Department of Legislative Services

Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 915 (Delegate Pruski)
Economic Matters Finance

Workers' Compensation – Uninsured Employers' Fund – Timely Payment of Awards

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This bill applies the general provision that requires employers and insurers in the State to begin paying workers' compensation benefits to a covered employee within 15 days after the later of the date an award is made, or payment of an award is due, to also apply to the Uninsured Employers' Fund (UEF). The bill also subjects UEF to existing penalties that apply when an employer or its insurer fails to meet this requirement. **The bill applies prospectively and may not be applied or interpreted to have any effect on or application to any claim arising before the bill's October 1, 2024 effective date.**

Fiscal Summary

State Effect: UEF is already in compliance with the bill's requirements and, therefore, the bill is not anticipated to affect UEF operations or finances, as discussed below.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: None.

Analysis

Bill Summary/Current Law:

Workers' Compensation and Timely Payment of Awards

If an employee covered under workers' compensation insurance has suffered an accidental personal injury, compensable hernia, or occupational disease, the employee is entitled to compensation benefits paid by the employer, its insurer, the Subsequent Injury Fund, or UEF, as appropriate. Workers' compensation benefits include wage replacement, medical treatment, and vocational rehabilitation expenses.

Under current law, an employer or its insurer must begin paying compensation to a covered employee within 15 days after the later of the date an award is made or payment of an award is due. If the Workers' Compensation Commission (WCC) finds that an employer or insurer has failed, without good cause, to meet this requirement, WCC must assess against the employer or insurer a fine of at most 20% of the amount of the payment. If WCC finds that an employer or insurer has failed, without good cause, to begin paying an award within 30 days after the later of the date an award is made or payment of an award is due, WCC must assess a fine of at most 40% of the amount of the payment. Any such fine must be paid to the covered employee.

The bill applies these requirements and penalties to compensation paid to a covered employee by UEF.

Uninsured Employers' Fund

If an injured employee who should be receiving workers' compensation benefits is not properly compensated by an employer or the employer's insurer (which may happen because the employer has not purchased workers' compensation insurance or becomes insolvent), UEF directly pays the claimant's compensation benefits and medical expenses. The Director of UEF must use the fund to pay (1) appropriate claims awarded through the workers' compensation process; (2) for certain experts and witnesses hired by UEF; (3) other proper authorized charges; (4) outstanding obligations of authorized self-insured employers that become insolvent; and (5) hearing loss claims for retirees of the Bethlehem Steel Corporation.

State Expenditures: UEF advises that its current processes require the payment of benefits within 15 days of the benefits becoming due and, therefore, UEF is already in compliance with the bill. However, while not anticipated to increase special fund expenditures for UEF, the bill's imposition of penalties for failure to begin paying an award in the timeline required may increase costs for UEF should UEF fail to meet the required timeline for a payment in any future fiscal year.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 789 (Senator Klausmeier) - Finance.

Information Source(s): Uninsured Employers' Fund; Subsequent Injury Fund; Department of Legislative Services

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