

Department of Legislative Services  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 258  
Finance

(Senator Klausmeier)

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**Workers' Compensation - Medical Benefits - Payment of Medical Services and Treatment**

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This bill establishes a 45-day time limit for a medical service provider who treats a covered employee under workers' compensation to document the services provided and bill an employer or its insurer. The employer or insurer may not be required to pay a bill submitted after the 45-day limit unless (1) the medical service provider files an application for payment with the Workers' Compensation Commission (WCC) within three years from the date the service is provided and (2) WCC excuses the late submission for good cause.

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**Fiscal Summary**

**State Effect:** State expenditures (all funds) decrease to the extent that compensation-related medical bills are not submitted within the 45-day time limit. However, the extent of any cost savings depends on future compensation cases and medical expenses and, thus, cannot be reliably estimated.

**Chesapeake Employers' Insurance Company (Chesapeake) Effect:** Chesapeake expenditures decrease to the extent that compensation-related medical bills are not submitted within the 45-day time limit. However, the extent of any cost savings depends on future compensation cases and medical expenses and, thus, cannot be reliably estimated.

**Local Effect:** Local government expenditures decrease to the extent that compensation-related medical bills are not submitted within the 45-day time limit. However, the extent of any cost savings depends on future compensation cases and medical expenses and, thus, cannot be reliably estimated.

**Small Business Effect:** Potential meaningful, as discussed below.

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## Analysis

**Current Law:** If an employee covered under workers' compensation insurance has suffered an accidental personal injury, compensable hernia, or occupational disease, the employee is entitled to make a workers' compensation claim with WCC. After receiving a compensation claim, WCC may investigate the claim and must order a hearing if requested to do so by any party to the claim. WCC is required to make or deny an award within 30 days after the mailing of the notice of the filing of a claim or, if a hearing is held, after the hearing is concluded.

In addition to monetary compensation required by the Workers' Compensation Law, WCC may require the employer or its insurer to pay for specified medical care and treatment. This includes (1) medical, surgical, or other attendance or treatment; (2) hospital and nursing services; (3) medicine; (4) crutches and other apparatus; and (5) artificial arms, feet, hands, and legs and other prosthetic appliances. This medical care and treatment must be provided for an appropriate time period, depending on the nature and type of personal injury, compensable hernia, or occupational disease.

**State/Chesapeake/Local Governments/Small Business Effect:** The magnitude of any fiscal impact on employers and insurers in Maryland (including the State, Chesapeake, local governments, and small businesses) depends on the number of bills submitted by medical service providers that do not meet the 45-day time limit established by the bill; however, this number cannot be reliably estimated at this time because historic data on the timing of medical bill submittals is not readily available.

Chesapeake advises that its data system cannot organize its case files based on the number of days between treatments and billing. Even so, it does have historic data on the average cost per medical bill over the six-year period between 2010 and 2015. The six-year average cost per medical bill was \$336, while the average cost per medical bill in 2015 was \$351 (Chesapeake paid \$77,396,582 for 220,652 medical bills over the course of the year). Therefore, for each medical service that is billed later than the 45-day time limit established by the bill and not excused by WCC, using Chesapeake's data as an example, an employer's or insurer's expenditures decrease by \$336, on average.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Chesapeake Employer's Insurance Company, Uninsured Employers' Fund, Workers' Compensation Commission, National Council on Compensation Insurance, Department of Legislative Services

**Fiscal Note History:** First Reader - February 4, 2016  
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