

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 888

(Senator Garagiola, *et al.*)

Finance

Economic Matters

**Task Force to Study Temporary Disability Insurance Programs and the Process
for Assisting Individuals with Disabilities at Local Departments of Social Services**

This bill establishes the Task Force to Study Temporary Disability Insurance Programs and the Process for Assisting Individuals with Disabilities at Local Departments of Social Services. The bill specifies the membership of the task force and requires the Governor, the President of the Senate, and the Speaker of the House to appoint members to the task force. The chairperson is designated by the Governor. The Maryland Insurance Administration (MIA) and the Department of Human Resources (DHR) must provide staff support for the task force. A final report with findings and recommendations is due by December 1, 2013, to the Governor and the General Assembly.

The bill takes effect June 1, 2013, and terminates May 31, 2014.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for MIA and DHR are assumed to be minimal and absorbable within existing budgeted resources. MIA advises, however, that its staff responsible for disability insurance are already fully subscribed with additional duties related to implementation of federal health care reform under the Patient Protection and Affordable Care Act; thus, staff may have to be diverted from other priorities.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must study:

- the full complement of benefits available under State and federal law to workers and recently unemployed individuals in Maryland who are disabled;
- the wage replacement benefits available to a worker or a recently unemployed individual in Maryland who becomes disabled due to an illness or injury not related to work;
- the availability and sufficiency of wage replacement benefits available to workers and recently unemployed individuals in Maryland who become disabled due to cancer not related to work;
- the exclusivity and exhaustion of benefit standards that limit the level or extent of benefits that may be received by a worker or a recently unemployed individual in Maryland who is disabled; and
- essential features of temporary disability insurance programs in other jurisdictions.

The task force must also make recommendations regarding (1) the adequacy of the application processes utilized by local departments of social services to assist individuals who become disabled due to nonwork-related illness or injury – including individuals undergoing treatment for cancer – and who apply for various types of assistance; (2) potential costs and benefits to the State’s workforce of establishing a temporary disability insurance program; and (3) the potential structure, administration, eligibility standards, and funding mechanisms for a temporary disability insurance program in the State.

Task force members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

Current Law/Background: Temporary total disability is paid as a wage replacement while the injured employee is unable to work due to an accidental personal injury or an occupational disease. An injured employee may remain on temporary total disability until the employee reaches maximum medical improvement (meaning the employee’s condition reaches a state where it can no longer improve); at that point, the employee’s condition is assessed and a degree of total or partial impairment is determined. The degree of impairment determines the amount of permanent disability benefits the employee receives.

In general, the employer (or its insurer) must pay, for the period that the covered employee is temporarily disabled, compensation that equals two-thirds of the employee's average weekly wage (but does not exceed the State's average weekly wage and is at least \$50). An employer (or its insurer) is required to continue payment of temporary total disability benefits even if curative medical treatment is delayed or suspended by an unrelated medical condition. *Moore v. Component Assembly Systems, Inc., et al.*, 158 Md. App. 388, 857 A.2d 549 (2004). The State's average weekly wage for calendar 2013 is \$990.

DHR's Temporary Disability Assistance Program (TDAP) provides cash, medical, and housing benefits to qualified low-income, disabled Marylanders while they are awaiting approval of federal disability support. The program is funded through the State of Maryland to provide help to individuals without dependent children.

To qualify for TDAP, individuals must verify a disability with a medical report completed by a licensed medical practitioner. If an applicant is disabled for 12 or more months, the applicant must file an application for Supplemental Security Income, a program through the U.S. Social Security Administration that also pays benefits to disabled low-income adults and children.

Five states (California, Hawaii, New Jersey, New York, and Rhode Island) and Puerto Rico have established a mandatory disability insurance system that requires employers to provide short-term wage replacement benefits to employees who become disabled. Some jurisdictions operate a public fund, while others allow employers to choose whether to purchase temporary disability insurance through a state plan or a private plan.

Additional Information

Prior Introductions: None.

Cross File: Although designated as a cross file, HB 955 (Delegates Jameson and Kaiser - Economic Matters) is not identical.

Information Source(s): Maryland Insurance Administration, Department of Human Resources, Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2013
mlm/ljm Revised - Senate Third Reader - March 28, 2013
Revised - Enrolled Bill - April 11, 2013

Analysis by: Michael F. Bender

Direct Inquiries to:

(410) 946-5510

(301) 970-5510