

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	6 - 0 - 1
<b>Yeas:</b>	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Schaufler
<b>Nays:</b>	0
<b>Exc.:</b>	Smith P.
<b>Prepared By:</b>	Theresa Van Winkle, Administrator
<b>Meeting Dates:</b>	2/12, 3/23

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**WHAT THE MEASURE DOES:** Eliminates the sunset of provisions related to permanent partial disability awards in workers' compensation claims.

**ISSUES DISCUSSED:**

- History of SB 757-A (2003) and HB 2408-B (2005)
- Study which determined that statutory changes were successful and the 2008 sunset be repealed
- The need to review and monitor changes to the workers' compensation system on a periodic basis
- Why sunsets are used on workers' compensation laws, i.e. changes that potentially increase insurer costs
- Support from the Management-Labor Advisory Committee

**EFFECT OF COMMITTEE AMENDMENT:** Outlines how the sunset is eliminated. Directs the Management-Labor Advisory Committee (MLAC) to biennially review the standards for evaluating permanent partial disability as currently established in statute as well as review permanent partial disability benefit payment amounts. Applies the measure to injuries occurring on and after January 1, 2008.

**BACKGROUND:** SB 757-A (2003) eliminated the distinction between scheduled awards (loss or loss of use or function of certain body parts) and unscheduled awards (injury to body parts such as the back or for conditions that affect the whole body) for permanent partial disability (PPD) awards. All workers determined to have a PPD receive an impairment benefit, which pays all workers at the same rate (based on the state's average weekly wage), per percentage of impairment. Workers who are unable to return to regular work also receive a disability benefit, based on the impairment and on age, education, and adaptability factors, as well as the workers' earnings at the time of injury. HB 2408-B (2005) clarified the change in PPD awards by stating that impairment is the only factor considered in the evaluation of the worker's disability if the worker has been released to regular work or has returned to regular work at the job held at the time of the injury. The goal of both measures was to provide better PPD benefits to workers who were expected to experience a greater loss of earning capacity by being disabled from returning to their regular work, and to ensure the changes did not produce any net effect on total system PPD costs.

HB 2244-A removes the January 1, 2008 sunset of both statutory changes. The measure is based upon recommendations from a September 2006 study by the Department of Consumer and Business Services which showed that the law changes achieved the policy goals of providing higher PPD awards to more disabled workers and ensuring that the law changes were cost neutral within the overall workers' compensation system. The study also demonstrated that as the Management-Labor Advisory Committee (MLAC) designed the system of issuing PPD awards, benefits have been redistributed from workers that are able to return to work more quickly toward workers with long-term injuries and work disability.

The measure also requires MLAC to biennially review permanent partial disability benefit payment amounts in addition to the current review of standards for evaluating permanent disability awards.

4/3/2007 8:38:00 AM

***This summary has not been adopted or officially endorsed by action of the committee.***