



Legislative sessions have adjourned in multiple states this year.

How has workers' compensation been impacted?

State legislatures during the 2014 sessions did not undertake major workers' compensation reform initiatives as seen in 2013 by states such as Oklahoma and Tennessee. Among the reasons that major workers' compensation reform efforts were not undertaken this year are:

- States that have enacted major workers' compensation reform over the past few years are still working on implementation.
- Elections in November 2014 for governor in 36 states and state legislators in 46 states may have caused some restraint.
- Legislatures in Montana, Nevada, North Dakota and Texas did not convene legislative sessions this year, and several states had shorter sessions this year.

The legislation passed to date in 2014 has primarily focused on state-specific issues and cost drivers.

Now that many state legislatures that held sessions in 2014 have adjourned, *Spotlight* will review workers' compensation legislation enacted to date in a two-part series.

Alabama

On April 2, 2014, Alabama Gov. Robert Bentley signed [House Bill 107](#) into law. This bill amends Section 25-5-67 of the Code of Alabama to increase the amount an employer is required to pay for burial expenses effective Aug. 1, 2014, from \$3,000 to \$6,500 if the death of an employee is the result of an accident or an occupational disease arising out of and in the course of the employment.

Alaska

This year "first steps" were taken toward reforming the system with the costliest workers' compensation premiums in the nation, according to the 2012 Oregon Premium Ranking study. The legislation enacted this year focused on reducing medical costs since, per the [National Council on Compensation \(NCCI\) Alaska State Advisory Forum](#) presentation dated Oct. 16, 2013, medical makes up approximately 74 percent of workers' compensation benefits in the state compared to only 59 percent nationwide. [House Bill 141](#) limits the fee for medical treatments provided outside of Alaska to the workers' compensation limits in the state where the services are rendered, and [House Bill 316](#) establishes a new reimbursement fee schedule for provider treatment, hospitalization and ambulatory care rendered to injured employees. [Click here](#) for a detailed summary of these two bills signed into law by Gov. Sean Parnell.

Arizona

During this year's session Gov. Jan Brewer signed two bills into law related to workers' compensation claims handling. [House Bill 2094](#) clarifies that subrogation rights are automatically transferred to the insurance carrier or self-insured employer if an injured employee or his/her dependents fail to institute an action against the negligent third party within one year or the action filed is dismissed due to failure to fully prosecute the claim. [House Bill 2221](#) makes changes regarding billings for workers' compensation benefits and establishes physician reporting requirements for workers' compensation claims involving the usage of opium-based narcotics in medical treatment.

The above bills were effective July 24, 2014. [Click here](#) for more information regarding this legislation.

California

Since Senate Bill 863 was passed in 2012, legislation regarding workers' compensation has been limited. In 2014 several bills relating to workers' compensation were passed and signed into law by Gov. Jerry Brown, while three bills were vetoed. Four bills that directly affect workers' compensation were passed this year and signed by Gov. Jerry Brown. [Assembly Bill 1897](#), signed into law on Sept. 28, 2014, indirectly affects workers' compensation. All of these bills become effective Jan. 1, 2015. [Click here](#) for a summary of the bills enacted this year.

The finding that California had the highest workers' compensation rates of any state as of January, 2014 according to the [2014 Oregon Workers' Compensation Premium Rate Ranking Summary](#) may result in additional reform efforts to make the state more attractive to businesses.

Colorado

Gov. John Hickenlooper signed several workers' compensation bills into law that were passed by the Colorado General Assembly during the 2014 session. The most significant of the bills passed was [House Bill 14-1383](#), which increases physician choice from two to four treating physicians, with exceptions for rural areas where fewer doctors are available. In exchange for this further expansion in the choice of physicians, labor agreed to take the issue off the table for the foreseeable future. This bill is effective April 1, 2015, because a referendum petition against this legislation was not certified for the November 2014 election ballot. [Click here](#) for an overview of this and other workers' compensation legislation enacted this session.

Connecticut

[Senate Bill 61](#) was signed by Gov. Daniel Malloy on June 11, 2014. This bill changes how prices for workers' compensation-covered services at hospitals and ambulatory surgical centers (ASC) are determined when prices have not been negotiated by the parties. The effective date of this law is Jan. 1, 2015. [Click here](#) for a summary of this bill.

Delaware

On July 15, 2014, Gov. Jack Markell signed into law [House Bill 373](#). This bill adopts the May 2014 recommendations of the Delaware Workers' Compensation Task Force focused primarily on medical costs. The Workers' Compensation Task Force, led by Lt. Gov. Matt Denn, was created on Jan. 30, 2013, by the Delaware General Assembly and the governor to address the double-digit increases in workers' compensation rates over the past several years. The task force's first set of recommendations in May 2013 resulted in the passage of [House Bill 175](#); however, those reforms were not successful in controlling workers' compensation premium increases. [Click here](#) for a summary of HB 373.

Florida

On June 13, 2014, Gov. Rick Scott signed into law two bills affecting workers' compensation. [Click here](#) for an overview of [House Bills 271](#) and [785](#).

Much more activity is anticipated in the next legislative session at which time the three workers' compensation cases pending before the Florida Supreme Court – [Castellanos v. Next Door Company](#), [Westphal v. City of St. Petersburg](#) and [Morales v. Zenith Insurance Company](#) – may be decided.

