

**Department of Legislative Services**

Maryland General Assembly

2008 Session

**FISCAL AND POLICY NOTE**

**Revised**

House Bill 1400

(Delegate Wood, *et al.*)

Economic Matters

Finance

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**Workers' Compensation - Covered Employees - State Government Volunteer Workers**

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This bill specifies that a volunteer worker for a unit of State government is a covered employee under the Maryland Workers' Compensation Law. Coverage for a volunteer worker is limited to medical benefits and does not provide for disability or lost income.

The bill takes effect July 1, 2008.

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**Fiscal Summary**

**State Effect:** Workers' compensation expenditures would increase minimally, given coverage is limited to medical benefits and the nonhazardous nature of most volunteer work covered under the bill.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Under the Maryland Workers' Compensation Law, regularly enrolled volunteer members or trainees of the Maryland Emergency Management Agency, established under the Maryland Emergency Management Agency Act, are entitled to workers' compensation benefits through the State. Volunteer fire and rescue personnel are entitled to coverage either by the local government for which they volunteer or by the volunteer company.

In addition, a civil defense volunteer is a covered employee of the State if the individual sustains an injury while providing services at the request of the State during an emergency or during scheduled emergency training.

Members of local volunteer fire or rescue companies are generally covered; in a few counties, the board of county commissioners or the county council has to first approve coverage.

**Background:** Workers' compensation was created to protect workers and their dependents from the consequences of occupational injuries or disabilities by providing a no-fault remedy against the employer for accidental injuries arising through employment. In exchange, the employer's liability is limited since workers' compensation is the exclusive remedy in almost all cases. This protection limits the employer to the payment of compensation and medical and funeral expenses specified in schedules in the law.

The State's Workers' Compensation Commission, created in 1914, administers employee claims resulting from work-related injuries or disabilities. The commission processes and adjudicates all claims, maintains a record of all contested cases, certifies a complete record to the judicial forum in case of an appeal, and refers those individuals requiring vocational rehabilitation to appropriate providers. About 28,000 employee claims are filed with the commission each year.

The Treasurer's Office canceled its limited coverage (under the State Insurance Trust Fund) for State volunteers, effective January 8, 2008. The policy, which had been in effect for many years, provided a specified amount of medical benefits and was paid for by the State agency for whom the volunteer worked.

**State Fiscal Effect:** State workers' compensation costs would increase for covering volunteer workers by providing medical benefits coverage. The bill excludes permanent partial and temporary total disability benefits. Given the nonhazardous nature of most volunteer work under the bill, the fiscal impact for covering volunteer workers is likely to be minimal. Moreover, by specifying that a volunteer worker for a unit of State government is a covered employee under the Maryland workers' compensation law, the State institutes a hedge against potential litigation associated with work-related medical issues.

The Injured Workers' Insurance Fund advises that the average 2005 and 2006 medical cost per State claim was \$1,712 per State government employee, which is a useful proxy for potential State costs incurred by providing such volunteers with medical benefits. The actual increase in costs cannot be reliably estimated at this time as it would depend

on the number of such volunteers deployed in the State, the extent of the injuries suffered, and whether the volunteers are otherwise covered by workers' compensation insurance.

Volunteers who are now covered by workers' compensation are generally performing higher risk activities (firefighters, rescue personnel, civil defense volunteers). The Injured Workers' Insurance Fund has paid, during the period 2002 to date, claims totaling \$4.9 million for medical, \$1,697,000 for permanent partial disability, and \$1,111,000 for temporary total disability for these volunteers. The average medical cost per claim was \$2,509.

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### **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 19, 2008  
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