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Chair

Economic Matters Committee



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## *The Maryland House of Delegates*

ANNAPOLIS, MARYLAND 21401

Testimony in Support

of

HB 99 - Labor and Employment - Injured Workers' Insurance Fund - Revisions

In 2013, the General Assembly converted the Injured Workers' Insurance Fund or IWIF to a private insurer – Chesapeake Employers' Insurance Company. At that time, the legislation allowed State employees working for IWIF to have the option to remain State employees and participate in the State pension plan.

House Bill 99 is a necessary follow up to the conversion legislation. IWIF continues to exist for the purpose of administering workers' compensation claims for the State in its capacity as our third-party administrator. This function is essential because the State is a self-insured employer, meaning that it pays claims and benefits directly instead of using a separate insurance company.

Since 2013, both IWIF and Chesapeake have coexisted, but the number of IWIF employees has decreased over time as IWIF does not employ new hires. The current law prohibits Chesapeake employees from working on the State contract in any capacity. As the number of IWIF employees decreases, there are not sufficient State employees to cover the IWIF workload.

The State Retirement Board has raised concerns that having private employees assisting a State unit could negatively impact the "public" component of a public pension system. This bill seeks to address these concerns by striking a balance that allows certain "private" Chesapeake employees to work on IWIF matters, so long as operational and supervisory control of IWIF rests with State employees.

Finally, this bill makes various changes to the administration and leadership of IWIF and Chesapeake. I request a favorable report for HB 99 - Labor and Employment - Injured Workers' Insurance Fund – Revisions.