

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1313 (Delegate La Vav)

Economic Matters

Workers' Compensation - Permanent Impairment - Behavioral or Mental Disorder

This bill provides that, in a workers' compensation claim for a permanent impairment that involves a behavioral or mental disorder, a licensed psychologist must perform a psychological evaluation of the impairment and report the evaluation to the Workers' Compensation Commission (WCC). The evaluation must include findings regarding the presence and severity of the disorder, an assessment of the disorder's impact on the employee's normal life activities, and an assessment of the effect of the impairment on the employee's mental or behavioral functions.

Fiscal Summary

State Effect: Potential increase in State workers' compensation expenditures for the payment of permanent awards to the extent that awards involving mental or behavioral disorders increase. Any such increase is assumed to be minimal.

Local Effect: Local governments that self-insure could experience an increase in workers' compensation expenditures for the payment of permanent awards to the extent that awards involving mental or behavioral disorders increase. Any such increase is assumed to be minimal. Local governments that do not self-insure could experience a minimal increase in workers' compensation insurance premiums.

Small Business Effect: Potential minimal.

Analysis

Current Law: A physician must evaluate and report to WCC for cases involving permanent impairment. The report must include information about atrophy; pain; weakness; and loss of endurance, function, and range of motion.

Background: The Injured Workers' Insurance Fund (IWIF), which administers the State's workers' compensation program, advises that it paid a total of \$1.2 million for compensation as a result of permanent impairment in 28 cases involving only mental or behavioral disorders during calendar 1997, 1998, and 1999. These statistics do not include cases involving psychiatric trauma from a physical injury.

State Fiscal Effect: Workers' compensation awards for permanent impairment cases involving mental and behavioral disorders could increase as a result of reliance by WCC on the additional comments required in a report under the bill. IWIF, which writes approximately 20% of the workers' compensation insurance in the State, estimates that its awards for these cases would increase by \$100,000 to \$200,000 annually. It is unknown how many of these cases would be brought by State employees.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Injured Workers' Insurance Fund, Uninsured Employers Fund, Department of Legislative Services

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