

LABOR CABINET
Department of Workers' Claims
(As Amended at ARRS, August 11, 2020)

803 KAR 25:075. Attorney fee discount.

RELATES TO: KRS Chapter 342

STATUTORY AUTHORITY: KRS 342.260, 342.320

NECESSITY, FUNCTION, AND CONFORMITY: KRS 342.260 requires the Commissioner [~~Executive Director~~] of the Department [~~Office~~] of Workers' Claims to promulgate [~~prepare~~] administrative regulations as he considers necessary to carry on the work of the department [~~office~~] and the work of the administrative law judges. KRS 342.320 requires the administrative law judges to approve the payment of the attorney's fee in any case involving benefits under KRS Chapter 342, and KRS 342.120, as effective between April 4, 1994 and December 12, 1996, provides the method by which an employer or its insurance carrier and the Special Fund share liabilities for awards or injuries occurring after April 4, 1994. [~~The function of~~] This administrative regulation establishes [~~is to establish~~] a mechanism for crediting the employer, the employer's insurance carrier, and the Special Fund for the payment of attorneys' fees for injuries occurring and disabilities arising after April 4, 1994, and prior to December 12, 1996, when the claimant elects to repay an attorney's fee through the reduction of weekly benefits.

Section 1. Employer's Calculation. For injuries occurring and disabilities arising on or after April 4, 1994, and prior to December 12, 1996, the employer or the insurance carrier making payment on behalf of the employer shall be entitled to credit for the lump sum value of any attorney's fee paid. The following formula shall be used:

- (1) Employer weeks awarded - weeks paid = R [~~remaining~~] weeks.
- (2) R weeks = P weeks (present worth).
- (3) Employer [~~EMP %~~] share of attorney fee divided by [~~÷~~]P weeks = Y rate.
- (4) [~~R weeks x Y rate = employer attorney fee and discount.~~
- (5) ~~EMP attorney fee and discount - EMP attorney fee = EMP discount.~~
- (6)] Weekly rate - Y rate = Employer reduced rate.

Section 2. Special Fund Credit. The Labor Cabinet, Department of Workers' Claims [~~Department of Labor, Office of Workplace Standards,~~] Division of Workers' Compensation Funds shall calculate its lump sum credit for attorney's fees in cases involving injuries occurring and disabilities arising on or after April 4, 1994, and prior to December 12, 1996, as follows:

- (1) Employer weeks awarded - weeks paid = R [~~remaining~~] weeks.
- (2) R weeks = P weeks (present worth).
- (3) Total weeks awarded - weeks paid = total remaining (TR) weeks.
- (4) TR weeks = PW weeks (present worth).
- (5) PW weeks - P weeks = SF (Special Fund) weeks.
- (6) SF [~~%~~] share of attorney fee divided by [~~÷~~]SF weeks = SF rate reduction.[
- (7) ~~SF rate reduction x SF weeks owed = SF attorney fee and discount.~~
- (8) ~~SF attorney fee and discount - SF attorney fee = SF discount.]~~

Section 3. Procedure. The calculations set forth in Sections 1 and 2 of this administrative regulation shall be completed by the Division of Workers' Compensation Funds and the results

forwarded to the other payers, as well as to the plaintiff, when the plaintiff elects to repay an attorney's fee through the reduction of weekly benefits. Any disagreements as to the application of the formula shall be resolved by the administrative law judge upon motion by any party.

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