



## Senate Bill 534

### *Workers' Compensation – Permanent Partial Disability – Compensation*

MACo Position: **SUPPORT**

To: Finance Committee

Date: February 16, 2016

From: Leslie Knapp, Jr.

The Maryland Association of Counties (MACo) **SUPPORTS** SB 534. The bill would provide certainty and balance to the workers' compensation system.

SB 534 would decrease the maximum weekly compensation an employer must pay a covered employee with a permanent partial disability that lasts for less than 75 weeks. The bill affects claims occurring on or after January 1, 2017. It provides that the maximum compensation is the lesser of 1/3 of the employee's average weekly wage or \$114. Under current law, the maximum compensation is the lesser of 1/3 of the employee's average weekly wage or the State average weekly wage (\$172 for 2016).

One of the important roles of Maryland's workers' compensation system is to provide local governments and other employers with some level of certainty about the costs they might face for potential injuries so they can ensure appropriate budgeting and risk management practices are in place. As legislative and policy changes are proposed to increase costs and decrease the certainty of the workers' compensation system, MACo believes that SB 534 will help maintain a fair and equitable balance.

The bill would also result in substantial savings to the State and local governments and private sector employers. As the bill's fiscal note states: "State, Chesapeake [Employers' Insurance Company], local government and small business expenditures (all funds) decrease significantly beginning in fiscal 2017 as covered employees who are injured for less than 75 weeks receive a smaller weekly benefit as compensation..." Using one set of facts, the fiscal note estimates an annual savings of \$22.5 million across all employers in the state.

SB 534 would provide balance and certainty to employers under Maryland's workers' compensation system and provide significant savings to the State, local governments, and private employers. Accordingly, MACo urges the Committee to adopt a **FAVORABLE** report on SB 534.