

1 AN ACT relating to workers' compensation for first responders.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 342.0011 is amended to read as follows:

4 As used in this chapter, unless the context otherwise requires:

5 (1) **(a)** "Injury" means any work-related traumatic event or series of traumatic events,  
6 including cumulative trauma, arising out of and in the course of employment  
7 which is the proximate cause producing a harmful change in the human  
8 organism evidenced by objective medical findings. "Injury" does not include  
9 the effects of the natural aging process, and does not include any  
10 communicable disease unless the risk of contracting the disease is increased  
11 by the nature of the employment. "Injury" when used generally, unless the  
12 context indicates otherwise, shall include an occupational disease and damage  
13 to a prosthetic appliance, but shall not include a psychological, psychiatric, or  
14 stress-related change in the human organism, unless it is a direct result of a  
15 physical injury.

16 **(b) Notwithstanding paragraph (a) of this subsection, "injury" for a police**  
17 **officer, firefighter, or emergency medical services personnel as defined in**  
18 **KRS 61.315, or for front-line staff as defined in KRS 194A.065, may include**  
19 **a psychological, psychiatric, or stress-related change in the human**  
20 **organism that is not a direct result of a physical injury, as specified in**  
21 **Section 2 of this Act;**

22 (2) "Occupational disease" means a disease arising out of and in the course of the  
23 employment;

24 (3) An occupational disease as defined in this chapter shall be deemed to arise out of  
25 the employment if there is apparent to the rational mind, upon consideration of all  
26 the circumstances, a causal connection between the conditions under which the  
27 work is performed and the occupational disease, and which can be seen to have

1 followed as a natural incident to the work as a result of the exposure occasioned by  
2 the nature of the employment and which can be fairly traced to the employment as  
3 the proximate cause. The occupational disease shall be incidental to the character of  
4 the business and not independent of the relationship of employer and employee. An  
5 occupational disease need not have been foreseen or expected but, after its  
6 contraction, it must appear to be related to a risk connected with the employment  
7 and to have flowed from that source as a rational consequence;

8 (4) "Injurious exposure" shall mean that exposure to occupational hazard which would,  
9 independently of any other cause whatsoever, produce or cause the disease for  
10 which the claim is made;

11 (5) "Death" means death resulting from an injury or occupational disease;

12 (6) "Carrier" means any insurer, or legal representative thereof, authorized to insure the  
13 liability of employers under this chapter and includes a self-insurer;

14 (7) "Self-insurer" is an employer who has been authorized under the provisions of this  
15 chapter to carry his own liability on his employees covered by this chapter;

16 (8) "Department" means the Department of Workers' Claims in the Labor Cabinet;

17 (9) "Commissioner" means the commissioner of the Department of Workers' Claims  
18 under the direction and supervision of the secretary of the Labor Cabinet;

19 (10) "Board" means the Workers' Compensation Board;

20 (11) (a) "Temporary total disability" means the condition of an employee who has not  
21 reached maximum medical improvement from an injury and has not reached a  
22 level of improvement that would permit a return to employment;

23 (b) "Permanent partial disability" means the condition of an employee who, due to  
24 an injury, has a permanent disability rating but retains the ability to work; and

25 (c) "Permanent total disability" means the condition of an employee who, due to  
26 an injury, has a permanent disability rating and has a complete and permanent  
27 inability to perform any type of work as a result of an injury, except that total

- 1           disability shall be irrebuttably presumed to exist for an injury that results in:
- 2           1. Total and permanent loss of sight in both eyes;
- 3           2. Loss of both feet at or above the ankle;
- 4           3. Loss of both hands at or above the wrist;
- 5           4. Loss of one (1) foot at or above the ankle and the loss of one (1) hand at
- 6           or above the wrist;
- 7           5. Permanent and complete paralysis of both arms, both legs, or one (1)
- 8           arm and one (1) leg;
- 9           6. Incurable insanity or imbecility; or
- 10          7. Total loss of hearing;
- 11 (12) "Income benefits" means payments made under the provisions of this chapter to the
- 12 disabled worker or his dependents in case of death, excluding medical and related
- 13 benefits;
- 14 (13) "Medical and related benefits" means payments made for medical, hospital, burial,
- 15 and other services as provided in this chapter, other than income benefits;
- 16 (14) "Compensation" means all payments made under the provisions of this chapter
- 17 representing the sum of income benefits and medical and related benefits;
- 18 (15) "Medical services" means medical, surgical, dental, hospital, nursing, and medical
- 19 rehabilitation services, medicines, and fittings for artificial or prosthetic devices;
- 20 (16) "Person" means any individual, partnership, limited partnership, limited liability
- 21 company, firm, association, trust, joint venture, corporation, or legal representative
- 22 thereof;
- 23 (17) "Wages" means, in addition to money payments for services rendered, the
- 24 reasonable value of board, rent, housing, lodging, fuel, or similar advantages
- 25 received from the employer, and gratuities received in the course of employment
- 26 from persons other than the employer as evidenced by the employee's federal and
- 27 state tax returns;

