

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 495 (Chairman, Economic Matters Committee)
(By Request – Departmental – Workers’ Compensation Commission)
Economic Matters

Workers' Compensation Commission - Vocational Rehabilitation Services

This departmental bill permits the Workers’ Compensation Commission (WCC) to adopt regulations concerning payment for vocational rehabilitation services.

Fiscal Summary

State Effect: The Injured Workers’ Insurance Fund (IWIF) is the State’s workers’ compensation insurer. Any rate increases or decreases to IWIF policyholders will increase or decrease the State’s workers’ compensation expenditures. Any such effect is assumed to be minimal.

Injured Workers’ Insurance Fund: IWIF would no longer be able to negotiate vocational rehabilitation service fees with providers. Potential minimal impact on expenditures.

Local Effect: Potential minimal increase or decrease in workers’ compensation policy premiums for local jurisdictions.

Small Business Effect: WCC has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: An employer or its insurance carrier is required to pay the expenses of the vocational assessment and vocational rehabilitation services of a covered employee. The commission can regulate medical fees but not vocational rehabilitation fees.

A disabled covered employee is entitled to vocational rehabilitation services. Vocational rehabilitation services are professional services reasonably necessary, during or after or both during and after medical treatment, to enable a disabled covered employee, as soon as practical, to secure suitable gainful employment.

The commission may refer injured workers, where appropriate, to a vocational rehabilitation provider. The provider must submit to the commission a vocational rehabilitation plan. The commission may wholly or partially reject a vocational rehabilitation plan.

Fiscal Effect: If the commission set fees higher than current market fees, workers' compensation premiums would rise. Similarly, premiums would decrease if lower fees are set. IWIF indicates that it spent \$2 million on vocational rehabilitation services in calendar 2002. For illustrative purposes, a 10% increase or decrease in vocational rehabilitation service fees set by the commission instead of the market would cost or save IWIF customers an aggregate \$200,000 in policy premiums.

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

Fiscal Note History: First Reader - February 24, 2003
lc/jr

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