

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 194

(Senator Klausmeier, *et al.*)

Finance

Economic Matters

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

This bill generally establishes a 12-month time limit for a medical service provider that treats a covered employee under workers' compensation to bill an employer or its insurer. A bill must be submitted within 12 months from the later of the date (1) the medical service or treatment was provided to the covered employee; (2) the claim for compensation was accepted by the employer or the employer's insurer; or (3) the claim for compensation was determined by the Workers' Compensation Commission (WCC) to be compensable. The employer or insurer may not be required to pay a bill submitted after the 12-month limit except under specified circumstances.

Fiscal Summary

State Effect: State expenditures (all funds) decrease to the extent compensation-related medical bills are not submitted within the 12-month time limit. The total effect is expected to be minimal due to the substantial timeframe for submission established by the bill. Revenues are not affected.

Chesapeake Employers' Insurance Company (Chesapeake) Effect: Chesapeake expenditures decrease to the extent compensation-related medical bills are not submitted within the 12-month time limit. The total effect is expected to be minimal due to the substantial timeframe for submission established by the bill. Revenues are not materially affected.

Local Effect: Local government expenditures decrease to the extent compensation-related medical bills are not submitted within the 12-month time limit. The total effect is expected to be minimal due to the substantial timeframe for submission established by the bill. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: An employer or insurer may not be required to pay a bill submitted after the 12-month limit unless WCC excuses the late submission for good cause and the medical service provider files an application for payment with WCC within three years from the later of the date (1) the medical service or treatment was provided to the covered employee; (2) the claim for compensation was accepted by the employer or the employer's insurer; or (3) the claim for compensation was determined by WCC to be compensable.

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 Expenditures: 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 12-month time limit. Even though this number cannot be reliably estimated because historic data on the timing of medical bill submittals is not readily available, the total effect is expected to be minimal due to the substantial timeframe for submission established by the bill.

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 12-month 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.

Additional Information

Prior Introductions: SB 258 of 2016, a similar bill, received a hearing in the Senate Finance Committee, but no further action was taken. Its cross file, HB 710, received an unfavorable report from the House Economic Matters Committee.

Cross File: HB 1484 (Delegates Glenn and W. Miller) – Economic Matters.

Information Source(s): Chesapeake Employers' Insurance Company; Subsequent Injury Fund; Workers' Compensation Commission; National Council on Compensation Insurance; Department of Legislative Services

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