- 1 (18) "Agriculture" means the operation of farm premises, including the planting,  
2 cultivation, producing, growing, harvesting, and preparation for market of  
3 agricultural or horticultural commodities thereon, the raising of livestock for food  
4 products and for racing purposes, and poultry thereon, and any work performed as  
5 an incident to or in conjunction with the farm operations, including the sale of  
6 produce at on-site markets and the processing of produce for sale at on-site markets.  
7 It shall not include the commercial processing, packing, drying, storing, or canning  
8 of such commodities for market, or making cheese or butter or other dairy products  
9 for market;
- 10 (19) "Beneficiary" means any person who is entitled to income benefits or medical and  
11 related benefits under this chapter;
- 12 (20) "United States," when used in a geographic sense, means the several states, the  
13 District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, and the  
14 territories of the United States;
- 15 (21) "Alien" means a person who is not a citizen, a national, or a resident of the United  
16 States or Canada. Any person not a citizen or national of the United States who  
17 relinquishes or is about to relinquish his residence in the United States shall be  
18 regarded as an alien;
- 19 (22) "Insurance carrier" means every insurance carrier or insurance company authorized  
20 to do business in the Commonwealth writing workers' compensation insurance  
21 coverage and includes the Kentucky Employers Mutual Insurance Authority and  
22 every self-insured group operating under the provisions of this chapter;
- 23 (23) (a) "Severance or processing of coal" means all activities performed in the  
24 Commonwealth at underground, auger, and surface mining sites; all activities  
25 performed at tipple or processing plants that clean, break, size, or treat coal;  
26 and all activities performed at coal loading facilities for trucks, railroads, and  
27 barges. Severance or processing of coal shall not include acts performed by a

1 final consumer if the acts are performed at the site of final consumption.

2 (b) "Engaged in severance or processing of coal" shall include all individuals,  
3 partnerships, limited partnerships, limited liability companies, corporations,  
4 joint ventures, associations, or any other business entity in the Commonwealth  
5 which has employees on its payroll who perform any of the acts stated in  
6 paragraph (a) of this subsection, regardless of whether the acts are performed  
7 as owner of the coal or on a contract or fee basis for the actual owner of the  
8 coal. A business entity engaged in the severance or processing of coal,  
9 including but not limited to administrative or selling functions, shall be  
10 considered wholly engaged in the severance or processing of coal for the  
11 purpose of this chapter. However, a business entity which is engaged in a  
12 separate business activity not related to coal, for which a separate premium  
13 charge is not made, shall be deemed to be engaged in the severance or  
14 processing of coal only to the extent that the number of employees engaged in  
15 the severance or processing of coal bears to the total number of employees.  
16 Any employee who is involved in the business of severing or processing of  
17 coal and business activities not related to coal shall be prorated based on the  
18 time involved in severance or processing of coal bears to his total time;

19 (24) "Premium" for every self-insured group means any and all assessments levied on its  
20 members by such group or contributed to it by the members thereof. For special  
21 fund assessment purposes, "premium" also includes any and all membership dues,  
22 fees, or other payments by members of the group to associations or other entities  
23 used for underwriting, claims handling, loss control, premium audit, actuarial, or  
24 other services associated with the maintenance or operation of the self-insurance  
25 group;

26 (25) (a) "Premiums received" for policies effective on or after January 1, 1994, for  
27 insurance companies means direct written premiums as reported in the annual

