

# **HB650 - CEIC - Testimony in Support .pdf**

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Position: FAV



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March 31, 2022

The Honorable William Smith, Chair  
Senate Judicial Proceedings Committee  
Miller Senate Office Building, 2 West  
11 Bladen Street  
Annapolis, MD 21401

**House Bill 650 – Execution on a Judgement – Child Support Arrearage – Workers’  
Compensation – Testimony in Support**

Dear Chair Smith and Members of the Committee:

On behalf of Chesapeake Employers’ Insurance Company (CEIC), we share our updated position on House Bill 650 as amended and passed by the House Judiciary Committee and the House of Delegates. At the February 17, 2022 House Hearing, CEIC voiced concerns about HB650 as introduced, as it did not properly take into consideration settlements and stipulations, which make up a significant portion of paid workers’ compensation paid benefits in the State. As amended, the legislation now applies to the full range of paid benefits and CEIC’s concerns have been addressed.

CEIC thank Delegate Brooks and the Department of Human Services for working with us to address these concerns and properly tailor the scope of HB650. In light of the amendments, CEIC withdraws its initial opposition and urges the Committee’s favorable report.

**MAJ - hB 650 - WComp Arr. FAV - 2022.pdf**

Uploaded by: Josh Howe

Position: FAV

## **HB 650 – Execution on a Judgment - Child Support Arrearage - Workers' Compensation *Favorable as Amended***

### **Background:**

*Workers' Compensation* – Benefit Paid Directly to the Injured Worker for Economic Losses

Victims of on-the-job injuries are entitled to workers' compensation benefits, to compensate for resulting economic losses: lost wages (temporary total disability) and permanency (loss of future earning capacity owing to impairment caused by an injury that did not heal completely). There is no compensation for pain and suffering (non-economic damages).

Compensation benefits are paid by a workers' compensation insurance company, usually by check, directly the injured worker.

*Child Support* – Liens that Require a Garnishment to Enforce

Child support orders are enforced by garnishing money in the hands of a third party (insurance company) that would otherwise be paid a deadbeat parent. Under a Memorandum of Understanding between the Workers' Compensation Commission and child support enforcement, Commission data files are mined to identify awards to parents with child support arrearages. Garnishments are then served on the workers' compensation insurers ordered to pay compensation to these parents.

***The Dilemma*** – Are Workers' Compensation Payments Exempt from Garnishment?

Subsection 11-504(b)(2) of the Courts and Judicial Proceedings Article prohibits garnishment of "money payable in the event of sickness, accident, injury, or death of any person, including compensation for loss of future earnings. This exemption includes but is not limited to money payable on account of . . . , compromises, insurance, benefits, compensation, and relief."

Notwithstanding Section b of 11-504 which exempts "compensation" from garnishment, child support authorities routinely attempt to garnish a significant proportion or all of a worker's compensation benefits, leaving claimants with little or no money to meet the costs of daily living. Circuit Courts asked to decide whether Subsection b exempts workers' compensation benefits from child support garnishment have reached conflicting decisions – meaning child support either received 100% of its ask or nothing.

***HB 650 – A Compromise Everyone Supports***

HB 650 passed out of the House unanimously, because it strikes a balance between the financial needs of injured workers and their obligation to support their children. Also, it spares workers' compensation lawyers, child support authorities and Maryland trial court and appellate judge the burden of having to litigate/appeal whether "compensation" under Subsection b of 11-504 means "workers' compensation."

**MAJ URGES A FAVORABLE REPORT OF HB 650**

**HB650\_DHS\_FAV.pdf**

Uploaded by: Rachel Sledge

Position: FAV

**DATE:** March 31, 2022

**BILL NUMBER:** House Bill 650

**COMMITTEE:** Judicial Proceedings

**BILL TITLE:** Execution on Judgment - Child Support Arrearage - Workers' Compensation

**DHS POSITION:** Favorable

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The Department of Human Services (the Department) respectfully offers this letter of support regarding House Bill 650 (HB650) as amended by the House of Delegates. This legislation specifies that 25% of the net recovery by the debtor on a claim for workers' compensation is subject to execution on a judgment for a child support arrearage.

