

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 332 (Senator Stone)
Finance

Workers' Compensation - Average Weekly Wage - Multiple Employers

This bill alters the computation for determining the average weekly wage of an employee covered by workers' compensation insurance by providing that wages include all salaries or wages earned by the covered employee in other employment.

Fiscal Summary

State Effect: Potential significant increase in expenditures as discussed below. Revenues would not be affected.

Local Effect: Potential significant increase in expenditures. Revenues would not be affected.

Fiscal Analysis

State Expenditures: Altering the definition of a covered employee's average wages, as provided by this bill, could substantially increase the State's workers' compensation claim loss because the State would be required to provide benefits for any wages an injured worker could have earned with another employer.

In calendar year 1995, the State paid \$28 million in workers' compensation claims. If redefining a covered employee's average wages increases the State's workers' compensation claims paid by 1%, expenditures would increase by about \$280,000 annually. This example is provided for illustrative purposes as the actual increase would depend on the number of employees who work for multiple employers, their salaries, and future workers' compensation claims.

Local Expenditures: Workers' compensation premium payments would increase for the

local employers who purchase workers' compensation insurance. Workers' compensation claim payments could increase for the local employers who are self-insured.

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

Fiscal Note History: First Reader - February 9, 1996

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