1 statement to the Department of Insurance by insurance companies, except that  
2 "premiums received" includes premiums charged off or deferred, and, on  
3 insurance policies or other evidence of coverage with provisions for  
4 deductibles, the calculated cost for coverage, including experience  
5 modification and premium surcharge or discount, prior to any reduction for  
6 deductibles. The rates, factors, and methods used to calculate the cost for  
7 coverage under this paragraph for insurance policies or other evidence of  
8 coverage with provisions for deductibles shall be the same rates, factors, and  
9 methods normally used by the insurance company in Kentucky to calculate the  
10 cost for coverage for insurance policies or other evidence of coverage without  
11 provisions for deductibles, except that, for insurance policies or other  
12 evidence of coverage with provisions for deductibles effective on or after  
13 January 1, 1995, the calculated cost for coverage shall not include any  
14 schedule rating modification, debits, or credits. For policies with provisions  
15 for deductibles with effective dates on or after January 1, 1995, assessments  
16 shall be imposed on premiums received as calculated by the deductible  
17 program adjustment. The cost for coverage calculated under this paragraph by  
18 insurance companies that issue only deductible insurance policies in Kentucky  
19 shall be actuarially adequate to cover the entire liability of the employer for  
20 compensation under this chapter, including all expenses and allowances  
21 normally used to calculate the cost for coverage. For policies with provisions  
22 for deductibles with effective dates of May 6, 1993, through December 31,  
23 1993, for which the insurance company did not report premiums and remit  
24 special fund assessments based on the calculated cost for coverage prior to the  
25 reduction for deductibles, "premiums received" includes the initial premium  
26 plus any reimbursements invoiced for losses, expenses, and fees charged  
27 under the deductibles. The special fund assessment rates in effect for

1 reimbursements invoiced for losses, expenses, or fees charged under the  
2 deductibles shall be those percentages in effect on the effective date of the  
3 insurance policy. For policies covering leased employees as defined in KRS  
4 342.615, "premiums received" means premiums calculated using the  
5 experience modification factor of each lessee as defined in KRS 342.615 for  
6 each leased employee for that portion of the payroll pertaining to the leased  
7 employee.

8 (b) "Direct written premium" for insurance companies means the gross premium  
9 written less return premiums and premiums on policies not taken but  
10 including policy and membership fees.

11 (c) "Premium," for policies effective on or after January 1, 1994, for insurance  
12 companies means all consideration, whether designated as premium or  
13 otherwise, for workers' compensation insurance paid to an insurance company  
14 or its representative, including, on insurance policies with provisions for  
15 deductibles, the calculated cost for coverage, including experience  
16 modification and premium surcharge or discount, prior to any reduction for  
17 deductibles. The rates, factors, and methods used to calculate the cost for  
18 coverage under this paragraph for insurance policies or other evidence of  
19 coverage with provisions for deductibles shall be the same rates, factors, and  
20 methods normally used by the insurance company in Kentucky to calculate the  
21 cost for coverage for insurance policies or other evidence of coverage without  
22 provisions for deductibles, except that, for insurance policies or other  
23 evidence of coverage with provisions for deductibles effective on or after  
24 January 1, 1995, the calculated cost for coverage shall not include any  
25 schedule rating modifications, debits, or credits. For policies with provisions  
26 for deductibles with effective dates on or after January 1, 1995, assessments  
27 shall be imposed as calculated by the deductible program adjustment. The cost

1 for coverage calculated under this paragraph by insurance companies that  
2 issue only deductible insurance policies in Kentucky shall be actuarially  
3 adequate to cover the entire liability of the employer for compensation under  
4 this chapter, including all expenses and allowances normally used to calculate  
5 the cost for coverage. For policies with provisions for deductibles with  
6 effective dates of May 6, 1993, through December 31, 1993, for which the  
7 insurance company did not report premiums and remit special fund  
8 assessments based on the calculated cost for coverage prior to the reduction  
9 for deductibles, "premium" includes the initial consideration plus any  
10 reimbursements invoiced for losses, expenses, or fees charged under the  
11 deductibles.

12 (d) "Return premiums" for insurance companies means amounts returned to  
13 insureds due to endorsements, retrospective adjustments, cancellations,  
14 dividends, or errors.

15 (e) "Deductible program adjustment" means calculating premium and premiums  
16 received on a gross basis without regard to the following:

- 17 1. Schedule rating modifications, debits, or credits;
- 18 2. Deductible credits; or
- 19 3. Modifications to the cost of coverage from inception through and  
20 including any audit that are based on negotiated retrospective rating  
21 arrangements, including but not limited to large risk alternative rating  
22 options;

23 (26) "Insurance policy" for an insurance company or self-insured group means the term  
24 of insurance coverage commencing from the date coverage is extended, whether a  
25 new policy or a renewal, through its expiration, not to exceed the anniversary date  
26 of the renewal for the following year;

27 (27) "Self-insurance year" for a self-insured group means the annual period of



1 certification of the group created pursuant to KRS 342.350(4) and 304.50-010;