Hawaii [Click here](#)

Hawaii enacted two bills this year that impact workers' compensation claims. The passage of [Senate Bill 2365](#) by the Hawaii legislature finally ends a battle over reimbursement for repackaged and relabeled drugs that began in 2011. This legislation limits the amount payable for prescription and compound medications for both workers' compensation and motor vehicle insurance claims. [House Bill 2579](#) provides that compromises reached as a result of a third-party liability claim or action does not require the approval of the director of Labor and Industrial Relations and is expected to expedite resolution of these compromises. [Click here](#) for more information on both bills.

Illinois

On June 5, 2014, Gov. Pat Quinn signed [Senate Bill 3287](#) despite calls from the business community and insurance industry to veto this bill. This law became effective upon signing.

This legislation amends Section 5(a) of the Illinois Workers' Compensation to eliminate the exclusion from lawsuits within the workers' compensation law for companies that provide safety consulting, unless those companies are wholly owned by the employer, insurance broker or the insurer. Before the passage of this legislation, in addition to protecting employers from liability and civil litigation, Section 5 also protected "any service organization retained by the employer, his insurer, or his broker to provide safety service, advice or recommendations for the employer."

SB 3287 was introduced to address the Illinois Appellate Court decision on May 18, 2012, in [Mockbee v. Humphrey Manlift Co., Inc., et al.](#) The court held that an employee cannot sue a consultant based on negligent safety advice or service the consultant provides to the worker's employer.

While it is anticipated that this legislation will raise costs and liability exposure for Illinois businesses, it should be noted that workers' compensation costs in Illinois have dropped 19.3 percentage points since the passage of reforms in 2011.

Indiana

Indiana continued its efforts to stem medical costs in the workers' compensation and occupational disease systems with the passage of [Senate Bill 294](#). This bill was signed into law on March 25, 2014, and became effective July 1, 2014. [Click here](#) for highlights of this bill.

Kansas

A ceremonial signing by Gov. Sam Brownback was held for [House Bill 2023](#) on May 7, 2014. This bill enacts the Public Service Benefits Protection Act by amending section 44-501 to provide an exemption to the prohibition placed on the recovery of workers' compensation in cases involving coronary disease, coronary artery disease or cerebrovascular injury during the course of usual work. Beginning July 1, 2014, in cases involving firefighters or law enforcement officers, as defined by statute, coronary disease, coronary artery disease and cerebrovascular injury will be compensable if:

- The injury/illness was caused by a specific event that occurred in the course and scope of employment;
- The coronary or cerebrovascular injury occurred within 24 hours of the specific event; and
- The specific event was the prevailing factor in causing the coronary or coronary artery disease or cerebrovascular injury.

Kentucky

During the 2014 60-day regular session of the Kentucky General Assembly, three workers' compensation bills were passed and signed into law by Gov. Steve Beshear. [Senate Bill 105](#) only applies to newspapers, and [House Bill 349](#) is limited to partnerships and limited liability companies. [House Bill 84](#) requires the preparation of administrative regulations to establish a system to provide an e-mail notification of the cancellation of the workers' compensation coverage of a specific business. For additional information regarding these bills, [click here](#).

Louisiana

On May 16, 2014, Louisiana Gov. Bobby Jindal signed [House Bill 164](#) which amended Section 49:191 of the Louisiana Revised Statutes to extend the sunset date of the Louisiana Workforce Commission and all statutory entities of the department from July 1, 2014 to July 1, 2018.

Maryland

The focus of the workers' compensation legislation signed into law this year by Gov. Martin O'Malley was to improve the efficiency of the Maryland workers' compensation system and address the presumption of compensable occupational diseases for certain public employees exposed to unusual hazards in the course of their employment. These bills became effective July 1, 2014. [Click here](#) for details regarding each bill.

Michigan

Gov. Rick Snyder signed a package of bills designed to address a crisis facing the self-insured workers' compensation system in Michigan and to assist Delphi workers receiving compensation benefits discontinued in 2009 due to the company's bankruptcy. Gov. Snyder also signed [Senate Bill 693](#) into law on June 26, 2014, to address the reimbursement of physical therapy services in workers' compensation system. A summary of the bills is available [here](#).

Minnesota

On April 30, 2014, Minnesota Gov. Mark Dayton approved [House File 2658](#), a "housekeeping" bill based on the recommendations of the Workers' Compensation Advisory Council (WCAC). The WCAC is made up of 12 voting members—six representing Minnesota businesses and six representing organized labor. [Click here](#) for a summary of this legislation. While most of the amendments in this bill only make technical changes to the Minnesota Workers' Compensation Act, the amendment that requires multiple claims of post-traumatic stress disorder (PTSD) arising out of a single event to be treated as one occurrence for retention purposes is substantive.

In addition to the above workers' compensation reform legislation, on May 29, 2014 Gov. Dayton signed [Senate File 2470](#), which legalizes medical marijuana delivered in the form of a liquid, not limited to oil, pill, vaporized delivery method with use of liquid or oil, but which does not require the use of dried leaves or plant form, or any other method approved by commissioner of health, excluding smoking. Rules necessary for the manufacturer to begin distribution of medical marijuana must be adopted by July 1, 2015.

In the second of this two-part of *Spotlight*, we will review workers' compensation legislation passed this year in the remaining states.