

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 791 (Delegate Sample-Hughes, *et al.*)
 Economic Matters

Workers' Compensation Commission - Annual Report - Return-to-Work

This bill requires the Workers' Compensation Commission (WCC) to include, with its fiscal 2019 annual report, a report on the State's return-to-work programs and policies for private-sector employees experiencing work-related disabilities or illnesses and injuries that occur off the job. To do so, WCC must research, analyze, and make recommendations regarding costs and benefits to employers, employees, and the State to modify or adopt policies. The analysis must be completed in consultation with the Department of Disabilities (DoD). **The bill takes effect June 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures for WCC increase by at least \$60,000 in FY 2019 and at least \$300,000 in FY 2020 to complete the required analysis and report. DoD can provide assistance to WCC using existing resources. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	60,000	300,000	0	0	0
Net Effect	(\$60,000)	(\$300,000)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local governments can likely provide information to WCC for the study as necessary and appropriate using existing budgeted resources.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Return-to-work” means resuming work, with or without restrictions, when medically appropriate and includes (1) part-time work; (2) telecommuting work; (3) modified work, as specified; (4) work under modified schedules; and (5) work under reasonable accommodations.

WCC’s report must identify (1) possible principles of a private-sector return-to-work program; (2) policy objectives; and (3) areas of focus for the program, including specified issues. The report must include recommendations regarding the feasibility and need to authorize return-to-work demonstration projects, including pilot projects to establish centers of occupational health and education. The report must also include recommendations regarding the costs and benefits of:

- establishing centers of occupational health and education to recruit and train health care providers and coordinate with the appropriate entities for services, communication and outreach, and training, as specified;
- including certain services, subsidies, incentives, initiatives, and training within a return-to-work program; and
- adopting a Temporary Disability Program that is designed to provide wage replacement for sickness or injury that is not connected to work and that provides benefits to individuals who are not able to work and ineligible for unemployment insurance (UI) benefits.

Current Law/Background:

Workers’ Compensation Commission

WCC administers employee claims resulting from work-related injuries or disabilities by processing and adjudicating all claims, maintaining a record of all contested cases, certifying a complete record to the judicial forum in case of an appeal, and referring those individuals requiring vocational rehabilitation to appropriate providers. WCC’s operations are carried out by three offices: operations, finance, and information technology. WCC is also aided by the Advisory Committee on the Registration of Rehabilitation Practitioners and the Medical Fee Guide Revision Committee.

WCC must submit an annual report to the Governor and General Assembly that includes suggestions to improve the administration of workers’ compensation in the State, a detailed statement of its receipts and disbursements, and statistical analyses of (1) the costs of workers’ compensation; (2) experiences; and (3) industrial injuries. WCC’s [annual report for fiscal 2018](#), and all its past annual reports, can be found on its website.

Vocational Rehabilitation

Vocational rehabilitation is a type of return-to-work program that helps individuals with disabilities overcome barriers to entry or re-entry into the workforce. Such services include the coordination of medical services, vocational assessments, evaluations, training, counseling, and job development and placement.

A disabled covered employee is expressly entitled to receive vocational rehabilitation services as part of his or her workers' compensation benefits by State law. Moreover, WCC must refer a covered employee who is entitled to vocational rehabilitation services to an appropriate vocational rehabilitation provider and obtain a rehabilitation plan for the employee. Each individual who provides vocational rehabilitation services to injured employees receiving workers' compensation benefits must register with WCC.

Unemployment Insurance

UI provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are willing to work, able to work, and actively seeking employment. Both the federal and state governments have responsibilities for UI programs. Funding for the program is provided by employers through UI taxes paid to both the federal government for administrative and other expenses and to the states for deposit in their UI trust funds. Using federal tax revenues, the UI program is administered pursuant to state law by state employees. Each state law prescribes the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

State Expenditures: WCC does not have the expertise to complete the analysis and report on return-to-work programs required by the bill, particularly in the short time allotted to do so. WCC's primary function is to be the administrator and adjudicator of workers' compensation claims for the State; WCC does regularly refer claimants for vocational rehabilitation services but that is the extent of its experience with return-to-work programs. Accordingly, WCC must contract for the study.

WCC is special funded; however, it does not have sufficient fund balance to absorb the costs associated with contracting out the analysis and report. Thus, either the assessment for workers' compensation must increase to cover the costs (but this would be difficult given the timeframe for the analysis and report) or general funds must be used. This analysis assumes general fund expenditures are necessary. The analysis and report are expected to cost at least \$360,000, with \$60,000 in fiscal 2019 (reflecting the June 1, 2019 effective date) and \$300,000 in fiscal 2020. The estimate assumes that WCC must contract with and engage the services of vocational rehabilitation specialists, research statisticians, and medical professionals to undertake the required research and analysis in

time for WCC to include the required report with its fiscal 2019 annual report in a timely manner.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Workers' Compensation Commission; Maryland Department of Disabilities; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2019
mag/ljm

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