2 (28) "Premium" for each employer carrying his own risk pursuant to KRS 342.340(1)  
3 shall be the projected value of the employer's workers' compensation claims for the  
4 next calendar year as calculated by the commissioner using generally-accepted  
5 actuarial methods as follows:

6 (a) The base period shall be the earliest three (3) calendar years of the five (5)  
7 calendar years immediately preceding the calendar year for which the  
8 calculation is made. The commissioner shall identify each claim of the  
9 employer which has an injury date or date of last injurious exposure to the  
10 cause of an occupational disease during each one (1) of the three (3) calendar  
11 years to be used as the base, and shall assign a value to each claim. The value  
12 shall be the total of the indemnity benefits paid to date and projected to be  
13 paid, adjusted to current benefit levels, plus the medical benefits paid to date  
14 and projected to be paid for the life of the claim, plus the cost of medical and  
15 vocational rehabilitation paid to date and projected to be paid. Adjustment to  
16 current benefit levels shall be done by multiplying the weekly indemnity  
17 benefit for each claim by the number obtained by dividing the statewide  
18 average weekly wage which will be in effect for the year for which the  
19 premium is being calculated by the statewide average weekly wage in effect  
20 during the year in which the injury or date of the last exposure occurred. The  
21 total value of the claims using the adjusted weekly benefit shall then be  
22 calculated by the commissioner. Values for claims in which awards have been  
23 made or settlements reached because of findings of permanent partial or  
24 permanent total disability shall be calculated using the mortality and interest  
25 discount assumptions used in the latest available statistical plan of the  
26 advisory rating organization defined in Subtitle 13 of KRS Chapter 304. The  
27 sum of all calculated values shall be computed for all claims in the base

1 period;

2 (b) The commissioner shall obtain the annual payroll for each of the three (3)  
3 years in the base period for each employer carrying his own risk from records  
4 of the department and from the records of the Department of Workforce  
5 Investment, Education and Workforce Development Cabinet. The  
6 commissioner shall multiply each of the three (3) years of payroll by the  
7 number obtained by dividing the statewide average weekly wage which will  
8 be in effect for the year in which the premium is being calculated by the  
9 statewide average weekly wage in effect in each of the years of the base  
10 period;

11 (c) The commissioner shall divide the total of the adjusted claim values for the  
12 three (3) year base period by the total adjusted payroll for the same three (3)  
13 year period. The value so calculated shall be multiplied by 1.25 and shall then  
14 be multiplied by the employer's most recent annualized payroll, calculated  
15 using records of the department and the Department of Workforce Investment  
16 data which shall be made available for this purpose on a quarterly basis as  
17 reported, to obtain the premium for the next calendar year for assessment  
18 purposes under KRS 342.122;

19 (d) For November 1, 1987, through December 31, 1988, premium for each  
20 employer carrying its own risk shall be an amount calculated by the board  
21 pursuant to the provisions contained in this subsection and such premium  
22 shall be provided to each employer carrying its own risk and to the funding  
23 commission on or before January 1, 1988. Thereafter, the calculations set  
24 forth in this subsection shall be performed annually, at the time each employer  
25 applies or renews its application for certification to carry its own risk for the  
26 next twelve (12) month period and submits payroll and other data in support  
27 of the application. The employer and the funding commission shall be notified

- 1 at the time of the certification or recertification of the premium calculated by  
2 the commissioner, which shall form the employer's basis for assessments  
3 pursuant to KRS 342.122 for the calendar year beginning on January 1  
4 following the date of certification or recertification;
- 5 (e) If an employer having fewer than five (5) years of doing business in this state  
6 applies to carry its own risk and is so certified, its premium for the purposes of  
7 KRS 342.122 shall be based on the lesser number of years of experience as  
8 may be available including the two (2) most recent years if necessary to create  
9 a three (3) year base period. If the employer has less than two (2) years of  
10 operation in this state available for the premium calculation, then its premium  
11 shall be the greater of the value obtained by the calculation called for in this  
12 subsection or the amount of security required by the commissioner pursuant to  
13 KRS 342.340(1);
- 14 (f) If an employer is certified to carry its own risk after having previously insured  
15 the risk, its premium shall be calculated using values obtained from claims  
16 incurred while insured for as many of the years of the base period as may be  
17 necessary to create a full three (3) year base. After the employer is certified to  
18 carry its own risk and has paid all amounts due for assessments upon  
19 premiums paid while insured, the employer shall be assessed only upon the  
20 premium calculated under this subsection;
- 21 (g) "Premium" for each employer defined in KRS 342.630(2) shall be calculated  
22 as set forth in this subsection; and
- 23 (h) Notwithstanding any other provision of this subsection, the premium of any  
24 employer authorized to carry its own risk for purposes of assessments due  
25 under this chapter shall be no less than thirty cents (\$0.30) per one hundred  
26 dollars (\$100) of the employer's most recent annualized payroll for employees  
27 covered by this chapter;

