

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 500 (Senator Teitelbaum. *et al.*)

Finance

**Workers' Compensation - Subsequent Injury Fund -
Permanent Total Disability Claims - Cost of Living Adjustments**

This bill requires the Subsequent Injury Fund (SIF) to pay a cost-of-living-adjustment (COLA) to an individual receiving payment under the State's workers' compensation program for a permanent total disability if the individual (1) does not receive the annual COLA provided in workers' compensation law for permanent total disability claims filed on or after January 1, 1988; and (2) was a victim of a violent crime that resulted in the individual's compensable permanent total disability.

The bill is to be construed retroactively and applies to accidental personal injuries occurring after December 22, 1978, but before January 1, 1988.

The bill requires SIF to pay an individual receiving a COLA under the bill a lump-sum payment equaling the total of all annual COLAs not previously paid to the individual as determined by totaling COLAs not paid to the individual for the period beginning January 1, 1988, and ending June 30, 2000.

The bill is effective July 1, 2000, and sunsets June 30, 2001.

Fiscal Summary

State Effect: Minimal increase in special fund expenditures for compensation payments.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The State's workers' compensation laws were revised effective January 1,

1988. Since then, injured workers have received an annual COLA for permanent total disability benefits. Workers who were injured prior to January 1, 1988, do not receive the COLA.

Background: SIF compensates injured workers whose pre-existing injuries, diseases, or congenital conditions are substantially worsened by their current injuries. SIF is funded by a 6.5% assessment the Workers' Compensation Commission imposes by statute on (1) awards against employers or insurers for permanent disability or death; and (2) amounts payable by employers or insurers under settlement agreements. Employers or their insurers only pay for damage caused by current injuries. SIF then compensates injured workers for damage from combined effects of any injuries and conditions.

State Expenditures: The cost of payments made under the bill cannot be accurately estimated at this time. The Injured Workers' Insurance Fund (IWIF), which administers the State's workers' compensation program, currently pays permanent total disability benefits in 245 claims not affected by the COLA. If the COLA applicable to cases since January 1, 1988, had been paid to all 245 claims, IWIF would have paid an additional \$60,100 in calendar 1999, with an average annual cost per claim of approximately \$245. The total possible payout if all claims were eligible is approximately \$751,250. The actual payout cannot be accurately estimated at this time but is expected to be minimal, based on eligibility requirements.

Additional Information

Prior Introductions: A similar bill was introduced in the 1999 session as SB 245 and received an unfavorable report from the House Judiciary Committee.

Cross File: None.

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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