

SENATE BILL 430

Introduced by Thayer, et al.

2/15	Introduced
2/15	Referred to Labor & Employment Relations
2/16	Hearing
2/16	Committee Report--Bill Passed
2/16	Fiscal Note Requested
2/18	2nd Reading Passed
2/20	Fiscal Note Received
2/20	Fiscal Note Printed
2/21	3rd Reading Passed

Transmitted to House

2/28	Referred to Labor & Employment Relations
3/21	Hearing
3/22	Tabled in Committee

1 *Senate* BILL NO. *430*
2 INTRODUCED BY *Steve Smith*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REDUCE OR LIMIT
5 WORKERS' COMPENSATION BENEFITS FOR PERMANENT PARTIAL
6 DISABILITY AND MEDICAL, HOSPITAL, AND RELATED SERVICES;
7 AMENDING SECTIONS 39-71-703 AND 39-71-704, MCA; AND
8 PROVIDING AN APPLICABILITY DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 39-71-703, MCA, is amended to read:

12 "39-71-703. Compensation for permanent partial
13 disability -- impairment awards and wage supplements. (1)
14 The benefits available for permanent partial disability are
15 impairment awards and wage supplements. A worker who has
16 reached maximum healing and is not eligible for permanent
17 total disability benefits but who has a medically determined
18 physical restriction as a result of a work-related injury
19 may be eligible for an impairment award and wage supplement
20 benefits as follows:

21 (a) The following procedure must be followed for an
22 impairment award:

23 (i) Each percentage point of impairment is compensated
24 in an amount equal to 5 4 weeks times 66 2/3% of the wages
25 received at the time of the injury, subject to a maximum

1 compensation rate of one-half of the state's average weekly
2 wage at the time of injury.

3 (ii) When a worker reaches maximum healing, an
4 impairment rating is rendered by one or more physicians as
5 provided for in 39-71-711. Impairment benefits are payable
6 beginning the date of maximum healing.

7 (iii) An impairment award may be paid biweekly or in a
8 lump sum, at the discretion of the worker. Lump sums paid
9 for impairments are not subject to the requirements set
10 forth in 39-71-741, except that lump-sum conversions for
11 benefits not accrued may be reduced to present value at the
12 rate set forth by the division in 39-71-741(5).

13 (iv) If a worker becomes eligible for permanent total
14 disability benefits, the insurer may recover any lump-sum
15 advance paid to a claimant for impairment, as set forth in
16 39-71-741(5). Such right of recovery does not apply to
17 lump-sum benefits paid for the period prior to claimant's
18 eligibility for permanent total disability benefits.

19 (v) If a worker suffers additional injury, an
20 impairment award payable for the additional injury must be
21 reduced by the amount of a previous award paid for
22 impairment to the same site on the body.

23 (b) The following procedure must be followed for a
24 wage supplement:

25 (i) A worker must be compensated in weekly benefits

equal to 66 2/3% of the difference between the worker's actual wages received at the time of the injury and the wages the worker is qualified to earn in the worker's job pool, subject to a maximum compensation rate of one-half the state's average weekly wage at the time of injury.

(ii) Eligibility for wage supplement benefits begins at maximum healing and terminates at the expiration of 500 400 weeks minus the number of weeks for which a worker's impairment award is payable, subject to 39-71-710. A worker's failure to sustain a wage loss compensable under subsection (1)(b)(i) does not extend the period of eligibility. However, if a worker becomes eligible for temporary total disability, permanent total disability, or total rehabilitation benefits after reaching maximum healing, the eligibility period for wage supplement benefits is extended by any period for which a worker is compensated by those benefits after reaching maximum healing.

(2) The determination of permanent partial disability must be supported by a preponderance of medical evidence.

(3) Notwithstanding subsection (1), beginning July 1, 1987, through June 30, 1989, the maximum weekly compensation benefits for permanent partial disability may not exceed \$149.50, which is one-half the state's average weekly wage established July 1, 1986."

Section 2. Section 39-71-704, MCA, is amended to read:

"39-71-704. Payment of medical, hospital, and related services -- fee schedules and hospital rates. (1) In addition to the compensation provided by this chapter and as an additional benefit separate and apart from compensation, the following shall be furnished:

(a) After the happening of the injury, the insurer shall furnish without limitation for a period not to exceed 500 weeks, except for continuous medically certified permanent total disability, in which case there is no limit as to length of time or dollar amount, reasonable medically prescribed services by a claimant's treating physician or attending surgeon, reasonable medically necessary hospital services and prescription medicines when needed, and such other medically prescribed treatment as may be approved by the division for the injuries sustained.

