

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 867

(Senator Klausmeier, *et al.*)

Finance

Economic Matters

Workers' Compensation - Failure to Report Accidental Personal Injury - Penalty

This bill modifies the misdemeanor penalty applicable to an employer who fails to report an accidental personal injury within the required timeframe. Specifically, the bill increases the existing maximum fine that may be imposed (from \$50 to \$500) and limits the penalty to only apply in cases when an employer “knowingly” fails to report an injury.

Fiscal Summary

State Effect: Assuming compliance by the State as an employer, the bill’s higher maximum penalty is not expected to materially affect State expenditures. Likewise, general fund revenues are not materially affected.

Local Effect: Assuming compliance by local governments as employers, the bill’s higher maximum penalty is not expected to materially affect local government expenditures. Revenues are not affected.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: All employers in Maryland are required to provide workers’ compensation coverage for their employees. The cost to the employer varies by industry, and there are approximately 600 industrial classifications.

An injury is covered under workers’ compensation if the harm suffered by the covered employee was by an accidental personal injury arising out of and in the course of covered employment. Benefits are paid to injured employees by the employer (if the employee is

self-insured) or the employer's workers' compensation insurer. For compensable injuries, workers' compensation benefits include wage replacement, medical treatment, death and funeral costs, and vocational rehabilitation expenses. Wage replacement benefits are based on the employee's average weekly wage and on the type of injury, as prescribed in the statute.

An employee has the responsibility of filing a claim with the Workers' Compensation Commission (WCC); however, if an accidental personal injury causes death or a disability for more than three days, the employer must report the accident to WCC within three days of learning about the injury. Additionally, when learning that a covered employee has been disabled due to an occupational disease, the employer must promptly report the disability to WCC. An employer that fails to report such an accident or occupational disease is guilty of a misdemeanor and is subject to a fine of up to \$50. It is unclear how often, if at all, this penalty has been imposed.

Additional Information

Prior Introductions: None.

Cross File: HB 1476 (Delegate Glenn, et al.) – Economic Matters.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Labor, Licensing, and Regulation; Chesapeake Employers' Insurance Company; Subsequent Injury Fund; Uninsured Employers' Fund; National Council on Compensation Insurance; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2017
fn/ljm Third Reader - March 23, 2017
Revised - Amendment(s) - March 23, 2017

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