

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

House Bill 794 (Delegate McHale)

Economic Matters

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**Workers' Compensation - Temporary Total Disability - Covered Employees**

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This bill makes covered employees eligible to receive workers' compensation payments for temporary total disability if the employee is temporarily disabled from the duties of the employment that gave rise to the injury, regardless of whether the employee engages in specified secondary employment. Such secondary employment: (1) must have commenced prior to the injury; (2) cannot conflict with the work schedule of the employment that gave rise to the injury; (3) cannot produce compensation that exceeds the total compensation regularly earned by the covered employee prior to the date of the injury; and (4) must not prolong the disability.

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**Fiscal Summary**

**State Effect:** Potential increase of between \$250,000 and \$1,000,000 annually in State workers' compensation expenditures (all funds) to pay temporary total disability benefits to injured employees who continue to hold secondary employment.

**Local Effect:** Potential significant increase in local governments' workers' compensation expenditures to pay temporary total disability benefits to injured employees who continue to hold secondary employment.

**Small Business Effect:** Meaningful increase in workers' compensation premiums due to increased temporary total disability payments to covered employees who continue to work at secondary jobs. An increase in benefit payments of between 6% and 25% would result in a comparable increase in premiums, adjusted for the employer's actual experience.

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## Fiscal Analysis

**State Expenditures:** The legislation increases workers' compensation benefits to covered employees who are considered to be temporarily totally disabled from their primary job, but can still work one or more side jobs. The legislation eliminates the ability to offset income earned from the side job(s) against workers' compensation benefits that are paid as a result of an injury from the job that gave rise to the injury.

The Injured Workers' Insurance Fund (IWIF), which administers the State's workers' compensation claims, paid \$25.8 million in temporary total disability benefits during calendar 1998. Of this, \$4.1 million was paid to State employees.

The increase in temporary total benefit payments will depend on the number of injured employees (who meet the bill's criteria) who become eligible for temporary total benefits for which they would not have previously been eligible. According to federal labor statistics, approximately 6% of the workforce has a second job. If State workers' compensation claims for temporary total benefits increased by 6% (because these employees now became eligible for benefits), the State's claims would increase by approximately \$250,000. IWIF, however, advises that the bill would increase these payments by as much as 25%, or approximately \$1 million for State worker claims, because the covered employees who are eligible for and elect temporary total benefits are more likely to have second jobs than the labor market as a whole.

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

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