

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 314 (Senator Exum. *et al.*)

Finance

Workers' Compensation - Offset of Benefits

This bill clarifies that workers' compensation benefits for covered employees, or their dependents, of a governmental unit or quasi-public corporation should be offset only for payment of "similar" disability retirement benefits.

Fiscal Summary

State Effect: Minimal increase in workers' compensation expenditures due to loss of offset for normal service retirement benefits for public employees who also receive workers' compensation benefits.

Local Effect: Minimal increase in workers' compensation expenditures due to loss of offset for normal service retirement benefits for public employees who also receive workers' compensation benefits.

Small Business Effect: None.

Fiscal Analysis

Background: This bill clarifies that an employee of a governmental unit or quasi-public corporation is not entitled to receive benefits from both a pension plan and a workers' compensation award as a result of a single work-related injury.

Until 1998, Section 9-610 of the Labor and Employment Article was understood to mean that a workers' compensation award to a government employee could not be offset by a normal service retirement of that employee. In 1991, the word "similar" was deleted from Section 9-610 during the Code revision process. The Court of Special Appeals ruled in 1998, in Wills v. Baltimore County, 120 Md. App. 281 (1998), that a public employer could also offset workers' compensation benefits based on normal service retirement benefits, not just a disability allowance.

State Expenditures: Since the Wills decision, the Injured Workers' Insurance Fund (IWIF), which administers the State's Workers' Compensation Program, has taken an offset for workers' compensation benefits for State employees who also receive a normal service retirement from the State Retirement and Pension System of Maryland (SRPS). Under this bill, IWIF would stop taking that offset, resulting in a minimal increase in workers' compensation payments and a resulting minimal increase in State workers' compensation expenditures (all funds).

Additional Comments: Legislative Services understands that the Maryland Court of Appeals has recently reversed the decision of the Court of Special Appeals.

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

Fiscal Note History: First Reader - February 25, 1999

ncs/jr

Analysis by: Matthew D. Riven

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510