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## **Okla. Supreme Court upholds constitutionality of WC law**

We have been closely following [Senate Bill 1062](#) in the state of Oklahoma. In a new development, the Okla. Supreme Court ruled Dec. 16 in a 7-to-1 decision that the bill, which was signed by Governor Mary Fallin on May 6, 2013, “is not unconstitutional as a multiple subject bill.” In [Coates et al vs. Fallin, No O – 112167](#) the high court held that all sections of the new law are interrelated and refer to the single subject of workers’ compensation or the way employees ensure their protection against work-related injuries.

The court did not address other challenges raised by the plaintiffs, leaving the door open for future challenges to various parts of the law. The decision states that they were without jurisdiction to rule further regarding the act “until such time as a case or controversy or a justiciable issue is presented to the Court.”

### **SB 1062 and the evolution of workers’ compensation**

The court’s Dec. 16 decision clears the path for implementing Senate Bill 1062, which is slated to take effect Feb. 1, 2014.

Under the bill, Okla. employers will be able to choose between two systems to supply benefits to employees injured on the job:

1. The Administrative Workers’ Compensation Act (AWCA) replaces the current Oklahoma Workers’ Compensation Court and will be overseen by a three-member Workers’ Compensation Commission. Click [here](#) to see the Oklahoma Department of Insurance’s comparison of injury benefits before and after Feb. 1, 2014.
2. The Oklahoma Employee Injury Benefit Act (OEIBA), also referred to as the Oklahoma Alternative Benefit Option, allows employers to voluntarily elect to be exempt from the AWCA.

Oklahoma is only the second U.S. state (Texas was the first) to allow employers to offer an alternate coverage plan to the statutory workers’ compensation system. Unlike Texas, both choices in Oklahoma provide employers the protection of exclusive remedy, except in cases of intentional torts or if the employer fails to provide benefits to workers.

Senate Bill 1062 also includes the Workers’ Compensation Arbitration Act, which allows employers covered by the AWCA to develop and file with the Oklahoma Workers’ Compensation Commission an alternate dispute program subject to the Federal Arbitration Act.

The passage of Senate Bill 1062 has already resulted in the National Council on Compensation Insurance (NCCI) recommending a 14.6 percent decrease in rates for AWCA effective Jan. 1, 2014; this was approved by the Oklahoma Insurance Department on Sept. 5, 2013.

The state Workers' Compensation Court will be converted to the Court of Existing Claims and retain jurisdiction for injuries that occur prior to February 1, 2014.

While most provisions of this bill are effective Feb. 1, 2014, some sections took effect August 23, 2013; click [here](#) for an overview of the provisions of SB 1062 already in effect.

Feb. 1, 2014 is when employers can begin providing benefits under the Oklahoma Alternative Benefit Option plan. Clients interested in this option can click [here](#) for details on the five-step process and additional points of note.

### **The Sedgwick difference**

Sedgwick is prepared to support Oklahoma employers through this new process. With Sedgwick, Oklahoma employers have access to a leader in claims administration that will bring clarity, consistency, and results through:

- A thoughtful and effective implementation
- Consistent and correct execution of services
- Preservation of legislative intent
- A team with ERISA expertise that can support your occupational injury benefit plan, leading to consistent claims handling and assured compliance.

Our team understands the unique elements of each client's business and the need for customization and flexibility.

Should you have any questions about Oklahoma Senate Bill 1062 or want more information about Sedgwick's services for employers in Oklahoma, please contact your Sedgwick client services representative.

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[Click here](#) to read past client bulletins.

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