- 1 (29) "SIC code" as used in this chapter means the Standard Industrial Classification  
2 Code contained in the latest edition of the Standard Industrial Classification Manual  
3 published by the Federal Office of Management and Budget;
- 4 (30) "Investment interest" means any pecuniary or beneficial interest in a provider of  
5 medical services or treatment under this chapter, other than a provider in which that  
6 pecuniary or investment interest is obtained on terms equally available to the public  
7 through trading on a registered national securities exchange, such as the New York  
8 Stock Exchange or the American Stock Exchange, or on the National Association of  
9 Securities Dealers Automated Quotation System;
- 10 (31) "Managed health care system" means a health care system that employs gatekeeper  
11 providers, performs utilization review, and does medical bill audits;
- 12 (32) "Physician" means physicians and surgeons, psychologists, optometrists, dentists,  
13 podiatrists, and osteopathic and chiropractic practitioners acting within the scope of  
14 their license issued by the Commonwealth;
- 15 (33) "Objective medical findings" means information gained through direct observation  
16 and testing of the patient applying objective or standardized methods;
- 17 (34) "Work" means providing services to another in return for remuneration on a regular  
18 and sustained basis in a competitive economy;
- 19 (35) "Permanent impairment rating" means percentage of whole body impairment caused  
20 by the injury or occupational disease as determined by the "Guides to the Evaluation  
21 of Permanent Impairment";
- 22 (36) "Permanent disability rating" means the permanent impairment rating selected by an  
23 administrative law judge times the factor set forth in the table that appears at KRS  
24 342.730(1)(b); and
- 25 (37) "Guides to the Evaluation of Permanent Impairment" means, except as provided in  
26 KRS 342.262:
- 27 (a) The fifth edition published by the American Medical Association; and

1 (b) For psychological impairments, Chapter 12 of the second edition published by  
2 the American Medical Association.

3 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 342 IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) As used in this section:

6 (a) "Police officer" has the same meaning as in KRS 61.315;

7 (b) "Firefighter" has the same meaning as in KRS 61.315;

8 (c) "Emergency medical services personnel" has the same meaning as in KRS  
9 61.315;

10 (d) "Front-line staff" has the same meaning as in KRS 194A.065; and

11 (e) "Qualified mental health professional" has the same meaning as in KRS  
12 202A.011.

13 (2) If a police officer, firefighter, emergency medical services personnel, or front-line  
14 staff suffers a psychological, psychiatric, or stress-related change in the human  
15 organism that is not a direct result of a physical injury but is the result of a work-  
16 related event or cumulative work-related stress, then that psychological,  
17 psychiatric, or stress-related change shall be an injury arising out of employment  
18 if it is demonstrated by the preponderance of the evidence that:

19 (a) The work-related event or cumulative work-related stress was extraordinary  
20 and unusual in comparison to pressures and tensions experienced by the  
21 average employee across all occupations; and

22 (b) The work-related event or cumulative work-related stress, and not some  
23 other event, was the proximate cause of the psychological, psychiatric, or  
24 stress-related change in the human organism.

25 (3) A psychological, psychiatric, or stress-related change in the human organism  
26 shall not be considered a work-related injury arising out of the course of  
27 employment if it results from any disciplinary action, work evaluation, job

1       transfer, layoff, demotion, termination, or similar action taken in good faith by  
2       the employer.

3       (4) (a) If a police officer, firefighter, emergency medical services personnel, or  
4       front-line staff is diagnosed with post-traumatic stress disorder by a  
5       qualified mental health professional within three (3) years of the last active  
6       date of employment as a police officer, firefighter, emergency medical  
7       services personnel, or front-line staff, then there shall be a rebuttable  
8       presumption that the post-traumatic stress disorder is an injury covered by  
9       this chapter, and the employer with whom the employee was last injuriously  
10       exposed to the harmful stress shall be exclusively liable for benefits.

11       (b) A presumption of a work-related injury under paragraph (a) of this  
12       subsection may be overcome by the preponderance of the evidence that the  
13       post-traumatic stress disorder was caused by nonservice-connected risk  
14       factors or nonservice-connected exposure.