House Bill 650 amends § 11-504 of the Courts and Judicial Proceedings Article to authorize the Child Support Agency (CSA) to execute a judgment on a claim for personal injury and workers' compensation insurance plans. The bill as amended would allow the CSA to collect workers' compensation, indemnity benefits, including any weekly benefits or settlement proceeds from a noncustodial parent for an arrearage.

Passage of House Bill 650 would establish that "twenty-five percent of the net recovery" by a debtor is subject to execution on a judgment for child support arrearage on a claim for personal injury with the Workers' Compensation Commission. This bill would clarify an existing ambiguity in Family Law for the Child Support Administration to use this collection source for payment of child support arrearages from noncustodial parents who are awarded settlements from personal injury through workers' compensation claims.

The Department appreciates the efforts of the sponsor and the work of the House Judiciary Committee to adopt the amendments recommended by the Department and requests a favorable report from the Judicial Proceedings Committee.



# **HB650\_Randall\_Support.pdf**

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**TESTIMONY IN SUPPORT OF HB650**  
**Execution on a Judgment – Child Support Arrearage – Workers’ Compensation**

Judicial Proceedings Committee  
March 31, 2022

Chair Smith, Vice-Chair Waldstreicher and Members of the Judicial Proceedings Committee,

Thank you for the opportunity to testify before you on HB650, Execution on a Judgment – Child Support Arrearage – Workers’ Compensation. This bill clarifies the impact of child support orders on workers’ compensation entitlements. Under the current statutory authority, no explicit definition exists as to whether workers’ compensation indemnity benefits may be attached by child support orders, and, if so, whether or not a cap applies to limit excessive withholdings. As such, injured workers, child support recipients, child support enforcement authorities and workers’ compensation claims personnel are left to interpret the existing ambiguous law which leads to inconsistent results.

As a practitioner that litigates workers’ compensation claims on behalf of Maryland employers and their insurers, like many of my colleagues, I’ve often been caught in the middle of differing opinions offered by Claimants’ attorneys and child support enforcement authorities. This results in a legal quagmire with threats of litigation and penalties for non-compliance from both Claimants’ attorneys and enforcement authorities with no easy solution. These disputes create additional litigation, legal expense, and result in judicial inefficiency.

This bill solves that issue by clarifying once and for all the types, and amounts, of benefits that may be withheld for child support. This bill favorably amends the existing statute so that workers’ compensation entitlements are treated with other analogous personal injury recoveries and is consistent with existing state and federal law. This rather simple modification to existing law will relieve stakeholders by providing greater clarity and certainty when considering the impact of child support orders on workers’ compensation entitlements.

For these reasons, I am requesting a favorable report.

With kindest regards,

  
Albert B. Randall, Jr.



# **HB650\_Brooks\_Support.pdf**

Uploaded by: Benjamin Brooks

Position: FWA

**BENJAMIN BROOKS**  
Legislative District 10  
Baltimore County

CHIEF DEPUTY MAJORITY WHIP

Economic Matters Committee

*Subcommittees*

Chair, Public Utilities

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**TESTIMONY IN SUPPORT OF HB650**  
**Execution on a Judgment – Child Support Arrearage- Workers’ Compensation**

Judicial Proceedings Committee  
March 31, 2022

Chair Smith, Vice-Chair Waldstreicher and Members of the Committee,

Thank you for the opportunity to testify before you on HB650, Execution on a Judgment- Child Support Arrearage- Workers’ Compensation. The purpose of this bill is to specify that 25% of the net recovery on a claim for workers’ compensation is subject to execution on a judgment for child support arrearage.

Current law does not explicitly state what, if any, indemnity benefits can be attached when a child support order is in place. HB650 merely offers clarity in an otherwise ambiguous statute in determining which workers’ compensation indemnity benefits can be garnished.

This clarification is in the interest of judicial economy and otherwise aligns workers compensation recoveries with personal injury recoveries.

For these reasons, I am requesting a favorable report.

With kindest regards,

A handwritten signature in cursive script that reads "Benjamin T. Brooks".

Benjamin Brooks