

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 542 (Senator Derr)
(Workers' Compensation Benefit and Insurance Oversight
Committee)

Finance

**Workers' Compensation - Notice on Termination of
Medical Benefits and Temporary Total Benefits**

This amended bill requires a workers' compensation insurer (or self-insurer) to notify a covered employee and the employee's treating physician prior to the termination of the employee's workers' compensation medical benefits. Attached to the termination notice, the insurer must provide a copy of any medical record or report relied upon in making the termination. Exceptions to the medical benefit notice requirement are provided if: (1) the treatment was not authorized by the insurer or the self-insurer; or (2) the treating physician or health care provider chosen by the covered employee has advised the covered employee that the covered employee has reached maximum medical improvement from the disability.

The bill also expands the requirement for notifying a covered employee when temporary total disability benefits terminate so that it applies to self-insurers as well as insurers.

Fiscal Summary

State Effect: Minimal increase in State workers' compensation expenditures due to increased administrative costs for the Injured Workers' Insurance Fund.

Local Effect: Minimal increase in workers' compensation premiums for local governments, due to insurers' increased administrative costs.

Small Business Effect: Minimal increase in workers' compensation premiums for employers, including small businesses, resulting from insurers' increased administrative costs.

Fiscal Analysis

State Expenditures: The bill requires the insurer to notify the claimant and medical provider prior to the termination of medical benefits so that the claimant can avoid personal financial liability for medical care that would not have been chosen had the claimant known it would not be covered by insurance.

The Injured Workers' Insurance Fund (IWIF), which administers the State's workers' compensation coverage, advises that it would require two additional clerical personnel to identify instances where the notices are required and comply with the notice requirements. The additional personnel costs are estimated to be \$55,000, plus an additional \$6,500 for postage, assuming 10,000 additional notices must be sent to both the claimant and the medical provider. These additional administrative costs would be passed on to IWIF's insureds. It cannot be determined precisely at this time what portion of the increased costs to IWIF would be attributable to workers' compensation claims by State employees, and hence billable to the State, and what portion would be attributable to IWIF's other insureds.

Information Source(s): Injured Workers' Insurance Fund, Uninsured Employers' Fund; Workers' Compensation Commission, National Council on Compensation Insurance, Department of Legislative Services

Fiscal Note History: First Reader - February 13, 1998
lc Revised - Senate Third Reader - March 19, 1998

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