

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 690
Economic Matters

(Delegate Kach)

Finance and Budget and Taxation

Workers' Compensation - Continuation of Death Benefits - Wholly Dependent
Spouses - Partly Self-Supporting Spouses

This bill specifies a new benefit formula and cap for wholly dependent surviving spouses who become partially self-supporting after the death of a covered employee.

Fiscal Summary

State Effect: Potential minimal increase in Injured Workers' Insurance Fund (IWIF) charges due to increased premiums.

Injured Workers' Insurance Fund: Potential minimal increase in expenditures due to higher benefit cap for surviving spouses who become partially self-supporting.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: If a wholly dependent surviving spouse becomes partially self-supporting after the death of a covered employee, the employer or its insurer shall pay benefits until the period of partial dependency ends or \$60,000 has been paid. If the surviving spouse has not been paid \$45,000 in benefits when they become partially self-supporting, they will be paid at the same weekly rate as if they were wholly dependent until \$45,000 in benefits has been paid. Benefits from \$45,000 to \$60,000 will be paid at the rate of surviving spouses who were partially self-supporting at the time of the deceased covered employee's death.

Current Law: Surviving spouses who were wholly dependent on a covered employee at the time of the covered employee's death are entitled to a death benefit for the period of total dependency or until \$45,000 has been paid. If a surviving spouse who was wholly dependent at the time of death becomes wholly or partially self-supporting before \$45,000 has been paid, the employer or its insurer shall continue to pay benefits until \$45,000 has been paid. The maximum death benefits for a surviving spouse who was wholly dependent on a covered employee at the time of death are up to two-thirds of the average weekly wage of the deceased covered employee not to exceed the State average weekly wage or be less than \$25 weekly unless the weekly wages of the deceased covered employee were less than \$25.

Surviving spouses who were partially dependent on a covered employee at the time of the covered employee's death are entitled to a death benefit for the period of partial dependency or until \$60,000 has been paid. The maximum death benefits for a surviving spouse who was partially dependent on a covered employee at the time of death are up to two-thirds of the average weekly wage of the deceased covered employee not to exceed two-thirds of the State average weekly wage. The weekly death benefit payable shall be the percentage of the maximum weekly death benefit that the weekly earnings of the deceased covered employee bears to the combined weekly earnings of the deceased covered employee and the partially dependent surviving spouse.

For example, if a deceased covered employee earned \$650 per week, and a partly dependent spouse earned \$350 per week for combined earnings of \$1,000, the deceased earned 65% of the combined earnings. Thus, the benefit would be 65% of \$650, or \$423. If the deceased earned \$800 and the spouse \$200, the benefit would be two-thirds of the State average weekly wage of \$722, or \$481, because 80% of \$800 (\$640) exceeds the maximum allowable benefit.

State Fiscal Effect: IWIF is the State's workers' compensation insurer. To the extent that there are fatal and compensable events involving State employees, IWIF premium rates could increase due to slightly larger benefit payments to wholly dependent surviving spouses who become partially self-supporting.

Injured Workers' Insurance Fund: IWIF indicates that policyholders of the fund average ten fatalities per year. IWIF is currently paying death benefits to 101 surviving spouses. Most of these cases involve spouses who remain wholly dependent. Each case of a wholly dependent surviving spouse who becomes partially self-supporting would cost IWIF up to an additional \$15,000. Total claims payments exceed \$100 million.

Small Business Effect: Small businesses that have had to pay wholly dependent surviving spouse benefits to surviving spouses who became partially self-supporting may be able to reduce expenses related to payment of death benefits.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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