

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