

HB 2087 A STAFF MEASURE SUMMARY

Carrier: Rep. Holvey

House Committee On Business and Labor

Action Date: 02/18/19

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 9-0-2-0

Yeas: 9 - Barker, Bonham, Boshart Davis, Bynum, Clem, Doherty, Evans, Fahey, Holvey

Exc: 2 - Barreto, Boles

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 2/18

WHAT THE MEASURE DOES:

Changes caps on civil penalties that Director of Department of Consumer and Business Services may impose for violations of certain workers' compensation statutes or required practices.

ISSUES DISCUSSED:

- Concern that existing penalties were not leading to greater compliance
- No change to maximum penalty on employers and managed care organizations
- Use of suspension or revocation of license to write policies as more extreme tool to increase compliance
- Estimated number of insurers the measure will affect
- Management-Labor Advisory Committee review of the measure

EFFECT OF AMENDMENT:

Reduces maximum civil penalty against self-insured employer, insurer, or service company from \$9,000 to \$4,000 per violation for failure to pay assessments or failure to comply with workers' compensation statutes and rules.

BACKGROUND:

Under current law, the Department of Consumer and Business Services may impose a civil penalty of up to \$2,000 per violation or \$10,000 in the aggregate for all violations that occur within any three-month period. The penalties are for inducing a worker to not file a claim, failing to pay assessments or other payments due to the Department, and failing to comply with the workers' compensation statutes and rules.

House Bill 2087-A separates the Department's authority to impose civil penalties into three categories with three separate caps. The measure sets the maximum penalty against an employer or insurer at \$2,000 for each violation and \$40,000 in the aggregate for a calendar year for inducing a worker to not file a claim. The maximum penalty against a self-insured employer, insurer, or service company is set at \$4,000 for each violation or \$180,000 in the aggregate for a calendar year for failure to pay assessments or failure to comply with statutes and rules. Finally, the measure sets the maximum penalty against an employer (not self-insured) or managed care organization at \$2,000 per violation or \$40,000 in the aggregate for a calendar year for failure to pay assessments or failure to comply with statutes and rules.