Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2015 Regular Session

Part I: Measure Information

Bill Request #: 1246
Bill #: SB 95
Bill Subject/Title: AN ACT relating to workers' compensation.
Sponsor: Senator Tom Buford
Unit of Government:xCityxCountyxUrban-CountyxCharter CountyxConsolidated LocalxGovernment
Office(s) Impacted: Local Governments
Requirement: <u>x</u> Mandatory Optional
Effect on Powers & Duties: <u>x</u> Modifies Existing Adds New Eliminates Existing

Part II: Purpose and Mechanics

SB 95 amends the Workers' Compensation Act (KRS Chapter 342). The bill defines and recognizes temporary partial disability benefits. It limits medical benefits to age 70 or five years after the date of the worker's injury; whichever, is later except for permanent total awards or awards involving prosthetic devices which continue for as long as the employee is disabled. The bill allows attorney's fees or increased payments for medical fee disputes that are decided in favor of the claimant. It amends the reopening statutes to allow for reopening for additional temporary total or partial benefits. Claimants who have awards of \$60 or less per week may elect a lump sum and receive a one point higher discount rate than that set by the commissioner. It requires settlements for future medicals to be approved by the federal Medicare Secondary Payer Act. Claimants may recover damages from an insurance carrier who commits an unfair claims settlement practice. Attorneys' fees are increased to a total of \$24,000. The bill specifies that administrative law judges do not approve attorney's fees. It enumerates changes to the manner that income benefits are determined. The maximum temporary total or partial income benefits are increased from 100% of the state average weekly wage to 120% of the state average weekly wage. The bill increases the maximum of permanent partial income benefits from 75% to 85% of the state average weekly wage and it increases and

clarifies the multiplier language factors. SB 95 provides that the time limit for permanent partial income benefits is determined by the impairment ratings.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of SB 95 on local governments is indeterminable. The bill is expected to increase the costs of workers' compensation, which will result in additional costs to local governments. Local governments are responsible for providing workers' compensation coverage for their employees. An employee is defined in KRS Chapter 342.640(3) and includes:

Every person in the service of the state or any of its political subdivisions or agencies, or of any county, city of any class, school district, drainage district, tax district, public or quasipublic corporation, or other political entity, under any contract of hire, express or implied, and every official or officer of those entities, whether elected or appointed, while performing his official duties shall be considered an employee of the state. Every person who is a member of a volunteer ambulance service, fire, or police department shall be deemed, for the purposes of this chapter, to be in the employment of the political subdivision of the state where the department is organized. Every person who is a regularly-enrolled volunteer member or trainee of an emergency management agency, as established under KRS Chapters 39A to 39E, shall be deemed, for the purposes of this chapter, to be in the employment of the purposes of the Kentucky National Guard, while the person is on state active duty as defined in KRS 38.010(4), shall be deemed, for the purposes of this chapter, to be in the employment, to be in the employment of the purposes of this chapter, to be in the employment of the purposes of this chapter, to be in the purposes of this chapter, to be in the employment of the purposes of the Kentucky National Guard, while the purposes of this chapter, to be in the employment of this state.

The exact amount SB 95 will cost local governments is unknown.

Data Source(s): LRC Staff

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