

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1267 (Delegate Valderrama)
Economic Matters

**Workers' Compensation - Members of Volunteer Company - Computation of
Average Weekly Wage**

This bill alters the method of determining the average weekly wage (which is used to calculate workers' compensation wage replacement benefits) for certain members of a volunteer company based on whether they are engaged in other business enterprises.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Chesapeake Employers' Insurance Company Effect: Expenditures increase due to the bill's expansion of compensation benefits for volunteer company members; however, the magnitude of the effect depends on numerous unknown factors and, therefore, cannot be reliably estimated. Revenues increase correspondingly due to increased premiums.

Local Effect: Local expenditures increase due to the bill's expansion of compensation benefits for volunteer company members; however, the magnitude of the effect depends on numerous unknown factors and, therefore, cannot be reliably estimated. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: For a member of a volunteer company who was not engaged in a business enterprise at the time of his or her compensable injury and did not derive income from another source, the average weekly wage used to calculate compensation benefits must be the greater of (1) the weekly income last received by the volunteer *or* (2) two-thirds of the State average weekly wage. For a member who had never been engaged in a business enterprise at the time of his or her compensable injury, the average weekly wage used to calculate compensation benefits must be two-thirds of the State average weekly wage.

Current Law/Background: All employers in Maryland, including the State and local governments, are required to provide workers' compensation coverage for their employees. The cost to the employer varies by industry, and there are approximately 600 industrial classifications. Except in specified jurisdictions and circumstances, a member of a volunteer company in each jurisdiction in the State is also a covered employee who is eligible for workers' compensation in the event of accidental injury while he or she is on duty.

For compensable injuries, workers' compensation benefits include wage replacement, medical treatment, death and funeral costs, and vocational rehabilitation expenses. Wage replacement benefits are based on the employee's average weekly wage and on the type of injury, as prescribed in the statute. For example, an employee who is awarded compensation for a permanent partial disability for a period less than 75 weeks is eligible to receive weekly benefits of one-third of his or her average weekly wage, but that amount may not exceed 16.7% of the State average weekly wage. The State average weekly wage for 2017 is \$1,052.

In Workers' Compensation Law, volunteer companies are defined as volunteer advanced life support units; volunteer ambulance companies or squads; volunteer fire companies and departments; volunteer rescue companies, departments, or squads; and volunteer fire police units. If a compensable injury occurs, the average weekly wage of a member of a volunteer company must be determined differently depending on the employment and income status of the member. For example:

- if the member received a salary or wages from other employment at the time of the compensable injury, the salary or wages from the other employment must be used;
- if the member was not engaged in a business enterprise at the time of his or her compensable injury and did not derive income from another source, the weekly income last received by the covered employee must be used; and
- if the member had never been engaged in a business enterprise at the time of the compensable injury, the minimum required compensation of \$50 must be used.

Local/Chesapeake Employers' Insurance Company Expenditures: Chesapeake Employers' Insurance Company (Chesapeake) advises that many of the municipalities and at least one of the counties it insures provides workers' compensation benefits for members of a volunteer company. For a number of other local governments that are self-insured or privately insured, current information suggests that volunteer companies are supported financially by the local government. Therefore, Chesapeake and local governments are affected by the bill in a similar manner.

Expenditures for Chesapeake and local governments increase due to the expansion of benefits under the bill; however, the magnitude of the increase depends on numerous unknown factors, including the business enterprises of existing and future volunteer company members and, therefore, cannot be reliably estimated.

Additional Information

Prior Introductions: HB 1248 of 2013, a bill with similar provisions, received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

Information Source(s): Chesapeake Employers' Insurance Company; Subsequent Injury Fund; Department of Legislative Services

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fn/ljm

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