

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 759 (Delegate Wood, *et al.*)
Economic Matters

**Workers' Compensation - Medical Services and Treatment - Selection of Physician
from Panel**

This workers' compensation bill provides that an employer or insurer may require a covered employee to select from a panel of at least three licensed physicians when seeking medical services or treatment for an on-the-job injury. The panel of physicians must be geographically accessible to the covered employee. If the covered employee declines to choose a physician from the panel, the employee is responsible for all medical expenses of the on-the-job injury. Under current law, a covered employee may seek treatment from the physician of his or her choice.

The employer or insurer must pay the physician within 30 days of a properly submitted claim. If the employer or insurer, during the course of treatment, determines that the covered employee did not suffer an on-the-job injury, the employer or insurer need not pay any further medical expenses, after providing written notice to the physician. After three visits to a physician from the panel, the employee may select a different physician from the panel. There are restrictions on the employee's ability to receive a second opinion.

Fiscal Summary

State Effect: Indeterminate reduction in State expenditures for workers' compensation due reduced employee choice of doctors, as discussed below. Revenues would not be affected.

Local Effect: Indeterminate reduction in local governments' expenditures for workers' compensation due to reduced employee choice of doctors. Revenues would not be affected.

Small Business Effect: Indeterminate minimal effect on small businesses as discussed below.

Fiscal Analysis

State Expenditures: The State provides workers' compensation coverage to its employees via self-insurance administered by the Injured Workers' Insurance Fund (IWIF). By requiring employees to choose from a panel of doctors, an employer such as the State may be able to reduce the cost of claims by negotiating favorable rates from the panel doctors and bypassing doctors that have a reputation for higher claims.

Currently, IWIF has a network of doctors and encourages State employees who are injured to use this network. Current workers' compensation law, however, specifies that a covered employee is free to see a doctor of his or her choice. IWIF advises that it recoups savings when employees use doctors from its network rather than out-of-network doctors, but the amount of this savings is indeterminate. IWIF advises that these savings would increase if employees were required to use doctors from its network.

These savings could be offset somewhat, however, by the requirement that an employer or insurer that uses such a panel to provide additional coverage versus current law. It appears that the bill requires the employer or insurer to pay for employee visits to these panel doctors even if it is subsequently determined that the employee did not suffer an on-the-job injury. Under current workers' compensation law, an employer or insurer would not be required to pay for any medical treatment and services that are determined to be unrelated to the covered employment.

Small Business Effect: Employers' workers' compensation costs, whether paid to a private insurer, the Injured Workers' Insurance Fund, or through self-insurance, are based on the claims experience of covered employees. To the extent that the total cost of claims is increased or decreased, employers, including small businesses, absorb these increases or decreases either directly or via their premiums. As discussed above, the bill may result in lower medical claims through restrictions on the choice of doctors, which could result in lower premiums for insured employers. The amount of such reductions is indeterminate.

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

Fiscal Note History: First Reader - March 3, 1997
nrd

Analysis by: Matthew D. Riven
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710