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By: **Delegates Kach, Shewell, and Stocksdale**

Introduced and read first time: March 2, 2006

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Workers' Compensation - Benefits - Cost of Living Adjustment**

3 FOR the purpose of requiring a certain annual cost of living adjustment for  
4 compensation paid for claims arising from events occurring before a certain  
5 date; providing for the application of this Act; and generally relating to cost of  
6 living adjustments made for workers' compensation benefits.

7 BY repealing and reenacting, with amendments,  
8 Article - Labor and Employment  
9 Section 9-638  
10 Annotated Code of Maryland  
11 (1999 Replacement Volume and 2005 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Labor and Employment**

15 9-638.

16 (a) Compensation paid under this Part V of this subtitle is subject to an  
17 annual cost of living adjustment.

18 (b) On or before June 30 of each year, the Department of Business and  
19 Economic Development shall determine and report to the Commission the rate of  
20 change in the Consumer Price Index in the preceding calendar year, using as the  
21 Consumer Price Index the lower of:

22 (1) the Consumer Price Index (all urban consumers, all item index)  
23 published by the United States Department of Labor for the Washington,  
24 D.C.-Baltimore CMSA; or

25 (2) the United States city average consumer price index (all urban  
26 consumers, all item index).

1 (c) (1) On or before July 31 of each year, the Commission shall publish the  
2 amount of the cost of living adjustment that shall become effective on January 1 of the  
3 following year.

4 (2) (I) THE COST OF LIVING ADJUSTMENT MAY NOT EXCEED 3% FOR  
5 COMPENSATION PAID FOR CLAIMS ARISING FROM EVENTS OCCURRING BEFORE  
6 JANUARY 1, 1988.

7 (II) The cost of living adjustment may not exceed 5% FOR  
8 COMPENSATION PAID FOR CLAIMS ARISING FROM EVENTS OCCURRING ON OR AFTER  
9 JANUARY 1, 1988.

10 (d) The compensation payable to a covered employee under this Part V of this  
11 subtitle shall be adjusted by:

12 (1) multiplying the initial rate of compensation by the cost of living  
13 adjustment; and

14 (2) adding the product to the compensation, as adjusted, paid during the  
15 prior year.

16 (e) (1) If a covered employee who is entitled to compensation under this Part  
17 V of this subtitle also receives federal Social Security disability insurance benefits,  
18 the adjusted annual compensation paid shall be reduced to the extent necessary to  
19 avoid a diminution of the federal Social Security disability insurance benefits.

20 (2) If federal Social Security law on disability insurance benefits no  
21 longer imposes a diminution in the payment of the adjustment in compensation,  
22 payments of compensation shall be made to the full extent allowed under this section.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
24 construed to apply only prospectively and shall be applied to any compensation paid  
25 on or after the effective date of this Act.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 October 1, 2006.