

## **SUMMARY OF RATIONALE FOR PROPOSALS CONTAINED IN LC5560**

**Section 1 – 39-71-105** – Declaration of Public Policy–These changes update the public policy to reflect current terminology in the benefit provisions and clarify that repetitive injury claims are covered in the system.

**Section 2 – 39-71-107 and Section 7 – 39-71-608** – Payments by insurers under a reservation of rights – Combines the language concerning payments under a reservation of rights into one section (39-71-608) so they can easily be found and interpreted.

**Section 3 – 39-71-201** – Administration Fund - strikes the reference to 39-71-308, because of the recommendation below in Section 11 to repeal it.

**Section 4 – 39-71-204** - Department orders and appeals - moves the language from 39-71-318 into this section so procedures before the department can easily be found and interpreted.

**Section 5 – 39-71-307** – Employers and insurers reporting requirements - clarifies when and to whom reports of accidents are filed by the employer and when insurers are required to report them to the department. Clarifies the provisions for when and to whom penalties may be assessed by the department for failure to report.

**Section 6 – 39-71-407** – Liability of insurers - clarifies which insurer pays benefits when there is a dispute between insurers over who's liable for benefits and there's no dispute the injury is work related. Intended to prevent delays in benefit payments to claimants.

**Section 8 – 39-71-703** – Compensation for permanent partial disability - Eliminates the department from approving lump sum payments of impairment awards when payment of the award does not constitute settlement of the claim. Intended to prevent delays in benefit payments to claimants.

**Section 9 – 39-71-741** – Compromise settlements and lump-sum payments – Eliminates the department from approving lump-sum advances or accrued benefits when the lump-sum payments do not constitute settlement of the claim. Also clarifies that medical benefits may be closed on an accepted claim when there's a dispute over the liability of medical benefits. Intended to prevent delays in benefit payments to claimants and provide for settlement of medical benefits.

**Section 10 – 39-71-1006** – Rehabilitation benefits – provides for lump sum payments of rehabilitation benefits when the rehabilitation plan provides job placement services or there is a dispute over rehabilitation benefits. Benefits paid in accordance with a retraining plan must be paid biweekly to assist with successful completion of the plan. Insurers and claimants want the ability to negotiate receipt of rehab benefits in a lump sum rather than biweekly when the claimant is not in a retraining plan.

### **Section 11 – Repealer:**

**Repeals 39-71-302** – Explains what forms of remuneration are included in computing payroll – definition of wages -Section 39-71-123- explains what's included in computing payroll

**Repeals 39-71-303** – Work paid for in property other than money -- definition of wages – Section 39-71-123- includes property other than money

**Repeals 39-71-308** – Neglect or refusal of public corporation to file payroll reports with the State Fund - arbitrary assessment by department – applies to State Fund only and State Fund agrees should be repealed. This section dates back to when the “Division of Workers’ Compensation” existed and included the State Fund.

**Repeals 39-71-318** – Provisions for holding a hearing before the department moved to 39-71-204 so provisions for hearings are found in same section.

**Section 12 – Effective date** – A July 1, 2005, effective date has historically been used in workers’ compensation legislation to establish that the changes apply to dates of injuries or OD’s contracted on or after the effective date and result in consistency with claims handling.