



Senate Bill 377

Workers' Compensation - Benefits - Offset and Hearing Loss

MACo Position: **OPPOSE**

To: Finance Committee

Date: February 21, 2023

From: Brianna January

The Maryland Association of Counties (MACo) **OPPOSES** SB 377. This bill would expand existing eligibility for workers' compensation related to hearing loss and would (perhaps inadvertently) void the ability to offset a workers' compensation benefit for many claims if a person is receiving an ordinary disability payment for the same or similar injury from a retirement benefit.

Under SB 377, workers' compensation claims for tinnitus would no longer require disablement for eligibility, nor would they calculate age-based deductions to account for natural, age-induced hearing loss. Not only would benefit claims likely increase to a broader pool of workers' compensation candidates for lifetime claims, but employers would also no longer be able to fairly adjust for natural, age-induced hearing loss, greatly increasing the costliness of these such claims – which are many. To put this into perspective, on average, Montgomery County receives 5-6 workers' compensation claims related to hearing loss *per week*.

Also of great concern is SB 377's proposed changes to claim "offsets" that limit the ability to collect both a workers' compensation payment and a disability retirement payment. There is long-standing history behind the concept of offsets as a measure to not force employers to double-pay on the same claims. In fact, Maryland adopted offsets in 1914, and more than a century of statutory updates have recognized the critical importance of offsets and kept them intact. The "stacking" of these benefits – which is uniquely already allowed for some first responder benefits -- is already costly to local governments.

Concerningly, SB 377 repeals existing "offset" abilities for most workers' compensation claims, not just those related to hearing loss. Chesapeake Employers' Insurance Company, which many local governments contract with, estimates that only 27 percent of the current claims they service would maintain any offsets under SB 377. Repealing the ability to offset claims would also create instability for the insurance industry servicing workers' compensation. In doing so, insurers would ultimately push these additional costs onto the local governments that contract with them via increased premiums. Some insurers may even scale down or phase out their workers' compensation services altogether.

The combination of the impacts of SB 377 could be devastating for local governments. The increased costs associated with the bill would ultimately come at the expense of Marylanders as counties could be forced to cut budgets for schools, housing, public health, public safety, roadway maintenance, and other essential public services. SB 377 would repeal standing policy meant to help local governments balance supporting staff and fiscal responsibility. Accordingly, MACo requests the Committee give SB 377 an **UNFAVORABLE** report.