(b) The insurer shall replace or repair prescription eyeglasses, prescription contact lenses, prescription hearing aids, and dentures that are damaged or lost as a direct and immediate result of an injury, as defined in 39-71-119, arising out of and in the course of employment.

(2) A relative value fee schedule for medical, chiropractic, and paramedical services provided for in this chapter, excluding hospital services, shall be established annually by the workers' compensation division and become effective in January of each year. The maximum fee schedule

1 must be adopted as a relative value fee schedule of medical,
 2 chiropractic, and paramedical services, with unit values to
 3 indicate the relative relationship within each grouping of
 4 specialties. Medical fees must be based on the median fees
 5 as billed to the state compensation insurance fund during
 6 the year preceding the adoption of the schedule. The
 7 division shall adopt rules establishing relative unit
 8 values, groups of specialties, the procedures insurers must
 9 use to pay for services under the schedule, and the method
 10 of determining the median of billed medical fees. These
 11 rules shall be modeled on the 1974 revision of the 1969
 12 California Relative Value Studies.

13 (3) Beginning January 1, 1988, the division shall
 14 establish rates for hospital services necessary for the
 15 treatment of injured workers. Approved rates must be in
 16 effect for a period of 12 months from the date of approval.
 17 The division may coordinate this ratesetting function with
 18 other public agencies that have similar responsibilities.

19 (4) Notwithstanding subsection (2), beginning January
 20 1, 1988, and ending January 1, 1990, the maximum fees
 21 payable by insurers must be limited to the relative value
 22 fee schedule established in January 1987. Notwithstanding
 23 subsection (3), the hospital rates payable by insurers must
 24 be limited to those set in January 1988, until December 31,
 25 1989."

1 NEW SECTION. **Section 3.** Extension of authority. Any
 2 existing authority to make rules on the subject of the
 3 provisions of [this act] is extended to the provisions of
 4 [this act].
 5 NEW SECTION. **Section 4.** Applicability. [This act]
 6 applies only to injuries, diseases, and events occurring
 7 after September 30, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB430, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

"An act to reduce or limit Workers' Compensation benefits for permanent partial disability and medical, hospital, and related services; amending Sections 39-71-703 and 39-71-704, MCA; and providing an applicability date."

ASSUMPTIONS:

1. Computer system which processes medical payments must be modified to edit for prescribing physician on general medical transactions, and to edit for time elapsed since date of injury so medical benefits do not exceed 500 weeks.
2. The reduction from 500 to 400 weeks for maximum permanent partial benefits would affect premium rates by an estimated 3% reduction.
3. Limiting medical benefits to 500 weeks would save less than .2% of total premium.

FISCAL IMPACT:

	<u>FY90</u>			<u>FY91</u>		
	<u>Current</u>	<u>Proposed</u>		<u>Current</u>	<u>Proposed</u>	
	<u>Law</u>	<u>Law</u>	<u>Difference</u>	<u>Law</u>	<u>Law</u>	<u>Difference</u>
<u>Revenue:</u>						
Assessments	\$9,525,912	\$9,539,632	\$ 13,720	\$ -0-	\$ -0-	\$ -0-
<u>Expenditures:</u>	\$9,525,912	\$9,539,632	\$ 13,720	\$ -0-	\$ -0-	\$ -0-
<u>Fund Impact:</u>						
State Special						
Revenue	\$8,857,467	8,871,187	\$ 13,720	\$ -0-	\$ -0-	\$ -0-

Ray Shackleford

DATE 2/20/89

RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

Gene Thayer

DATE 2/22/89

GENE THAYER, PRIMARY SPONSOR

Fiscal Note for SB430, as introduced

SB 430

RE-REFERRED AND

APPROVED BY COMM. ON
BUSINESS & INDUSTRY

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2 INTRODUCED BY Sen. Smith
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1 compensation rate of one-half of the state's average weekly
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3 (ii) When a worker reaches maximum healing, an
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7 (iii) An impairment award may be paid biweekly or in a
8 lump sum, at the discretion of the worker. Lump sums paid
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6 (ii) Eligibility for wage supplement benefits begins at
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8 weeks minus the number of weeks for which a worker's
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