERED EMPLOYEE UNDER THIS SECTION MEANS AN**
17 **INDIVIDUAL WHO:**

18 **(1) IS ENTITLED TO COMPENSATION FOR CLAIMS ARISING FROM**
19 **EVENTS OCCURRING ON OR BEFORE JANUARY 1, 1988; AND**

20 **(2) FILED THE CLAIMS FOR COMPENSATION WITH A**
21 **NONGOVERNMENTAL UNIT.**

22 **(C) COMPENSATION PAID TO A COVERED EMPLOYEE UNDER THIS PART**
23 **V OF THIS SUBTITLE IS SUBJECT TO AN ANNUAL COST OF LIVING ADJUSTMENT**
24 **IF THE EMPLOYER CHOOSES TO PROVIDE AN ADJUSTMENT.**

25 **(D) ON OR BEFORE JUNE 30 OF EACH YEAR, THE DEPARTMENT OF**
26 **BUSINESS AND ECONOMIC DEVELOPMENT SHALL DETERMINE AND REPORT TO**
27 **THE COMMISSION THE RATE OF CHANGE IN THE CONSUMER PRICE INDEX IN**
28 **THE PRECEDING CALENDAR YEAR, USING AS THE CONSUMER PRICE INDEX THE**
29 **LOWER OF:**

1 **(1) THE CONSUMER PRICE INDEX (ALL URBAN CONSUMERS, ALL**
2 **ITEM INDEX) PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR FOR**
3 **THE WASHINGTON, D.C.-BALTIMORE CMSA; OR**

4 **(2) THE UNITED STATES CITY AVERAGE CONSUMER PRICE INDEX**
5 **(ALL URBAN CONSUMERS, ALL ITEM INDEX).**

6 **(E) ON OR BEFORE JULY 31 OF EACH YEAR, THE COMMISSION SHALL**
7 **PUBLISH THE AMOUNT OF THE COST OF LIVING ADJUSTMENT THAT SHALL**
8 **BECOME EFFECTIVE ON JANUARY 1 OF THE FOLLOWING YEAR.**

9 **(F) THE COMPENSATION PAYABLE TO A COVERED EMPLOYEE UNDER**
10 **THIS PART V OF THIS SUBTITLE MAY BE ADJUSTED BY:**

11 **(1) MULTIPLYING THE INITIAL RATE OF COMPENSATION BY THE**
12 **COST OF LIVING ADJUSTMENT; AND**

13 **(2) ADDING THE PRODUCT TO THE COMPENSATION, AS**
14 **ADJUSTED, PAID DURING THE PRIOR YEAR.**

15 **(G) (1) IF A COVERED EMPLOYEE WHO IS ENTITLED TO**
16 **COMPENSATION UNDER THIS PART V OF THIS SUBTITLE ALSO RECEIVES**
17 **FEDERAL SOCIAL SECURITY DISABILITY INSURANCE BENEFITS, THE ADJUSTED**
18 **ANNUAL COMPENSATION PAID SHALL BE REDUCED TO THE EXTENT NECESSARY**
19 **TO AVOID A DIMINUTION OF THE FEDERAL SOCIAL SECURITY DISABILITY**
20 **INSURANCE BENEFITS.**

21 **(2) IF FEDERAL SOCIAL SECURITY LAW ON DISABILITY**
22 **INSURANCE BENEFITS NO LONGER IMPOSES A DIMINUTION IN THE PAYMENT OF**
23 **THE ADJUSTMENT IN COMPENSATION, PAYMENTS OF COMPENSATION SHALL BE**
24 **MADE TO THE FULL EXTENT ALLOWED UNDER THIS SECTION.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
26 construed to apply only prospectively and may not be applied or interpreted to have
27 any effect on or application to any compensation paid on or before the effective date of
28 this Act.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2007.